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THE DARDEN REPORT

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Darden: Developing and Inspiring Responsible Leaders and Advancing Knowledge

case in point: THE GLOBAL MARKETING OF AN AGE-OLD FRENCH GEM

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by Thierry Delecolle, Ronald Kamin (MBA '75), Beatrice Parguel and Gerry Yemen

THE BIG IDEA:

As marketers love to teach students, differentiation must be the focal point of marketing strategy. But what happens when a firm's competitive set is shared by similar customers, perceived differentiation is weak among rivals and loyalty is a thing of the past? This was the dilemma the French high-end jeweler Mauboussin faced: how to leverage its iconic brand to access new customers, domestically and abroad, while preserving the image of luxury goods founded on the myth of exclusivity?

THE SCENARIO: At its flagship store in Place Vendôme, adjacent to the world's most prestigious luxury brands, the house of Mauboussin prospered under the guidance of six generations of watchmakers and jewelers. The business, launched in the early 1800s, was long controlled by the Mauboussin family.

In 2001, Dominique Frémont acquired an 87.5 percent equity stake in "the House." By then, its privileged status with rich clients had diminished, and sales at the luxury jeweler dropped.

While Frémont may have been a stranger to the world of luxury jewelry, he knew how to run a business. He allocated millions of his own money to the firm and appointed another industry outsider, Alain Némarq, to run it.

Némarq put in place a cost-reduction plan that included closing all points of sale in France and the rest the world (except for the boutique at Place Vendôme), selling all remaining inventory at a cost, terminating its perfume licensing agreement and reducing staff. Némarq and Frémont then revolutionized the House and revamped its marketing strategy away from a select number of exceptional clients and targeted a new segment of consumers — working women who bought jewelry for pleasure. The adopted positioning became "jeweler artist."


ALAIN NÉMARQ

Next, Némarq focused on the dismal financial results in Asia/Asia Pacific. The distributor with exclusive rights to the Mauboussin brand in Japan wanted to close its business in three months. What now?

THE RESOLUTION: The House had maintained a long-standing presence in Asia/Asia Pacific, and growth opportunities existed there. Némarq bought back the distribution agreement and deployed a strategy similar to the one applied in France: close the points of sale showing a deficit. Mauboussin chose a "wait-and-see" strategy, limiting itself to two corners in Takashimaya stores. Finally, an Adidas shop decamped in the heart of the Ginza luxury area and Mauboussin opened its flagship store in Japan. To publicize its new shop, the brand launched an original campaign — 5,000 diamonds offered to the first 5,000 visitors. It bought advertising in the leading newspapers, and with the buzz created, the brand ended up in the headlines, too. A few months later, the store was featured in a Black Eyed Peas music video.

THE LESSONS: Strategy is often based on what the firm must do to develop a competitive advantage or what it can do with its resource allocation; it is also about fragmented, intuitive but unique personal traits that characterize it as a leader.

Whereas domestic marketing is aimed at a single country — with one group of customers and one set of economic, legal, competitive and environmental issues — global marketing requires the creation of a single strategy for a large number of countries with distinct operating environments and markets with unique customer groups and cultures.

Every other Sunday in *The Washington Post*'s Business section, members of Darden's academic community share lessons from recent cases. Gerry Yemen (left) is a senior researcher at the Darden School of Business; Delecolle and Kamin are professors at the ISC Paris School of Management; Parguel is researcher at the Université Paris-Dauphine.