LOUIS VUITTON MALLETIER—A TRULY GLOBAL RETAILER

Risto LAULAJAINEN

Abstract

The worldwide spatial expansion of a French luxury luggage company is described. It is a rare case among global retailers because expansion was achieved by eschewing franchising and relying exclusively on owned stores and majority-owned joint ventures. The expansion was conducted simultaneously within three regions of continental size: Western Europe, the western Pacific Rim and the Americas. Within the regions, an outward diffusion, broadly coincident with decreasing per capita private consumption, can be seen.

Key words globalization, Louis Vuitton, luxury, retail, spatial.

I Setting

The convergence of consumer preferences, the liberalization of trade and financial flows, and the vastly improved information technology during the past 15-20 years have catalyzed the international expansion of retail chains (Salmon and Tordjman 1989, pp.3-4; Treadgold 1990, p.4). Most have made their entries into countries that, if not adjacent, are culturally and geographically close (Treadgold 1990, pp.7-9). This concerns the basic geographical question of where to go. A few have succeeded in carving out a global mandate (Treadgold 1988, p.10). But even they seem to have a locational bias that reflects a preference for cultural and geographical proximity (Body Shop 1990; Laulajainen 1991b; Laura Ashley 1990; Stefanel 1991; Southland 1989).

Typically, global companies have specialized in a well-defined product line, for example McDonalds in fast food, Southland in convenience stores, Stefanel in knitwear, Body Shop in generic cosmetics, Laura Ashley in home furnishings, IKEA in do-it-yourself furniture, and Toys "R" Us in toys. It is usually held that only culturally neutral merchandise is able to win a worldwide mandate. However, McDonalds' hamburgers and IKEA's Swedish furniture demonstrate that cultural values can be exported. It is equally noteworthy that even culturally neutral merchandise such as consumer electronics, or commonly-used domestic appliances, do not yet have a worldwide retailer. The profit margins may be too narrow to permit empire building.

Another convention holds that global retailers segment customers globally (Salmon and Tordjman 1989, p.5). In practice, segmentation may work best when the price of the merchandise restricts its use to the highest income brackets. Within the mass market, age (fast food, do-it-yourself furniture) and family life cycle (conve-
nience, toys) offer guidelines (Mårtenson 1988, p. 21, pp. 31–32). The ill-defined area of life styles appears to be the force behind generic cosmetics, knitwear and home furnishings.

It is understood that companies start looking abroad when their domestic markets show signs of saturation, raising the question of why international expansion happens (e.g., Hollander 1970, pp. 109–111; Kacker 1985, pp. 61–68). Entrepreneurial/managerial ambition naturally contributes. It is challenging to test a well-tried concept abroad.

As experience accumulates, the process gains a momentum of its own, and the intervals between subsequent entries tend to become shorter. The question of when entries take place in relation to each other then arises. If the target is the broad mass market, scale economies recommend market saturation before a new country is entered. Exclusive and image products carrying high profit margins are less constrained by the need to saturate (Waldman 1978, pp. 58–61).

The administrative feasibility of wide-flung operations calls for a standardized product assortment and store layout. Standardization, when combined with specialization, easily leads to centralized merchandizing, inventory control, and pricing. Implementation succeeds best when the stores are owned and growth takes place organically, involving the question of how to it. Expansion by acquisition confronts the company with alien corporate cultures, incompatible distribution systems, odd store sizes, etc. Such challenges may be faced at home. On the other side of the globe they may be suicidal.

Some of the positive aspects of acquisitions, such as the speed of implementation and the exploitation of local skills, can also be achieved through joint ventures and franchising. These two modes are customarily kept apart in academic writing but, depending on the size of stakes and contractual agreements, they can be quite close to each other operationally and are not necessarily inferior to owned stores (Belussi 1987, p. 11, p. 34, p. 46). Treadgold (1988, p. 10) values franchising so highly as an entry vehicle that he uses it as a criterion when differentiating between a "multinational" and "global" presence. Intentionally or not, he easily conveys the idea that a true global presence is possible only through franchising. The apparent reason is that the financial commitment is modest, and good use can be made of the franchisee's familiarity with local conditions. The inherent weaknesses of the strategy are that control may prove difficult and much will depend on the franchisee's energy, commercial skill and financial resources. The result may be uneven market penetration.

This study demonstrates that a worldwide thrust, and probably a more balanced one than otherwise, can be achieved through owned stores and majority-owned joint ventures ("How?"). The example selected is the worldwide expansion of a French luxury luggage company Louis Vuitton Malletier (LVM). It is one of the very few retailing chains which have a truly global spread and depth and which are not basically franchising operations. Indeed, Gucci, the Italian leather and diversified gift company, appears to be the only serious alternative. Its suitability as an example is downgraded by the fact that their worldwide expansion was largely based on franchising and that
their retrenchment to about 60 owned stores is of recent date (Jereski 1990; McKnight 1987, pp. 254-255; van der Post 1990).

The focal period is 1977-1989, when the founding family's last management team raised LVM to its current global status. The case should be seen as a link in a research chain, proceeding from tightly-controlled internationalization in neighboring countries to increasingly worldwide operations with potentially loosening control (Laulajainen 1991a; 1991b).

LVM's exclusive merchandise and exceptional profitability have allowed several entries to be made in rapid succession ("When?"). The exclusive image largely dictates store locations in world-class metropolises and most prestigious resorts ("Where?"); Hollander 1970, pp. 15-20). This still leaves open the identity of the host country, i.e. possible cultural bias, and the exact question of how far down the size and status ladder to go. As the consumers are highly mobile, the conventional idea of the country as a distinct market is strongly diluted. It follows that the concept of market saturation becomes still more fluid than otherwise ("Why?"); Laulajainen 1991a; 1991b). In short, there are few hard rules to follow and this report is, consequently, fairly explorative in character.

II The company

The roots of the company go back to the mid 19th century when improved communications made tourism enjoyable. Louis Vuitton, the founder, exploited the new fashion by opening business in luggage and travel accessories (Anonymous 1980; Maubert 1982, p. 75; Table 1). He had made his reputation at the imperial court of Napoleon III and now focused on the luxury end of the market. International demand prompted the opening of branches abroad and on the French Riviera. The world wars impoverished and destroyed much of the old clientele. To some extent they could be replaced by the nouveaux-rich from the world of film, music and sports. Even so, the business was modest when the grandson's two sons-in-law, both successful industrialists, took over in 1977. The elder one, Henri Racamier was 65 years of age when he assumed the position of Chief Executive Officer (CEO) and came to personify the company until early 1990.

The change of management happened at a time when the Western World was heading for a decade of general prosperity. The career woman, eager to show her new status, was about to emerge in large numbers. The Japanese economy was in the early stages of its great export success, and the upscale consumer faced the whole gamut of European luxuries. LVM was well equipped to benefit from these trends, its modest position notwithstanding. Its product line was of utmost quality, relying on

| TABLE 1 Louis Vuitton Malletier-openings before 1977 |
| Store | City | Year |
| Store | Paris | 1854 |
| Workshop | Paris | 1854* |
| Workshop | Paris | 1860 |
| Store | London | 1885* |
| Store | New York | 1898* |
| Store | Nice | 1908 |
| Store | Boston | ??* |
| Store | Chicago | ??* |
| Store | Bombay | ??* |
| Store | Tokyo | 1969* |

handicraft manufacture. Its long history gave it a vast reputation, symbolized by the logo, a flower-cum-initials emblem and introduced in 1896. By an unforeseen stroke of luck the logo finds response in Japanese heraldics (Abonneau 1986). The environmental and corporate basics were consequently in place. But they alone do not make things happen. A human touch is also needed. This was given by the new management team, and Racamier in particular.

Two handicaps had prevented LVM from developing its full potential earlier. The first was a grossly insufficient production capacity, manifested by the sixfold higher price which unauthorized shops charged for Vuitton bags in Japan and California (Maubert 1982, p. 75). The disparity in price attracted counterfeiters, who siphoned off revenue and damaged the LVM image by inferior products. The problem was gradually brought under control by opening new workshops, almost exclusively in France for the sake of quality control. When appropriate, modern technology was introduced, allowing considerable cost savings (Grasset 1989, p. 6, p. 10).

The other problem was the low gross margin at which most sales were made (Fig. 1). The obvious remedy was to forgo wholesaling and focus on retailing, by franchising or opening own stores. Franchising was tried, particularly in the U.S.A., but soon abandoned (Bernier 1986, p. 87; Cohen-Chabaud et Le Corroller 1989, p. 125; LV 1987, p. 5). The desired control over prices, the invoicing currency (franc), and inventory levels at the stores could not be achieved. Thereafter owned stores and majority-owned joint ventures were launched. In the latter, the partner initially has a 49 percent stake, which is gradually reduced to 20-30 percent when the operation has stabilized (Pardi 1984, p. 81; Sacau 1990; Savin 1985, p. 60). The more distant and alien the market, the larger is the probability that stores are joint ventures. In Anglo-America and Japan, leased departments and corners (desks) are usual at upscale department stores.

Image building was radically upgraded and received a budget of four to five percent of sales revenue, a percentage equivalent to R & D expenses in leading mechanical engineering companies (Bernier 1986, p. 87; LV 1986, p. 29; LVMH 1987, p. 22). This activity, combined with control over the distribution channel, created an enviable cash flow, instrumental in LVM's rapid expansion. Operations were centralized. The order lead-time was cut from eight weeks to four, with two weeks in sight (Loizeau 1989). Inventory control is through point-of-sales equipment. Differences in retail price reflect only transportation cost and customs duties, a way to prevent parallel distribution channels (Table 2). At major exchange rate shifts the prices

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SOURCES

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>OUTLETS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUBCONTRACTED $28M.</td>
<td>WORKSHOP $1.6M.</td>
</tr>
<tr>
<td>50 PCT</td>
<td>WHOLESALING $12.6 M.</td>
</tr>
<tr>
<td>10 PCT</td>
<td>STORES $1.4 M.</td>
</tr>
</tbody>
</table>

**FIGURE 1** Louis Vuitton Malletier-sources, outlets and margins 1977

are adjusted accordingly. Store interiors are identical and sizes approximate 100 square meters, excluding the two stores in Paris.

Prestigious central sites are crucial, of course. As the Vuitton units are often patronized for their own sake (destination stores), they can be slightly off the beaten track. This happens, for example, when the commercial hub has lost status with the coming of fast food outlets, cinemas and the like. The policy of leasing rather than owning real estate allows the necessary flexibility. It also frees capital for expansion and rationalization. Indeed, long-term debt has been less than 15 percent of equity (LV 1988, p. 40, p. 57). Although the stores are not large, the need to find a "right" address may delay the opening up to five years in extreme cases (Bernier 1986, p. 89). This introduces a random element into the observed locational history and suggests caution in interpretation.

Store numbers and locations equal sites in importance. The aggregate viewpoint is given here. Details will follow in the next section. The Vuitton business, as all luxury retailing, is largely based on image. Luxury too widely available loses image and ceases to be luxury. This makes its numerical measurement hazardous. Perfumes Dior, for example, almost trebled its U.S. sales in three years after slashing the number of outlets to one third (Baudelaire 1988, p. 63). Racamier subscribed to the same philosophy: fewer outlets and higher margins. The global ceiling was put at 80, to be achieved in 1986 (Anonymous 1985, p. 13). That forecast did not materialize.

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**TABLE 2** Louis Vuitton Malletier-relative retail prices February 1988

<table>
<thead>
<tr>
<th>Region</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris</td>
<td>100</td>
</tr>
<tr>
<td>Europe</td>
<td>115</td>
</tr>
<tr>
<td>U.S.A.</td>
<td>135</td>
</tr>
<tr>
<td>Japan</td>
<td>145</td>
</tr>
</tbody>
</table>


**FIGURE 2** Louis Vuitton Malletier-store numbers (cumulative) at year-ends 1975-1989

**FIGURE 3** Louis Vuitton Malletier-sales and profits 1981-1989

Notes: Old stores are at least two years old. The sales figures are approximate because of their coarse geographical breakdown, which obstructs the deflation to the 1985 prices, and the lack of information about the number of franchises and corners in North America.

At yearend 1989 the count had risen to 120, excluding corners (Fig. 2). The market demand had proved too strong. No formal signs of saturation had appeared. Average sales per store in real prices 1986-1989 had increased rather than declined, at least when expressed in francs (Fig. 3). The increase could not be explained by the older stores reaching full potential (maturing), since their percentage shrunk rather than grew. Aftertax profit out of total sales revenue had remained practically unchanged. These reassuring signals must, however, be juxtaposed with recent, unfavorable criticism of excessive store numbers in Tokyo and the U.S.A. (Bass 1990, p.70; Toy and Rothman 1990, p.51).

III Spatial expansion

The discussion begins with a data overview, continues with a description of the yearend 1989 situation with emphasis on market saturation, proceeds with a look at the sequence in which various countries were entered, and ends with an account of the cities and towns where stores are located.

1. Data

The basic data consist of the addresses and opening dates of the stores, kindly supplied by the company. This data set, combined with articles in the trade press, is sufficient for outlining the historical past. Details about individual countries and stores were obtained through telephone interviews. No information asked for was refused, although some financial detail was considered discretionary and is withheld here.

As the store data occupy a central role, some elaboration is appropriate. Stores and leased departments are considered equivalent. The corners, numbering 23 at yearend 1989, lack information about the opening date and are included only in the yearend 1989 cross-sectional figures as half-store equivalents (Table 3; Figs. 4, 5 and 8). There are hardly any data about closed units. As the company has been on a rampant expansion spree since 1977, the possibility that unrecorded closures would seriously bias the overall picture is minimal. The most likely source of error is that a franchise has been converted into another type of unit, or that a store has been relocated within the same city. In these cases the opening date refers to the new status or site. As explained above, franchises primarily affected North America and only for a short time.

2. Global presence

LVM's store numbers in the Western World appear well balanced when seen against the national figures of private consumption, with some conspicuous anomalies (Fig. 4). Italy, the U.K., Netherlands and Scandinavia have fewer stores than their wealth would suggest, while Switzerland has many more. The explanation offered is to some extent conjectural. Italy belongs to the countries where counterfeiting is widespread, and this has preempted much sales potential (Anonymous 1985, p.14; LV 1987, p.7; Maubert 1982, p.76). The practice is far from being trivial, as the number of litigations, 500-600 worldwide with legal expenses of one to two percent of sales revenue, indicates (LV 1986, p.30;
Louis Vuitton Malletier—A Truly Global Retailer

FIGURE 4 Louis Vuitton Malletier—relative saturation by country at yearend 1989

* STORE

Note: Corners (21 in the U.S.A. and 2 in Canada) are each considered one half of a store.

Sources: Asia Yearbook (1990); International Financial Statistics (1990); LVM (1990); Robinson (1990); Wolf (1990).

LVMH 1989, p. 22). British wealth peaks in the southeastern corner of the country, obviating a countrywide store network. Dutch and Scandinavian societies, finally, are remarkably egalitarian. Income distributions are more even than in most countries and conspicuous consumption is easily frowned upon. Switzerland, in contrast, benefits from its numerous tourist resorts and affluent retirement community.

The negative European anomalies are contrasted by the numerous positive ones in the western Pacific Rim. The islands of Guam and Saipan, as well as Hong Kong, rely exclusively or primarily on the tourist traffic, much of it from Japan. Elsewhere, i.e. in Indonesia, Malaysia, Singapore, Thailand and Taiwan, tourist traffic also contributes, although possibly less. Bermuda and the Virgin Islands are replicas of Guam and Saipan, while in Kuwait the local elite had more relative weight.

Countries with balance of payment difficulties or antagonistic to Western-type luxury consumption appear as market gaps. Brazil, Mexico and India belong to the first group. The single store in Brazil became possible only after LVM had established a workshop there, to balance the flows of foreign exchange (Cohen-Chabaud et Le Corroller 1989, p. 125). By early 1990, a store had also been opened in Mexico. Socialism and Islamic Fundamentalism are the major ideologies in the second group. The resistance is far from being monolithic, however. China was on LVM's agenda, because of its mounting tourist traffic, up to the disturbances in June 1989.

The cartographic overview and impressions given of the market saturation of individual countries can be sharpened by consolidating available numerical information into tabular form (Table 3). The basic message is the pronounced difference in sales revenue per store between Europe (excluding France) and Anglo-America on
TABLE 3  Louis Vuitton Malletier—the major markets

<table>
<thead>
<tr>
<th>Western Europe</th>
<th>Pacific Rim</th>
<th>Rest</th>
<th>Anglo-America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store number, December 1989</td>
<td>38</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Private consumption 1988, $ per capita</td>
<td>9,000</td>
<td>13,300</td>
<td>1,200</td>
</tr>
<tr>
<td>Private consumption, $ billion per store</td>
<td>84.3</td>
<td>74.2</td>
<td>22.4</td>
</tr>
<tr>
<td>People, million per store</td>
<td>9.4</td>
<td>5.6</td>
<td>18.7</td>
</tr>
<tr>
<td>Sales, $ million per store</td>
<td>14.0/1.8</td>
<td>9.3</td>
<td>12.1</td>
</tr>
</tbody>
</table>

Notes: Store numbers in Anglo-America include corners, 23 in all. Each corner is considered one half of a store. Sales per store are based on the number of stores at yearend 1988 and 1989, divided by 2. The regional breakdown of sales does not necessarily coincide in detail with the geographical regions used elsewhere. Sales per store in Europe are France/the Rest. The stores in Paris are considerably larger than elsewhere. When the French stores are weighted by sales area, the sales per store figure might be of the order $8–9 million.


The one hand, and the Pacific Rim on the other. The difference depends, to some extent, on the higher prices in the Rim, conditioned by transportation costs, customs duties and high Japanese rents (Table 2). A more fundamental explanation is the prominence of the Japanese customer. Her purchases are estimated at 50–70 percent of the global total (Ravsthorn 1989; Toy and Rothman 1990, p. 50). Even in Paris the Japanese are the largest single customer group, ranking, according to one survey, the Vuitton shops as the no. 3 sightseeing target, after the Eiffel Tower and the Arc de Triomphe (Abonneau 1986). Of course, the high sales figures in France, and Paris in particular, must also be seen against healthy domestic demand and the lively tourist traffic from all over the world. A genuine Vuitton bag simply looks best when it is bought in the capital of supreme good taste.

3. Entry sequence

The first row in Table 3 gives the contemporary years of entry into the regions, a central topic of internationalization studies. Conventional wisdom, particularly in everyday retailing, holds that the sequence follows cultural closeness, i.e. habits and linguistic kinship. Aberrations may occur when entries are made through franchising, but this is not the case here. In luxuries, the pull of world-class metropolises is likely to modify the simple cultural thesis.

Discounting the random element in finding

![Figure 5](image-url)  
**FIGURE 5**  Louis Vuitton Malletier—presence by country 1975–1989

Legend: Entry and exit in the same year is indicated by a cross.

The same applies to an entry in the last year of the study.

Notes: Australia and Kuwait are consolidated with the geographically closest region. Store numbers, at yearend 1989. Corners (21) in the U.S. and 2 in Canada) are each considered one half of a store.

Sources: Asia Yearbook (1990); International Financial Statistics (1990); LVM 1990.
attractive sites, LVM’s store openings were virtually simultaneous. This fact is important as it discredits some of the cultural thesis. Still more, the first openings were no isolated events but part of a sustained strategy (Fig. 2). The balanced growth gave protection against whimsical changes in consumer taste and currency fluctuations.

The other question concerns the validity of cultural closeness within the major regions, the Americas, the Pacific Rim and Europe (Fig. 5). Within each region, countries are ranked according to the year of entry. The ranking is hypothesized to follow cultural closeness, measured by geographical adjacency. The prosperity of the countries is used as a supplementary hypothesis. For this purpose, the national private consumption per capita is used.

The Americas are so dominated by the U. S. A., i. e. are simple in structure, and so deficient of numerical data (Bermuda and the Virgin Islands) that their value as evidence is limited. The Pacific Rim fares better in the sense that the more distant a country is from Japan and the less affluent its average consumer, the later it is likely to be entered. This generalization does not apply too well to Hong Kong, Guam and Singapore, but elsewhere it is reasonably valid. The validity of the combined hypotheses appears best in Europe.

FIGURE 6 Louis Vuitton Malletier-store locations in Europe at yearend 1989
Germany, Switzerland, the U.K., Belgium, Italy and Spain are all adjacent to France and rank roughly in this order in per capita consumption. Austria, Portugal, Denmark and Greece belong to the second tier, and there the rank by consumption is less distinct.

Prosperity notwithstanding, the early entry into Germany may surprise, considering LVM’s historical orientation towards England and the British Empire (Table 1).

The centuries-old connection between northern France and western Germany, with its modern continuation the EEC, offers a background. Munich, the first city entered, is also renowned for its prosperity. At the individual level, Racamier had sold his steel business to the German Thyssen Group before becoming CEO, and he is also an enthusiastic visitor at the Music Festivals in Bayreuth and Salzburg, Austria (Bernier 1986, p. 85; Graham 1990).

FIGURE 7 Louis Vuitton Malletier-store locations in the western Pacific Rim at yearend 1989
4. Location by city

Reference has repeatedly been made to the importance of tourist traffic. To fill out the picture, store locations are given by city or town (Figs. 6 to 8). Each location is classified either as an administrative city or tourist resort. The underlying idea of the administrative status is a local stock of affluent customers. Whether locals in an administrative city make up 25 or 50 percent of the customers is not known but the mark is certainly above 5 or 10 percent which would be the case of tourist resorts.

Several locations can unambiguously be classified as tourist resorts. Guam, Saipan, Bermuda, and the Virgin Islands have been mentioned above. Other typical resorts are Cheju Island in Korea, Surfers Paradise and Cairns in Australia, Crans-sur-Sierre, St. Moritz and Lugano in Switzerland, Deauville and Nice in France, Sylt Island in Germany, and Las Vegas in the U.S.A. Most of the appropriate stores are important in their own right. Some function as show rooms for off-season purchases in major cities. Monaco, Cannes in France, Bari, Venice and Florence in Italy, Lausanne in Switzerland, Salzburg in Austria, and Honolulu in Hawaii cannot have too many administrative functions either. Hong Kong, Singapore, Miami, and Bangkok are already subject to debate.

The French provincial cities of Lyon, Bordeaux, Toulouse and Strasbourg are classified as administrative centers, although tourism was helpful for the openings. They represent the lower end of the administrative city scale. World-class cities such as New York, Tokyo, London and Paris occupy the opposite end. Paris is a

FIGURE 8 Louis Vuitton Malletier-store locations in Anglo-America at yearend 1989

Sources: County and City Data Book (1983); LVM (1990).
special case, however, because of its status as the global fashion and luxury center. Tokyo, for example, lacks this status, and this is reflected in the number, size and sites of its units. They number seven, are of standard size (60-100 square meters) and are majority-owned joint ventures. Two stores are located within the CBD, two units are at exclusive hotels and three are leased departments at upscale, although not exclusive, department stores at railroad junctions of the circle line and three westward-radiating commuter lines. These three units are clearly for the local clientele. The configuration contrasts sharply with Paris. There are only two, if fairly large (up to 500 square meters), owned stores, a stone’s throw from the Champs Elysées, ideally situated for tourists and local customers alike. It is interesting to note that London resembles Paris, while New York resembles Tokyo.

The detailed figures support the claim that certain markets are probably saturated from the luxury point of view. In Tokyo, New York, Hong Kong, and Miami for example, there are simply too many units. Among individual countries, France, tourist traffic notwithstanding, and Japan seem to have reached the mark. Illuminating is the Japanese entry sequence, broadly following the size of urban population and ending in 1988 with entry into Hamamatsu, a city of about 0.5 million inhabitants and hardly a major tourist destination (Fig. 9). It is difficult to perceive entries into still smaller cities lacking tourist traffic. Only in the U.S.A. do numerous major agglomerations lack a store, Philadelphia, Cleveland, Pittsburgh, St. Louis, Denver and Seattle, for example (Fig. 8). Even that is subject to qualification. Since year-end 1989 some units have been opened, for example, in St. Louis. More importantly, most gaps appear in the American heartland, where consumer preferences and valuations differ from those on the more cosmopolitan coasts and in the international transportation hubs. Perhaps symptomatically, the corner in Columbus, OH was closed in the late 1980s.

IV Discussion

The claim was made that franchising is not a necessary condition for worldwide retailing. Equally important are a culturally neutral, or at least acceptable, product line, a well-defined customer segment, and
stringent operational control, best achieved by owned stores and majority-owned joint ventures ("How?"). The claim has been substantiated by describing the spatial expansion of Louis Vuitton Malletier, a French luxury luggage company 1977–1989.

The most conspicuous feature in LVM’s global expansion may have been the force of the initial trigger ("Why?"). A sixfold raise in the retail price in a parallel distribution channel, even for a product of uncertain origin, attested to ravenous demand. A tenfold difference between wholesale and retail margins was a strong reason for getting close to the customer.

Sequential, country-specific market saturation played no apparent role as an expansion trigger, in sharp contrast to retailing in more mundane products. This unconventional fact was largely due to the great mobility of the customers, often tourists. The core managerial problem was preferably the preservation of the image, which could be destroyed if the merchandize was made too easily available through a dense store network in non-prestigious locations and sites.

Noteworthy was the short time period, 1977–1980, during which the first foreign stores were opened in all the major regions: Western Europe, the western Pacific Rim, and Anglo-America ("When?"). Considering the importance attached to the very best of sites, the patient wait for them, and the potential inaccuracy of the American data, due to the abolition of franchises, it is reasonable to claim that the openings were practically simultaneous. This contrasts sharply with the familiar process of proceeding from geographically and culturally close countries to more distant and alien ones ("Where?"). The explanation for the atypical behavior is that the product line and its logo were well-known worldwide within the prosperous customer segment targeted by the company. The foundations had been laid for a century and included two current, high-profile stores in France.

Once entry had been made into a region, the ensuing expansion was more likely to follow the familiar pattern. Particularly in Europe, but also in the Pacific Rim, an outward diffusion from France and Japan can be visualized. The regional entry rankings also broadly coincided with declining per capita consumption figures.

LVM’s balanced presence in the Western World is in marked contrast to many other chains which are habitually quoted as global retailers. For example, Body Shop, Laura Ashley, Stefanel and Southland, which all rely on franchising, are largely dependent on the effort and resources of their national franchisees. Although the nameplate presence may be worldwide, actual market penetration can differ widely. When the entry vehicle is owned stores or joint ventures, as is the case of IKEA and Toys “R” Us, for example, globalization is still under way. Therefore, these two companies have the potential to refute Treadgold’s hypothesis in the way LVM has done.

LVM’s long and unique history makes the company less than a perfect case for scientific argument. A sample of younger firms, also exercising full control of their stores and preferably targeting the broad mass market is called for. While we are waiting for their emergence, the model provided by Louis Vuitton Malletier will serve as a temporary frame of reference.
Acknowledgements
Messieurs J. Lafont, F. Belot, and S. Mejean at Louis Vuitton kindly delivered the store data and agreed to be interviewed by phone. Professor Alain Metton, Université de Paris, Val de Marne advised about French libraries. Their help was invaluable. Professor Bart J. Epstein, Kent State University, Ohio, Dr. Leigh Sparks, University of Stirling, Scotland, Professor Howard A. Stafford, University of Cincinnati, Ohio and the anonymous Reviewers contributed many thoughtful ideas. The Tore Browaldh Research Foundation financed the study. Ms. Diana Mattsson-Werner drew the figures.

(Accepted February 29, 1992)

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ルイ・ヴィトン—小売り業務の本格的展開—

リスト・ラウラ ヤイネン

本稿においては、奢侈的な販売戦略の世界的展開、ルイ・ヴィトンの世界的展開— 69 —
模での空間的拡張が記述される。この拡張は、フランチャイズ・システムを避けて、もっぱら自己店舗を過半数を所有するジョイント・ベンチャーに依拠して行われており、小売業務の世界的展開としては希なケースである。この拡張は、西ヨーロッパ、太平洋西縁地域およびアメリカという大規模の3地域で同時に行われた。それぞれの地域内部では、一人あたり民間消費支出額の減少とおおよそ照応する形での、外縁部へ向かっての店舗の普及がみられる。