

# [Sample report on standardization adaptation of the marketing mix of lv](https://assignbuster.com/sample-report-on-standardizationadaptation-of-the-marketing-mix-of-lv/)

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## Introduction

Multinational companies, in their objective of developing business practices, increase profitability and overcome any problems associated with the saturation of their existing markets, expand their operations to an international platform. When a company makes a decision of marketing its products at the international level within the field and the theory of international marketing, a principal decision is related to standardization and localization.
A company has to decide whether to use a standardized marketing mix with a single marketing strategy all over the world, or to adjust the marketing mix and strategies for fitting into unique and distinct dimensions of every single local market. Some of the companies see markets on an international platform becoming more similar and increasingly more global. They believe that the key to the survival of the business in the international market is the ability of standardization of the marketing mix (Vrontis and Thrassou 7).
On the other hand, some theorists and organizations point out the underlying difficulties in use and application of a standardized approach. Therefore, they present themselves in the support of tailoring to market needs and related market adaptation. Practical evidences suggest that companies operating in international markets make contingent choices related to the situation in the concerned markets (Vrontis and Thrassou 7). Louis Vuitton is one of the leading fashion houses in the world. It was founded in 1854, and it is one of the most valuable luxury brands on the international platform. It has presence in 50 countries with more than 460 stores at the global level (Okonkwo 264).

Louis Vuitton offers a product of distinguished quality having an attention to detail and the story behind the product. It believes that if the extent to which the products are sold as they are, with little presence of customization for local tastes, the more sense it makes for a global company to manage its global products. In the case of luxury goods, brand consistency and image are the things that the company sells. Customers of Louis Vuitton would want the company to alter the designs of its product due to the reason that they are buying the status that a global brand like LV and its product bring. Motifs and standardized designs of LV are highly recognized all over the world (Nagasawa).
Prices of Louis Vuitton products are priced high irrespective of the place. The differential value of the company is the absolute value that that it offers due to which the prices are high. Considering the dimension of place, products of LV are distributed only through limited distribution channels. The company always chooses to sell its products only through boutiques of LV that can be found in up-market locations in wealthy cities or available in concessions in shops of other luxury goods, such as Harrods in London (Nagasawa).
In promotion, the company does not promote on television. Mainly, image ads are seen rather than aggressive sales ads and at all the places, and the company gives more focus on publicity. The company does marketing to change the tastes of consumers for suiting the existing offerings of the enterprise. In recent years, the company has taken crucial steps for encouraging Asian middle classes to opt for European sophistication of Louis Vuitton. Louis Vuitton graphics is standardized at the global level, and the communication is not localized to suit the local market (LVMH: the strategy of style).
However, the company does not remain behind in understanding the consumption patterns at the local level. Louis Vuitton has been one of the successful luxury brands on a global scale. It implies that the company has to deal with both individualist and collectivist cultures. In individualist cultures, the customers tend to make decisions related to consumption on the basis of their personal choices. On the other hand, collectivist cultures have a tendency to incline the customers of decisions on the basis of group harmony. Decisions of families, extended families, network of friends and communities have a significant say in deciding the consumption pattern of an individual (Porral and Dopico 14).
Louis Vuitton successfully balances the individualistic and collectivist patterns of consumers in the West and Asia. The company offers a variety of products with depth and width. Such choices present ample number of options for the individual. It has also positioned itself as a symbol of status among peer groups in Asia that has collectivist habits at a full level. The brand has also created its image and usage as a highly valued gift-giving experience in Asia (Localizing luxury: adapting to China’s luxury market without eroding your brand).
Globalization has no perfect formula. Primary European customers of Louis Vuitton are women, while, in China, most of the sales of the company comes from men. Thus, it is essential for businesses, such as Louis Vuitton to give recognition to cultural differences and the way in which these variations can affect the buying tendencies of customers. In the case of Louis Vuitton, direct extension works as consumers have shared needs and common usage and purchase conditions across countries. Louis Vuitton directly extends its product offerings to various countries with no modifications to consumers (Cuthbertsonm 103).
The same bag of the Louis Vuitton can be brought in New York, Tokyo, or Paris. In China, the company gives the global experience in the local context. It knows luxury brand buyers in the lower tier cities of China enjoy when they are treated like VIPs. Therefore, the company utilizes its information to create a VIP experience by closing the store for half a day and arranging the private display for customers who have the capability of spending more than US $32000. Thus, curating of a luxury brand experience is done to suit the local context (Localizing luxury: adapting to China’s luxury market without eroding your brand).
As per the study of the marketing mix of Louis Vuitton, the company follows standardization strategy for its international operations. The product remains the same all over the countries. The strategy of selecting limited stores is also standard. Prices are in the luxurious category for every country where the company operates. In the promotion, the company gives an emphasis on understanding the cultural difference and consumption patterns. For instance, Asian consumers are price conscious. However, the company identifies that people love show off and flaunting their status. Thus, it promotes and places itself as a highly valued gift experience in the Asian countries.
Standardization is an apt strategy for Louis Vuitton because it is a luxury brand, and the usage patterns of purchase of its products do not vary much across countries. It also provides the company cost advantages, and the company need not design specific marketing campaigns make a place for its products in the target market. As the business keeps the cultural differences in consumer behavior in consideration, the local context is not entirely forgotten. It knows how to cater to the needs of the people of varying cultures of East and West.

## Internationalization process theory

The process of internationalization is best defined as the sequential development of different stages. LV is the reputed and well-known luxury goods conglomerate in the world. The globalization mode of Louis Vuitton holds relevance to features of luxury products. Previously, the products of the company were sold in departmental stores. In order to reduce the counterfeit goods and improve the reputation of the product, the company made its products available at authentic Louis Vuitton boutiques located in upscale shopping cities or inside luxury department stores (Gong 90).
Growing on the path of globalization, the company focuses on sustainable development, increase in the market share, obtaining access to customers, improvement in the global availability, and acquiring knowledge of the local market. The manufacturing process of Louis Vuitton is internationalized, but is not globalized. It is limited, few European countries. The internationalization strategy of Louis Vuitton is searching for new markets and exploring the new consumer niches. Traditionally, the brand was focused on women. Later on, it also started aiming at men. Recently, it has also started giving attention to online store development since 2010 (Gong 91).
Uppsala model best describes the internationalization process of Louis Vuitton. In the beginning, the company was started in Paris in 1854. It focused on innovation in designs and branding of luxury items. In 1885, the company went into expanding its operations in London. Thus, the primary aim of the company in the initial stage of internationalization was to target countries with moderate psychic distance. In 1913, the company opened its largest store in the world in France. Further expansions included opening stores in major cosmopolitan centers in the world, such as Washington, New York, London, and so on (Gong 91).
The psychic distance was little for all these centers. The gradual experience and gathering resources led the company to enter into the Asian market, such as China. The path adopted by Louis Vuitton is in line with the Uppsala model. As per the theory of the Uppsala model, a firm proceeds along the path of internationalization in the form of logical steps that is based on gradual acquisition and usage of information that is gathered from foreign markets and associated operations. It also presents reasons for initial choices of international location for a firm. The following figure shows the Uppsala model (Managing the internationalization process).
Figure: The Uppsala Model
The company has adopted the franchise route for entering the market in India. As the international experience of Louis Vuitton increased to a significant level, the company multiplied the numbers of its global stores from two in 1977 to 130 in the year 1989. At present, the number of stores is 460 in more than 50 countries all over the world. The current attention of the company is on maintaining the momentum of growth and a strategy that is focused on the development of its luxury brands (Okonkwo 264). One of the last markets that the company landed was Brazil in the year 2012. It was the first Global store brand in countries of Latin America. The company opened its stores covering locations with varying cultural differences from the West, such as Moscow, Beijing, New Delhi, and Singapore (Simonet 15).
All these store locations are different in terms of consumption patterns of people. The selection of the target markets can be explained by the theory given by Uppsala model. The model assumes that the more the company gathers knowledge about the foreign market; the lower is the perceived risk of the market. The perceived risk is majorly a function of the level of knowledge of the market that the company acquires through operations in the international market.
Over time, the company gains commercial experience and improvement of the knowledge of the foreign markets. It tends to increase the commitment of the enterprise in more distant markets (Managing the internationalization process). Thus, the initial expansion of the enterprise to other Western European markets, such as London and later expansion in China, India, Russia, and Brazil shows the commitment of the company to go to distant markets.

## Conclusion

In the era of globalization, companies expand into the international markets following the path of internationalization. Standardization is the process of keeping products similar across all the countries of operations. Thus, the uniformity and consistency of the product Sare maintained from one country to the other. Louis Vuitton has adopted the standardization strategy along with the knowledge of the cultural context of local cities. The Uppsala model best describes the internationalization process of the company. It started with an expansion to locations similar in consumption patterns of the West. It later expanded to distant countries, such as China, Japan, and India with differing cultural patterns and consumption differences.

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