

New York City College of Technology

Louis Vuitton in Japan
Case Study

Tanner Jules Gordon-Smith
Brand Image Marketing
Dr. Woods
July 31, 2022

Table of Contents

Introduction	Pg 3
Literary Review/Background Information	Pg 3
Method/Findings/Discussion.....	Pg 4
Solutions/ Recommendations.....	Pg 5
Conclusion	Pg 5
References.....	Pg 6

Louis Vuitton is a very well-established luxury brand that people around the world are able to recognize in an instant. Their unique branding strategies have allowed them to spread worldwide and reach various market segments. One market in particular that Louis Vuitton wanted to expand its brand to was the Japanese Market. Many different ways to enter the market were examined before finally coming up with the best strategy to properly position them in this entirely different field. Many challenges arose that had to be faced such as how they would promote the brand, what should their pricing be, and what is the best way to properly expand into the Japanese market. By being able to adapt to different cultures and ideologies within a given country, Louis Vuitton can maintain the integrity of its brand while simultaneously entering a new market.

The system that the Japanese use for distribution is known to be very complex and complicated. This complex system has in turn made it very difficult to enter the Japanese market so other methods had to be sought out. Other high-end brands such as Gucci and Hermes have entered the market through a joint venture, however, Louis Vuitton used different methods. In 1978 Louis Vuitton hired a consultant to help them examine others ways to enter the Japanese market. The strategy that was proposed was based on a two-contract model which was a distribution and management service contract. The distribution contract was made so that department stores were able to pick up the Louis Vuitton merchandise straight from the warehouse in Paris and ship it directly to Japan. The management service contract made it so that Louis Vuitton would still be able to oversee all of the usual measures they take to maintain the brand's image. Things such as advertising, quality control, and management were all aspects that were still watched to ensure they had a controlled system with “little financial and human

resources”. Being able to maintain the brand image and integrity in a new geographic location is very difficult and these were a few of the measures that Louis Vuitton adopted.

As a result of moving its brand to a different market segment, Louis Vuitton had no choice but to adopt new strategies. As expected many challenges arose while this luxury brand tried its best to globally expand. The pricing of products was something that had to be adjusted to properly fit into the Japanese market. “The price was basically determined by multiplying cost by a fixed gross margin rate” and if prices were deemed too high then the company worked on lowering the cost. By putting into consideration factors such as exchange rate and fluctuations, Louis Vuitton Japan was adjusting its prices at least once a year. Another strategy that they faced challenges with was the way they would advertise or do promotions. Usually, Louis Vuitton does not rely heavily on advertising but with events such as exhibitions or fashion shows. However, when they began to market in Japan they realized they needed a new strategy and began to market to the men. Louis Vuitton was usually associated with being a brand for women and they wanted to take an attempt to change that. They started to advertise locally and run articles in men's lifestyle magazines to appeal more to the male consumer. Lastly, they faced challenges with their distribution and placement strategy. When expanding globally a very crucial and important aspect that you need to know is where to place your store location. Japan doesn't have any major streets known for their luxury fashion choices, unlike New York which has Fifth Avenue or Paris which has Foubourg Saint-Honore. However, the brand was able to settle on a street in Tokyo named Namiki Avenue which was known for its well-established stores. Once the store was opened the distribution strategy also had to be changed and become a one-contract system. This contract allowed the stores in Japan to own their inventory but was still overseen by Louis Vuitton.

In 1978 Louis Vuitton assigned Kyojiro Hata to help them examine the best ways to enter into the Japanese market while still upholding and maintaining the integrity of the brand. One of the measures they took was ensuring that their positioning strategy was properly done. By following the way merchandise was priced, advertised, and distributed they were able to properly position themselves in the market. Another measure that was taken was the creation of a new marketing strategy based on a two-contract model. This contract helped Louis Vuitton maintain control of their brand to ensure that there was no miscommunication with their brand image and what their internal values were. The most important measure that was taken was being able to adhere and adapt to the culture of a different country. Being able to advertise in a way that is respectful of the Japanese culture and take their customs into consideration is a difficult thing to achieve when coming from a different region.

Although there are many challenges and hardships that a brand must face, Louis Vuitton has done a good job overcoming them to expand globally. Japan is a great example of how you can begin to promote your brand in a different country and be successful with what you do. Pricing, promotion, and expansion strategies should always be reviewed to ensure you are doing what will properly fit into that region's culture. LVJ has demonstrated that it is still possible to expand while also keeping the brand's integrity and brand image.

References

LACHQAR, Y. (2021, June 1). *Louis Vuitton and Japan: A lasting success story*. Fragrance of Jasmine. Retrieved July 31, 2022, from

<https://fragranceofjasmine.com/louis-vuitton-and-japan-a-lasting-success-story/>

LVMH Japan and Softbank Corp.. agree on strategic partnership to enhance LVMH customer experience with technology. LVMH. (n.d.). Retrieved July 31, 2022, from

<https://www.lvmh.com/news-documents/news/lvmh-japan-and-softbank-corp-agree-on-strategic-partnership-to-enhance-lvmh-customer-experience-with-technology/>