

Luxury Brand Strategy of Louis Vuitton

– Details of Marketing Principles –

by

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Abstract: By systematically breaking down the strategy of the single Louis Vuitton luxury brand into the four Ps (Product, Price, Place, and Promotion), our aim in this paper is to extract the rules or principles of its brand marketing that differ from that of general consumer goods. In other words, the object is to distill the rules and principles of success strategies for luxury brands as well as to derive a business model for success. Showing that the current rise of Louis Vuitton is not a coincidence but rather something achieved through strategy will surely be of interest to firms struggling with lack of brand power or those looking to boost brand power.

1. Introduction

Consumers like brand items, while researchers like brand theory. Although scholars also use the word “brand” to refer to the likes of Coca-Cola and McDonald’s, there is a vast gulf between these brands and the luxury brands we explored in the previous book. In researchers’ brand management theories, one rarely finds mention of representative luxury brands like Louis Vuitton or Dior, or of LVMH.

Based on this awareness, we carefully scrutinized the ecology of the unique LVMH firm, considering the nature of the brand as distinct from commodity markets, although

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This paper is revised from the paper presented on the International Conference of *IASDR (International Association of Societies of Design Research) 2009*, Seoul, October 2009.

small in scale (Nagasawa 2002).

This time let us focus on the grand champion of the LVMH empire: the Louis Vuitton brand. By systematically breaking down the strategy of the single Louis Vuitton luxury brand into the four Ps (Product, Price, Place, and Promotion), our aim of this study is to extract the rules or principles of its brand marketing that differ from that of general consumer goods. In other words, the object is to distill the rules and principles of success strategies for luxury brands as well as to derive a business model for success. Showing that the current rise of Louis Vuitton is not a coincidence but rather something achieved through strategy will surely be of interest to firms struggling with lack of brand power or those looking to boost brand power (Nagasawa 2007).

The previous paper of the author described the outline of marketing principles of Louis Vuitton (Nagasawa 2009a). In this paper details of the principles are to be mentioned in order to reveal the luxury brand strategy of Louis Vuitton.

2. Set of Principles for PRODUCT

Let us first turn our attention to the first of the four Ps of marketing: Product. General marketing seeks “adequate product quality.” Quality control entails so-called “fitness for use” and “conformance to requirement,” and excess quality can be “undesirable” because it raises costs. For a handbag, this means that things fit in it and it is easy to carry. A 500 yen or 1,000 yen tote bag is suitable for these functions in terms of cost performance (Yen Value). However, a Louis Vuitton handbag offers a “product of distinguished quality” and “attention to detail,” as well as “one with a story behind it.” Furthermore, while general marketing places importance on “relative quality,” for Louis Vuitton the concept seems to be “absolute quality,” which prompts consumers to insist on “Louis Vuitton or nothing,” rendering comparisons of Louis Vuitton bags with competing products meaningless. Many of the principles for products originated with the particular preferences and policies of the House of Louis Vuitton, as well as the creativities of Marc Jacobs, the artistic director of Louis Vuitton since 1997, and have been shared and carried on by the business corporation.

Louis Vuitton observes the following 18 Principles for Products:

2.1 PRODUCT 1: Principles to Eliminate Counterfeiting – Part 1: Enlightenment Campaigns

Excellent goods are being counterfeited. Louis Vuitton does not neglect the care and upkeep needed to protect its brand! The history has also been a history of fighting

counterfeit goods as well. Louis Vuitton is carrying on with the fight against the increasingly sophisticated counterfeit goods, namely imitations, in Japan, which is the company's largest market. By way of enlightenment campaigns aimed at the general public, the LVJ Group has conducted seminars and symposiums related to intellectual property from time to time since the age of Louis Vuitton Japan from before.

2.2 PRODUCT 2: Principles to Eliminate Counterfeiting – Part 2: Distribution of Warning Notices

Louis Vuitton knock-offs? Unforgivable! So says this principle. As for the distribution of warning notices to companies, the fact that a warning notice was distributed to the major Internet-related firm of Rakuten that was dated April 2000 is commonly known. Even today companies from all over undoubtedly grow pale upon receiving a warning notice for using a “mock monogram” which combines dark brown colors with the characters L and V, as well as the company logo, flowers, and stars without permission (LVJ absolutely cannot provide licensing for this).

2.3 PRODUCT 3: Principles to Eliminate Counterfeiting – Part 3: Registration of Trademarks and Designs

Louis Vuitton allies itself with the law! This is to remark on the fact that Louis Vuitton creates highly original lines which are difficult to imitate and then register the trademarks and designs. It would not be an exaggeration to say that the design of Louis Vuitton travel bags, particularly their arrangement, has evolved in order to do away with counterfeits. The history of the evolution of the complex and distinctive patterns for the Monogram Canvas resembles that of the evolution which the currencies of countries around the world have gone through in order to prevent forgery.

2.4 PRODUCT 4: Principles to Eliminate Counterfeiting – Part 4: Activities through the Union Des Fabricants

Union des Fabricants is a French public interest incorporated association which carries out trademark protection activities. In addition, it also operates the Musee de la Contrefaçon (Museum of Fakes) located near the woods of Boulogne on the outskirts of Paris, which was fascinating for the cavalcade of forgeries here. The author headed over to Union des Fabricants Tokyo, a limited liability intermediary company, to have talks with Director-General of the Secretariat Takayuki Tsutsumi, which proved to be of great interest. However, due to the nature of the discussions and for the sake of facing off

against the shadowy world of organized crime, the majority of what was said unfortunately cannot be committed to writing.

2.5 PRODUCT 5: Principles Prohibiting Appraisal of Authenticity – Part 1: Second-Hand Store Version

The reader must not simplistically think that counterfeits are flourishing because appraisals of authenticity are not performed. Rather the opposite is the right thing. The theme of this principle revolved around who verifies genuine articles. None other than Louis Vuitton's officially sanctioned stores alone verify whether an article is genuine or not. As imitations are a violation of the Trademark Law and cannot be purchased or sold, dubious goods are rooted out and ultimately the phrase "We cannot handle this at this store" comes into use.

2.6 PRODUCT 6: Principles Prohibiting Appraisal of Authenticity – Part 2: Mass Media Version

You've probably come across special reports like "Appraise whether Louis Vuitton goods are genuine or fakes! Do not miss these points!" in places like television programs and weekly magazines for women. Such conduct runs counter to the protection of trademarks and causes nothing but harm for both Louis Vuitton and the industry of recycle shops dealing in brand goods. There are probably a great many people that think the primary concern is over imparting those who manufacture imitations with inside information and material. But rather, the author considers it unappealing and awkward to invite novices to perform appraisals of authenticity just by reading a magazine.

2.7 PRODUCT 7: Principle of Momoe Yamaguchi-Style Retirement

While it is only natural that limited-edition goods have a certain degree of effectiveness when new products are released, I would like to shift the discussion to the other side of this, when said goods are taken out of production. Items which were taken out of production despite still retaining additional power and resonance, and leaving the customers hungry for more have fallen in amidst these discontinued products. Such goods may possibly become regular products. The well-known Momoe Yamaguchi-Style Retirement Method is the practice of retiring goods while they still retain their popularity and raw power, and will be sorely missed.

2.8 PRODUCT 8: Principles Prohibiting Second-Line Operations – Part 1:

Principle of Ignoring the Demands of the Masses

Louis Vuitton brand is aimed at homes which esteem the brand's historical reserves and give precedence to traditional artisanship rather than mass production via machines. For this brand Louis Vuitton does not reach out to consumers who cannot purchase the high priced items in its collection line. This haughty attitude, which could be called high-handed, can be described as the antithesis of “market-in” (the customer is always right), or “product-out” (lording it over one's business owing to a privileged position). This also represents royalty management in that Louis Vuitton ignores and does not cater to the demands of the masses so that it can focus its attention on interacting with good clients.

2.9 PRODUCT 9: Principles Prohibiting Second-Line Operations – Part 2:

Principle Prohibiting Downward Expansion

Second-line operations basically refer to lower-cost alternatives. These are slightly inferior articles suited to their price which, plainly speaking, are cheap goods. The luxury, high-end products which Louis Vuitton house brand deals with are essentially “virtually unattainable objects,” and Louis Vuitton does not make the attempt to create cheap goods. The “downward expansion” spoken of by academics through their branding theories is nothing more than the having or increasing of second-line operations to the house brand and luxury brand. However, there are limitations to the downward expansion of the house brand.

2.10 PRODUCT 10: Principle Prohibiting Licensing

This is a management technique which is common to all of the LVMH brands in which everything is placed under its own company's control without giving out licenses. On account of this, Kenzo has also largely put a stop to its licensing. Louis Vuitton has so far not participated in licensed production a single time in the 156 years history. Ultimately, licensing produces gains for brand value over the short term but lowers brand value over the long term.

2.11 PRODUCT 11: Principle Prohibiting Unfavorable Comparisons Designed to Support Other Brands

Discussions regarding brands used for unfavorable comparisons designed to support other brands and those which are thrown out there for strategic purposes fundamentally have no connection to a luxury brand. For example, immediately after Louis Vuitton's

Graffiti line debuted there was a flood of designs in which letters were scrawled out with a paint brush. This is a kind of style, and trendsetters do not yield any ground even when bitten by such unfavorable comparisons used to support other brands. For the part of Louis Vuitton, it does not need to employ such unfavorable comparisons.

2.12 PRODUCT 12: Principle Prohibiting Entry-Level Branding

If you were compelled to equate Louis Vuitton with examples of automobiles, you would arrive at the conclusion that it only has items of a Toyota Crown and Lexus, without anything equivalent to the Toyota Corolla. Even inexpensive items like key chains and wallets are not equivalent to the Toyota Corolla. These are not inexpensive versions of travel bags, they are key chains and wallets through and through; luxury key chains and luxury wallets. In other words, they are high-end versions of their type of goods.

2.13 PRODUCT 13: Principle Prohibiting Misalignment of the L and V Monogram

In terms of the principle for monogrammed products, the principle states that the products must be made so that the Louis Vuitton design winds up on the front, center of the product without fail. In the event that structurally the Louis Vuitton cannot be placed in the center, it is to be positioned so that it is bilaterally symmetrical. This holds true for bags, trunks, and accessories as well. The Louis Vuitton monogram is the soul of the brand, and this soul absolutely cannot become disjointed or fall out of alignment. Great lengths must be gone to in order to ensure this commitment.

2.14 PRODUCT 14: Principle of Independent Manufacture and Principle Prohibiting Outlet Product Production

The likes of Louis Vuitton and Hermès are commended for the fact that they exercise immensely tight control from production to sales and do not produce outlet products. This is because artisans who have been cultivated on their own account are creating them in the company's workshops. If one is able to attain a structure of not buying and not letting others buy its products in stores other than officially sanctioned stores, then performing independent manufacture and independent distribution will increase costs. Even so, this still pays off if you consider this as the cost of maintaining and controlling brand value.

2.15 PRODUCT 15: Principle of Special Orders

Louis Vuitton has a special order service. These are custom orders for self-indulgers who would like Louis Vuitton to make custom-made products and order-made products. Danjuro, the father of a Kabuki actor, ordered a cosmetics case for the announcement of the succession of his son to the stage name of Ebizo. The case was displayed along with the taking of a commemorative photograph. Patrick is the sole person acting as the general overseer for special orders, supervising such special orders by employing Louis Vuitton's techniques and aesthetic sense.

2.16 PRODUCT 16: Principle Specifying Product-Out Creation

Creating designs which run along the cutting-edge for Louis Vuitton products is the work of Marc Jacobs and the designers which he has brought along with him. While market-in (the customer is always right) is important, there are times where the top-notch creations of the foremost fashion designers of the age fortuitously tend toward product-out (products and services are put on the market based on a production and sales plan; lording it over one's business owing to a privileged position). Louis Vuitton could not have it any other way.

2.17 PRODUCT 17: Principle Prohibiting Products with Inorganic Serial Numbers

Louis Vuitton does not come out with no-name products. All of them have a name affixed to them. It is important to produce the effect of having users form an attachment for the product. To cite an example of said names, the names of districts like Soho and Broadway are used. Others include mountain and lake names such as Ural and Baikal. If products were given serial numbers with just numbers and symbols, such as a product name like MG40 for instance, then this would produce a completely inorganic resonance.

2.18 PRODUCT 18: Principle of Ostentation

First off, to put it boldly novices cannot tell whether an item, especially a luxury product, is good or bad. This is where innovation comes into play. Changing this concept around, it is important to make items which even novices can understand for their ostentation, thereby making it so that said novices can appreciate that they are of good quality. The motif itself for the padlock triggers a concatenation of notions to the effect that the product is solid and robust. Moreover, a leather belt around the handbags appears sturdy to the eyes of a novice.

3. Set of Principles for PRICE

Next we consider Price (pricing). General marketing demands “low prices.” This is achieved by reducing costs and off-shoring production to China and elsewhere. Louis Vuitton handbags, on the other hand, are priced high. Such high prices are unnecessary for merely stowing and carrying things. In essence, the Louis Vuitton difference is value, not price—this being absolute value, not relative value. Many of the principles for Price were innovations that came about after Kyojiro Hata became president of Louis Vuitton Japan and that subsequently went global.

Louis Vuitton observes the following 8 Principles for Price (pricing):

3.1 PRICE 1: Principle Prohibiting Exorbitant Pricing

Given the circumstances in which exorbitant pricing and differences in price depending on the store arose, former President and CEO Hata came out with a policy of keeping prices in Japan down to 1.4 times those in France; what essentially amounted to a 40% increase. As a result of this policy, the prices which were kept down to a 40% increase of local prices were widely accepted by modern women, while simultaneously allowing Louis Vuitton to create the trust which serves as the key to brand business. Louis Vuitton was successful in permeating the brand of “trust” which the Louis Vuitton family has carefully cultivated throughout Japan.

3.2 PRICE 2: Principle of Proper Pricing

Louis Vuitton has held the disparity with local prices down to 1.4-fold by means of doing away with parallel importers who used pricing that was three times the disparity with local prices and establishing official sales routes instead. As such, Louis Vuitton has come to lay out proper pricing including customs duties and distribution costs. This is a policy of reliable pricing which earns the customers’ trust, pure and simple. This is the end result of the basic policies and corporate efforts of each respective brand and company. It is no wonder then that Louis Vuitton has achieved a proper rate of 1.4-fold.

3.3 PRICE 3: Principle Prohibiting Bargain Sales

Taking a sidelong glance at markets in which bargain sales run rampant, you will see that one brand has a history of not once holding a sale where it reduced its prices in 156 years. That brand is Louis Vuitton. For the question of the sort of guideline under which sales are not conducted, the answer would have to be because of the commitment to quality. Throughout a long history, Louis Vuitton has not held a bargain sale a single time

out of a single-minded devotion to quality. This is because the core of Louis Vuitton's pricing strategy lies in selling products to all of the customers at the same price.

3.4 PRICE 4: Principle Prohibiting Sale in Value Sets

First of all, throwing in added bonuses with the products is just one variation of a price discount. This is because if the amount of money paid is the same for cases where added bonuses are included and cases where they are not included, then including these extras amounts to the same as providing a price discount for the cost of the added bonus. Louis Vuitton does not include such added bonuses. Louis Vuitton also does not engage in set sales. Louis Vuitton does not acknowledge set sales since they lead to price discounts.

3.5 PRICE 5: Principle Prohibiting Surprise Price Changes

Over the past 25 years Louis Vuitton has raised prices 14 times and lowered them 11 times, making the price revision from November 2006 the 26th price change. Price cuts are also conducted, and a consistent approach of setting retail prices in Japan at 1.4-times those of the parent country of France is evident. Labels and advertisements indicating an increase in prices are presented at store fronts, while at the same time postcards providing notice of the price increases are sent out in advance to people whose names are listed in the customer registry. Louis Vuitton method is to not conduct surprise price hikes.

3.6 PRICE 6: Principle of Philosophy that "Louis Vuitton Products are Money"

This principle states that Louis Vuitton bags have a high trade-in price, and are equivalent to money. It is said that the prices of Louis Vuitton goods do not collapse even when recycled. The reason for this is that if Louis Vuitton does not furnish them with a good price then the customers will slip away to other stores and Internet auctions. It would appear as if some customers first size up the product at an officially sanctioned store, then leave the store temporarily so that they can confirm the trade-in price at a recycle shop that deals in brand goods before returning to the shop to make their purchase.

3.7 PRICE 7: Principle Prohibiting Pricing in Odds Prices

Louis Vuitton does not adopt pricing in odd prices. In addition, most of the other luxury brands are the same way. If brands providing luxury products get hung up on

impressions from odd pricing, then this will take the edge off of the sentiments of consumers who are all worked up to buy brand products. Louis Vuitton sets its prices in denominations of 1,000 yen. The appending of odd pricing is done purely through the consumption tax.

3.8 PRICE 8: Principle of Prestige Pricing

The notion of prestige pricing shows up in the pricing strategy. This is also referred to as premium pricing. This means that in the case of products with a low purchase frequency and where it is difficult for consumers to judge quality such as luxury and high-end products, price is one means of making a determination. The claim could be made that pricing by Louis Vuitton, which reigns over the top range of luxury brands, represents prestige pricing to consumers even though it is proper pricing for Louis Vuitton.

4. Set of Principles for PLACE

Let us now look at Place (distribution), the third of the four Ps. General marketing seeks to create “broad distribution channels,” opening more stores or selling through non-department store outlets, such as mail order and volume retailers. On the other hand, Louis Vuitton bags are only offered through limited distribution channels. One might go as far as to say Louis Vuitton innovated a method of selling that amounts to “controlling Place” and “not using channels that cannot be controlled.” As in the case of Price, many of the principles for Place were innovations that came about after Kyojiro Hata became president of Louis Vuitton Japan and that subsequently went global.

Louis Vuitton observes the following 11 Principles for Place (distribution):

4.1 PLACE 1: Principle of Proper Sales Routes

Louis Vuitton branch stores in Japan were established in March 1978, and the luxury brand market of the time was accompanied by parallel importers and traders making imitation products. The situation was one of exorbitant prices as well as sales prices that were all over the place depending on the store. Under such circumstances, the brand of “trust” which the Louis Vuitton family has carefully cultivated could not be conveyed within Japan. Righting the sales routes for Louis Vuitton products being sold via improper pricing and putting Louis Vuitton products up for sale in the Japanese market at the proper pricing and through proper sales routes served as a major objective and challenge for Hata.

4.2 PLACE 2: Principle of Business Practice Reform

For the legitimately imported goods from that period the going market rate was 2-2.5 times their local price. Faced with this fact, Hata boldly set out to reform traditional business practices in Japan. Hata believed that while there was nothing that could be done about the addition of customs duties and shipping fees, products could be sold at proper pricing through a sales route structure which eliminated intermediary costs. As a result of introducing a system of company stores, pricing for Louis Vuitton products within Japan was successfully preserved to a certain degree and the recognition that brands equaled trust began to be imparted to customers.

4.3 PLACE 3: Principle of Store Establishment in Prime Locations

Brands are attracted to urban areas which are suited to their brand image and establish stores there, which in turn create a virtuous cycle whereby the area's image improves further and the establishment of stores accelerates. In order for luxury brands to succeed internationally it is essential for them to be successful in Japan, which has a large proportion of sales. The major grounds where this battle is waged are in Ginza, Omotesando, and Aoyama. Brands do not establish stores in prime locations because they have made a profit, or attempt to open stores in such locations when they do make a profit. They establish stores in prime locations in order to make a profit.

4.4 PLACE 4: Principle of Brand Enhancement through Flagship Stores

The establishment of large-scale flagship stores endows Louis Vuitton with bases from which to transmit a more prestigious and clearer image and to thoroughly ensure a sense of high added value. This acts as a measure to further enhance Louis Vuitton as a top brand. If Louis Vuitton is to attempt to cover an even greater number of customers through a smaller number of stores while avoiding tarnishing the image through excessive exposure, then it would necessarily have to make every single one of the stores into flagship stores. This is a tried and true tactic for luxury brands, with Louis Vuitton's global flagship store strategy serving as an excellent example of this. Louis Vuitton is preparing a number of strategic moves and setups against this backdrop.

4.5 PLACE 5: Principle of Flagship Store Setup

What constitutes the importance of the role of flagship stores like the one in Omotesando is their element as bases for transmitting the image in order to elevate the brand's added value. The growth of the brand stores to enormous proportions has

powerful implications for the image policy more so than it does for the sales. This is because it is the greatest point in terms of whether or not the transmission of the brand identity calls out to customers. The significance of and effects from the Louis Vuitton Omotesando store, which continues to convey information with the mission of thoroughly ensuring the image strategy, are returned to the Louis Vuitton brand unchanged.

4.6 PLACE 6: Principle of Flawless Repairs

Louis Vuitton's repair service is famously renowned as a service which wins over the trust of customers and provides a sense of stability to the brand strength. Louis Vuitton knows full well that the more a person favors Louis Vuitton products and is a repeat customer, the more exacting are their demands when it comes to repairs. Louis Vuitton believes that providing such customers with satisfaction and having them use its products over a long time period will result in raising brand loyalty. As such, Louis Vuitton has laid out and put into practice its own repair policy.

4.7 PLACE 7: Principle of Store Concept Individualization

Both the Nagoya Sakae store and Matsuya Ginza store have taken up the challenge of distinctive design, and the Omotesando store is a symbol of the strategy of rebuilding in major capital cities all over the world. The Kobe store utilized the group strength to become the first composite store, and the Kochi store serves as a pilot shop for regional hub cities by abiding by the Louis Vuitton method. Louis Vuitton worked out the façade of the Roppongi Hills store in the spirit of an urban cultural city, while the Ginza Namikidori store serves to retransmit both tradition and innovativeness. The one feature which they all share is a design that upholds their individuality while taking harmony with the urban areas around them into consideration.

4.8 PLACE 8: Principle of Store Placement Strategy Growth

Naturally, it goes without saying that Louis Vuitton has not made it through the 29 some years since entered the Japanese market with just a single store configuration. The stores must develop into suitable stores according to the environment, as well as the brand's growth stages and strategy. The best sales routes for the age are to be selected. This principle is one that is indispensable for brand cultivation. The Omotesando Store, which is the biggest of the large-scale stores, was not necessarily required from the time that Louis Vuitton entered the Japanese market, but it was created at an essential period

corresponding to factors like brand growth and strategy.

4.9 PLACE 9: Principle of In-shop Store Placement

In fact, upon withdrawing the Daimaru Kyoto store from its location in 2000 after Louis Vuitton had its request to expand the area of the sales floor turned down, the sales proceeds for the store fell sharply. In 2004 there was an incident in which the Daimaru side offered an annex to be used as an Louis Vuitton store, and the matter was considered as having been settled. It appears as if Isetan decided to introduce Louis Vuitton after watching these developments, and the incident has increased the potential for accelerating the establishment of Louis Vuitton stores in other department stores as well.

4.10 PLACE 10: Principle of Retail Store Growth

Louis Vuitton is working on the long-awaited retail stores while increasing its ready fire power in the form of in-shop placement in department stores and expanding sales. The first such retail store was opened in 1981 at Ginza Namikidori, where the window facing Namikidori Street was adorned with the latest bags. It became much talked about for the fact that it allowed customers to enjoy shopping in the atmosphere of a Parisian boutique from those days by utilizing the space of a retail store.

4.11 PLACE 11: Principle of Supplementing Stores with Paid Catalogs

Louis Vuitton produces catalogues every year. The catalogues contain a significant amount of information, and it charges 1,000 yen for them. The catalogues enjoy considerable popularity, and the fact that they sell out despite there being a charge for them is amazing for a brand. In general, common practice is for catalogues to be free of charge. In contrast with this, Louis Vuitton charges for its catalogues, which provide an immense amount of information. Such paid catalogues contain numerous regular items and items that enjoy ongoing popularity. This is a move made possible because of Louis Vuitton's unique stature.

5. Set of Principles for PROMOTION

In our systematic analysis of the four Ps of Louis Vuitton marketing into principles that summarize its strategy, we finally turn now to Promotion. General marketing looks to "mass advertising" in its efforts to sell at high volume. Television commercials typify that approach. Louis Vuitton, however, does not advertise on television. While Louis Vuitton does advertise in newspapers and magazines, these consist mainly of image ads

rather than “aggressive” sales ads, and more focus is given to publicity (being taken in the media). The age of the House of Louis Vuitton cannot be said to have been rabid about promotion, meaning that most of the principles for promotion likely originated with the luxury brand strategy of the holding company LVMH. However, such principles as the Principle of Extravagant Parties can be said to have been given special emphasis in Japan.

Louis Vuitton observes the following 9 Principles for Promotion:

5.1 PROMOTION 1: Principle Prohibiting Television Commercials

What is the reason for Louis Vuitton refusing to select television commercials as a means of advertising media? To start with, there is the reason that television commercials themselves are not suitable. Next, there are the problems of “reach” and “richness.” Louis Vuitton values the fullness of information talked over in rich detail by salespersons and customers, such as discussions of how to care for bags, the features of the latest creations, and over Takashi Murakami and Marc Jacobs.

5.2 PROMOTION 2: Principle of Emphasis on Publicity

Louis Vuitton conducts paid advertisement in the same way that other luxury brands do. However, it emphasizes publicity (PR through mass media) in which brands and products are taken up by the media, such as magazines and newspapers, more than the average brand does. For example, prior to the opening of one of Louis Vuitton’s large-scale stores various fashion magazines put together major special features and the magnificent opening party was reported on extensively. The reader should consider that everything was intentionally arranged so that the matter would turn out this way.

5.3 PROMOTION 3: Principle of Brand Muse (the Danjuro Ichikawa Principle)

Speaking in terms of Louis Vuitton’s muses (celebrities who have taken a liking to and use a brand or personages that epitomize the brand; particularly women), the truth is that there are many. Empress Eugenie, Maharaja of Baroda in India, Coco Chanel, Audrey Hepburn, Luchino Visconti and Alain Delon, Charles Lindbergh, Sharon Stone and Shojiro Goto, along with Danjuro Ichikawa, Ebizo Ichikawa and etc.

5.4 PROMOTION 4: Principle of Enchantment with Legend

Legend is one element of a product’s appeal which tends to be overlooked. Lineage, origin, and history provide anesthesia for the “pain of spending.” As far as luxury brands are concerned, the excellence of the sheer quality, exceptionalness of design, and appeal of

fashionable trends due to the contemporary efforts of those in the management ranks, artisans, and designers are important elements. In addition to these, the previous history of the house brand and mythical episodes are also valuable components of a brand's appeal. If fictitious accounts are also permissible then there is the Titanic episode as well.

5.5 PROMOTION 5: Principle of Having Customers Lined up at Stores

The people lined up at a popular ramen shop invariably eat the ramen once their turn comes. But people who are just window shopping without necessarily buying anything and people who just want to see a talked-about building also line up at Louis Vuitton stores in a well-behaved manner. They do this without growing angry and just for the pleasure of entering the store. Would you view such a scene as pitiful, or would you be impressed by their loyalty? From Louis Vuitton's standpoint, would it view this with gratitude, or would it look on and think 'Gotcha!'?

5.6 PROMOTION 6: Principle of Extravagant Parties

As part of Louis Vuitton's promotional strategy, Louis Vuitton hold extravagant parties with calculated timing. But just because they have a small budget does not necessarily mean that it settles for cozy little parties which are dismissed by the mass media. Since they are put on in such a spectacular manner the extravagance itself and the large number of famous celebrities become topics of conversation which are rapidly picked up on by the mass media. Even though Louis Vuitton must pay if it is to hold these, the advertising results attained far surpass those that would be achieved through the same amount of direct advertising costs.

5.7 PROMOTION 7: Principle of the Excuse of Supply Shortages

There are some customers who get angry over exceedingly commonplace matters, proclaiming things like "Why don't you have this product in the store?!" and "No, not this color, I want that color!" To such customers Louis Vuitton salespersons kindly and politely explain the situation by saying "The reason for this is because the products cannot be mass produced." Such scenes can be found all over Japan. While saying "they cannot be mass produced" is an excuse, at the same time it also serves as excellent PR and effectively serves to stir up a sense of hunger in the customers.

5.8 PROMOTION 8: Principle of Pledging Allegiance

At Louis Vuitton the main stars are the products themselves, and it encourages

customers to pledge their allegiance to the products. The photographs and text in Louis Vuitton advertisements position the products in the starring role. “Louis Vuitton trunks are solid.” “Vernis and monogram mini-bags are adorable.” “How functional is the business briefcase?” “Who should you entrust the repair of your bag to?” Talk of matters aside from Louis Vuitton products does not appear.

5.9 PROMOTION 9: Principle of Limiting Advertisements to Those that are Newsworthy

On occasion Louis Vuitton has advertised and drawn attention to the fact that there are products which it does not handle. At the same time that the affair involving fake Hermès neckties occurred in November 1978, there were also incidents in which imitations of Louis Vuitton neckties were seen to appear on the market. Louis Vuitton at the time did not handle neckties, and so Louis Vuitton Japan went on the offensive against the appearance of these mysterious products by expressly taking out advertisements which said “Louis Vuitton does not make neckties.”

6. Set of Principles for BRAND

Now that we have systematically analyzed the four Ps of Louis Vuitton marketing into principles that summarize its strategy, let us consider those principles that resist classification into one of the four Ps or that lie somewhat outside their scope. Rather than calling them “other principles” that do not fit under the four Ps, we can in fact say that these principles are the core of the Louis Vuitton brand, transcending the four Ps. We shall also compare Louis Vuitton with Hermès to further engrave the characteristics of Louis Vuitton in the reader’s mind.

Louis Vuitton observes the following 11 Principles for Brand (branding):

6.1 BRAND 1: Principle of Toyota Production System

Early in the year 2005 Louis Vuitton commissioned the major US consulting firm of McKinsey & Company to perform consulting over reforming the production. Following a detailed survey on the production process in the workshops, McKinsey & Company suggested the introduction of a lean production system. In November 2005 the new production system Pegasus was adopted in each of the workshops. Doing so enabled Louis Vuitton to double the pace at which new works could be shipped, going from only around once every 12 weeks before the reforms to once every 6 weeks afterwards.

6.2 BRAND 2: Principle Prohibiting Mechanization

Louis Vuitton will not end the manual production, and is willing to spend money for the sake of quality raw materials. The sole reason that Louis Vuitton persists with this manufacturing style is because customers' expectation of Louis Vuitton is they want artisans to create the products through manual work. However, it would be a mistake if all companies were to think that making goods by manual work produces added value and then going ahead and making everything by hand. This merely leads to smug complacency. What is important is whether the customers want the products to be made by hand.

6.3 BRAND 3: Principle of Artisan Emphasis

Louis Vuitton values artisans. It goes without saying that excellent creators are necessary in order to make excellent goods. In reigning over brands of the highest rank which are also known around the world just as Louis Vuitton is, how one holds onto such creators and maintains quality are extremely important factors. Techniques and craftsmanship are drilled into Louis Vuitton's artisans at artisan training school, which is when they are first recognized as artisans.

6.4 BRAND 4: Principle of Pairing Designers and Artisans

The Louis Vuitton family and artisans have inherited their techniques. It is Marc's technical skills that allow them to create fantastic designs. It is difficult for artisans to possess the senses of a designer who is ahead of the times, while it is difficult for designers to obtain the techniques for producing the envisioned goods. Creativity is underpinned by seasoned techniques; the artisans' techniques and designers' skills are two sides of the same coin.

6.5 BRAND 5: Principle of Selective Marketing

LVMH advocates selective marketing. This is a marketing tactic which is specially-suited for selling luxury products with limited production output. The first step is to raise the added value of the brand. The second step is selective distribution (process which claims that several boutiques should be stationed in a market area upon consideration of said area, and that several items should be laid out and sold at said stores) which is sent to where people seek luxury products.

6.6 BRAND 6: Principle of Separation of Ownership and Management

Since the time of its founding, Louis Vuitton has attracted the support of customers who are primarily in the upper echelons of society and expanded as a solid family business. However, upon receiving the results of consulting, Louis Vuitton has decided to separate ownership and management (what could be labeled as artisans and managers). Louis Vuitton Malletier was established in 1977, and upon the retirement of the fourth Chairman Henri Vuitton expert managers were invited from outside the company. After this the company was launched out into the world, which served to expand Louis Vuitton's products.

6.7 BRAND 7: Principle of the Umbrella Effect and the Leverage Effect

Due to its merits and potential, Louis Vuitton enjoys an umbrella effect in that it can produce reliable bags even when paired up with designers such as Takashi Murakami who, at the very least, are not experts at creating bags. While Louis Vuitton is an establishment of long standing lasting 156 years, which is not to say that it is merely old. Nor is it like a curmudgeonly old man who proudly talks about how old he is. Louis Vuitton enjoys a leverage effect wherein it asserts the contemporary nature by jettisoning antiquarian aspects which do not serve the purposes in the present, as well as going to work by joining forces with designers who are currently in vogue.

6.8 BRAND 8: Principle of Individual Orientation

Louis Vuitton continues to provide individual and unique products to customers that love the brand by satisfying special orders. Customers would like to have the products that everyone else has, but they want to have the things that no one else has even more. It simply increases desire for items that only oneself and no one else has. Everyone is intent on the desire to express their individuality. Products which fulfill this need have also entered the market.

6.9 BRAND 9: Principle of Building Two-Way Relationships

A brand's customer service is what elevates the loyalty felt for a brand. You've probably utilized a concierge at some point. Concierge means guide in French, and they are commonly known as the people in charge of services which provide satisfaction by responding to whatever demands the guests may have. These concierges even play an active role behind the scenes at department stores as well, and Louis Vuitton's Omotesando store has also started a concierge service.

6.10 BRAND 10: Principle of Not Stepping Down from Achievements

In developing a collection through fashion shows, the highest price bracket which reigns over the top range of apparel is the collection line. This is followed by the bridge line, better line, moderate line, and volume line, with the price bracket dropping as you gradually move down. Backed by weapons such as their grand histories, luxury brands like Louis Vuitton and Hermès would like to unconditionally avoid stepping down from their achievements. They are warriors who do not aim for expanding sales by the addition of lines.

6.11 BRAND 11: Principle of Respecting History

A brand's intent, surprises, and historical story fascinates customers. When customers become fans, they want to understand the brand from a multifaceted point of view. In catering to such customers, there have been various different brands that have appeared, been culled back, survived, and lasted down to the present day. The long span of 156 years in which Louis Vuitton has carried on its existence, dating back to before the Paris World's Fair, is an asset which was not built in a day. What sort of tale will Louis Vuitton tell in the future? I anticipate that the brand will make great strides from here.

7. Concluding Remarks

This paper is aimed to be an executive summary of the luxury brand strategy of Louis Vuitton, which breaks this marketing strategy down into the four Ps and each of the viewpoints on branding, attempting to distill the rules or principles of brand marketing, as distinct from those for general consumer goods.

In conclusion, the principles of Louis Vuitton (i.e. typical luxury brand marketing) are quite different from those and almost opposite to those of general marketing (i.e. conventional marketing or mass marketing).

I would be delighted if the latest publication were to be of use to business people in their work and development.

The latest publication (Nagasawa 2009c) is a kind of sequel to the previous books (Nagasawa 2002, Nagasawa 2007). The previous books sold 16,000 copies and 14,000 copies respectively. In addition Chinese version had also been released in Taiwan. Also a Korean translation was released in Korea and a translation in Thai language was also released in Thailand.

Note for reference that the author analyzes Hermès, with its longer history than Louis Vuitton, and "the ultimate luxury brand" Chanel in another books (Nagasawa 2006, Nagasawa 2010).

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