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Table of Content

Introduction……………………………………………………………………………………pg.3

Background Information……………………………………………………………………….pg.3

Method/Findings/Discussion…………………………………………………………………..pg.4

Solutions/Recommendations/Implementations………………………………………………...pg.5

Conclusion……………………………………………………………………………………..pg.5

References……………………………………………………………………………………...pg.6

The Japanese Market’s distribution system has been critiqued as functioning in complicated and strenuous methods. The system imposed a significant obstacle to access since it involves expanded networks, a substantial amount and variety of shops, as well as supplier exclusivity. In order for luxury brands to make its way into the Japanese Market, they had to use a networking channel through a partner that would function as an agent such in the case of department store chains. Another way for brands to enter the Japanese Market would be through maintaining a business deal with wholesalers. Thus, in 1978 the luxury brand Louis Vuitton decided to create new strategies to make its entry in Japan with minimal to no complications using non-traditional conventions. (Hameide, 2014).

Louis Vuitton tasked the responsibility of analyzing and establishing efficient strategies for their brand to make its entry to the Japanese Market to a Japanese consultant named Kyojiro Hata. After thorough examination, Hata discovered that Louis Vuitton lacked the appropriate number of staff as well as budget that is required to gain access to the Japanese Market through the Japanese distribution system. Due to this dilemma, Hata created a new model that is unlike the traditional Japanese ways. Hata’s potential model consisted of a two-contract strategy. (Hameide, 2014).

A supply agreement between Louis Vuitton and merchants, mostly flagship shops, under which department stores would pick up the goods straight from the Louis Vuitton storage facility through their Paris operations and transport them to Japan. In addition to collecting a franchise and management service charge, a management service contract between the Louis Vuitton Japan branch would have the authority to supervise and conduct all required actions to preserve the brand's projected image through quality assurance, promotion, and maintenance. By using this strategy, Louis Vuitton was able to create a regulated system with minimal personnel and fiscal means. (Hameide, 2014).

When LVJ opened a flagship store on Namiki Avenue, Japan, LV Japan was forced to reevaluate its distribution plan. The new plan called for LV Japan to supply merchandise to all other outlets straight from LV France. A one-contract model was introduced in favor of the formerly used two-contract system, under which LV Japan held the merchandise it had in its shops as well as that of other retail stores. After moving their main global store from Paris to the Champs-Elysees, LV began establishing a number of what came to be called as "global stores," which were designed to house all of the company's merchandise. For both men and women, there were jewelry, accessories, watches, leather items, eyeglasses, clothes, and footwear. (Hameide, 2014).

More men's items, such as wristwatch, scarves, wallets, and pens, were released when LVMH acquired LV. With the acquisition, LV went from being a firm with conventional luxury goods to one that offers readily available designs. The business upheld its reputation for quality by building a regional structure for merchandise repair and a consumer informative service. However, after being impacted by the world economic recession in 2008, LVMH stated that it is postponing plans to create a spectacular latest flagship shop in Japan's Ginza neighborhood in 2010. LVJ strategies in Japan demonstrated the challenges of global expansion because the brand had to modify their two-contract model into a one-contract model to best combat the issues of expanding their business worldwide. (Hameide, 2014).

Louis Vuitton Japan and Mr. Hata have made an effort to preserve the essence of the LV brand in the growing market. The measures they adopted are considered in the following contracts. Retail stores would pay for the installation of LV shops using their own money. Subsequently, LV made the exceedingly unusual proposal that these sections be converted into enclosed areas and relocated to the ground level. In reality, the notion was originally opposed, and it took LV ten years to fully reposition itself in retail stores. LV was expected to decide on everything, including shop decorations, employee attire, and materials such as wrapping paper. Advertising was under LV's supervision, and retail stores and LV shared expenses. Merchandise from LV were not to be offered via membership discounts, subscription catalogs, at events exterior of the shop, or using the vertical marketing tactic called "Gaisho" in Japan, which pertains to customized commercial selling. (Hameide, 2014).

LVJ was another luxury brand that started off foreign in Japan, similar to Gucci and Hermes, and had to re-construct a model to make a successful entry into the Japanese Market without using traditional Japanese distribution strategies. LVJ brand initially sold merchandise for men and women such as accessories, eyewear, wristwatches, purses, and footwear. Later, LVJ released more items for men in terms of accessories. LVJ started off by creating a two-contract model which was later modified into a one-contract strategy for a concise and simple marketing and distribution foundation. When LVJ expanded globally, the brand merged with LVMH which led to a substantial increase in sales but also came across many obstacles which they learned from and made progress in.

References

Hameide, K. K. (2014). *Fashion branding unraveled*. Fairchild Books.