ANALYSIS OF MARKETING STRATEGY BY LOUIS VUITTON
AND ITS SUCCESS IN SELECTED ASIAN COUNTRIES.

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by

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ABSTRACT

ANALYSIS OF MARKETING STRATEGY BY LOUIS VUITTON AND ITS SUCCESS IN SELECTED ASIAN COUNTRIES

By

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Master of Science in

Family and Consumer Sciences

The purpose of this study was to examine why luxury businesses are flourishing in Asia. In this study, purchasing behavior of consumers from three selected Asian countries (Japan, South Korea, and China) that purchase luxury items was critically analyzed based on the “Asian countries’ stages of luxe evolution” by Chadha and Husband (2006). Also, the marketing strategy of Louis Vuitton was analyzed and, as a part of the marketing strategy analysis, a content analysis of advertisements by Louis Vuitton in *Vogue Nippon* (Japan), *Vogue Korea*, and *Vogue China* was used to explore the advertising strategy and the possible differences in its advertising approach in selected Asian markets.

During the content analysis, several factors were examined and compared by the same month of the relevant *Vogue* issues such as the model and the posture shown; number of advertisements; the featured product; the color of the product, clothing, and makeup; background image and its color; and overall concept of the advertising.

In addition, the company’s marketing strategy highlights and Asian consumers’ characteristics of three selected Asian countries were analyzed during the literature
review to support the objectives. It was found that Louis Vuitton uses a global marketing strategy that deploys the same concept and tactics in each country, even though there were some slight differences. The results revealed that the success of luxury businesses, including Louis Vuitton, largely depends on the company’s marketing strategy that emphasizes a luxury lifestyle when Asian consumers pursue an image of the luxury life that is visible to the public.
CHAPTER I

INTRODUCTION

“No Louis Vuitton bag? No life.” According to the authors of the book, *The Cult of the Luxury Brand*, there is no place in the world where luxury is the currency of power more than it is in Asia (Chadha & Husband, 2006). Considering the origination of most of the luxury brands in the European world and the economic status of Asian countries, it is hard to understand how Asia became the biggest market for luxury goods.

The increasing opportunity for global business and the accelerated expansion of national economies into the worldwide marketplace have emphasized the importance of understanding business trends and effective global marketing strategies. The characteristic of consumers are different among various nations. Thus, marketers should perform an in-depth study of their target consumers, understand cultural differences of the global market, and know how to sell their product more effectively in this arena. For example, the reasons why Asian consumers purchase luxury brands may be different from the reasons Western consumers purchase luxury brands.

The Asian luxury market is frequently described as the largest or the most anticipated market today. Vincent Shaw, a president for Chanel Asia Pacific, said that international brands are shifting their focus from Paris, New York, and London to Asian countries, the fast-growing emerging markets, as Asia is becoming the world's biggest market for Western luxury goods (“Designer Brands . . .,” 2008). According to Chadha and Husband (2006), within Asia, the luxury goods market constitutes 37 percent of the global market of $80 billion and the actual sum of Asian consumers’ spending is much higher since they shop abroad. This amount is compared to 35 percent of spending in the
global luxury market that comes from Europe and 24 percent from the U.S. Also, major luxury brands, such as Louis Vuitton, Hermes, Gucci, and Cartier, earn more than half of their revenue from Asian consumers. For example, according to LVMH Moët Hennessy - Louis Vuitton, the world’s largest maker of luxury goods, its analysis of the conglomerate’s fashion and leather goods revenue by geographical region in 2007 found that 45 percent of the total revenue came from Asia, 29 percent from Europe, 20 percent from the U.S., and the remaining 6 percent from other markets (LVMH, 2007a). Also, the chairman and CEO of the LVMH group, Bernard Arnault, recently remarked in the company’s annual report that growth opportunities were mainly to be found in Asia (LVMH, 2007c).

For Asians, luxury brands are a modern set of symbols that redefines their identity and social position (Chadha & Husband, 2006). Many people think their personal and societal value increases as the price of the brand that they are wearing increases. Thus, it is vital to understand the characteristics of Asian consumers in the luxury market to become involved in the global luxury industry. In addition, in studying the business strategy of Louis Vuitton, one of the most successful luxury brands in Asia, it is important to understand how it has positioned itself well in the Asian market and how its marketing strategy has associated the brand with Asian consumers.

Statement of the Problem

Luxury consumption in the U.S. has been frequently studied by many scholars and theorists, such as Veblen, in his The Theory of the Leisure Class (1994). However, when it comes to Asia, while many luxury businesses are notably booming, there have been very few studies done to understand the Asian consumer’s purchasing behavior or to
identify luxury business trends in the Asian marketplace. Many Asian consumers in the luxury market have unique characteristics and these characteristics are different in each country, such as Japan, South Korea, or China (Chadha & Husband, 2006). As Louis Vuitton is one of the most successful luxury brands in Asia (Chadha & Husband, 2006), understanding the company’s marketing strategy is fundamental to understanding the Asian luxury market.

Objectives

The objectives of this study are

1. To analyze the purchasing behaviors of consumers from three different Asian countries (Japan, South Korea, and China) that purchase luxury goods as well as to identify the reasons why luxury goods businesses are booming in Asia,

2. To analyze the marketing strategy of Louis Vuitton, and

3. As a part of the marketing strategy analysis, to explore the possible differences in advertising strategies used by Louis Vuitton in three Asian countries (Japan, South Korea, and China) as illustrated in Vogue advertisements.

Definitions

Luxury refers to something very expensive, desirable, and pleasant but non-essential and unnecessary (Random House Webster’s Unabridged Dictionary, 2005). The word is frequently used to refer to luxury goods which can be replaced with high-end goods and is contrasted with inferior goods or normal goods.

Masstige is a marketing term meaning downward brand extension. The word is formed from the words mass and prestige and has been described as “prestige for the masses” (Silverstein & Fiske, 2003).
Organic growth is a growth rate that a company can achieve by increasing its output and enhancing sales. In other words, this term represents the true growth for the core of the company. Also, it is a useful indicator of how well management has used its internal resources to expand the company's profits (Investopedia, 2008).

Assumptions

This study rests on two assumptions:

1. Many Asian consumers in the luxury market have unique characteristics and these characteristics are different in each country and
2. The information available accurately describes the marketing strategies of Louis Vuitton.

Limitations

The researcher chose one category of LVMH as an example to explore luxury goods consumers in Asia because Louis Vuitton, among the over 60 prestigious brands of the LVMH group, is the favorite luxury brand in Asia, according to Chadha and Husband's analysis (2006). Also, Louis Vuitton is a leading brand of LVMH and its operating margin continues to be at an exceptionally higher level than other brands, according to company reports (LVMH, 2007a; 2008a). Louis Vuitton was primarily focused on as a whole company due to the limitation of accessing the sources. Although Louis Vuitton is one of the top luxury brands, further research including other luxury brands will be needed to complete this study. Therefore, this study has limited generalizability for the overall luxury business in Asia. Also there were a limited number of issues of Japanese, South Korean, and Chinese Vogue magazines that were available for the content analysis.
CHAPTER II

REVIEW OF THE LITERATURE

Consumer behavior and luxury consumption in the U.S. have been studied in many scholarly articles and books by such theorists as Veblen (1994) in *The Theory of the Leisure Class*. However, while many luxury businesses are flourishing in many Asian countries, there have been very few studies on the topic done with Asian subjects and the available research is not current. Hence, it is hard to understand the current Asian consumer’s purchasing behavior or to comprehend the luxury business trend in the Asian market. Therefore, the researcher has analyzed many different sources such as scholarly articles in a variety of journals, newspapers articles, case studies, and trade publications, as well as the Louis Vuitton official Website, in preparing this review of the available literature.

Many Asian luxury consumers have unique characteristics and these characteristics are different in each country, such as in Japan, South Korea, and China as used in this study. Also, their consumer behavior is different from that of Western consumers. When people purchase certain products and brands, the benefits they desire from their purchases are all based on their particular culture (Kim, Forsythe, Gu, & Moon, 2002). As it is one of the most successful luxury brands in Asia, understanding Louis Vuitton’s marketing strategy is fundamental to understanding the Asian luxury market. Linda Lim (2008), online research director of the Nielsen Company, found in a global luxury brands study that, if money were no object for them, Louis Vuitton (29%), Chanel (28%), and Gucci (27%) were the most coveted brands among consumers in the Asia Pacific. In this literature review, the researcher has studied marketing strategies by Louis Vuitton and analyzed luxury consumer behavior in three Asian countries – Japan, South
Korea, and China – to see how Louis Vuitton became successful in Asia. First, the researcher has provided the company’s history to give the reader a better understanding of Louis Vuitton.

**History of Louis Vuitton**

Information about the history of Louis Vuitton comes from a combination of three different sources (Haig, 2004; Louis Vuitton, n.d.; Pan & Mccauley, 2005). The 154-year-old brand Louis Vuitton, a fashion and leather goods division of LVMH, has its roots in luggage and travel accessories but has expanded to include shoes, belts, jewelry, watches, and clothing. Louis Vuitton, in existence since 1854, became a legend in the art of travel by creating luggage, bags, and accessories as innovative as they were elegant and practical. At that time, only the wealthiest members of society could afford to go on holiday and travel was the ultimate association for a luxury brand as it signified the wealth and freedom enjoyed by the jet set.

As Yves Carcelle, CEO of Louis Vuitton, has said, “The birth of Vuitton also marked the start of modern life. It is not by chance that it was born in the mid-19th century when the nature of travel was revolutionized” (Haig, 2004, p. 130). At that time the high-end customer wanted steamer trunks and luggage to have the finest quality leather and construction so that they could withstand long voyages. Since the 19th century, Louis Vuitton has been manufacturing the same goods through the same process, pieces made by hand. The company became known for its LV Logo-branded handbags that are made in a brown monogrammed canvas material held together by fine oxidizing leather. Since then, the brand has been considered the symbol for status around the world; no matter if the customer is in Paris, Japan, or New York, Louis Vuitton is the “must
have” for being trendy. The Louis Vuitton signature brown leather logo style is considered as the first designer label brand in modern history.

The first Louis Vuitton store opening was in Paris in 1854, followed by the London store in 1885; in 1914 the Louis Vuitton Building opened on the Champs-Elysees in Paris. Later on, stores in New York, Bombay, Washington, Alexandria, and Buenos Aires were opened. In 1978, Louis Vuitton opened its first stores in Tokyo and Osaka, Japan and, in 1984, the brand arrived in South Korea with the Seoul store opening.

The LVMH group was founded in 1987 as a result of the merger between the champagne brand Moët Hennessy and Louis Vuitton. This merger has created the world leader in luxury goods and a French conglomerate with 60 prestigious brands and more than 2,000 stores worldwide. The LVMH group includes Louis Vuitton, the world’s leading luxury brand, with approximately 405 stores worldwide, as well as brands like Celine, Loewe, Kenzo, Givenchy, Thomas Pink, Fendi, Emilio Pucci, Donna Karan, Marc Jacobs, Berluti, and StefanoBi. The LVMH group also includes eLUXURY, an online source for luxury goods on the Internet.

Two years later, in 1989, Bernard Arnault, Christian Dior chief at that time and a man renowned for his marketing skills and tight control over how and where products are sold, became the Chairman and Chief Executive Officer of the LVMH group. The following year, Yves Carcelle was named president of Louis Vuitton. In 1992, Louis Vuitton opened its first store in China, at the Palace Hotel in Beijing. In 1998, U.S. fashion designer Marc Jacobs joined the Company as creative director and created the company's first ready-to-wear line for men and women.

Three years later Mark Jacobs created Louis Vuitton's first jewelry piece and has
become famous for collaborating with many popular artists in developing his Louis Vuitton collections. For example, he has worked in conjunction with the late Steven Sprouse, Takashi Murakami, and, most recently, American artist Richard Prince. Sprouse was a fashion designer and artist who designed the iconic graffiti logo bags in collaboration with Marc Jacobs for Louis Vuitton. Japanese contemporary artist Murakami, in collaboration with Marc Jacobs, created the Louis Vuitton’s historic multicolor monogram bags. Moreover, in January 2008, at the Guggenheim Museum in New York, Louis Vuitton first introduced Prince's new line of handbags, a collaborative work with Marc Jacobs.

As of June 2008, LVMH had 2150 stores worldwide. Of these, the Fashion and Leather Goods business group’s retail network consisted of 1,025 stores while the Louis Vuitton brand had 405 stores. LVMH (2008b) reported that the Fashion and Leather Goods business group had been dominated by the exceptionally strong performance of Louis Vuitton, which recorded double digit organic revenue growth through 2007 and the first half of 2008.

**Marketing Strategy of Louis Vuitton**

According to Sullivan (2008), when many consumers of Louis Vuitton already own LV handbags and do not need another one, it is assumed that the company has good management, financial discipline, and innovation to inspire people to spend thousands of dollars on another handbag. For a company to remain on top in the luxury goods industry, specific strategies have to be implemented and success depends on many factors.

Especially in Asia, the overall image of the company is more important than it is in the West. Schutte (1998) explained that the way in which the company is perceived is
very important in Asia since a positive image assures consumers of the quality of the company’s full line of goods and services.

_Innovation and Tradition_

Louis Vuitton has developed its core competence in its capability for capturing the creativity potential hidden in its people and converting this potential for its business (Pan & Mccauley, 2005). When interviewed by Wetlaufer (2001), Bernard Arnault said that the artist must be free from financial or marketing concerns. If people think and act like typical managers around creative people with rules, policies, and data, they will destroy the talent of the artist. Therefore, he said that, only later, when the product is manufactured, he introduces the strategies that will ensure profitability. Also, the company has implemented strict, time-tested activities and procedures for maintaining its multi-brands’ quality and has insured that their effort is visible in their target customer’s life activities, such as by hosting major international fashion shows (Pan & Mccauley, 2005).

During a conversation with Hazlet (2004), professor Ramaswamy from the Thunderbird School of Management, mentioned that the company’s success comes from two things: the nurturing of its star brands through innovation and a strong focus on quality. To promote innovation, the company has created a decentralized design structure and a relatively small group of managers. Designers such as Marc Jacobs are given wide latitude. The company’s focus on quality is designed to communicate value to consumers. Weisman (2005) explained that the reason why the company put so much effort in creating and being innovative is because this is the only way for luxury brands to survive and even thrive when the very definition of luxury is changing continuously. This is
particularly important when enticing super affluent consumers because these consumers have always stood out from everyone else and want to continue to distance themselves by having the newest products or by being innovators.

Arnault is known as a master at conducting 21st-century surgery on 19th-century brands, resulting in the right balance between life-giving innovation and the brand’s traditional core (Chadha & Husband, 2006). This is why the company is well known for its success in attracting a new, youthful audience while keeping traditional, wealthy customers who have been loyal to the brand for a long time. This is also supported in a Business Week interview with Yves Carcelle, who said, “The fine equilibrium between tradition and innovation reflects the DNA of Louis Vuitton” (Jana, 2007).

The brand produces contemporary and innovative products, such as the multicolor monogram bags from the collaboration between Marc Jacobs and the artist Takashi Murakami, but still makes traditional suitcases in the exactly same way as in the 19th century. Carcell also indicated that Louis Vuitton will continue working with this same creativity and respect for quality. Louis Vuitton, as a leader of the luxury market, is making efforts to continue growing while preserving the exclusivity and great quality that the company has constantly offered. These efforts have brought Louis Vuitton customer loyalty, the biggest asset for the company (Jana, 2007).

Masstige

The word masstige, short for mass prestige, was popularized by Silverstein and Fiske in their book Trading Up (2008) and their Harvard Business Review article “Luxury for the Masses” (2003). Masstige products are defined as "premium but attainable" and there are two key factors in classifying items as having this characteristic:
they are considered luxury or premium products and they are priced between the middle class and the super premium. With the growing number of middle class consumers who are trading up to higher levels of quality and taste, luxury goods are not only for ultra affluent consumers but also for mass market consumers (Pan & Mccauley, 2005; Silverstein & Fiske, 2003).

One of the secrets of success of Louis Vuitton, according to Haig (2004), is that the company deploys a mass marketing strategy to achieve masstige, which makes luxury items available and appealing to everyone, not just to the wealthy and elite class as in the past. For example, the company uses marketing techniques such as celebrity endorsements and sports sponsorships like Louis Vuitton’s America’s Cup yacht racing. These types of marketing activities have brought wide publicity among its target customers and enhanced the prestige image of its brand of the mass market. The strategy is enabled by another secret of success, the ability to control. Louis Vuitton has managed to balance its prestige image with populism, maintaining the connotations of a luxury brand with a mass marketing mentality (Haig, 2004; Pan & Mccauley, 2005). By this strategy, Louis Vuitton has been able to keep its core luxury consumers, which means still keeping the product exclusive or exclusive feeling while making the product available to a mass market.

Advertising

Arnault, in an interview with Thomas (2007), said that the LVMH group is the largest luxury goods advertiser in the world. In 2002, LVMH spent more than $1 billion in advertising, 11 percent of sales for that year. As a result the company is the largest advertising buyer in fashion magazines (Thomas, 2007). Louis Vuitton uses print
advertising in high fashion magazines such as *Vogue*, *Elle*, and *Harper's Bazaar*, as well as online and on billboards in prominent cities. Regardless of the 2008 economic downturn, Louis Vuitton has boosted its marketing budget. The company will never change its long-term strategy because of short-term problems (Helm & Arndt, 2008).

The company shows great marketing skill by using high profile models and actors in their campaigns. By using advertising models that people can aspire after, the company has positioned its brand image as an object of desire and envy. Recent examples of models are the legendary actor Sean Connery, film directors Francis Ford Coppola and his daughter Sofia Coppola, Uma Thurman, and Scarlett Johansson, followed by Jennifer Lopez, Christina Ricci, Kate Moss (See Fig. 4, p. 38.), and Naomi Campbell. The company has also collaborated with many prominent figures for its marketing and design, the most popular being Gisele Bündchen, Marc Jacobs—their creative director, and Keith Richards, founding member of The Rolling Stones (Leadwell, 2008). Also, Louis Vuitton has linked itself to important artists, such as Takashi Murakami, with whom Louis Vuitton sponsored a traveling exhibit (Helm & Arndt, 2008).

Louis Vuitton has been advertising on television and in the cinema since February 15, 2008. This method of advertising is unusual for the company as well as for other fashion and luxury goods brands. Luxury goods and fashion brands have generally avoided television advertising, mostly using magazines and, in some cases, newspapers. This method has been thought by some to be undermining the brand’s aura of exclusivity with appeals to mass-market television audiences (Pfanner, 2008). According to Louis Vuitton, the purpose of this advertising campaign is to touch their clientele and audiences in ways that perhaps other media will not and to say Louis Vuitton is different. Moreover,
the advertising is intended to be an intensely atmospheric representation of travel and will emphasize Louis Vuitton's core offering of luxury luggage (Going Back..., 2008; Pfanner, 2008).

The TV and cinema effort, by Ogilvy & Mather, New York, will be translated into 13 different languages. The company has said that the commercials were filmed in Japan, India, Spain, and France. Rather than emphasizing their products, the advertising shows dreamy landscapes while text rolls on the screen with questions such as "What is a journey?" and "Where will life take you?" (Zmuda, 2008). As production of video has come down in price and upscale consumers increasingly expect moving images, the industry has described this as a very clever move.

The company is running campaigns on cable, on satellite television channels, and in movie theaters around the world. Mr. Beccari, Louis Vuitton's head of marketing, said these include news channels like CNN and BBC World, which many business travelers watch in their hotel rooms, as well as outlets like the Golf Channel. These new commercials show ordinary people, rather than celebrities like Catherine Deneuve, Andre Agassi, and Mikhail Gorbachev (see Fig. 7, p. 40), who are featured in a current print campaign for the brand. According to Beccari, with the new marketing strategy, Louis Vuitton shows an ordinary model in an effort to reach a broader mass market. Beccari also said that the advertising would be particularly useful in reaching new targets in fast growing markets like China, where the image of the company may be less established than in Western countries (Pfanner, 2008). With the new advertising campaign, global revenue grew 14 percent during the first half of 2008 (Helm & Arndt, 2008) and the company reported excellent global performance of its Fashion and Leather Goods
division in 2008, especially in China (LVMH, 2008a).

*Louis Vuitton and the Asian Consumer*

The Asian luxury market is frequently described as the biggest and the most anticipated market in the world. The chairman and CEO of the LVMH group, Bernard Arnault, said in the company’s annual report (LVMH, 2007a) that geographical growth opportunities are mainly to be found in Asia. Recognizing the region's increasing demand for luxury products, LVMH has been focusing its recent investment in the Asia-Pacific region. In 2002 there were 62 Louis Vuitton stores in 14 Asia-Pacific markets, which contributed over 20 percent to the brand's worldwide sales. With the company’s recent investment, Louis Vuitton has opened many additional stores throughout the Asia-Pacific region that have brought greater contribution to its success (Jitpleecheep, 2002).

The appeal of Louis Vuitton is relatively strong in Asia. A significant portion of sales in the division of LVMH’s Fashion and Leather Goods were concentrated in the Asia-Pacific region, in Japan in particular. Sales in this division were largely attributed to the Louis Vuitton brand (Pan & Mccauley, 2005). In the first half of 2008 [through June 30], the revenue from Asia (see Appendix A, p. 56) showed a one percent increase from the previous year, resulting in 46 percent of the total (LVMH, 2008a). Considering the economic status of Asian countries, where there are still many countries in developing or nearly developing stages, there should be several reasons for the success of Louis Vuitton in these countries. Ravindran (2007) and Chadha and Husband (2006) both have written that the reason can be found in the massive changes in political, social, and economical conditions that have steadily transformed Asia and in the process of denoting who one is and one’s place in society.
Historically, Asian culture has dictated one's position by birth, family, clan, profession, or a caste system. However, over the past 30-50 years, many of these indicators of status have become less rigid due to more exposure to education and the globalization trend. The key classifying criterion has become how much money one has and how one shows that wealth. “In today’s Asia you are what you wear” (Chadha & Husband, 2006, p. 3). In other words, for a woman to have a $10,000 Hermes handbag means she is wealthier than one with a $900 Louis Vuitton handbag. A new luxury-brand-defined social order or status is replacing the old ways of marking status in Asia (Chadha & Husband, 2006).

The Asian Luxury Consumer in Comparison with the Western Consumer

According to Wong and Ahuvia (1998), East Asians are particularly covetous luxury consumers. However, just because many luxury products are the same in both Asian and Western societies, this does not mean that consumers buy them for the same reasons or that the products have the identical social functions in each society because the meaning of material items are difficult to transfer across cultures. Asians are very status-conscious (Schutte, 1998). Also, Asian consumers buy luxury items not only for their perceived quality but for social status (Ravindran, 2007). According to the chairman of the Vendome Luxury Group, for many Asians, the ultimate need is for recognition that indicates one has good taste or not and at least one is shrewd enough to understand that buying luxury goods is a way to show one has good taste (Schutte, 1998).

According to Schutte (1998), the high level of consumption of Western goods does not mean a “Westernization” of Asian consumers. The meaning of the goods for consumers and the motivation to consume may vary in each cultures. In Asia, when
consumers are making a purchase decision, the decision criterion for products for social use is the capability of the product to express the right meanings according to accepted social norms and standards. Those meanings are transmitted through signals such as price, brand name, and packaging rather than through intrinsic product qualities.

Moreover, in a situation when a product is purchased as a gift for a person who is socially significant to the buyer, the purchase decision of products is frequently based on a strict calculation of what kind and level of importance of relationship needs to be demonstrated in the particular social context (Schutte, 1998). For example, Chadha and Husband (2006) explained that most Japanese women have a Louis Vuitton bag but it is not because they like it; the ability or need to fit into the group is a strong motivation to own such a luxury brand handbag. The reason is because Asians are a Confucian collectivist society and group identity is very important. They are relatively collectivistic in their social values compared to people in the West, stated Kim, Forsythe, Gu, and Moon (2002).

For example, if one office lady carries a Louis Vuitton bag, then it means that, to fit in, the rest would do the same (Chadha & Husband, 2006). According to Weisman (2005), Chanden, a professor of marketing at the Insead and Wharton Business School Alliance, explained that 80 percent of Japanese women own or have purchased a Louis Vuitton bag. This is not to distinguish themselves from the rest but to show that they are part of the group. In Asia purchasing a famous luxury item helps consumers to buy a link into a chain of associations, a chain that also holds other people; that purchase is about the consumer's experience, not the product itself.

In the study of the Southeast Asian style of luxury consumption by Wong and
Ahuvia (1998), several differences between the Western Individualistic tradition and Southeast Asian Confucian tradition were stated. The Western Individualistic tradition shows an independent self-concept while the Southeast Asian Confucian tradition shows an interdependent self-concept. The Western Individualistic tradition promotes the idea that the group and the society should meet one’s need and that individuals should be judged only on their own merits. In contrast the Southeast Asian Confucian tradition holds that individual needs are to conform to the group and the society and that it is legitimate to judge individuals by their group, particularly by their lineage.

These differences have resulted in different marketing implications (see Appendix B, p. 57) so that the Western individualistic tradition focuses on the internal, such as “goods as sources of pleasure” (Wong & Ahuvia, 1998, p. 429). Product choices often reflect individual attitude and taste and symbolic goods often express one’s internal self so that brands may become potentially misleading indicators of individual product quality.

Meanwhile, the Southeast Asian Confucian tradition focuses on the external, such as “publicly visible possessions” (Wong & Ahuvia, 1998, p. 429). Product choices often apply social norms; symbolic goods often locate the individual vertically within the social hierarchy so that the brand itself becomes the important indicator of individual product quality. Therefore, Southeast Asians pay a great deal of attention to possessions that are both public and visible, such as designer-labeled handbags, expensive cars, and jewelry (Wong & Ahuvia, 1998). These findings are supported by Wheeler, Reis, and Bond’s (1989) finding that, while Americans focus on expressing the private self by fulfilling personal needs, Chinese mores stress harmonious interactions between group members.
An improving economy and the rapid opening up of various markets in Asia have given rise to a group of affluent consumers who are fervent to adopt the latest fashion trends. Asia is considered by many international brands to be a major sales region with emerging economies and improving personal financial status of Asian consumers. Pan and McCauley (2005), as well, mentioned that the biggest reason why democratization of luxury has worked so well in Asia is the growing number of affluent Asian consumers with increasing disposable income. With the opening up of markets in developing countries and increased awareness of global luxury brands resulting from a greater opportunity for international travel, there is huge potential for growth in the luxury sector.

For LVMH, Asia is the most coveted market as 45 percent of the company’s total revenue came from this region in 2007 (LVMH, 2007a). Chadha and Husband (2006) also stated that Asia accounted for 37 percent of the global luxury brand market of $80 billion. Within Asia, Japan dominates with 62 percent of the total Asian luxury market.

*Japan.* By 2006 the Japanese economy had successfully emerged from its long-term slump after the extended period of economic recession that started in the 1990's. This is especially noticeable in the strong sales of designer and high-end fashion goods (Marber, Wellen, Yoon, & Torres, 2006). Now Japan is one of the top markets for luxury items in the world.

According to Chadha and Husband’s (2006) “Asian countries’ stages of luxe evolution” (p. 46), there have been five stages in the development of the Japanese market (see Fig. 1, p. 19). The first stage is “Subjugation,” characterized by authoritarian rule and deprivation. The second stage is “Start of money,” when the economy shows rapid
growth and a small number of high class consumers start to buy Western luxury goods. As a country acquires symbols of wealth and reaches a higher economic status, middle class consumers liberally use luxury brands as status markers; this is the third stage, called “Show off.” At the fourth stage of “Fit in,” a greater number of the population starts adopting luxury culture because people need to conform to the new set of rules about how to express their status. At the final stage, “Way of life,” discerning consumers find themselves locked into the habit of purchasing luxury goods. The personal standards of quality are set very high and it is impossible to go back to using inferior products. Currently, Japan is in the fifth stage, where luxury brands have become a “way of life” (Chadha & Husband, 2006, p. 43).

Figure 1. Asian countries’ stage of luxe evolution.

<table>
<thead>
<tr>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
<th>Stage 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Hong Kong / Singapore</td>
<td>Taiwan / South Korea</td>
<td>China</td>
<td>India</td>
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</tbody>
</table>

Japanese consumers purchase 40 percent of the world's luxury goods. For Louis Vuitton, at one point, an estimated 88 percent of its global sales came from Japanese
consumers with 38 percent purchased in Japan and 50 percent bought by Japanese tourists abroad (Chadha & Husband, 2006). According to LVMH, of its Fashion and Leather Goods revenue in 2007, 22% of the total sales came from Japan alone while 29% came from all of the European countries and 20% came from the U.S. (LVMH, 2007a).

A 2002 survey by the Japan External Trade Organization (JETRO) found that the following percentages of Tokyo women in their 20s owned an item from high-end retailers: 94 percent owned a Louis Vuitton product, 92 percent owned something from Gucci, 58 percent owned a Prada item, 52 percent owned a Chanel product, and 44 percent owned a Christian Dior product (“Industry Profile,” 2006). In addition, according to a recent survey by a Japanese online research company (“A Quick Look…,” 2008), an overwhelming number of respondents chose Louis Vuitton over Hermes, Burberry, and Gucci as the brand they would most like to receive as a present.

In an interview with Thomas, Carcell said that the company never makes any decision on its worldwide strategy without asking Japanese colleagues what Japan would think of it because Japan is a strategic market for Louis Vuitton (Thomas, 2007). Schutte (1998) suggested that, of all the countries in Asia, Japanese consumers are particularly sensitive to maintaining status propriety. Therefore, their purchase decisions are motivated by their need for belongingness through conformity. This tendency is also found in Mooij’s study (2004) as Japanese consumers had the highest uncertainty avoidance rate in the analysis of adoption rates of Japanese, Chinese, South Korean, and American consumers. This means adoption of new ideas and products takes a long time but the need for conformity leads to fast diffusion as soon as opinion leaders start taking the lead. Therefore, Japanese luxury purchasing behavior heavily depends on a
conformity tendency which allows luxury consumers to fit into their group (Schutte, 1998).

Two characteristics of Japanese luxury consumers are that they are very sensitive to the quality of products and they have sophisticated tastes for luxuries. In an interview with Thomas (2007), Richard Collasse, Chanel Japan’s president, mentioned that “the Japanese customers have zero tolerance for flaws” (p. 78). Louis Vuitton Japan, during its first 10 years, has often had to return products to Paris, explaining that its level of quality is unacceptable in Japan (Thomas, 2007). According to JETRO (“Japan Is the World’s…,” 2006), foreign high-end retailers also conduct research and development activities in Japan to improve their products to meet Japanese consumer standards. These standards then serve as a benchmark for the worldwide success of their products. Louis Vuitton had 52 stores in Japan, including 40 shop-in-shops in department stores by 2006. Kiyota Fuji, the president and chief executive of Louis Vuitton Japan, mentioned that luxury retailers still had room for growth in that market and especially for Louis Vuitton itself. According to Fuji, the strength of Louis Vuitton is its high recognition among people of wide generations so that opening more stores in middle-size cities with upgraded quality, distribution control, and image management will bring positive results (“Vuitton Japan’s New CEO…,” 2006).

South Korea. As South Korea’s economy flourished after the Asian financial crisis in 1998, its luxury market presented a major potential. According to Chadha and Husband (2006), South Korea is currently in the “fit in” stage and is moving to the final stage of “way of life.” Louis Vuitton first arrived in South Korea in 1984 with the opening of a store in Seoul. By 2008 the company had 17 stores throughout the country.
plus several duty-free outlets. According to Louis Vuitton Korea and the luxury industry (Kim, 2008), the sales revenue has increased substantially each year. Sales revenue in 2007 was equivalent to approximately $169 million, which is a 39.4 percent increase over the previous year’s revenue of $121 million. These results are even more outstanding when compared to revenue in 2001, which was equivalent to approximately $50 million. With the success of current Louis Vuitton stores, the company has major projects under development, including store expansion (LVMH, 2007c).

For Louis Vuitton, the young customers in the South Korean luxury segment have represented a tremendous opportunity, as Park, Rabolt, and Jeon (2008) explained. In South Korea, young consumers are more likely to have greater purchasing intention toward global luxury brands as their spending power increases and as they are dramatically more exposed to western culture than their elders are. In South Korea consumers in their twenties are rapidly replacing middle-aged consumers as the main luxury consumers.

In a consumer behavior cross-cultural study between South Korea and China (Kim, Forsythe, Gu, & Moon, 2002), South Korean participants were found to have the highest brand loyalty. They believed that certain brands provided them with appropriate social status or prestige images with function and performance quality at the same time. Also they believed that the brands fulfilled their experiential motivations. For the brand-loyal South Korean consumers, social image with performance quality assurance was a very important feature of the branded products. Another South Korean consumer’s characteristic, which was a contrast to that of other Asian countries, was that they still have some clash of values. There has been public criticism against conspicuous luxury
consumption, especially of imported goods. Also, certain media have pointed a finger at the increasing gap between the poor and the rich (Chadha & Husband, 2006). There is still nationalism and ethnocentrism that criticizes ostentatious spending. However, this tendency appeared to be less powerful with younger consumers. The younger the consumers were, the more open they were to imported luxury consumption (Lee, Lee, & Jung, 2003).

South Korean consumers view global luxury brands as symbols of prosperity and social status; thus they place a premium on the wearing of luxury brands as a way of expressing one's social position and wealth. Moreover, they correlate imported brand names and higher prices with superior quality so they generally pay close attention to the country of origin and the price when evaluating quality and making purchasing decisions on apparel products ("Apparel Industry,...," n.d.).

China. China is where the economy is booming and is a market with considerable potential, according to Arnault (LVMH, 2007c). For Louis Vuitton, China is one market united by diversity. Although China appears to be a single race nation (more than 90 percent of its population is ethnic Han), within that one group there is a diversity of customs that dictates tastes, likes, and dislikes. Therefore, Louis Vuitton pointed out that this diversity must be addressed when planning a marketing strategy in China.

Caroline Roberts of Dolce & Gabbana said, "It is Chinese mentality. You don't have to live very well, but you must have a nice car and a watch" (Chadha & Husband, 2006, p. 42). According to Chadha and Husband (2006), China is at the "show off" stage. In this stage, people start acquiring symbols of wealth and displaying them using "status markers," such as the Louis Vuitton handbag with a visible LV logo or an expensive car.
The status markers can tell others that the owner came from a respectable family of
decent means and it explains the owner’s membership in a certain stratum of society.

This mind set is also found in Pocha’s article (2006), which stated that "Money is the new
god in China today" (p. D.1). Today, Chinese people are in a selfish mood. They prefer to
use their money to enjoy life and, at the same time, they want to show off and be
extravagant.

Overall, the Chinese luxury market is still in its infancy, different from developed
markets. In China the consumption of luxury goods is very much item driven. This means
that Chinese consumers search for the latest collection or for the newest products rather
explained that, in China, the standards against which achievement is to be measured are
defined by other people rather than by the individual. Furthermore, Chinese consumers
use brands as an indicator of product function to a greater extent than do U.S. consumers.
Rather than for symbolic or status reasons, widespread in more developed economies,
Chinese consumers use high profile brand names to provide security because they are not
experienced enough with a modern free market system, explained Kim et al. (2002). In an
interview with Thomas (2007), Cheung, an editor of Vogue China, said that most Chinese
buy luxury as a status symbol rather than for taste. They want people to know they are
carrying something very expensive.

When the luxury business first arrived in China, in the early 1980s, the luxury
market was almost non-existent, wrote Thomas (2007) in the book Deluxe. In 1992 the
first Louis Vuitton store arrived in China, at the Palace Hotel, Beijing. In contrast to the
rest of the world, the early stages of the Chinese luxury market were mostly male driven.
Some 90 percent of sales were to men and were male-oriented items. They bought Givenchy suits and Louis Vuitton and Dunhill briefcases and wallets. With time the luxury customer base broadened and it appeared that the market was mature enough to support a luxury business development. By 2004 women accounted for 40 percent of luxury goods sales in China, compared to only 10 percent in the 1990s.

Chinese consumers, according to Mooij (2004), have the lowest uncertainty avoidance rate. This means that Chinese consumers are the least cautious about accepting novel products and are adopting innovations faster than Japanese, South Korean, and American consumers. Schutte (1998) also explained that, in China, those who are most willing to try new products are the young, educated, and affluent consumers. The soaring Chinese economy has created a group of newly rich people who have accumulated vast amounts of wealth in just a couple of decades. The executive director at the Financial Times of the Asia Pacific region commented that, with a considerable population of business elites, China is one of the world's fastest-growing economies (Tryhorn, 2008). Also, the massive amounts of advertising that foreign luxury companies did in local magazines helped to expose the Chinese to the notion of luxury and high-end living (Leow & Fairclough, 2007). As they are rapidly exposed to luxury products, China's consumption of luxury products like jewelry, garments, leather, and perfume (excluding private planes and private yachts) reached the equivalent of $8 billion in 2007.

At the end of 2006, Louis Vuitton had 14 free-standing stores in Mainland China and had plans to keep expanding its business. In the interview with Thomas (2007), the managing director of Louis Vuitton said that the company was still underrepresented in China and expected much more growth potential. By 2010, China is expected to have 250
million customers that can afford luxury products. Also, the country has captured an 18% share of the global market, expected to grow to 32% in 2015, exceeding Japan, according to *Sinocast China Business Daily News* (“China, Second Biggest . . .”, 2008).

Reported by Goldman Sachs, young people in their 20s and 30s are expected to be the majority of big-spending consumers in China and statistics show that the number of young consumers in China is 11 times larger than the number in Japan (“China to Be Top . . .”, 2005). Considering the country’s giant population and its rapidly growing economy, the potential of luxury business in China is phenomenal. Arnault said at the opening of the Louis Vuitton Mansion at the China World Trade Center in Beijing in 2005 that China would someday be the biggest market in the world (Thomas, 2007).

*Summary*

Louis Vuitton is the world’s leading global luxury brand with approximately 405 stores worldwide (Haig, 2004). Also, Louis Vuitton is one of the most successful and favorite brands of Asian consumers (Chadha & Husband, 2006). According to the analysis of “Asia’s top 10 luxe brands” by Chadha and Husband, Louis Vuitton was the number one favorite brand while Rolex, Cartier, Gucci, Burberry, Hermes, Chanel, Prada, Tiffany, and Armani follow in descending order (Chadha & Husband, 2006, p. 25).

Therefore, understanding the Louis Vuitton marketing strategy is fundamental to understanding the Asian luxury market. Louis Vuitton has several marketing strategies that have enabled the company to remain on top in the luxury goods industry (Sullivan, 2008). In this review of literature, Louis Vuitton’s use of advertising, innovation, and tradition as a critical success tactic and their masstige marketing were analyzed as segments of their strategy highlights.
CHAPTER III

METHODOLOGY

The primary purpose of this study was to identify the reasons why luxury goods businesses are booming in Asia. Thus, in this study, purchasing behavior of consumers from three selected Asian countries (Japan, South Korea, and China) that purchase luxury items were analyzed in the review of literature. Also, the marketing strategy of Louis Vuitton was reviewed and, as a part of the marketing strategy analysis, its advertising strategies used in these three different countries as illustrated in Vogue advertisements were also reviewed. During the literature review, the critical analysis method was used to analyze consumer behavior and the marketing strategy of Louis Vuitton. To analyze Louis Vuitton’s advertisements in Vogue, content analysis of magazine advertisements was chosen as an appropriate method for this study.

Content analysis is an observational research method that is used systematically to evaluate the symbolic content of all forms of recorded communications. These communications can also be examined at many levels, such as image and word, creating a realm of research opportunities. Thus, content analysis has become widely used for examining various communication forms relevant to consumer behavior (Kolbe & Burnett, 1991).

Berelson (1952) stated that there are a large number of reasons for conducting content analysis. Some of these reasons are (1) to describe trends in content for an extended time period, (2) to describe the comparative focus of attention for a set of topics, (3) to compare international differences in content, and (4) to compare group differences in content. Content analysis can also evaluate the effects of environmental variables (e.g.,
regulatory, economic, and cultural) and characteristics of message contents (attractiveness, credibility, and likability), in addition to the effects (cognitive, affective, and behavioral) of different kinds of message content on responses from the receiver (Kolbe & Burnett, 1991).

Kolbe and Burnett (1991) found that the method used most frequently to study consumer communications was content analysis and that it was useful in gathering data about communications in a situation where there are no theoretical bases. Therefore, various research projects have used content analysis.

According to Mayring (2000), one research project has analyzed 25 media products such as newspapers, journals, and radio transmissions concerning new multimedia approaches with a combined method of inductive and deductive qualitative content analysis. Another researcher made a diary study with 21 middle school teachers writing about their daily challenges and successes and analyzed the transcripts with summarizing qualitative content analysis.

In addition to the above cases, much research requires use of data sets that have large textual components and often exist across multiple organizations and extended time periods (Ventresca & Mohr, 2002). One example of such data is formal corporate communications such as annual reports that are published periodically. However, these forms of data cannot be used effectively because they tend to be huge and contain much unnecessary information. Content analysis is one method that provides protocols for professional analysis of large data sets within textual contents.

Content analysis is also beneficial to computer-aided techniques (Morris, 1994; Wolfe, Gephart, & Johnson, 1993), including content analysis packages such as “Harvard
IV Psychosocial Dictionary and Diction.” Also, qualitative applications of content analysis may be useful in providing conceptual richness (Strauss, 1987).

Procedure

During the literature review, the researcher used the critical analysis method to look for certain aspects such as the consumer characteristics in Asian countries and the highlights of the marketing strategy of Louis Vuitton that support the objectives.

As a part of analyzing the marketing strategy by Louis Vuitton and as a procedure of content analysis, the researcher has compared Louis Vuitton’s advertising in selected issues of the Vogue fashion magazine in three Asian countries (Japan, South Korea, and China). The advertisements in the magazine were examined by the months and by the countries to see if there were any differences or similarities between them. For example, Vogue Nippon (Japan) in September 2008 was compared to Vogue Korea and Vogue China for the same time period. During the comparison, the researcher used a coding table as a method to record the differences between or the similarities of the advertising images. This analysis was used as evidence to support the research into Louis Vuitton's marketing strategy and the difference between or the similarity of these three Asian markets for luxury goods.

Data Collection and Analysis

For the content analysis, researcher used the Vogue fashion magazine published in Japan, South Korea, and China with the available issues extending from March 2005 to November 2008 to analyze the advertisements of Louis Vuitton. Vogue is one of the most famous fashion and lifestyle magazines and is published in multiple countries including Vogue Nippon (Japanese Vogue), Vogue Korea, and Vogue China. The issues of the
magazines that were used in this research were

- *Vogue Nippon* 2006: March, June, July, October, November, and December
  2007: April, September, October, and November
  2008: January, February, March, April, May, June, July, and September

- *Vogue Korea* 2005: March, June, and September
  2006: March, June, September, October, November, and December
  2007: March, April, September, and October
  2008: March, June, August, September, and November

- *Vogue China* 2006: June
  2007: February, March, April, May, October, and December
  2008: February, March, April, May, June, September, and October

These particular issues were selected because of the researcher’s limited availability to every issue from the three countries. In the content analysis, as a first step, the researcher took digital photographs of the Louis Vuitton advertisements in *Vogue* from the three countries. Since the quality of the camera and the diversity of lightings in various locations and times affected the quality of the images, the color of the advertisements appeared different in the photographs even when they were the same. Then the images from the issues of *Vogue* from all three countries were categorized into the same month of each year for comparison.

In the process of comparison of the advertisements, several factors were analyzed, such as the model and his/her posture; number of Louis Vuitton advertisements in an issue; the particular product that was advertised; the color of the product, clothing,
makeup and background; the size of the brand logo; the amount, size, and font of the text in the advertising; and the overall concept of the advertising. Also, the month during which an advertisement was shown in each *Vogue* issue was analyzed and recorded in the researcher's coding sheet.

**Summary**

In this study, a critical analysis of the review of literature looked at the consumer behaviors in three Asian countries and the marketing strategies used by Louis Vuitton. As a component of studying LVMH marketing strategies, advertisements used by Louis Vuitton in the *Vogue* fashion magazine of three countries (Japan, South Korea, and China) were explored by content analysis. *Vogue* is published in multiple countries, allowing the analysis of the advertisements targeted to consumers in the three Asian countries. In the analysis of the *Vogue* issues, the researcher looked at the possible differences in advertising strategies since consumers in different countries have different characteristics and purchasing behaviors based on information uncovered during the review of literature.
CHAPTER IV
RESULTS

Objective 1.

Behaviors of consumers in three Asian countries (Japan, South Korea, and China) that purchase luxury goods were critically analyzed in the review of literature. During the analysis, the core reason why luxury goods business are booming in Asia was found to be the substantial changes in political, social, and economical conditions that have transformed Asia and the process of indicating who one is and one’s position in society (Chadha & Husband, 2006; Ravindran, 2007). Rather than being dictated by birth, family, clan, or profession, one’s position in current Asian cultures is indicated by how much money one has or how one shows that wealth. Therefore, Asian consumers are expressing their position and wealth by purchasing and using luxury brand products.

Another reason for the success of luxury businesses lies in the Asian consumer’s characteristics that are different from those in western culture. According to Wong and Ahuvia (1998), Asian culture follows the Confucian tradition while Western culture has an individualistic tradition. Asian consumers focus on publicly visible possessions and choose a product based on the social norms of their culture. Also, in the Asian culture, symbolic items often locate the individual within the social hierarchy and brands are important indicators of product quality. Meanwhile, Western consumers often choose product based on their attitude or taste and focus on the internal factors of the product such as sources of pleasure.

In studies of three groups of Asian consumers (Japanese, South Korean, and Chinese), their overall characteristics in purchasing luxury goods were found to be
similar. However, there were several differences in their extent of conformity, their attitudes and tastes for luxury consumption, and the stages of luxury evolution (Chadha & Husband, 2006). (See Fig. 1, p. 19.) According to Chadha and Husband, these three countries are in different stages of luxe evolution. In Japan, considered to be in the final stage of “Way of life,” consumers have exceptionally sophisticated taste for luxuries and are very sensitive to the quality of products. They have the highest uncertainty avoidance rate of the three countries so that adoption of new ideas and products takes a long time. Chinese consumers have the lowest uncertainty avoidance rate and South Koreans fall in the middle (Mooji, 2004). Also, conformity and belongingness are very important when choosing a brand product (Schutte, 1998).

In South Korea, moving toward the stage of “Fit in” from “Show off,” the younger generation was recognized as the biggest market for luxury businesses. Unlike other countries, South Korean society still has some clash of values in luxury consumption. However, the younger the consumer was, the more open they were to imported luxury consumption (Lee, Lee, & Jung, 2003). Moreover, South Korean consumers have the highest brand loyalty because they believe certain brands provide them with appropriate social status or a prestige image. They view luxury brands as symbols of prosperity and correlate imported brand name and higher prices with superior quality (Apparel Industry..., n.d.).

In China, considered to be in the “Subjugation” stage and moving toward the “Show off” stage, consumers purchase luxury items as status symbols rather than for taste (Thomas, 2007). Their consumption of luxury goods is very much item driven as they search for the latest collection or the newest products rather than looking for intrinsic
quality ("China to Be Top Luxury...," 2005). This is because the standards against which achievement is to be measured are defined by other people, rather than by the individual (Schutte, 1998).

**Objective 2**

In the present study, Louis Vuitton’s marketing strategy was critically analyzed as part of the literature review to support the objectives. As a result of the analysis, the researcher found three critical factors used by Louis Vuitton to achieve its success: the deployment of innovation and tradition at the same time, its use of *masstige* marketing, and its advertising. Louis Vuitton, to promote innovation, has created a decentralized design structure so that artists are free from financial or marketing concerns and designers such as Marc Jacobs are given wide latitude (Hazlet, 2004; Pan & Mccauley, 2005; Wetlaufer, 2001). At the same time, Louis Vuitton has implemented strict, time-tested activities and procedures for maintaining its quality and still produces traditional products as it did in the 19th century so the company can maintain its loyal customer who cares about product quality. Therefore, Louis Vuitton has been able to attract new youthful audiences while keeping its traditional wealthy customers (Jana, 2007).

By maintaining its product as premium but attainable, Louis Vuitton has been able to keep its core luxury consumer as well as appeal to consumers in the mass market (Haig, 2004; Pan & Mccauley, 2005). To sustain this strategy, Louis Vuitton uses celebrity endorsements or sponsors sports like the America’s Cup yacht race. These types of marketing methods have allowed Louis Vuitton to maintain its prestige image while garnering wide publicity.

The LVMH group is the largest luxury goods advertiser in the world, said Arnault
Louis Vuitton uses print advertising in high fashion magazines such as *Vogue, Elle*, and *Harper’s Bazaar*, as well as online and on billboards in prominent cities. During the 2008 economic downturn, Louis Vuitton has boosted its marketing budget. The company uses high profile models and actors in its advertising campaigns as well as collaborates with many prominent figures for its marketing and design. By using well-known aspiration figures, the company has positioned its brand image as an object of desire or aspiration (Helm & Arndt, 2008; Leadwell, 2008).

From February 15, 2008 Louis Vuitton has been advertising on television and in the cinema, both of which are unusual advertising channels for the company as well as for other fashion and luxury brands. The advertising is presenting an intense atmosphere of travel and will emphasize the brand’s core offering of luxury luggage (“Going Back…,” 2008). By doing this, Louis Vuitton wants to touch their clientele and audiences in ways that perhaps other media will not and to show that Louis Vuitton is different (Pfanner, 2008). In this new advertising campaign, ordinary people, rather than celebrities such as Catherine Deneuve, Andre Agassi, and Mikhail Gorbachev (See Fig. 7, p. 42), are featured in current print advertisements for the brand. According to Beccari, this new marketing strategy will help Louis Vuitton to reach a broader mass market, especially new targets in fast growing markets like China (Pfanner, 2008).

**Objective 3**

As a part of the marketing strategy analysis of Louis Vuitton and as a procedure of content analysis, the researcher compared the Louis Vuitton advertising in a total of 51 *Vogue* fashion magazines from three Asian countries (Japan, South Korea, and China). However, there were a limited number of issues of Japanese, South Korean, and Chinese
Vogue magazines that were available for the content analysis. The advertisements were examined by the months and by the countries to see if there were differences or similarities.

When compared with Vogue Nippon (Japan) and Vogue Korea in March 2006, the advertisement for a “hobo” purse had a difference in the model’s posture with the model standing in Vogue Korea and reclining in Vogue Nippon. In Vogue Nippon, the advertisement was shown on two pages with a larger image than in Vogue Korea. Vogue Korea had two additional pages of advertisements that showed a pair of shoes, a bangle, clothing, and a handbag which were not shown in Vogue Japan. The researcher did not have access to the March 2006 issue of Vogue China.

Vogue Nippon, March 2006

Vogue Korea, March 2006

Figure 2.
In June 2006, *Vogue Korea* and *Vogue Nippon* used different advertisements. The *Vogue Korea* advertisement in June was the same as one of the *Vogue Nippon* advertisements in July and the *Vogue Nippon* advertisement was shown in the pullover from the cover of the magazine. Also, the advertisement in *Vogue China* was the same as one of the advertisements in the July issue of *Vogue Nippon*. However, the advertisements used in the magazines in the three countries had a similar concept, one that depicted leisure and a restful lifestyle as well as a luxurious image. The July issues of *Vogue Korea* and *Vogue China* were not available to the researcher.

*Figure 3.*
Also in 2006, *Vogue Korea* repeated part of the September advertisement in the November issue while *Vogue Nippon* used the full 2-page advertisement in October. In the September *Vogue Korea*, the advertisement was attached to the cover as a pullover with an extended page so it had a better quality of image since it did not have a centerfold. This advertisement was showing a model (Kate Moss) holding two handbags in a similar design and wearing a red leopard print scarf with red pants and a black belt. Meanwhile, in October 2006, *Vogue Korea* used an advertisement that *Vogue Japan* showed later in December with three additional advertisements. In the advertisement that was used in both countries, each of two models was holding two handbags; one of the models was wearing a black dress and a black hat while the other model is not wearing a top but rather a bold necklace. (See Fig. 4, pp. 38-39.) *Vogue China* issues for these months were not available to the researcher.

![Vogue Korea, September 2006](image1)

![Vogue Korea, November 2006](image2)

![Vogue Nippon, October 2006](image3)

*Figure 4.*
Figure 4. (Continued).
In 2007 *Vogue China* used advertisements with similar sketched images in March, April, and May. One of these advertisements with the model lying on her back with her legs in the air was used in *Vogue Korea* and *Vogue Nippon* in April. In April, *Vogue Korea* used a total of three advertisements and one of them was the same as the one in *Vogue China* in the same month. The overall concept of the advertisements was emphasizing a sexy alluring image of a female model. However, this particular advertising concept looks different from the other advertisements that often have contemporary and modern images and are photographs.

![Vogue China, March 2007](image1)

![Vogue China, April 2007](image2)

![Vogue China, May 2007](image3)

![Vogue Korea, April 2007](image4)

![Vogue Nippon, April 2007](image5)

*Figure 5.*
In September 2007 both *Vogue Nippon* and *Vogue Korea* (*Vogue China* was not available for the researcher) used similar advertisements that show the same monogram handbag with attached coin purse except for the posture of the model in the right hand image. *Vogue Nippon* advertisements showed two more products (a bangle and a pair of shoes). The advertisements were appealing with a sexy image of the famous actress portraying a luxurious lifestyle.

![Vogue Nippon, September 2007](image1)

![Vogue Korea, September 2007](image2)

*Figure 6.*
In October 2007, while both *Vogue Korea* and *Vogue China* used the same advertisement, *Vogue Nippon* used entirely different advertisements with different illustrations. In the *Vogue Nippon* issue, the advertisements show one female model (Catherine Deneuve) and one male model (Mikhail Gorbachev) on a journey or traveling. This is one of the Louis Vuitton's core value advertising campaigns that has a title of "Where is a journey?" and "Where will life take you?" The *Vogue China* and *Vogue Korea* issues used the same advertisements that show a silver clutch, a bangle, and a model wearing a mini dress with a belt. The difference between the advertisements were the size of the image, with *Vogue Korea* showing more of the model's legs on a single page, and the fact that *Vogue China* has translated all the text into Chinese characters while *Vogue Nippon* and *Vogue Korea* were using English.

![Vogue Nippon, October 2007](image1)

![Vogue Korea, October 2007](image2)

![Vogue China, October 2007](image3)
In March 2008, both *Vogue Nippon* and *Vogue Korea* used one identical advertisement that shows six female models with five Caucasian models and one African-American model holding various handbags and wearing colorful shoes while *Vogue China* was using a different advertisement. However, the overall concept of the advertisements in the *Vogue* issues for the three countries was similar in that the advertisements were sexy alluring images of female models.

*Figure 8.*
In June 2008 both *Vogue Nippon* and *Vogue Korea* used one page of the same advertisement that shows a watch. *Vogue Nippon* used an additional page with a different Louis Vuitton product being advertised. In the second advertisement, a prone model was wearing a red dress with a blue bow and holding a handbag. This advertisement in *Vogue Nippon* was also used in a truncated version in *Vogue China* in March 2008 (see Fig. 8, p. 43). In *Vogue China*, another Caucasian model was lying down on a red car and holding a clutch purse and wearing pink gloves.

![Vogue Nippon, June 2008](image1)

![Vogue Korea, June 2008](image2)

![Vogue China, June 2008](image3)

*Figure 9.*
In September 2008 the *Vogue* magazines published in the three countries used similar concepts. The advertisements shared one background of a large round structure resembling a globe. One identical advertisement was used both in *Vogue China* and *Vogue Korea*; it shows a gold platform shoe and black monogram hosiery. However, *Vogue Korea* had already used the advertisement in August that *Vogue Nippon* used in September. In the advertisement, a female model wearing a white coat and a thick belt was lifting a handbag above her head.

![Vogue Nippon, September 2008](image1)

![Vogue Korea, August 2008](image2)

![Vogue Korea, September 2008](image3)

![Vogue China, September 2008](image4)

*Figure 10.*
Summary

As a result of content analysis of advertisements, several differences and similarities were found among the advertisements by Louis Vuitton appearing in issues of *Vogue* in the three countries being studied.

**Similarities.** Overall, the advertising used the same concept, model, background image, size and type of font, information provided, logo, and color of the background during the same season (Spring, Summer, Fall, and Winter). The advertising, in general, emphasized the sex appeal of the Caucasian female model or an occasional African-American female model and its alluring image and a luxury lifestyle rather than the Louis Vuitton product itself. Overall, the advertisements have used a modern and contemporary image with vivid colors except for the one season (see Fig. 5, p. 40) that has used an old-fashioned sketched image with pastel colors. Even though the advertisements were used in Asian issues of *Vogue*, the researcher did not find any Asian models used in the advertisements during the time frame of the research.

**Differences.** The most obvious difference was the time difference during which the advertising was shown in each country. Often the same advertisement was shown in a different month in a different country. For example, when *Vogue Nippon* and *Vogue Korea* had the same advertisement in a certain month, it appeared in *Vogue China* in a later month. Another notable difference was that *Vogue China* issues had translated all information such as contact and store information into Chinese characters while the text in *Vogue Nippon* and *Vogue Korea* was in English.

Moreover, another obvious aspect was the ethnicity of the models. Throughout the advertisements in the *Vogue* magazine in three countries, Caucasian female models
were most often used. Occasionally a Caucasian male model (see Fig. 7, p. 42) or African-American female model (see Fig. 8, p. 43) have been used. Even though the advertisements were used in Asian issues of *Vogue*, no Asian models were found.

In addition, even though Louis Vuitton advertised the same product using the same model and background, the model’s posture or the size of the image was occasionally different. For example, if the advertisement was attached to the cover as a pullover of the issue of *Vogue*, it had an extended page that pulled out to continue the image. Such an advertisement was better since the image had a smooth, continuous picture without a centerfold. Also, the location where the advertisements were inserted was different. For example, the advertisements (1) were attached to the cover page, (2) appeared in the middle of the magazine with other luxury brand advertisements, or (3) sometimes were shown on the back cover. Moreover, the number of advertisements was often different among *Vogue* issues in the countries. For example, in one month while Korean *Vogue* used three pages of Louis Vuitton advertisements, Japanese *Vogue* used only one of the three advertisements that Korean *Vogue* used.
CHAPTER V
DISCUSSIONS AND CONCLUSIONS

The purpose of this study was to identify the reasons why luxury goods businesses are booming in Asia. This research has critically analyzed the purchasing behavior of consumers from three selected Asian countries (Japan, South Korea, and China) that purchase luxury items and the marketing strategy of Louis Vuitton to support the objectives. As a part of the marketing strategy analysis, Louis Vuitton’s advertising strategy used in three different countries as illustrated in *Vogue* advertisements were studied.

The review of literature was divided into three main parts. For a better understanding of Louis Vuitton, the first part described the history of the company. The second part laid out the marketing strategy of Louis Vuitton, particularly its use of innovation and tradition as a critical success tactic, masstige marketing, and advertising. The third part discussed Louis Vuitton’s position in the Asian marketplace as well as the consumer characteristics in three selected countries in Asia. The researcher considered three Asian populations – Japanese, South Korean, and Chinese – in the order of the “Asian countries’ stages of luxe evolution” by Chadha and Husband (2006, p. 46). Consumer characteristics and purchasing behaviors, especially of luxury brands, were discussed for each country. Moreover, distinctive consumer characteristics between Asian and Western consumers were described, using Western Individualistic and Asian Confucian traditions as a guidance of marketing implications.

As a part of the marketing strategy analysis of Louis Vuitton, the advertising strategies used by Louis Vuitton in three Asian countries (Japan, South Korea, and China)
as illustrated in *Vogue* advertisements were analyzed using the content analysis method. Several factors were examined and compared by the months and by the countries of the relevant *Vogue* issues such as the model and the posture displayed; number of the advertisements; the featured product; the color of the product, clothing, and makeup; background image and its color; and overall concept of the advertising.

**Discussion**

The study demonstrates that luxury businesses are flourishing in the Asian marketplaces due to the Asian culture and its consumer behavior. As economies and societies in some Asian countries have substantially changed, Asian culture has a new way of indicating or expressing one’s social position and wealth. Asian consumers are purchasing and using luxury-brand products to show their wealth and their position in the society. In contrast to Western culture, Asian consumers’ consumption of luxury items are driven by their need for status markers or for conformity with others. While Western consumers often choose products based on their individual tastes and to please themselves, Asian consumers choose products so they can fit into the social norms and belong to a certain group, as well as express their wealth.

Therefore, Asian consumers are often brand loyal and pay more attention to the overall reputation of a brand which has a prestige image rather than to the intrinsic quality of the product. However, Japanese consumers are more sensitive to product quality than Chinese and South Korean consumers. These different consumer characteristics are indicators that consumers in these three countries are in different stages of the luxury consumption level (see Fig. 1, p. 19). Japanese consumers are in the mature stage of luxury consumption so that luxury consumption has become part of their
lifestyles while South Korean and Chinese consumers are in the middle of movement to this stage.

Study of the marketing strategy of Louis Vuitton identifies three critical marketing strategies that have contributed to its success. First, Louis Vuitton emphasizes innovation and tradition at the same time. By doing this, Louis Vuitton has been able to maintain the loyal customers who expect its traditional quality products and the new young customers who search for the latest trendy products. Second, Louis Vuitton deploys a mass marketing strategy unlike other premium brands which controls its product to make it appear to be premium quality but attainable. Thus, Louis Vuitton maintains the prestige image to which consumers are aspiring as well as continues keeping its broad consumer base. Third, the LVMH group is the largest luxury goods advertiser in the world and keeps increasing its marketing budget regardless of the economic situation. Louis Vuitton uses print advertising in high fashion magazines including *Vogue*, online, on billboard in major cities, and on television and in the cinema. In its advertising campaigns, Louis Vuitton uses both famous actors or models and other recognizable figures such as politicians. Consequently, Louis Vuitton can reach broader targets using various marketing channels and diverse advertising models.

From the content analysis of advertising by Louis Vuitton in recent issues of *Vogue* magazines, several differences and similarities were found among the advertisements appearing in issues published in the three countries studied. The most obvious difference was the month during which the advertisement was shown in each country. Also, the model’s posture, the product that was featured, and the size of the image in the advertisements were occasionally different. In *Vogue China*, the text used to
describe the information was translated into Chinese characters while *Vogue Korea* and *Vogue Nippon* used text in English. The advertisements in *Vogue China* appear to be intended for an audience with a lower level of English literacy.

Moreover, the locations where the advertisements were placed and the number of advertisements were often different among the *Vogue* magazines from the different countries. Some advertisements were attached as a pullover of the cover so they had a better quality of image. Other advertisements were shown on a single page with truncated image or shown over two pages which had a seam. The models used and the advertising concept for each season were the same; the differences were in month of publication or the product that was advertised. The researcher was unable to identify inconsistencies in Louis Vuitton advertisements for the countries.

One of the obvious findings was the ethnicity of the models in the advertisements. In the advertisements used in issues of *Vogue* in the three Asian countries, Caucasian female models were used with, occasionally, a Caucasian male model (see Fig. 7, p. 42), or an African-American female model (see Fig. 8, p. 43). The researcher had originally assumed that Louis Vuitton might have used Asian models in Asian issues of *Vogue* to appeal specifically to Asian audiences. However, no Asian models were found during the study. Possibly some Asian consumers place a premium value on foreign imported luxury brands. By using Western models, the brand may present a foreign image to attract Asian consumers.

**Conclusion**

It was found that Louis Vuitton does not use a different advertising strategy or a different concept among the three Asian countries but that the differences in the
advertisements in *Vogue* are under the publisher’s control. Louis Vuitton also uses the same television and cinema campaign worldwide.

Overall, the advertising used the same concept, model, background image, size and type of font, information, logo, and color of the background during the same season (Spring, Summer, Fall, and Winter). The advertising generally uses Caucasian models, sometimes African-American models, either famous actors or prominent people. Also the advertisements emphasize the sex appeal of the female models and their alluring images or a luxury lifestyle rather than the Louis Vuitton product itself.

In Asia, where the overall image of the company or the brand is more important than it is in the West (Schutte, 1998), the representation of a luxury lifestyle in advertising seems to be effective. As Schutte (1998) explained, the way in which the company is perceived is very important in Asia since a positive image assures consumers of the quality of the company’s full line of goods and services. By emphasizing a luxury lifestyle by using prominent figures in the advertising, the brand has associated its luxury image with an object of desire or aspiration.

The study demonstrates that, as a factor of success, Louis Vuitton’s global marketing strategy has appealed to Asian consumers that pursue luxury consumption not because the company deploys a different method of marketing strategy in the Asian market than it does in European or American markets. The success of luxury businesses, including Louis Vuitton, in Asian markets is related to the consumer culture and purchasing behavior.

*Recommendations for Future Research*

Recommendations for future research are to
1. Study the luxury consumption behavior of Asian populations in the United States,

2. Analyze other luxury brands to expand the knowledge of the overall luxury business in Asia, and

3. Continue the study of the luxury business in Asia following the global economic crisis of the last half of 2008.
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APPENDIX A

LVMH Fashion and Leather Goods Division (LVMH, 2008a)
Revenue by Geographic Region of Delivery – First half of 2008

Revenue at June 30, 2008
by geographic region of delivery

- Rest of Asia: 25%
- Rest of Europe: 19%
- Japan: 21%
- United States: 6%
- France: 8%
- Other Markets: 6%

Figure 11.
APPENDIX B


**Marketing Implications**

<table>
<thead>
<tr>
<th>Western Individualistic Tradition</th>
<th>South East Asian Confucian Tradition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Focus on the</strong></td>
<td></td>
</tr>
<tr>
<td>Internal:</td>
<td>External:</td>
</tr>
<tr>
<td>Goods as sources of pleasure</td>
<td>Publicly visible possessions</td>
</tr>
<tr>
<td><strong>Luxuries acquired often</strong></td>
<td></td>
</tr>
<tr>
<td>By self for self</td>
<td>Through gift exchange</td>
</tr>
<tr>
<td><strong>Product choices often reflect</strong></td>
<td></td>
</tr>
<tr>
<td>Individual attitudes and tastes</td>
<td>Social norms</td>
</tr>
<tr>
<td><strong>Symbolic goods often</strong></td>
<td></td>
</tr>
<tr>
<td>Express one’s internal self</td>
<td>Locate the individual vertically within the social hierarchy</td>
</tr>
<tr>
<td><strong>Manufacture &amp; brand</strong></td>
<td></td>
</tr>
<tr>
<td>Are potentially misleading indicators of individual product quality</td>
<td>Are important indicators of individual product quality</td>
</tr>
</tbody>
</table>

*Figure 12.*