



저작자표시-비영리-변경금지 2.0 대한민국

이용자는 아래의 조건을 따르는 경우에 한하여 자유롭게

- 이 저작물을 복제, 배포, 전송, 전시, 공연 및 방송할 수 있습니다.

다음과 같은 조건을 따라야 합니다:



저작자표시. 귀하는 원저작자를 표시하여야 합니다.



비영리. 귀하는 이 저작물을 영리 목적으로 이용할 수 없습니다.



변경금지. 귀하는 이 저작물을 개작, 변형 또는 가공할 수 없습니다.

- 귀하는, 이 저작물의 재이용이나 배포의 경우, 이 저작물에 적용된 이용허락조건을 명확하게 나타내어야 합니다.
- 저작권자로부터 별도의 허가를 받으면 이러한 조건들은 적용되지 않습니다.

저작권법에 따른 이용자의 권리는 위의 내용에 의하여 영향을 받지 않습니다.

이것은 [이용허락규약\(Legal Code\)](#)을 이해하기 쉽게 요약한 것입니다.

[Disclaimer](#)

국제대학원석사학위논문

The Success Strategy of Western Luxury
Fashion Brands in the East Asian Market:
A Comprehensive Approach through the
Strategy Diamond

동아시아 시장에서 서구 명품 패션 브랜드들의 성공전략 :
Strategy Diamond를 통한 종합적

2021년8월

서울대학교 국제대학원

국제학과 국제통상전공

Campetti, Genny Maria

The Success Strategy of Western Luxury Fashion Brands in the East Asian Market: A Comprehensive Approach through the Strategy Diamond

Ahn, Jae Bin

Submitting a master's thesis of International Studies

2021 August

Graduate School of International Studies

Seoul National University

International Commerce

Campetti Genny Maria

Confirming the master's thesis written by

Campetti Genny Maria

2021 August

Chair Mobrand, Erik

Vice Chair Yin, Wenyan

Examiner Ahn, Jae Bin

Abstract

The luxury fashion market in East Asia has experienced a massive growth in the past decade. It is well established that cultural and socio-economic values of a region can have strong influence on how markets operate there. This is especially true for the luxury fashion market, as consumption of its products are often linked to personal values. Because of this, the study aims to identify the unique elements that influence the luxury fashion market in East Asia, with the goal to create a comprehensive strategy that western luxury fashion brands can utilize to navigate the market.

To test whether it was possible to create a meaningful strategy for the market, a throughout review of previous literature on the topic was conducted. The collected information was then analyzed accordingly by compiling it through Hambrick and Frederickson's Strategy Diamond framework for strategy design, and a synergic strategy that links together multiple components of cultural values, market studies and strategy design was created.

The results suggest that it is possible to factor in various elements unique to the East Asian region with more canon strategy design components. This can allow firms to successfully perform in the East Asian luxury fashion market with more ease. Furthermore, it is possible to create an effective strategy that firms at any level can use. This research is significant to the literature on the subject as it can be replicated in different markets, on different sectors, to arm firms with a powerful tool to improve their performance.

Keyword : luxury fashion, east asia, strategy diamond, business strategy

Student Number : 2019-20661

Abstract (Korean)

동아시아의 명품 패션 시장은 지난 10년 동안 엄청난 성장을 경험했다. 한 지역의 문화적, 사회 경제적 가치가 그 지역의 시장 운영 방식에 강한 영향을 미칠 수 있다는 것은 잘 알려진 사실이다. 특히 명품 패션 시장의 경우 제품의 소비가 개인의 가치와 연결되는 경우가 많기 때문에 더욱 그렇다고 볼 수 있다. 이 점에 있어서 이번 연구는 서구 명품 패션 브랜드가 시장을 개척하기 위해 활용할 수 있는 종합적인 전략을 마련하고자 한다. 그리고 동아시아 명품패션 시장에 영향을 미치는 고유한 요소를 규명하는 것을 목표로 하고 있다.

시장에 대한 의미 있는 전략의 도출 가능성을 확인하기 위해, 해당 주제의 문헌에 대한 전반적인 검토를 실시했다. 이와 같이 수집된 정보를 Hambrick과 Frederickson의 전략 디자인 Strategy Diamond 프레임 워크에 맞게 배치하여 적용했다. 그리고 문화적 가치, 시장 연구, 전략 설계의 여러 구성 요소들이 시너지를 발휘될 수 있는 전략을 도출해냈다.

그 결과, 동아시아 지역 특유의 다양한 요소들을 Strategy Diamond 프레임워크에 성공적으로 배치가 가능하다는 것을 확인 할 수 있었다. 이는 기업들이 동아시아 명품 패션 시장에서 보다 쉽게 성공적으로 활동할 수 있도록 해줄 수 있다. 더 나아가, 이러한 효과적인 전략은 다양한 수준의 기업들에게 적용 가능하다. 이 연구는 동아시아 시장 외의 다른 시장에서도 활용될 수 있고, 기업의 성과를 향상시킬 수 있는 강력한 도구로 기업을 무장시킬 수 있다는 점에서 의의를 갖는다.

Table of Contents

Abstract.....	i
Abstract (Korean)	ii
List of Tables and Figures	iv
I. Introduction	1
1.1 Background	1
1.2 Research Question	4
1.3 Research Structure	6
II. Literature Review	7
2.1 “Luxury” throughout Classic Western Literature ...	7
2.2 New Meaning of “Luxury” in East Asia	11
2.3 Luxury Fashion Business Practices in the East Asian Market.....	16
III Theoretical Framework	21
IV. Methodology	28
V. Case Study: An Application of Strategy Diamond Framework.....	30
5.1 Arena	30
5.1.1 Product Categories	30

5.1.2 Channels	35
5.1.3 Market Segments	40
5.1.4 Geographical Areas	43
5.1.5 Core Technologies	44
5.2 Vehicles	48
5.2.1 Licensing / Department stores	48
5.2.2 Direct Investment – flagship store	52
5.3 Differentiators	55
5.3.1 Price	56
5.3.2 Quality	57
5.3.3 Customization	57
5.3.4 Customer Service	59
5.4 Staging	61
5.5 Economic Logic	62
5.6 Strategy Building and Discussion	63
VI. Recent Developments: The Case Of Tod's	70
VII. Conclusion	73
7.1 Summary	73
7.2 Limitations and Future Studies	74
Bibliography	77

List of Figures and Tables

Fig.1 The growth of the personal luxury goods market through recent years	1
Fig.2 Share of the Chinese vs global personal luxury goods sales	2
Fig.3 Strategy Diamond Framework	23
Fig.4 Dolce&Gabbana ayaba collection from 2018	32
Fig.5 Gucci shoes with folded heel	33
Fig.6 Gucci x Balenciaga collaboration line from 2021	34
Fig.7 South Korean celebrity Krystal Jung wearing Tod's products in Venice, Italy	49
Fig.8 Louis Vuitton's flagship store in Ginza, Tokyo	53
Fig.9 Fendi Bespoke website	58
Fig.10 Strategy Diamond for the Luxury Fashion Market in East Asia	67
Tab.1 Studies on Luxury Fashion in East Asia and how they place in the Strategy Diamond	18

I. INTRODUCTION

1.1 Background

The luxury fashion industry is in constant evolution, always transforming itself to keep up with market requests and customer trends. Historically, Europe has always been at the forefront when it comes to luxury fashion brands, with countries like Italy, France and England being home to many of the brands that are still major players in the industry. Famous brands such as Louis Vuitton, Gucci, Burberry etc have their humble start date as far as the 1850s, and yet their popularity in the industry is still unrivaled.

Despite certain limits that every industry can face, such as flexibility and speed of reactivity, this industry has managed to not only survive, but to thrive, in the market, for close to a century. In fact, if there is something that has not changed about this industry, it is the growth of its market: in the past twenty years the market has been steadily growing, with an average compound annual growth rate of 5-6%. The only period that showed significant decline in sales were the two years following the 2007-2008 financial crisis but,



Fig.1 The growth of the personal luxury goods market through recent years.

despite this major worldwide issue, the market bounced back to steady growth the following years. (Bain & Company)

Despite this seemingly constant growth, not all geographical markets performed the same. In the past ten years, the East Asian region, especially China and South Korea, became a major source of growth for the industry. The region has registered the fastest global consumption growth (Johnson et al., 2003; Jiang, 2005; Li and Su, 2007; Tay, 2008), and is predicted to continue growing in the foreseeable future. (Euromonitor, 2020). Coupled with the recession in numbers of sales registered in Europe and North America, it makes the importance of the East Asia market even more apparent.

As of now, China alone is responsible for close to half share of the worldwide luxury goods market, and its market growth is almost three times the one of the western world, at about 14%. (As seen in figure.)

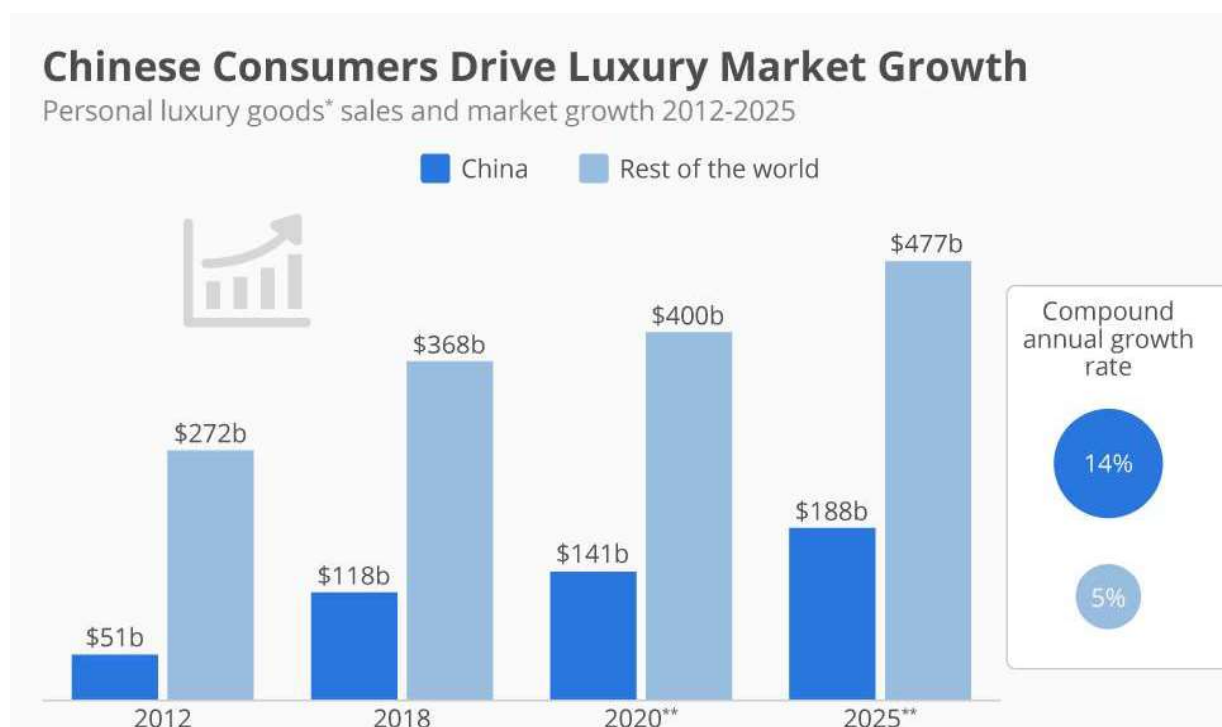


Fig.2 Share of the Chinese vs global personal luxury goods sales.

Source: Statista.com

The revenue for the global fashion industry (including footwear and jewelry) in 2019 was €1.64 trillion. This growth continued at about 4-5% in 2018 and 2019, and it is expected to go on steadily in the 3-5% range throughout 2025. These predictions however do not take into account the Corona Virus pandemic of 2020, despite considering all the others complex issues and general turbulence of the environment luxury firms operate in. (Bain and Company, 2018; McKinsey, 2020).

Research on the topic of consumption of luxury products has traditionally focused on Europe and North America. Due to this important growth of the market in East Asia though, an increasingly higher number of scholars have shifted their focus on these new emerging markets, studying the subject within the context of their particular cultural features and influences (Park et al., 2008; Commuri, 2009; Eng and Bogaert, 2010).

This new perspective on luxury in East Asia is especially important, as such a big difference in culture can result in greatly different spending patterns for customers. East Asian luxury consumption does not follow the same patterns and trends that the “Western” world, namely Europe and North America, experience. The rapid economic growth experienced by the region also leads to unique characteristics that other markets might not have. This economic growth also impacted the rising number of consumers from East Asia, as the number of people who are able to enter the market of luxury goods as consumer increased. (Dubois & Duquesne, 1993)

One particularly interesting fact about the East Asian market is that, despite the exponential growth registered in the territory, the actual real number of East Asian consumers is likely even higher. In reality, many European brands make a sizeable portion of their sales thanks to East Asian tourists travelling through Europe and the United States (Powell, 1990). Starting from the development of Japan post-Second World War in the 70s, Japanese tourists started to travel to Europe and purchase luxury goods there. But they did not travel to Europe only, and this flow of tourists from Japan kickstarted the development of the market in other East Asian countries as well. (Fujioka et al., 2018) This tradition of obtaining luxury goods overseas still continues to this day. A recorded example of this phenomenon can be seen in the number of South Koreans who visited France in 2008. In the first

week of February in 2008, it was recorded that more than 100,000 South Koreans visited Paris with the intention of buying luxury fashion goods in the city, a 40% increase compared to the previous year. (Kim et al., 2010). Therefore, a study of the East Asian market should not only focus on the geographical region, but also take into account the population as worldwide consumers.

The country of Japan, due to their early economic development compared to other countries in the region, saw the growth of the luxury fashion market happen years before the rest of the region. Despite that, many of the strategy employed by firms in Japan were later repeated in other countries of the region, making analyzing the market in Japan a fundamental step to understand the market and consumers in East Asia. Timeline-wise, firms started to take significant steps in in Japan and Hong Kong between the 1980s and the 1990s, South Korea then followed after their Seoul Olympics in 1988, and finally China starting from the early 2000s. (Donzé and Fujioka, 2015).

A strategy that contributed massively to the expansion of the market, both worldwide and in Japan, was the so called “democratization” of fashion, where luxury brands started to produce cheaper items to appeal to a broader audience.

1.2 Research Question

Despite the recent interest of scholars in the East Asian luxury fashion market, attempts to understand how to create a strategy that takes into consideration the region’s unique cultural characteristics in the arena where western firms perform have been fragmented at best. Research tackle one of the many facets of what constitutes a strategy at the time, but do not link the various finding to each other to have a more complete picture that can give practical help to a firm. As it is established that there are numerous elements that differentiate how luxury fashion is perceived among Western and East Asian consumers, this leads to a gap in current literature. A strategy performed in the East Asia region should be carefully crafted through the analysis of the market in this specific region, and not just taking into consideration general studies on specific market sectors. No one so

far has provided a wholly constructed strategy on how to tackle these differences and perform successfully in the market.

As companies outside of the region would not know how behave in such circumstances, due to the many cultural differences, they need a framework to follow to be better prepared and make the most of such a promising market. This paper aims to bridge this gap in the literature and arm potential western luxury fashion brands with a complete strategy that can help their performance in the East Asian market.

Through an analysis of several studies of luxury fashion business practices in the East Asian market paired with an analysis of moves performed by some Western luxury fashion brands in the market, and by applying Hambrick and Fredrickson's (2005) Strategy Diamond framework for strategy building to the aforementioned elements, this research seeks to answer the following question:

Can a comprehensive strategy for Western Luxury Fashion firms that want to perform in the East Asian market be created?

The motivations that brought this research questions are various. First, given the lack of consistency in performance in the East Asian Market even among the top players of Western Luxury Fashion brands (the success of brands such as Gucci and Louis Vuitton happened along the failure of Tod's and the instability of Dolce&Gabbana), it is clear that the lack of a strategy for the East Asian market is an issue affecting this sector, and it is important to solve it to allow a smoother performance in the future. Secondly, it is important to tackle the lack of strategy for this specific market while it is still experiencing high growth. The longer this gap in literature goes ignored, the more western brands lose the opportunity to maximize their profit in East Asia.

Literature-wise, as previously mentioned, previous analysis of the market were confined to just one specific topic related to consumption of luxury fashion in East Asia and, when taken one by

one, fail to provide any significant contribution to the research question of this paper. This is why, by applying the Strategy Diamond framework, the lacking features will be filled through the synergic and encompassing nature of the strategy building tool.

1.3 Research Structure

This research will start by analyzing the concept of “luxury” and its meaning in the Western markets, specifically relating to the luxury fashion sector. It will then move to the East Asian market, to identify the peculiar characteristics of the local luxury market and how they differ from the Western ones. It will do so by looking into how different cultural values translate to market features. Finally, it will briefly introduce some of the previous literature topics of luxury fashion related to the East Asian market, as an introduction to the data further analyzed through the selected framework.

It will then introduce the Strategy Diamond framework by Hambrick & Fredrickson (2005), collect and attempt to correctly locate various studies done on the field of luxury fashion in East Asia on the various sections of said framework, while simultaneously always taking into consideration the features of this specific market sector. Through this, an effective, comprehensive strategy that western luxury fashion firms can use to establish themselves in the market, or improve their performance, will be created by drawing meaningful implications from the application of the framework.

Then, the new strategy will be summarized through a graph emulating the one used by Hambrick & Fredrickson (2005) on their original article. Finally, conclusions on the research will be elaborated, and possible limitations and future extensions of the research will be discussed.

II. LITERATURE REVIEW

To better understand the shortcoming of previous literature, it is necessary to have a deeper look at the very concept of “luxury”, and how its facets differ between the Western world and the East Asian region. To do so, I will first provide a deeper look on how luxury and luxury fashion are perceived among Western countries. I will later move on the same topic, but with a focus on the East Asian countries this time. Finally, I will briefly introduce some of the previous research on luxury fashion business practices in East Asia, which will later be expanded during the application of the Strategy Diamond Framework.

2.1 “Luxury” Throughout Classic Western Literature

It is hard to define “luxury” as a word, as through the centuries every scholar seems to have their own definition of it. By its etymology, it is known that the concept of “luxury” has its roots in the Latin “luxuria”, which means “extras of life” (Danziger, 2005). “Luxus”, from which the word comes from, means, according to the Oxford Latin Dictionary (1992), “extravagant living”. Therefore, a “luxury” is something one desires that can provide some sort of pleasure, but it is not an essential item or service. These luxuries can contribute to a luxurious lifestyle by giving the buyer something that is convenient beyond their minimum needs, or by making them indulge in some sort of extravagant, extraordinary pleasure. The concept of luxury is certainly not new, as works trying to decipher it can be found dating back to the 19th century (Rae, 1834; Veblen, 1899; Keasbey, 1903), and its development has been subject of study throughout the 20th century. (Leibenstein, 1950; Sekora, 1977; Wiedmann et al., 2007).

In academia, scholars use “luxury” to indicate the very top of prestigious brands. Vigneron and Johnson (1999) defined luxury brands as “the extreme end of the prestige-brand category”. In

concordance with this definition of luxury, goods from luxury brands are associated with power, wealth and exclusivity, and they satisfy one's nonessential wants. (Brun et al., 2008; Dubois & Gilles, 1994). This definition is not limited to academic papers only though, as even the average citizen identify luxury goods as "high quality, expensive and nonessential products and services that are perceived as rare, exclusive, prestigious, and authentic and that offer high levels of symbolic and emotional value" (Tynan et al., 2010). Research made on consumers echoes this sentiment, showing that luxury as a concept is linked to exceptional rarity, quality, components, skilled craftsmanship, etc. (Kapferer, 1998; Dubois, et al., 2005, Wiedmann et al., 2009, De Barnier et al., 2012). All these elements of luxury then lead to the high prices of its goods. The high price is an "objective" standard for which luxury seems to be known for despite all the many definitions of it as, through research, Dubois and Paternault (1995) found that large consumer samples countries like France, Japan and the United States mention the expensiveness of the products as the first characteristic of luxury.

Other studies write that luxury products "are defined by their relative price and are valued because they are costly" (Ng, 1987). These higher prices function as quality signals for consumers (Shapiro, 1983), showing that the higher the price, the higher quality, rarer and more desirable a product is. This leads to a causal-loop effect, where the quality and rarity of a product justify its high price, and the high price makes people believe a product is high quality and rare. The so called Veblen effect, that states that "demand for luxury would go up when prices go up", has recently been re-considered in academia, showing that "accepting to pay more is the way "snobs" get rid of "conformists" (followers) as the latter buy by mere conformity." (Amaldoss and Jain, 2005, Kapferer and Gilles, 2015)

The concept of a luxury brand first defined by Vigneron and Johnson (1999) was later expanded by Wiedman et al. (2007) as "the highest level of prestigious brands that provide several types of physical and psychological values." (Li et al., 2011). Jackson (2004) defines luxury fashion brands as "characterized by exclusivity, premium prices, image and status, which combine to make them desirable for reasons other than function."

As fashion is one of the many categories of luxury products, luxury fashion goods have been defined as “apparel, accessories, handbags, shoes, watches, jewelry, and perfume for which the mere use or display of a particular branded product brings prestige to owners, apart from any functional utility” (Gao et al., 2009).

Luxury fashion brands are distinguished from nonluxury brands as brands that have: global recognition, core competence, high quality and innovation, powerful advertising, immaculate in-store presentation, and superb customer service. (Li et al., 2011)

As mentioned, a characteristic of luxury products is that, to maintain its perceived high value and justify its price, they are made to be “rare”. For example, luxury car company Ferrari decided to only sell 6922 cars in 2013. (Kapferer and Gilles, 2015) This self-constricted “rarity” of the products though prevents the growth of the sector of luxury, as there cannot be an unlimited amount of products to sell. To overcome this issue, brands have adopted an “abundant rarity” strategy (Kapferer, 2012), that started what is also known as the “democratization” of luxury fashion. Through this strategy, brands expanded their portfolio by adding items that are both more affordable and more profitable at the same time, mainly accessories that display a luxury brand logo like eyewear, perfume, watches etc. These products are still made by the brands’ own craftspeople, maintaining the brand quality and prestige despite the lower price.

This new strategy adopted by brands broadened the consumer base of luxury goods, previously known as the “happy few”. As clients now have a new range of more affordable products, a “happy many” category of clients can now occasionally enjoy luxury products, what are made by brands that are considered to be “luxury”, without needing to be rich. (Dubois & Laurent, 1998)

As high price is such an important feature of luxury products, including luxury fashion, such strategy has been subject of various debates, and it is seen as hard to sustain and potentially dangerous for firms. (Kapferer and Gilles, 2015)

Due to the lack of consensus among scholars on the parameters that define the concept of luxury, Vigneron and Johnson (2004) worked through several of the main literature studies in the field, and developed a framework that is now the most commonly used by recent studies as a reference on the concept of luxury. (Wiedmann et al., 2007; Christodoulides et al., 2008; Eng and Bogaert, 2010; Tynan et al., 2010). This framework consists on five elements that together define the meaning of luxury. They are:

- High quality (including materials, design, technology etc.)
- Hedonistic value (emotional response to the consumption of luxury)
- Conspicuousness (providing status)
- Uniqueness (rarity or exclusiveness)
- Extended-self (value associated to luxury)

Despite all the various definition given to the term, it is understood that “luxury” does not define a set category of products, but simply gives us the parameters to identify conceptual and symbolic values. These values are interlinked with the socioeconomic context and cultural elements of a buyer (Vickers & Renand, 2003). They not only satisfy functional needs, but psychological ones too. These characteristic mentioned are what distinguish a luxury product from its nonluxury counterpart, or even from counterfeit products (Arghavan & Zaichkowsky, 2000). Due to this meaning, in marketing nowadays the term “luxury” is used to lure consumers into buying more expensive products (Tynan et al., 2010). This confirms Kapferer’s definition of luxury from his 2012 work, stating that luxury brands are “defined by their marketing strategy, which differs and is opposite to common marketing rules. What is important is not simply the history, but the myth that can be created around it, the source of the brand’s social idealization”. (Donze’ and Fujioka, 2018)

Historically, and especially in the developed western countries, conspicuousness consumption (first introduced by Veblen (1899) and then reframed by Vigneron and Johnson (2004)) was the

element most closely associated with luxury. It was a mean for the “new rich” category of consumers to show off their high standards of living and acquire a higher status of social respect.

Nowadays though, the quality and the uniqueness of a product are seen as stronger drivers for consumptions in the western world (Reddy and Han, 2017) Several scholars, such as Heibroner (1953), Lury (1996) and Slater (1997) suggested that Veblen’s theory was indeed correct during his time and his location (the United States, specifically the Chicago area), but is now outdated.

As the pillars of research on luxury products are all framed with a western perspective, it is no surprise that, in the East Asian world, consumers’ idea and standard of luxury can be different. Cultural values of the population shape the perception of luxury, and motivate their purchasing patterns (Wiedmann et al., 2007). Socioeconomic factors, which are also unique to each geographical area, are also a strong driver of consumption, and together with the cultural features of the East Asian region, it creates a unique set of values on the sector of luxury that cannot be analyzed through western lenses.

2.2 New Meaning of “Luxury” in East Asia

In this research, East Asia will cover mainland China, Hong Kong, Taiwan, Japan and South Korea. The East Asian region represent a fairly interesting group for business research of this kind, as despite having different market sizes and being at different stages of economic development, they have common cultural roots, stemming from the teaching of Confucius or Kong Fu Ze (551-479 BC), whose teaching throughout centuries spread all around the region. (Emery, 1999)

Because of this, East Asian countries tend to share many similar cultural features. Despite the evolving of society and modernization (Hsu, 1981; Hofstede & Bond, 1988), these values still have deep impact in the lives of the East Asian population.

It has been observed through numerous studies that these cultural variables have great influence when it comes to consumption motivations, especially for a peculiar sector like luxury items, and in this case more specifically luxury fashion.

To have a better understanding of how cultural values shape the differences between Eastern and Western societies, Markus and Kitayama (1991) divided the perception of “self” in two categories: Independent and Interdependent. Western cultures have a more prevalent “independent” perception of self, leading to considering personal preferences, values, taste, abilities etc as more significant in regulating everyday behavior. On the other hand, Eastern societies tend to have a more “interdependent” view of the self, where personal preferences are less important compared to familiar, cultural, professional, and social relationships (Wong and Ahuvia, 1998) . These Independent and Interdependent views of the self are not to be seen as the only two options though, but more as the extremes of a spectrum in which every society lies on. Members of any culture could be placed anywhere in this spectrum, as cultures cannot be completely homogeneous. Therefore, it is important to understand that one individual can have both self-concepts and consider which one of them would prevail in a social situation (Triandis, 1989, 1994) and what elements would influence one’s decision.

One of the important value researched was the concept of Face Saving. Face saving relates to one’s image and dignity in a public context. (Hu, 1944; Earley, 1997). The concept of “face” itself (mianzi in Chinese, tatemae in Japanese) implies maintaining one’s public dignity and standing (Monkhouse et al., 2012) . Specifically, it refers to the image someone shows in public in a society. (Abe et al., 1996). To “gain” face, an individual has to secure admiration from others in the society, and this can be done, among other ways, through showcasing one’s wealth and rank (Bond, 1991). It is regarded to be a fundamental characteristic of many East Asian societies, as people are more self-aware of their public image than Western societies (Markus and Cross, 1990; Lebra, 1992). It represents a cardinal value that shows an individual’s reputation and worth within the society in all nations influenced by Confucian values. (Hu and Grove, 1999).

Going back to the framework to analyze luxury goods by Vigneron and Johnson previously mentioned, it was found that the concept of “face” in East Asia relates to the conspicuousness of luxury consumption (O’Cass and McEwen, 2004), as the public display of luxury goods can be used to impress other individuals and “gain” face. Wong and Ahuvia (1998) stated that, between conspicuous and hedonic and symbolic values, an East Asian consumer will favor the former over the latter, especially with something consumed in public, to the point of going against personal preferences on products in order to choose something more aligned to the expectations of the group. (Wheeler et al., 1989). As noted, throughout the years the conspicuousness dimension of luxury has lost its relevance for Western consumers. It is therefore important to locate other cultural values that can impact luxury consumption in East Asia.

All of the mentioned elements are specifically relevant when it comes to publicly consumed luxury products, as those are the ones consumed in public and which relate to the concept of face saving and group orientation. Luxury fashion brands can be categorized as publicly consumed luxuries, as apparel and accessories are most often used in public settings over private ones. (Park et al. 2008)

Group orientation is another cultural characteristic that has been analyzed in Eastern Asian societies. It concerns harmony, sense of community and solidarity between individuals in a society (Wong and Ahuvia, 1998). Being part of a group in society is considered a perception that is commonly shared among all East Asian societies (Triandis, 1995). Being part of a group can offer a sense of security for an individual, as well as giving them an identity that links them with a collective group. (Haglund, 1984). Accepting the legitimacy of a group also leads to judging one individual based on the group they identify with, such as family or nationality (Wong and Ahuvia, 1998).

This connection between individual and group is important not only for how people in society views themselves, but it can also reflect on how they view products. Han and Schmitt (1997) argued that East Asian customers might pay more attention to whether a product has any affiliation to a certain group, like its country of origin, manufacturer or a brand. For example, luxury products coming from Europe are regarded to be superior. (Johnson et al., 2003).

Compared to Western society, where luxury items are purchased because the individual *wants to* (due to hedonistic values), in East Asian societies there is a sense of consumption because one *has to*, in order to conform and to show their position in one group (Wong and Ahuvia, 1998). Personal achievements are also seen as shared among the people of one group, especially in families, and one's personal achievements are measured relatively to those of the group. Therefore, conspicuous consumption of luxuries is seen as a way to show the success of their own group. (Bond, 1991). Because of this, luxury goods with popular logos are preferred. (Wang et al., 2011). Logos also cause a "bandwagon" effect, where followers who try to imitate the style and consumptions of a certain group tend to buy similar logos they see displayed. In this case, the logo itself is seen as representing the class of the group that displays it, and the group itself is represented by the logo the members wear. (Trigg, 2001).

The values of face saving and group orientation have been long studied among scholars of sociology studies in East Asia, and are understood to have a great impact in how society functions in those countries. (Lee, 1990; Earley, 1997; Chung and Pysarchik, 2000; Jin and Kang, 2011). Confucian values are found to be a fundamental element to analyze to better understand how the luxury market works across East Asian societies. (Monkhouse et al., 2012)

Other studies have focused on the role of the salesperson in the sector of shopping, specifically in the luxury sector (Kim and Kim, 2014). Cultural values play a significant role in the interactions between the salesperson and the customers, and how these interactions can help shape customer loyalty to a brand.

Another cultural value closely linked to Interdependent societies is that of humility. Douglas and Isherwood (1996) argue that East Asian societies emphasize humility and modesty in consumption not to attract envy and its negative consequences from groups (Monkhouse et al. 2012). Confucian values also stress the importance of humility, although it is accepted in consumption if appropriate to one's social status (Yang, 1963). The value of humility in consumption has however started to disappear from Eastern Asia's societies, as with the advancement of modern capitalism, wealth as an accomplishment has taken over the expression of modesty. This phenomenon, especially in the luxury fashion world, has been noted by various scholars. For example, Ariga, Yasue, and Wen (1997) describe Chinese society to have acquired a "One-Cut- Above-the-Rest Mentality", where consumers are "obsessed with the idea of wanting to make others say 'Wow! That guy's really something!' (Wong and Ahuvia, 1998). Yoon (2003) stated that Koreans too see money as a symbol of success, and therefore value things like global luxury brands as objects used to show off to others. Research in Hong Kong shows that there is a never-ending series of expectations of what possessions an individual needs to have to keep up an appearance that is socially appropriate. In this case, public display of wealth does not alienate someone from the group, but associates the individual to a group where wealth is the norm. Basically, a good member of a certain social group has to fit in by publicly displaying the elements that are more often associated with said group. (Zheng, 1992) A similar set of actions done by an individual from Western society would more commonly be seen as deceptive or strategic.

Gifts are another element of Eastern Asian societies that play a major role in luxury consumption. Unlike in Western societies, gifts are seen as a way to establish and maintain social relationships. (Belk & Coon, 1993). An example of this is the concept of "omiyage" in Japan. An omiyage is a gift Japanese tourists bring home for their families and friends from their travels. Omiyage can be not only for family and friends, but also for teachers, employers, employees, colleagues, boss, and other members of each group an individual can be a part of. (Nitta (1992). Luxury goods are seen as particularly appropriate omiyage gifts (Belk, 1994). They both display the

wealth of the gift-giver, and the importance of the gift-receiver. This is important also because it showcase the presence of Asian luxury buyers outside of Asia, as these luxury gifts are purchased during travels (usually to Europe.). It is in fact recorded, although actual numbers are hard to quantify, that East Asian spending is higher than the share of the East Asian market, as a big number of Asian consumers like to shop in other countries (Reddy and Han, 2017)

2.3 Luxury Fashion Business Practices in the East Asian Market

As Redding (1990) concluded, attempting to explain consumer theories through a Western eye can only be incomplete, due to the lack of consideration of the many different cultural factors that set the Eastern Asian world apart from the Western one. If luxury goods managers limit themselves to just applying the same strategies of Western society to the East Asian one, their business would have a limited, if not any, success. (Zhang and Kim, 2013) The needs of the Eastern Asian market should be met through the analysis of their unique cultural values.

As the previous paragraphs outline all the major body of work on the impact of Eastern Asian values in luxury fashion consumption, there is an obvious gap on how all of this information can be used in a cohesive way to create a comprehensive business strategy for western firms to successfully navigate the market. It would prove insightful to unite all the elements in one coherent strategy that can be easily applied by luxury fashion firms to have a better grasp of the East Asian market.

This is not to say that there have been no studies on business practices in the East Asian market. Among the more relevant for this research, is it important to mention Alden et al.'s (1999) work on brand positioning through advertising in Asia, Kim and Ko's (2011) study on social media

activities of luxury fashion brands in South Korea, the fashion lifestyle and willingness to pay of Chinese consumers observed by Li et al. (2011), factors affecting purchase intent of luxury fashion in China (Zhang et al., 2013), the democratization of luxury fashion in Japan and the entry mode of luxury fashion brands in the Japanese (Fujioka et al., 2018) and Korean markets (Baek and Fujioka, 2018), potential market segments in China (Gao et al., 2009), product category dynamics in Hong Kong (Han and Schmitt, 1997), and various others that I will elaborate on further during the case study analysis.

The following table lists some of the studies analyzed for this research, with the topic they address and the position they would be placed in on the Strategy Diamond framework. As it can be observed, the studies manage to address one or a few of the framework sections, but none address them all.

Author	Topic	Position in framework
Alden et al. (1999)	Brand positioning through advertising in Asia	ARENA
Kim and Ko's (2011)	Social media activities oh luxury fashion brands in South Korea	ARENA
Li et al. (2011)	Willingness to pay of Chinese consumers	DIFFERENTIATORS
Zhang et al. (2013)	Factors affecting purchase intent of luxury fashion in China	DIFFERENTIATORS
Fujioka et al. (2018)	Democratization of luxury fashion in Japan and the entry mode of luxury fashion brands in the Japanese	ARENA, VEHICLES, STAGING
Baek and Fujioka (2018)	Entry mode of luxury fashion brands in South Korea	VEHICLES, STAGING
Gao et al. (2009)	Potential market segments in China	ARENA
Han and Schmitt (1997)	Product category dynamics in Hong Kong	ARENA

Tab.1 Some studies on Luxury Fashion in East Asia and how they place in the Strategy Diamond

Looking at the abovementioned body of works, the gap in literature they create is clear. The topics tackled do add to the conversation on luxury fashion brands in East Asia but, if taken one by one, they give a very fragmented view of several various branches of business practice, as well as

only take into consideration one country (or sometimes even just one city) among the East Asian region. In addition, the number of works about fashion luxury practices in East Asia published so far is very low compared to the same topics analyzed on a Western field. Therefore, this fragmentation and shortage of literature on the topic makes the lack of an exhaustive strategy for the market even more apparent, and the urgency to fill the gap even stronger.

Despite many western luxury brands are currently successfully operating in the East Asian market, their strategies are not shared with the public. As the market is relatively new, this is done to avoid revealing information to competing firms, so that they cannot emulate their work and create even more competition. The limited works that do exist are often commissioned by the firms themselves to carry out applied research for themselves. Therefore, despite offering some important data and information on the market as a whole, there is a certain degree of biasness and cannot be blindly followed by managers of luxury fashion brands (Donze' and Fujioka, 2018). Because of this, the information drawn directly from western brands will be through business moves the brands have publicly made. This is to avoid any sort of biasedness secondhand reports on the brands' strategies might have. The elements taken directly from brand's strategic moves analyzed in this research concern the topics of advertisements, speed of expansion, channels and products categories, and will be better explained in the following sections.

When it comes to interviews from managers of the firms themselves, terms like "strategy" or "business models" seem to be thrown around to attract investors and sell their company's intentions, while keeping their "real" strategy under lock for fear of copycats. Often, these "strategies" mentioned encompass all and nothing at the same time, with catchphrases like "We aim to become the best selling firm in the market" with little to no explanation on how to get to there. (Desilva and Trkman, 2013) While the term "strategy" and all its variants might have gained traction in business communities, there is little focus on actually creating a comprehensive work that channels multiple

elements in a synergic framework that can be applied in practice by existing firms. This is the gap this research is hoping to fill.

III. THEORETICAL FRAMEWORK

To conduct this research, the Strategy Diamond framework will be applied. The Strategy Diamond is a framework developed by Hambrick and Fredrickson in 2005. It was published through the article “Are you sure you have a strategy?”.

Many of the frameworks developed by scholars of business strategy contribute to certain aspects or parts of strategic management, but fail to create an overarching scheme that can work as a standalone piece. The Strategy Diamond sets itself apart as it provides a way to encompass various sectors of business strategy, in a way to create synergy between all the elements, and makes it possible to create a fully comprehensive strategy. The primary function of the Strategy Diamond is to let the reader summarize a business’ strategy in five separate sections. Despite being separate, these sections are all interrelated, and the success of a strategy also depends on the synergies a manager can create among the five elements of the Strategy Diamond, to allow for a smoother and more effective application of the strategy. As so, the this framework does not give the exact method on “how” to create a strategy, but it does give us all the elements needed for strategy building in a way it can be adapted in any industry or market.

The need for such a complete framework was called by Hambrick and Fredrickson during their analysis of the sheer multitude of existing works. According to them, all the existing frameworks were too narrow to be fully applied to one strategy, and only offered us pieces and bits of what a strategy should be. Also, not all of the elements that were “sold” as strategy were actually really part of a strategy, as some of them were just missions and objectives. Those two can drive a strategy, but are not part of it.

“after more than 30 years of hard thinking about strategy, consultants and scholars have provided executives with an abundance of frameworks for analyzing strategic

situations. Any guidance as to what the product of these tools should be, or what actually constitutes a strategy, has been missing.....’’

Therefore, by running a throughout analysis of the existing tools previously developed, they created a framework that provides a simple but effective way to manage all the different parts of a strategy and how they can fit together. In a way, it provides a “checklist” to ensure one considers all components of management when creating a full strategy.

The Strategy Diamond was chosen as a base model for this strategy development research for several reasons; First of all, it is an overarching framework that encompasses all of the various aspects and variables that a comprehensive “strategy” should have. By not considering only single parts of strategic management but including multiple aspects of it, this framework can be used to create a strategy that allows all elements to work in synergy.

Second, by fusing all the pre-existing models into a single, comprehensive one, it creates a framework that is generic enough to be easily applied in every market and region to craft a strategy.

Lastly, despite the model originally being conceptualized for single firms to be used, it can effectively be applied to the whole scope of luxury fashion firms in a foreign market (in this case, the East Asian one) by considering the element of “Differentiators” not to be only how a firm should differentiate itself from other companies, but also how all firms in one specific geographical market should differentiate their products compared to other areas. All the other elements of this strategy design framework can be applied to multiple subject in one market and not necessarily to only one company, making it a perfect framework for this research.

The framework is composed of five elements:

- Arenas
- Vehicles
- Differentiators
- Staging
- Economic Logic

By conducting the proper analysis of each of these five elements, it is possible to build an overarching framework. The elements themselves that compose the Strategy Diamond are not new to business strategy literature, but the way they are put together in the framework is what sets this model apart from others. The following figure, from Hambrick and Frederickson's original article, show some of the questions each section can address.



Fig.3 Strategy Diamond framework.

Source: Hambrick and Fredrickson, 2005

Arenas

The first element of the Strategy Diamond is Arenas. Here, the question to answer is “where should we be active?”. A mistake often found in this stage of strategy design is being too vague and generic when it comes to answering this question. Therefore, it is important to be as specific as possible when describing the possible arenas in which firms operate. This does not only include a geographical arena, but also abstract elements like product categories, market segments, various channels and core technologies.

On this paper, in this section I will touch on the subjects of Product Categories, Channels, Market Segments, Geographical Areas, and Core Technologies. These elements allow to effectively place firms in the market.

Vehicles

In this section, how to enter the arenas the firms want to compete in is the topic analyzed. This stage can be summarized in what entry strategy firms should use to enter a market. Some examples of entry strategies are joint ventures, acquisitions, licensing, partnerships, franchising, or build in-house.

It is possible to have more than one entry strategy, according to the type of market one is trying to enter. Therefore, it is very important to choose carefully how to operate at this stage of the strategy building.

Here I will talk about Licensing, the importance of Department Stores, and Direct Investments, especially in the context of Flagship Stores. As Luxury Fashion possesses many unique characteristics that sets it apart from any other sector, this section helps locate the most appropriate way to introduce a brand to the East Asian market.

Differentiators

As the name suggests, this category deals with how you will set yourself apart from competition, what will enable the firm to win in the market. Some commonly found differentiators are price, quality, customization, reliability, durability, speed to market, speed of product update, and customer service. Differentiation should usually be the core of a strategy, as it is the element that requires the most planning in advance and budget to back up.

As previously mentioned, in this part I will use the elements of the framework to not only differentiate the firms among each other, but also analyze what a firm should do differently in the East Asian Market compared to the Western Market. The areas I will discuss are Price, Quality, Customization, and Customer Service. This part of the strategy allows the firms to understand what to do to win in this specific market.

Staging

This is the part that determines the order of the moves to achieve the three elements previously discussed. It is not possible to advance with all stages of a strategy at the same time due to budget and time constricts, therefore in this part one should decide what part to expand first and what should follow later.

In this research, in the staging section I will analyze moves previously done by other firms, and through that I will infer the best possible order of moves a firm can do to perform in the East Asian Market. Despite covering the “life” of a firm from the start, this section covers the following steps needed too, making it very important to understand the whole process of performing effectively in the market.

Economic Logic

The final part of the Strategy Diamond is the economic logic. Here is what all the previous steps, combined together, should result in the ultimate aim of every firm, which is profit. In this last part how your firm will make profit, whether it is through economies of scale and low cost, uniqueness and quality paired with high costs, etc. are determined. This is where all the previous parts should come together and work in synergy to achieve success for the firm.

As Luxury Fashion as a sector is already defined by features such as scarcity and high prices, the Economic Logic will not be different between the Western market and the East Asian one. Nonetheless, this section of the strategy helps confirm how all the parts previously analyzed can come together to form an overarching and effective strategy.

To better understand the effectiveness of the Strategy Diamond framework as a strategy building tool, the authors of the original article apply their framework to the Swedish furniture company IKEA, to show each section of their diamond with a familiar business. The IKEA strategy is so synthesized as such:

Arena: relatively inexpensive home furnishing, young white collar customers, worldwide arena, making their own designs but manufacturing is supplied by other firms;

Vehicles: organic expansion through fully owned retail stores;

Differentiators: low priced but reliable quality products, customers offered fun, stress-free experience in stores, extensive inventory at each retail location to ensure immediate fulfillment;

Staging: rapid international expansion, one region at a time. Opening one store in each market, follow with aggressive advertising, then open more stores;

Economic Logic: scale economies, efficiency of replication, standardization.

This strategy is retrospective, looking back at what IKEA is doing at the moment. But it can be used by the firm to identify which elements of their strategy to change if the situation of a market changes and they are forced to adapt to new conditions. Similarly, the strategy that this research will build will be retrospective, drawing its information from previous literature, market research and past moves by brands, but the end result will be defined enough that it will be easy to update if needed if market conditions in East Asia change, by tackling one section of the strategy at the time.

IV. METHODOLOGY

This study will examine both theory (from past studies and literature) and practical examples (from business moves and evolution of existing western firms performing in East Asia) and try to draw implications on possible practice to build a complete business strategy for western luxury fashion brands seeking to perform in the East Asian market.

With a case study approach, it will collect data and information from all forms of existing literature, such as journals, case studies, published research on the specific topics tackled in this paper, news, annual reports and various publications by companies, interviews from both managers and customers, and previous publicly made moves by western luxury fashion brands in East Asia. Information on these moves will be collected from the brands' websites and other online publications about luxury fashion.

All the brands mentioned or used as examples in this research are brands that are considered part of the "luxury" fashion world (based on Vigneron and Johnson's (2004) framework on luxury products), and that have made significant steps into the East Asian market, both successfully and unsuccessfully. The "unsuccessful" brands will be used as examples of strategies not to use in the East Asian market. This is to ensure that, by analyzing their performance, both successful and unsuccessful, it can be possible to infer significant knowledge for this study. As previously mentioned, strategies by western luxury fashion brands are kept secret to avoid competition from other brands. Therefore, the brands used in this research were selected based on the availability of information. The brands mentioned on this paper are Gucci, Louis Vuitton, Dolce&Gabbana, Tod's, Balenciaga, Burberry, Chanel, Cartier, and Tiffany.

All the information collected from the aforementioned sources will then be analyzed in a synergic way through the lenses of the Strategy Diamond model developed by Hambrick and Fredrickson (2005). After compiling all the data accordingly, the information pertaining each element

of the Strategy Diamond will be interpreted to make significant contribution to the existing literature, and create a comprehensive model that can be applied by existing luxury fashion brands to either improve their performance or to venture successfully into the East Asian market. At the end of this research, the result will be a useful “checklist” to be used by both scholars and managers to better understand and perform in the market.

V. CASE STUDY: AN APPLICATION OF STRATEGY DIAMOND FRAMEWORK

In this part, each section of the Strategy Diamond framework will be considered separately to better understand and analyze the blocks needed to build the strategy. In the case of sections where multiple sub-topics were needed to be addressed, further divisions will be made. Each part will first lay down the literature I identified to be pertaining to that specific section of the framework, and then will have an analysis part where meaningful implications will be drawn from the application of the framework along with the data drawn from the literature review. In these parts the strategy building will start piece by piece, and it will be later summarized into a complete framework figure just like the original authors did in their article.

5.1 ARENA

The Arena section of this strategy building research is particularly important for the overall result and creation of the new strategy for western luxury fashion brands in East Asia. As the purpose of this strategy is to “move” the market from the Western countries to East Asia, relocating all elements of a firm into their appropriate and effective niches is fundamental for the successful performance of the company.

5.1.1 Product categories

The best way to draw information on product categories practices, is to look at what western luxury fashion brands active in the East Asian market are currently selling, and how the phenomenon known as the “democratization” of fashion changed the market starting from Japan.

The “democratization” of fashion, in particular that of luxury fashion, is a strategy applied by luxury fashion brands starting from the 80s, and with a focus on Japan, to overcome the issue of “forced scarcity” of the luxury fashion market, where the market size cannot expand over a certain

amount due to the luxury products being “rare” and “scarce” by nature and definition. (Fujioka et al., 2018)

This strategy consisted of two main moves:

- Expanding the existing product categories by including smaller, cheaper and therefore more accessible items such as eyewear, perfumes and other small accessories
- Creating separate lines of products under “sub-labels” of the luxury brands, carrying the same product categories of the main line but with more accessible prices (also known as “accessible superpremium” or “mass prestige brands”).

This strategy proved to be a key point of the expansion of the luxury fashion market worldwide, and it is important to this research as the country where firms first performed this top-down strategy was Japan. Japanese consumers were particularly receptive to these smaller, accessible but somehow still, “premium” products, and the strategy’s success in Japan shaped the firms’ strategy in the rest of the world too.

As mentioned in a previous section though, despite the unquestioned success of this strategy in the past, its effectiveness during our present days is debatable. To see how firms adapted their product categories from the “democratization era”, the performance of the brand Burberry through the years can be used.

In 2002, the English brand Burberry decided to completely rebuild their strategy to improve the firm’s performance. (Burberry IPO Prospectus, 2002) Before that, they were selling under several “sub-labels” of its brand, each dealing with a different category “branch” of fashion, from dailywear to luxury. Some of them were more accessible price-wise and aimed to expand their customer base, while others targeted a more premium category of clothing.

The so called Burberry Prorsum line was created specifically to have a premium, high fashion collection that would allow Burberry to compete with others luxury brands. This line also repositioned the firm's image in the market, because it better reflected the luxury image that Burberry wanted to convey. This Prorsum line offered several categories of products, all in the "fashion" sphere and all made "luxury". These include not only men's and women's apparel but also children's. Accessory-wise, Burberry Prorsum ranged from "soft" accessories like scarves, shawls and ties, to "hard" accessories like handbags, small leather goods, shoes, luggage, umbrellas, eyewear and watches (Moore and Birtwistle, 2004). Throughout the years, Burberry worked to dismantle this sub-labels strategy. In 2015, they unified all the remaining sub-labels under the name of "Burberry", with an image closer to the original Prorsum one. The product categories of this new, unified label were the same as the old luxury label Prorsum, showing that it is important for luxury fashion brands to keep their range of products open and not limit themselves to apparel only. (Burberryplc.com)

Another feature of the Burberry brand, that can be found in several other luxury brand as well, is the presence of a "timeless" product, something that the brand is known for and that is never completely discontinued regardless of trends and seasons. In Burberry's case, this product is the trench-coat.

As for products categories that specifically target one segment of customers from a certain culture, there have not been any outstanding examples when it comes to Eastern Asian culture. Western luxury brands do know that



Fig.4 Dolce&Gabbana ayaba collection from 2018

Source: Dolce&Gabbana

this product category is worth being explored, as there have been several examples of it in recent years. Brands like Gucci and Prada have expanded their scarves collections to include pieces that can be used by Muslim women as hijab¹, and Dolce&Gabbana has released a collection of ayaba² dresses. (Fig.5) (Vogue.com) These products are sold almost exclusively in their Middle-Eastern retail stores, making them clear product categories that target that specific market area.



Fig 5. Gucci shoes with foldable heel

Source Gucci.com

The brand Gucci has released an alternative version of several of their most recognizable shoes, with the heel part made in a way that allows it to be folded down, thus transforming the shoes into a slip-on model (Fig.6) (Gucci.com). As East Asian customs say to take off one's shoes as soon as you enter a house, this might be considered a product targeted to East

Asian's unique values.

- Analysis

Through what learned thanks to the process of democratization of fashion, it is possible to conclude that, to better target East Asian customers, it would be better to focus on product categories that allow a more easy and “public” consumption. This means, keeping the options open on expanding a brand's portfolio with smaller, easier to purchase items, and also include products that can be easily “shown off” like tshirts with recognizable logos or patterns, small product categories like sunglasses,

¹ Religious veil worn by Muslim women in the presence of any male outside of their immediate family, which usually covers the hair, head and chest. (Wikipedia.com)

² Simple, loose over-garment, essentially a robe-like dress, worn by some women in parts of the Muslim world. (Wikipedia.com)

and wallets, and not products that are mostly hidden like underwear. This is a conclusion made possible by the conspicuous consumption patterns observed on East Asian consumers, that was previously explained in the literature review section of the paper.



Fig.6 Gucci x Balenciaga collaboration line from 2021

Source: highsnobiety.com

Also, by focusing on product categories that are consumed in public and feature big logos, the firms also gains in promotion value, as the more their logo is seen the more customers become aware of their products. An example of firms employing this strategy can be seen in the recent Gucci x Balenciaga collaboration collection (Fig. 4), where several of the pieces released feature both brands' logos in big dimensions and repeated on the entire fabric.

On the topic of brands' signature items, it is important to have a product like this in a brand's portfolio in order to give a sense of continuity to customers in every market regarding the brand's image.

As East Asian consumers do not limit their purchases in the geographical region of East Asia, but often travel abroad and buy luxuries there, it would be recommendable to carry these product optimized for the East Asian market not only in the East Asian region's shops, but to spread them to every location to allow travelers to find products more akin to their preferences in every location.

On products specifically targeted for East Asian consumers based on their cultural fashion, it would be hard to target the consumers with products categories made for them like it can be done in the Middle East. This is because there is no common traditional dress worn by the consumers in East Asia, and even the single dresses characteristic of each country are not worn on a daily basis in the same way as the Middle Easterns do.

When it comes to the example of the fold-down Gucci, the design appears to be done to target Asian consumers, as people in Asia often fold down the heel part of the shoes to allow a quicker and easier usage, due to the culture of taking off the shoes when entering houses or other places. However, it is not possible to confirm that the true intention of this product category was specifically to target Asian consumers though, as the shoes were sold all over the world. It is also not known if the products were successful, as there is no data on their performance in the market, either the Eastern Asian one or the worldwide one. Therefore, I cannot include this part on the final strategy.

5.1.2 Channels

Traditional channels might have been the standards to during the rise of luxury fashion brands in the west, as the internet was not yet developed. However, as the years passed, digital channels became increasingly important as a way to expand the market. Eastern Asian countries, and luxury fashion consumers from said countries, are highly modernized and tech savvy. Therefore, it is very important for a brand to position itself in the East Asian market by using these new digital channels that the internet has created.

As of now, social media is the most powerful tool brands can use to facilitate their brand positioning. The main platforms used are Instagram, Twitter, Youtube, and Facebook. When it comes to the East Asian Market though, there are other specific platforms

In 2018, Italian brand Dolce & Gabbana launched three videos on their Chinese social media accounts to promote their upcoming runway in Shanghai. The video showed a Chinese model attempting to eat Italian food with chopsticks. The spots were deemed to be very offensive by Chinese consumers, as they depicted many stereotypical Chinese symbols and images like lanterns, “Asian” music and the color red, and they were quickly deleted from all social media. The backlash for this campaign was so big that the Shanghai runway was cancelled shortly after. This was not an isolated incident, as in 2017 the same brand was again accused of racism due to their #DGLovesChina campaign, where the city of Beijing was shown to be poor and underdeveloped, and the only “modern” people were the models wearing Dolce & Gabbana clothes. (Stevenson, 2020)

A study recently found that, despite the image of foreign brands being positive in East Asia, East Asian consumers still have high levels of ethnocentrism (Park et al., 2008). This was the case with Dolce&Gabbana, as after all the controversies in China, consumers started a huge boycott of the brand. The brand reported a decrease in sales of 98% on the same year, and is still struggling to regain footing in the market.

A channel that indirectly connects with local culture without potentially offending foreign markets, is that of sponsorship of celebrities and other public figures. As celebrities are social symbols that can represent values and ideas of a particular culture (Hung et al., 2011). A study on Chinese consumers found that they care about what celebrities wear, and they imitate the styles and brands worn by celebrities to gain self confidence and self esteem, through other’s appreciation. They want to be associated to the same social group of celebrities, and by following their styles they can do so (Zhang and Kim, 2013).

As for more traditional channels, mainly distribution ones, department stores have historically been a very important feature of luxury fashion brands in East Asia. I will dwell more on the topic in the following sections.

A distribution channel that is unique to East Asia and that is worthy of analysis, is that of home shopping through television (Kim et al., 2010). Especially in South Korea, this channel has proved to be a popular medium between firms and consumers, as it allows to deliver detailed product information to customers and prices that are lower than average. Sales through television home shopping have consistently grown since 2002, and still now is a popular channel used despite the rise of more modern and technological methods. However, when it comes to luxury fashion brands, the results have been less impressive.

- Analysis

Even though there are several platforms available for brands to use, these channels should be used in a consistent across markets so that the brand's image remains consistent. The main differentiator between the way channels should be used is language, as using English only might alienate the customers that do not speak the language. If these channels are not used consistently across markets, some consumers might feel like some of the products and service they receive in their own country is not as good as the ones other countries get, which might discourage them from purchasing from the brand.

It is possible to find an example of this in the brand Burberry. The English brand was one of the firsts to develop country-specific Twitter accounts in Brazil, Mexico, Japan, Turkey and Korea. This allowed them to reach their audience in these countries more efficiently.

When a brand does attempt to reach a specific audience from a different culture through digital channels, it is very important for the brand to consider the unique characteristics of said culture to avoid offending the consumers due to cultural insensitivity. This is what happened to the brand Dolce&Gabbana after their failed promotion. It can be so concluded that foreign luxury brands should always be aware of the potential backlash they could receive if they offend consumers in East

Asia, and when it does happen the image of the brand in the market might be irreversibly damaged. Therefore, investing in proper resources to develop educated campaigns is strongly necessary.

In alternative, instead of trying to reach the East Asian market through their own culture, I suggest brands to focus their use of digital channels to show a Foreign Consumer Culture Positioning (FCCP), instead of a Local Consumer Culture Positioning (LCCP). These two positioning strategies' differences is that, in the LCCP, the brand "is associated with local cultural meanings, reflects the local culture's norms and identities, is portrayed as consumed by local people" in the national culture, and/or is depicted as locally produced for local people of the country they target, where FCCP "positions the brand as symbolic of a specific foreign consumer culture; that is, a brand whose personality, use occasion, and/or user group are associated with a foreign culture." (Dana et al., 1999). As foreign luxury fashion brands are already perceived to be superior and of high quality due to their long historical European heritage, brands should take advantage of this identity they have and try to position themselves as foreign European brands, instead of trying to relate to the local culture and potentially cause controversies due to cultural insensitivity. Brands can do that by using symbols and images from their own culture, and using words from their own languages like French or Italian.

On the topic promotion through celebrities endorsements, they become a perfect channel for luxury fashion brands to position their image in a foreign country without even attempting any other marketing strategy. By having local celebrities wear your clothes, or employing them for their normal promotional campaigns, a brand can save the resources that would have otherwise gone to a completely new campaign that aims for the East Asian market.

An example of how luxury fashion brands can combine both FCCP and local celebrities in their advertising channels can be found in the campaign launched by Italian brand Tod's. Tod's hired popular Korean celebrity Krystal Jung as their official Asian brand ambassador, and used her as a model for various photoshoots in Italy (Fig. 7). Not only that, they also invited her to the company's headquarters in the Marche region, where she was introduced to all the various steps to produce Tod's

leather products, and she would promote her trip to Italy and to Tod's headquarter through her social media channels.



Fig. 7 South Korean celebrity Krystal Jung wearing Tod's products in Venice, Italy.

Source: Tod's

On the topic of traditional distribution channels, it can be said that diversifying the channels of distribution too much could damage the brand's image. As scarcity and rarity of a product is an important factor to express social status and value, seeing the same product available through too many channels might cheapen the image consumers have of the brand and discourage them from purchasing products from that brand. Therefore it is important for a brand to limit themselves to the channels that better reach the market segment they intend to target, and not diversify too much. Even online shopping might be perceived as "cheap" for luxury fashion brands, which is why French brand Chanel has been able to successfully operate without offering an online sales channel from their official website. (See later section).

On the unique channel of TV home shopping, thanks to the previous literature on how luxury fashion is perceived in the market, we can understand why it is not a recommended channel for this specific sector. As TV home shopping mostly deals with "normal" every day items, the image of

luxury fashion becomes cheaper in the eyes of consumers when associated with such products. Moreover, consumers do not feel encouraged to purchase luxury fashion products through television home shopping as they are afraid of receiving counterfeit products, and the inventory usually carried consist of out-of-season products, limited sizes, and lower quality products.

5.1.3 Market segments

Market segment is, according to Kellor et al. (2001), the name given to the “organization and management of groups of consumers from which an actionable marketing strategy can be developed”. Therefore, it is important to discuss market segments in the “Arena” stage of the Strategy Diamond model as it helps firms target the right group of consumers.

The most obvious market segment one could think to target for any luxury product is based on income, as luxury products are known to be expensive. Luxury market segmentation though is not as immediate as it might seem, and income alone is far from being enough to profile a good market segment to select. Hague (1996) described luxury market segmentation as particularly challenging, as it is not determined solely by income or other demographic characteristics. Yankelovich and Meer (2006) discussed the need of a non-demographic segmentation that includes features like values, tastes and preferences.

Many scholars have tried to effectively locate market segments for the luxury fashion industry in East Asia. The five perceived dimensions of luxury developed by Vigneron and Johnson (2004) can give us a good framework to find which market segment responds better to which dimension.

Weidmann, Hennigs and Siebels (2009) concluded in their study that “From a market segmentation point of view, clustering groups according to their primary perceived luxury brand

values may indicate distinct market segments to which different sets of luxury products appeal or for which advertising strategies could be implemented”

Other methods could take into consideration psychographic characteristics that are reflected through the lifestyle of a person. Through analyzing the lifestyle of a certain group of people, it is possible to understand their motives, feelings and beliefs as consumers. The AIO method (activities, interests, and opinions) has gained popularity for psychographic segmentation in recent years. (Anderson and Golden, 1984). As the luxury fashion market is experiencing rapid changes due to technology and globalization though, it is understood that there is no “definite way” to pick out the most effective way to detect the best market segment for brands. In reality, luxury brands marketers have developed various creative ways to segment their market (Evans et al., 2006), and these methods are not revealed to the public to avoid competition.

On a study conducted by Gao et al. (2009), five different clusters of consumers were individuated through psychographic criteria. These were named: Achievers, Conservatives, Experiencers, Followers and Idealists.

Experiencers were the segment that showed the highest fashion-consciousness, and who spent the most in fashion items compared to their income. A high percent of consumers in this cluster is also a luxury fashion buyer. They are characterized by a relatively young age and low income which, paired with their recorded spending habits in luxury fashion, suggests that they are a market seeking prestige and status associated with luxury fashion items.

Achievers and Idealists were also found to be two strong market segments brands could target. The first group was found to have high clothes expenditure and brand awareness, despite having low fashion consciousness. They also have the highest incomes and education among all groups. They were found to use conspicuous shopping to showcase their status, achievements and affluence.

Idealists were also found to be active purchasers of luxury fashion brands, although their motivation for buying luxury seems to be dictated by hedonistic values more than conspicuous ones. They are the least conscious of well-known fashion brands, and prioritize self-satisfaction and personal taste over showcasing or raising one's social status.

More generally speaking, another effective market segment to target was found to be the Young Adults one. Other studies have located market segments through other methods (Dubois & Laurent, 1998; Chadha & Husband, 2006), but the consensus is that, in East Asia, the members of younger generations often engage in occasional luxury purchases to signal status and seek higher lifestyle experiences.

- Analysis

As culture can greatly influence how dimensions of luxury are perceived, using the base framework developed by Vigneron and Johnson (2004) to identify possible market segments seems to be the most effective method for this research. Alternatively, Gao et al.'s (2009) market segmentation of luxury fashion is an effective options brands that do not want to, or cannot, invest in research to identify their own market segmentation can use.

Analyzing the market segmentation mentioned above, Experiencers are the main target a firm should aim to. These young consumers are what would be considered "bandwagon consumers", as they use their luxury items to signal group membership and to imitate people they perceive to be higher status than them. Luxury fashion brands could take advantage of these characteristics of this market segment, as they are willing to spend money on luxury fashion, and market their brands towards their needs and wants. Achievers are basically the group that Experiencers want to imitate and be associated to, hence by targeting Achievers a firm would indirectly attract the attention of Experiencers too. Targeting the relatively high-income consumers to consequently attract "followers"

who seek social status was said to be a potentially good strategy by the study by Zhang and Kim (2013).

Both these two market segments could be targeted by advertising products through their prestige and symbolic value rather than design or functionality. By suggesting that displaying a firm's products would signal their high achievements and status, Achievers could be persuaded into buying the brand. The history and heritage of a brand could also be highlighted, to increase Achievers' fashion consciousness and attract them to a particular brand. This kind of advertisement might increase the "aura" of the goods and make Achievers to buy them.

On the other hand, to attract the market segment of Idealists, a firm should highlight functional characteristics, quality and design. Despite the Idealists segment being seemingly willing to purchase luxury fashion goods, due to their motivation behind luxury fashion consumption being different from that of the majority of consumers, it might be wise to focus on the other market segments.

More generally, instead of targeting a small segment of big spenders, firms could market themselves towards a much bigger, younger crowd that spends occasionally on luxury fashion. These younger consumers were found to favorite visible, small product categories like sunglasses, wallets, or cosmetic products, which are coherent choices with the ones found to be ideal for the market through the "Product Categories" section of this research.

5.1.4 Geographical Areas

As this research focuses on the East Asian market, the obvious answer to which geographic areas to target is "East Asian countries". But the real question to answer is what part of the countries should a luxury fashion firm target?

Several studies have found that the biggest cities of these countries are the ones that see the highest number of luxury fashion consumers (Monkhouse et al., 2012).

Other major cities like Beijing and Tokyo are the most dynamic and openminded of their respective regions and are therefore more receptive of luxury fashion.

- Analysis

As the biggest cities are the ones with the highest number of luxury fashion consumers, we can conclude that big urbanized areas are where brands should focus their physical distribution and advertisement. For example, the biggest luxury shopping districts of South Korea are located around the Seoul area, and customers living there tend to have high purchasing power for luxury fashion goods compared to people in different areas, and are more conscious of luxury fashion brands. Therefore, brands operating in South Korea should focus their efforts in that area.

Moreover, their high demographic concentration also allows for a bigger market. These big cities also have a high concentration in the consumption of western luxury fashion brands (Monkhouse et al., 2012), proving that it is the correct area firms should look at.

More specifically, each of these major cities have what is known as a “luxury fashion district”, where luxury fashion brands operate their flagship stores. The importance of flagship stores in luxury fashion will be discussed in the “Vehicles” part of the Strategy Diamond.

5.1.5 Core technologies

The core technologies of western luxury fashion brands should not change to adapt themselves to the Eastern Asian market, as these very core technologies that firms use to operate in the western market are what “made” these brands to begin with, are in part what attract East Asian consumers to the brands, and show why they are perceived to be superior. Therefore, in this part I will focus on more “modern” technologies which could be more easily adapted to a foreign market, in this case the East Asian one.

As we are living in a digital world now, it is almost a requirement for firms of any industry to have some core competencies online.

This proved to be a challenge for luxury fashion brands, as they had to find a way to differentiate themselves from non-luxury brands while using the same online spaces and technologies. The internet is open, free and for everyone, which are not compatible characteristics with luxury. It is very important not to “mud” a luxury fashion brand’s image with other brands perceived to be of lower status, as this, as mentioned in the previous sections, would discourage East Asian consumers to purchase them to project their status. (Mosca and Casalegno, 2016)

Traditional and physical stores will always play a fundamental role in the luxury fashion industry, but in the current digital era this role has to be augmented by online platforms and effective strategies. Ignoring this core technology would put a firm in a strong disadvantage compared to its competition. This however does not mean just simply opening online shops for consumers to use, but also developing new and innovative ways to interact with its clients.

Luxury fashion powerhouse Chanel has a unique approach to its web presence. Unlike other brands, Chanel does not offer online shopping on its main website. Their catalog is available online to be seen by users, but its existence is only so that customers can later go to a retail store and make the purchase in person. Chanel as a brand believes that you cannot buy a piece of clothing unless you try it on, and through their online platform they convey the story and ethics of their brand, showcasing its value and exclusivity. (Mosca and Casalegno, 2016)

Another powerful tool found to enhance the success of digital spaces for luxury fashion brand is user-generated content (Mosca and Casalegno, 2016). Nowadays, platforms like Instagram, Youtube, and Tik Tok are at the forefront of user generated contents. Users can use an array of hashtags and algorithms to make their content reach an incredibly big audience. (Mosca and

Casalegno, 2016). Here I will show how two western luxury brands used their online spaces to encourage user-generated contents to expand awareness of their brands and gain advantage.

Cartier

The very first luxury brand to use a social media to expand their image and reach a broader audience was Cartier in 2008. They created a MySpace³ profile to promote their “Love” line, by engaging with users of the platform. Users could interact with the account and create their own content. From them other brands followed their lead and created similar customized platforms with high degrees of success.

Tiffany

Luxury accessories brand Tiffany reported a significant increase in sales after developing the microsite “What Makes Love True”, and the mobile application “Engagement Ring Finder”. These two platforms were highly engaging for users and managed to create an environment where people could share their experience through the lenses of the brand, and create content at the same time. The microsite specifically offered a section where users could share their love stories, encouraging others to become part of this “world” of love through Tiffany.

A study by Yu et al. (2017) compared the effectiveness of “personalization” as a market strategy among consumers from one Western country and one East Asian one.

In this study, it was found that western users responded better to more “personalized” approach to internet marketing, where to convey the message of the brand, information like the user’s name and a more personal approach was used. Western customers’ purchase intentions are more often motivated by personal preference, thus making this approach more effective for them.

On the other hand, the Eastern Asian users were more receptive of the “standardized” approach.

³ Myspace is an American social networking service. From 2005 to 2008, it was the largest social networking site in the world. (Wikipedia.com)

- Analysis

As mentioned, there is no need for western luxury fashion brands to change their core technologies to adapt themselves to the Eastern Asian market. If they did so, they would renounce many of the features (heritage, image, prestigiousness) that make East Asian consumers attracted to them to begin with, as these elements were all found to be linked to conspicuous consumption in the literature review of this research.

Looking at newer elements that could be considered “modern” core technologies, the French brand Chanel shows us how by developing their website in a way that integrates their online and offline presence, they maintained their core brand image without sacrificing a powerful core technology. This strategy could be emulated by other brands to emphasize their prestigious value and exclusivity, which would then attract East Asian consumers. By making it harder to obtain Chanel products, the symbolic value of a product from the brand will increase. This will make them more appealing to East Asian customers, who will want to showcase their status by wearing a famous luxury fashion product that cannot be obtained with just one click.

On user created content, as featuring luxury fashion products generates twice the likes and comments of nonluxury fashion products on social media (Mosca and Casalegno, 2016), we can infer that the users making the content benefits from the attention just as much as the brand that they wear. As luxury fashion products are often bought to signal someone’s affluence and status to society, users get attention for wearing the luxury brands and the brands get attention by their products being seen by a big audience. This mutually beneficial relationship can be exploited by firms by giving users platforms to interact among themselves.

With these interactive platforms, firms can create ways to interact with its customer base. At the same time, brands should keep in mind that it is important be educated and culturally sensitive about the market they are targeting, especially one as ethnocentric as the East Asian one. If all precautions are taken though, this core technology is a powerful tool for brands to use.

About “personalization” as a market strategy, the findings of the research would confirm that Eastern Asian consumers’ purchase intentions are moved by showcasing their belonging to a group, and a more personalized message would make them feel more alienated from said group. This again shows the potential of the Strategy Diamond framework as a synergic tool for strategy building.

5.2 VEHICLES

In this section I will talk about the most ideal entry strategy for luxury fashion brands in the East Asian market. As the original Strategy Diamond suggests, a firm can use more than one entry strategy at the same time. Because of this, I will discuss both licensing and direct investments, as they can both have their importance in the history of entry strategies in East Asia.

5.2.1 Licensing / Department stores

It is impossible to talk about luxury fashion brands in East Asia without talking about the importance of licensing as entry mode in the market. As mentioned previously, the phenomenon of the “democratization” of fashion first started due to the strategies employed by luxury fashion brands in Japan, and later expanded to the rest of the market worldwide.

This expansion of the products range of firms was actually not a strategy firms used willingly. As entering the Japanese market in any other way was hard, due to firms not being able to open

Japanese bank accounts and general import barriers being in place, licensing the right to use their brands' images was the easiest and most convenient way firms could start their expansion in Japan.

These Japanese companies started producing licensed clothing and accessories bearing the western luxury brand logo, and distributing it through department stores. Instead of importing products from the original brands' manufacturing, Japanese department stores started carrying only licensed products (Fujioka et al., 2018). This was a win-win situation for everyone involved: Japanese firms could create and sell products in high demand by paying a licensing fee to the original western firm; department stores increased sales thanks to the licensed clothes and accessories, and the position in the market of department stores improved as they were now known as sellers of western luxury branded products; and western luxury brands managed to get an easy profit by just licensing their image. As licensing deals provided "easy money" to western brands, they initially were enthusiastic about this deal.

However, this entry mode for western brands was hardly sustainable, and things changed in the following years. Japanese consumers started becoming more and more aware about the difference between the Japanese licensed products and the original western ones, and they were no more satisfied with what was available in Japanese department stores. (Fujioka et al., 2018)

Due to these new development in consumers brand awareness, Japanese manufacturers ended their licensing agreements with western luxury fashion brands. Department stores no longer carried licensed products, however they still remained important players in the luxury fashion market of the country: this time as distributors, retailers and providers of shopping spaces.

Non-tariff barriers remained in place until the late 90s, therefore western luxury brands had to find alternative ways to distribute their products in Japan. As these barriers made it hard for foreign companies to open Japanese bank account, brands had to rely on Japanese wholesalers and trading companies to coordinate their transactions in the Japanese market. In this scenario, department stores

were still used by brands to sell their products, as they offered sale spaces and were happy to remodel their areas at very little cost. By doing this, Western brands did not have to spend too much on retail spaces on top of the trading companies fees. (Fujioka et al., 2018)

Around the same years, ahead of the 1988 Olympics, western luxury fashion brands started to export their products to South Korea. Unlike Japan though, in South Korea the preferred sale space was that of duty free shops. Lotte Duty Free managed to convince western brands that their sale spaces were not like souvenir shops and were more similar to Japanese department stores, thus it would not damage the brands' image. Through duty free stores, western fashion brands managed to tap into the market of tourists travelling to South Korea and bringing gifts home. (Baek and Fujioka, 2018)

As sales in Korean duty free stores increased, more and more brands decided to distribute their products in these spaces. Distribution through Korean department stores shortly followed, as brands realized the potential of the Korean domestic market. In South Korea, department stores dedicated a specific area or floor for luxury fashion products so not to mix their image with non-luxury ones. (Baek and Fujioka, 2018) This “separate” format of retail in department store still exists to this day.

As the luxury market in East Asia expands, the negotiating power of western luxury brands against department stores keeps increasing. To carry more powerful western brands, gain priority in sales and offer limited-edition deals, department stores are willing to offer lower and lower fees, and absorb whatever cost of opening western brands might have to spend to enter the department store's sales space. (Lee et al. 2010)

In 2002, Burberry published an IPO prospectus where they identify the challenges they faced starting from 1997. Among these, was the poorly controlled licensing agreements, that lead the brand to having inconsistencies in prices, products quality and overall image in several markets. To overcome this, Burberry started to reduce their reliance upon licensing for product design and

manufacturing in several markets. They started with the Japanese one, and followed with Hong Kong, Singapore, and South Korea the next years (Moore and Birtwistle, 2004). As licensing agreements were rooted particularly deep in the Japanese market, buying them back was a harder challenge compared to other markets. Particularly, the licenses sold to Japan manufactures allowed them to create two separate sub-labels of cheaper Burberry products only present in the Japanese market: Burberry Blue Label and Burberry Black Label. These two sub-labels created a brand-disconnect between Burberry in Japan and Burberry in the rest of the world. As the reliance of Burberry on licensing in Japan was rooted so deep, it took until 2015 for Burberry to sever all connections to Japanese licensors. The license agreement was meant to last until 2020, but the brand brought back the license to avoid further disconnect and damage to the brand image. (Fasol, 2015)

By severing the licensing agreements, Burberry has to give up between 300 and 500 Burberry branded store that were managed by their licensing partners. To counterbalance this loss, Burberry decided then to invest in retail spaces, both directly (Burberry branded retail stores) and indirectly (department stores). Moreover, the highlight of Burberry's direct investment came in the form of its flagship store in Tokyo Omotesando. (Moore and Birtwistle, 2004)

- Analysis

The history of the Japanese and South Korean luxury fashion market highlights a player that is not present in the Western market, and that is an important feature to consider in entry strategy in the East Asian market: department stores. In the Western market, brands prefer owning their own retail spaces, and distribution through department stores is limited. Despite being a strategy that was almost forced on western brands due to the various barriers of the market, department stores are still a relevant distributors of luxury brands in East Asia.

As the condition of the market regarding barriers has now changed, firms have now a broader variety of entry mode available. The bigger the western brand, the easier it is for them to open local

subsidiaries and have more control on the distribution of their products. However not all brands can afford to do that, and distribution through department stores (whether directly or through trading agents) is still a very practical and cost-effective entry strategy.

On the other hand, licensing is now considered an obsolete entry mode for luxury fashion brands, and its use could actually damage a brand's image in East Asia. This was the case for the English brand Burberry. To transform their licensing deals into direct distribution in several East Asian markets, they had to give up a considerable number of stores managed by licensing partners. Yet they were willing to take this loss in exchange for their licensing rights back, and this shows how important it is for a brand nowadays to have complete control over their direction and how the licensing entry mode cannot be replicated by brands in the present days. Moreover, licensing creates a disconnect, an inconsistent image of a brand in different markets, and this was already found to be damaging for a brand's reputation in the previous sections.

5.2.2 Direct investment – flagship stores

In recent years, a new school of thoughts on entry mode strategies for luxury fashion brands has been explored. This entry strategy is that of flagship stores. There are many differences between normal mono-brand luxury retail stores and a brand's flagship store. Both of them distribute products manufactured exclusively by one brand, bearing the brand's logo, but that's about where the similarities end.

A definition of flagship store was given by Kozinets et al. (2002), who identified its three main characteristics, as follow:

- They carry only a single brand of product
- They are company owned

- They operate with the intention of building brand image rather than solely to generate profit for the company

The loss-making nature of many flagship stores commented by Fernie et al. (1998) is what makes their existence such an interesting and unlikely case for entry mode strategies. They stated that “flagship stores are maintained to act as publicity vehicles for the ranges and are not required to show a typical return on investment”.

Moore et al.’s (2000) placed the opening of a flagship store at the center of the process of entering a new market. Despite brands first entering the market through other entry modes, it is the opening of a flagship store that truly marks their advancement in central markets.

Flagship stores differ from normal retail stores for their location, scale and design, set-up and operating costs. Their function is also different, as they not only provide a space for product distribution but also promote the brand and helps with its network.



Fig. 8 Louis Vuitton recently re-designed Flagship store in Ginza, Tokyo

Source: Highsnobiety.com

The location is especially important in the distinction of flagship stores, as they are placed in the most premium shopping districts of major key cities (like Tokyo, Seoul and Beijing for the East Asian market). Their location leads to property costs described as “exorbitant”, “financially demanding” and “cripplingly high” (Moore et al., 2010). Despite these costs, a flagship store cannot be placed anywhere else. This is because its location is directly linked to the prestige of a brand, it reflect its

the status and reputation, and enhances its worth. Louis Vuitton's Tokyo Flagship store (Fig. 8) has occupied a multi-floor building in the luxurious Ginza district since 1981, and has been completely revamped in its design as recently as March 2021. (Highsnobiety, 2021)

Retail stores usually have standardized designs, both internally and externally, to keep the brand image consistent throughout markets. On the other hand, flagship store's design is usually extreme and extravagant. Their unique and distinctive designs, just like their location, serve as a way to claim status and prestige in the market. Flagship stores "must be as exclusive as the brand it represents".

While brands might rely on third parties (like the aforementioned department stores) to sell through wholesale arrangements, flagship stores must be completely owned and controlled by the luxury firm through direct investment. First, no parent company would bear the exorbitant costs that a flagship store requires. Secondly, as a flagship store is the highest form of representation of a brand's image and positioning, the firm should want to have complete control over every single aspect of how the flagship store is operated. Flagship stores are usually the first direct investment a brand performs on a market, and is later followed by smaller retail stores (Moore et al., 2010).

- Analysis

Due to the characteristics explained above, it would seem that the opening of a flagship store as entry mode could be particularly effective for the East Asian market. With that said, flagship stores as an entry mode should not be considered a solution that can be employed by itself in a foreign market. In fact, flagship stores should always be paired with other modes like franchising or wholesaling to actually generate profit. However, its role in luxury fashion makes for an interesting venture for luxury fashion firms to better enter and establish themselves in a market. As flagship stores represent the core concepts of a brand, having such a strong symbol of prestige in a market such as the East Asian one, where seeking prestige is a common motivation for luxury fashion consumption.

The opening of a flagship store also signals to the market the entrance of a brand, and is an important “rite of passage” for any brand that wants to gain stakes in a key market, despite wholesaling still being their major source of income in said markets. Therefore, its opening can function as a promotional tool for the brand. As flagship stores are relatively limited in numbers, the opening of one in a East Asian country might also signal a brands’ commitment to the market, making consumer grow more loyal to the brand.

As the function of a flagship store extends from the normal distribution function of retail stores, it is important to highlight its function as promotion vehicle to both customers, economic partners, fashion media. These relationships built through a flagship store are what truly sets flagship stores apart from normal retail stores, and what makes their presence in the East Asian market important. As their presence is so important as signal for status and positioning, East Asian consumers would be more attracted to the greater reputation displayed by the brand, its value in the market, and they would purchase it to associate themselves to the status of the luxury fashion brand. The consumers demand can later be satisfied by distribution through other retail stores and department stores, thus creating a co-dependent and synergic entry mode strategy.

Also, as mentioned, flagship stores should be opened in a city’s shopping district, to maximize the brand prestige that brands can gain. This aligns with the findings of the geographical area question under the “Area” section of the Strategy Diamond, showing another of the synergies that this framework allows to create.

5.3 DIFFERENTIATORS

As previously mentioned, in the “differentiators” part I will discuss both how firms should differentiate themselves from competition and how in general luxury fashion brands should operate differently in the East Asian market compared to in the Western market.

5.3.1 Price

As mentioned before, the high price is one of the very characteristics of luxury fashion products. Without the expensive price tag, brands would not be recognized as “luxury” by consumers, as they would be available to a much wider range of people and might have to rely to higher numbers of manufacturing to offset the cheaper price, thus rendering the products less “rare” and easier to seek. For example, a simple cotton Gucci t-shirt can cost up to \$900.00, while a cotton t-shirt from fast-fashion retailer Zara hardly crosses the \$25.00 pricetag.

- Analysis

The lack of high price would mean less motives for conspicuous consumption by East Asian consumers. In fact, a higher price could actually make a product appear more attractive, as it showcases a more prestigious symbol for indicating one’s status. Therefore, finding the right price is very important for a luxury fashion brand.

For the reasons I mentioned above, a reduction of the price is likely to be perceived in a negative way by East Asian, rather than positively. Buying a luxury item on sale would not make them proud of their purchase, and would not encourage them to tell others about it to avoid being perceived as “cheap” and of a lesser social status.

To work around this limit on price, brands could, instead of reducing the price of an item for sale, instead create promotions where, for the same price, consumers get more. For example, for every purchase, brands could provide gift samples or an extra gift vouchers to be consumed later. In this way, the brands can invest in a promotion strategy that entices consumers to buy without lowering the brand status with cheaper prices.

5.3.2 Quality

Luxury fashion products are known for their higher quality of material compared to non-luxury brands. This is due to the fact that most luxury fashion products are handcrafted in the world's best manufacturing clusters, with a long history of productions, like Italy and France (Whatley, 2012). Their exclusivity and prestige also make the perception of their quality seem more apparent compared to other non-luxury products.

- Analysis

Due to consumption motivations being led by conspicuous motivated rather than hedonistic self-satisfaction, it is possible to infer that the average East Asian consumer would not care particularly for superior quality.

This is not to say that brands can afford to sell lower quality products in East Asia, as their image should always be consistent across countries, but the quality of the products would definitely not be one of their main selling points.

Therefore, brands do not need to focus on the quality of the products as a differentiator feature in the East Asian market, and should rather promote other features like brand prestige and status.

5.3.3 Customization

Many luxury fashion brands in the West offer customization services for customers. They can range from simply engraving one's name on a ring or on a leather product like a wallet, to completely customizing a product from scratch to create a unique item that better reflects the taste of the client.

For example, in 2011 English brand Burberry launched a web portal called Burberry Bespoke, where customers could build a unique trench coat (Burberry's signature item) online, by selecting different fabrics, styles, colors and many other custom options (Chowney, 2011).

Similarly, Italian brand Fendi launched an online platform in collaboration with online luxury fashion retailer Farfetch.com (Fig. 9), where users could build and purchase a Fendi bag by customizing it down to every small detail (Arthur, 2017).

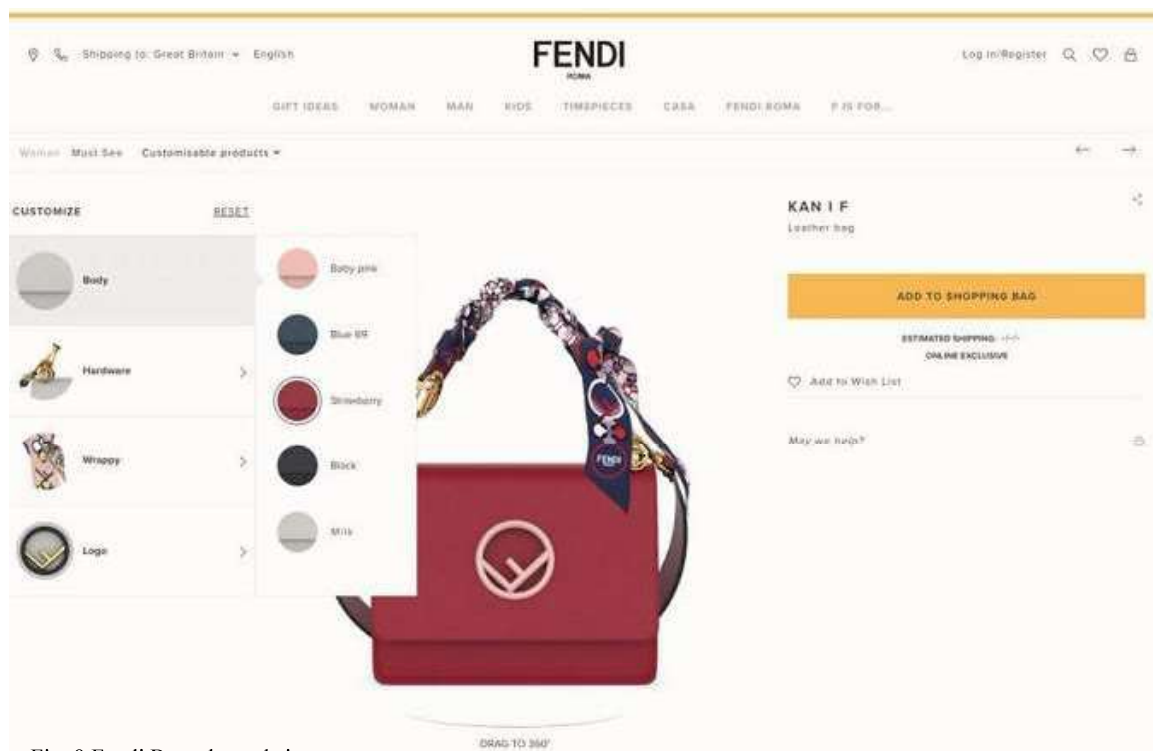


Fig. 9 Fendi Bespoke website.

Source Forbes.com

- Analysis

Due to East Asian customers' unique cultural values and consumption motives, it is questionable how successful such high customization services could be perceived in the market. As East Asian customers generally do not prioritize personal taste and self-satisfaction when it comes to purchasing luxury products, whereas social group's taste and expectations and brands' image are considered

more important, a too high degree of customization might alienate consumers from their original purpose of purchasing the products. If the product is too customized, people around them might not recognize it, or might assume it is fake as it does not look like other products from the brand. Despite bespoke⁴ products being more expensive than standard ones, being 1:1 pieces make them hard to recognize by their social peers, thus not giving consumers the pleasure of conspicuous consumption.

On the other hand, small customization like engraving of one's name on a product might entice East Asian consumers to purchase the products, as others would be able to recognize the products as theirs and it would associate their name and identity to that of the brand. Hence, brands should focus on promoting small scale customization, and not invest resources on big scale one.

5.3.4 Customer service

High quality customer service and sales assistants service are well known features of luxury fashion shopping all over the world. Relationship building is an important sales technique, especially when it comes to luxury products. It has been proved to be effective in several studies conducted in the Western markets. (Kim and Kim, 2014)

A study in South Korea (Park et al. 2008) showed that purchasing frequency was an important variable to track when it comes to understanding purchasing intentions of clients. These positive interactions between clients and sales assistants are also thought to be an integral part of building brand loyalty. Moreover, consistently with what discussed in the previous sections, consumers who purchase luxury goods to show status and personal achievements are more likely to become loyal to the brand, all through positive sales interactions. (Kim and Kim, 2014)

⁴ **“Bespoke”** originally described tailor-made suits and shoes. Nowadays, it is used to describe anything commissioned to a particular specification (altered or tailored to the customs, tastes, or usage of an individual purchaser) (wikipedia.com)

- Analysis

As it is well known that luxury fashion brands provide superior customer services and sale assistant services, it is important to maintain a consistent image throughout markets, both Western and the East Asian one. Because East Asian consumers often purchase luxury goods overseas, it is important that they do not feel a gap between the service they receive at home versus the one they experience overseas.

As purchase frequency is a good indicator of purchase intentions, brands should tailor their products and services in a way that fits their most profitable customers. They can do so by better managing customer relationship to meet this need. This however should not lead to a poorer customer service to customers with a lower purchase frequency. Especially in the case of East Asia, where young, occasional spenders are found to be an important market segment, a firm should make the careful move of balancing their sale relationship in a way that offers the appropriate service to all range of buyers, while also focusing more attention on a frequent spender if one comes up.

To exploit the brand loyalty of conspicuous consumers, sales assistants can emphasize specific features of a product that resonates with the purchase motives of consumers, for example the success and status of a brand that consumers can reflect themselves on. For European brands specifically, it might be effective to highlight the brand's country of origin, to make consumers feel more confident about their purchase and let them know their possession is distinguished from non-luxury items while in the process of making a purchase decision.

Another important feature that should be highlighted in store managing in East Asia is to make the retail space and sales interaction more accommodating for groups, instead of just for one individual. While not every member of a group of people will likely make a purchase, as group acceptance is an important element that drives sales in East Asia, creating a good experience for the

non-buyers in the group might influence the buyer and make them feel more confident in their purchase. A good experience for the non-buyers in a group might also later transform them in buyers of the brand.

When it comes to customer interactions with East Asian consumers outside of East Asia, luxury fashion brands should ensure that their locations are ready to help and serve such clients, mainly by having staff fluent in languages such as Chinese, Japanese and Korean.

5.4 STAGING

As there is no accurate information available on the staging and speed of expansion that western luxury fashion firms applied in the East Asian market, this section will only consist of an analysis made through the previous implications drawn on the above sections of the Strategy Diamond framework. This is possible to do thanks to the synergic nature of the framework, as by doing so it will be assured that the staging section of the market will work only with elements confirmed to be in the final strategy.

- Analysis

The staging of operations to perform in the East Asian market should be relative to the status of the brand, and take into consideration on how much risk a firm can afford to take to enter a market.

When it comes to entry strategy, for less-developed brands it would be good to start wholesale distribution through department stores, as these stores can bear most of the costs of sale spaces in exchange of a relatively small fee. If a firm is not ready to make more direct investments in East Asia and open their own retail stores, distribution through department stores can still effectively introduce the brand to the market without damaging its image.

As the brand becomes more recognized in the market, a firm should start considering investing in a flagship store. This move would establish their position in the market and amplify their status as luxury brand.

Despite licensing being the “simplest”, lower impact entry mode strategy, it is not recommended to employ it in the East Asian market, as the licensed products will create a brand-disconnects between the Western and East Asian markets, and East Asian consumers can no longer be satisfied with licensed products.

Before making more demanding direct investments, a brand should work on establishing its brand awareness in the market. This can be done by employing celebrities to sponsor their products and model for their advertisements. Digital channels are an important resource for this step. Through digital channels, a brand can start some advertisement that encourages user-generated content, so to reach a wider audience faster than through traditional means.

To build brand awareness in the market, brands should make sure to have products with recognizable logos or patterns in their catalog before making any moves, so that their efforts are amplified by how recognizable their products are.

5.5 ECONOMIC LOGIC

The economic logic of luxury fashion brands in East Asia should be the same as the one in the Western market, as high price point and “scarcity” of the products are intrinsic values of luxury fashion. Because of this, there is no significant change to the economic logic of luxury fashion brands in East Asian market compared to the Western market. Nonetheless, the following section will analyze the information provided so far to conclude the strategy built through the Strategy Diamond framework

- Analysis

The Economic Logic of luxury fashion brands in the East Asian market derives from the products' high price, that consumers are willing to spend due to what luxury fashion products symbolize to their conspicuous consumption motives discussed in the literature review section of the research. Because of these consumption motives, firms are able to sustain high prices. In fact, the higher the price, the more appealing a product might be to the consumers of this market. The downside of the luxury fashion as a sector, is the self-constricted "scarcity" of product, necessary to uphold the image of exclusivity of a luxury fashion product. To offset the limits imposed by the perceived rarity of the products, firms can expand their portfolios to include a wider variety of product categories. Nonetheless, the economic logic among the whole scope of products of a brand stays unchanged.

Aiming to gain profits through economies of scale would be extremely counter-productive for luxury fashion brands, as both lower prices and high products availability are proved to be unappealing to consumers, if not damaging features to a luxury brand's image.

5.6 STRATEGY BUILDING AND IMPLICATIONS - DISCUSSION

Through this study, it was possible to identify and analyze the key elements of East Asian culture, and infer how said elements impact the luxury fashion market in East Asia. In addition, through the Strategy Diamond model, it was possible to identify enough elements that allow for the construction of a comprehensive strategy that, taking into account all different elements and cultural values of the region, can be used as a tool for firms to enter the East Asian market or improve their performance.

Arena: the ideal strategy for the arena section of the Strategy Diamond would be expanding the product categories to include smaller accessories and a wider variety of cheaper items, akin to what the “democratization of fashion” strategy suggests. Said products should also boast recognizable logos or pattern, as they were found to be desirable among consumers in East Asia. Digital channels should be used in a consistent way with their Western counterparts so not to alienate East Asian consumers, and brands should aim to use East Asian figures as ambassadors or models to promote their products. The main market segment to target should be the Young Adult one. Alternatively, by using Gao et al. (2009)’s market segment division, “Experiencers” and “Achievers” are shown to be the market segments most responsive to western luxury fashion. Geographically, brands should target big urban centers and their luxury shopping districts. Finally, brands should not change their core technologies as those are what make the brands attractive to begin with, and focus on modern technologies such as user generated content on online platform, and standardized marketing over personalized marketing.

Vehicles: Throughout the history of the expansion of western luxury fashion brands in East Asia, it was found that wholesaling performed through department stores is the most effective entry strategy for western brands, which is a very different strategy compared to the one effective in Western markets, which favor the use of wholly owned retail stores to enter a market. Another key element to the entry strategy in East Asian markets was found to be the opening of flagship stores in key parts of the countries, to signal a brand’s intention to stay in the market and boast their image.

Differentiators: High prices were found to be an attractive element for East Asian consumers and, instead of lowering the prices during sales season, brands should instead offer more products or more services while keeping the price high. Quality was found to be important as long as it is not inferior to the products sold in the Western market, but otherwise high quality is not an element that East Asian consumers are particularly attracted by, and therefore it is not fundamental to focus on high quality products. Products with high degree of customization might be alienating and not easily

recognizable to East Asian consumers, therefore customization should be limited to small details, like name engraving. As for customer service, it is important to accommodate groups during the retail shopping experience in East Asia, as doing so might influence more people to purchase products in the future.

Staging: Before entering the East Asian market, a brand should establish its image through products showcasing recognizable logo or patterns, and by using influential local figures to promote their products. Once a brand's image is established enough, brands should first approach the market directly by using first department stores spaces and wholesaling, and then by opening their own mono brand retail stores. If possible, a brand should invest into a flagship store.

Economic logic: The economic logic stays the same as luxury fashion in the Western market, with high prices and limited amount of products as main strategies for profit. To counterbalance the limited product amount, a wider portfolio of products is recommended.

The findings can be summarized as such:

ARENA:

- Not only apparel, but also small accessories, democratization of fashion strategy, big logos
- Consistent use of digital channels, FCCP with local figures for bigger reach
- Young adults, “Experiencers” and “Achievers”
- Big urban centers
- Same core technologies, use of digital technologies for strategies such as user-generated content, standardized advertisement

VEHICLES

- Department store wholesaling
- Flagship store strategy

DIFFERENTIATORS

- High price, no “sales”
- Consistent “high” quality
- Small to no customization
- Relationship building with customers, accommodating to groups

STAGING

- Department stores first, then owned retail stores (potentially flagship store)
- Establishing brand image through products with visible logo and use of local influential ambassadors

ECONOMIC LOGIC

- High price, “scarce” products, wide portfolio

Therefore, it can be stated that it is possible to draw meaningful conclusions by the use of the Strategy Diamond framework, paired with previous studies on the topic of luxury fashion goods, luxury fashion as a sector and unique features of the East Asian Market, and to create a simple yet far-reaching strategy that could possibly be used by all western firms who decide to operate in East Asia was elaborated.

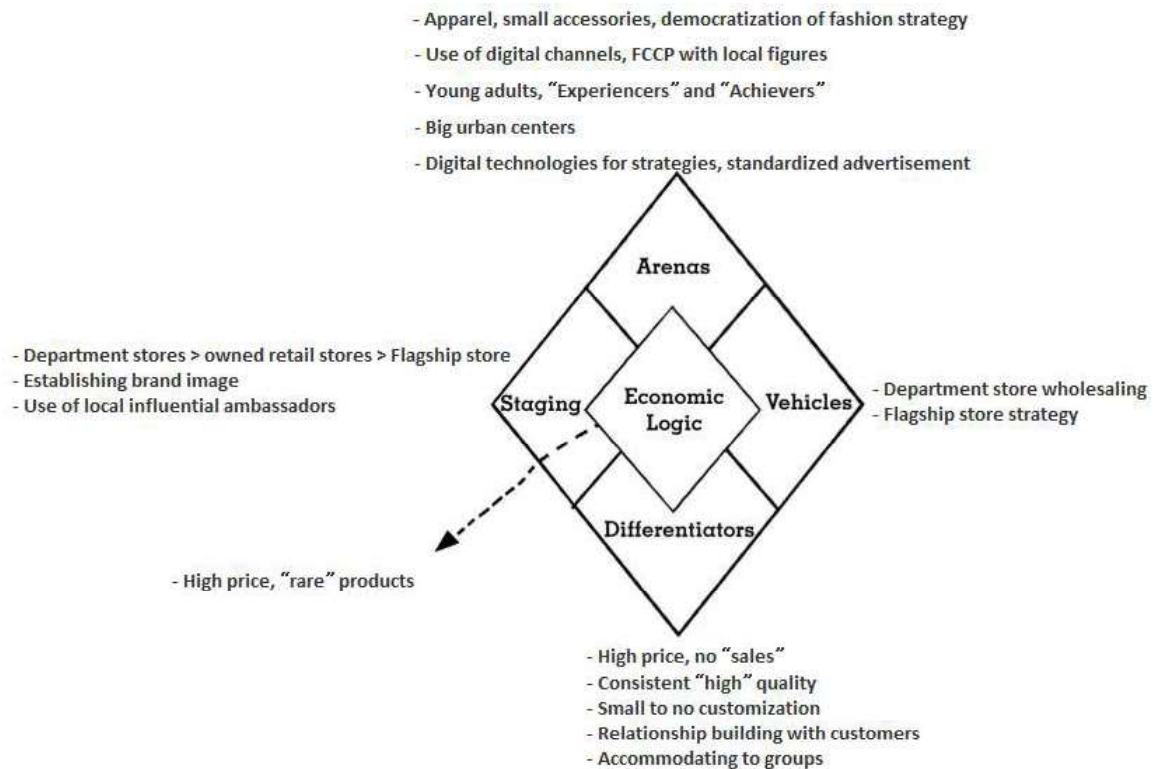


Fig.10 Strategy Diamond for the Luxury Fashion Market in East Asia

Several implications can be drawn from this study. First of all, it was unequivocally proved that the unique characteristics of luxury fashion in East Asia do play an important role in shaping the local market. This was already stated by the works provided through the literature review section of the paper, but this study added veracity to the previous data. To support this statement, in this paper we can see that the various synergies that ended up being created by the elements among the sections of the Strategy Diamond-made strategy show consistency. For example, the items found to be appealing during the "product categories" analysis are the same that the ideal target buyers found in the "market segmentation" analysis are attracted to buy. In addition, the flagship store as entry strategy analyzed in "Vehicles" confirms that the focus area of brands should be shopping districts of big cities, just like the analysis of the "geographical area" section suggested. Not only these synergies confirm the validity of previous literature, but also enhance the quality of the final strategy, as by having the various elements of the framework connected through common elements, when pouring

resources to improve one sector of the strategy you inevitably end up positively affecting others as well.

According to Hambrick and Frederickson (2005), to have a successful strategy it is fundamental to consider how the various parts of the strategy design function as a whole unit. This research has therefore successfully created a strategy that meets all the requirements ideally thought by its original authors. This shows the contribution of the study to the existing literature, as it was proven to be possible to create a comprehensive model, bringing the knowledge on the business practices performed in the East Asian luxury fashion market by western firms one step ahead. It also add one example of successful use of the Strategy Diamond framework to the existing literature.

Despite this newborn strategy being based on pre-existing theory and not predicting future moves of the industry as a whole, it can still be employed in current times to successfully perform in the market. And if any condition of the industry will end up changing and the strategy need to be updated, the sub-division of the various elements of the strategy allows to quickly identify the specific section of the strategy that has to be changed.

As the majority of the elements of this strategy were drawn from theory and not by empirical proof, the absolute effectiveness of this strategy as a whole cannot be proved until one firm employs the strategy and gives empirical results. However, as the various single theories used were backed up by interviews, empirical data and other sort of confirming evidence, it is fair to assume the strategy would perform effectively if employed by a real western luxury fashion firm.

Considering all the above implications, the new strategy compiled in this research can be regarded as a comprehensive strategy that can effectively aid western luxury fashion firms in the East Asian market, contributing also to the existing literature of business practices in the luxury fashion sector in East Asia.

One interesting observation that can be done is that, unlike what stated by Hambrick and Frederickson on their original article, the “Differentiators” part of the strategy design does not seem to be the most important, as the “Vehicles” and especially “Arenas” had a lot more information and data to process through the framework. When it came to the “Differentiators”, the implications after analyzing the collected data were almost obviously drawn thanks to the extensive literature review. One implication of this could be that by using the framework not to analyze one single firm in general, but specifically for a whole industry and in a specific market, the various sectors might have different weight on the overall strategy design. Another possible explanation is that East Asian consumers want the characteristics of the products themselves to be as similar as possible to the ones they got to know from Europe, therefore they do not want the products to be any different once they reach the East Asian market.

VI. RECENT DEVELOPMENTS: THE CASE OF TOD'S

Tod's is an Italian luxury fashion brand that mainly focuses on shoemaking and leather goods. It was founded in 1920, and is still family-run up to these days by grandson of original founder Diego Della Valle. Despite the long-lasting legacy of the brand in the European market, Tod's has failed to make significant progress in the East Asian market. This failure can be explained by applying the Strategy Diamond framework, and identifying the parts of their strategy that do not work in the East Asian market based on the findings of this paper. Based on recent developing of the business strategy of Tod's of the past months, it is possible to see if the changes they implemented match the ones found to be effective by this paper.

According to analysts (Voguebusiness, 2021; Headtopics, 2019), Tod's strategy's main flaw are found to be in what the Strategy Diamond defines as the "Arena" section of a business strategy. Mainly, they concerned the issues of product categories and market segments.

In the past five years, luxury fashion has seen an explosion in popularity of luxury designer sneakers. Every major luxury fashion brand has therefore launched their own line of luxury sneakers, both female and male lines. This however has not been the case for Tod's. To maintain their traditional image of "luxury leather shoemaker", owner Diego Della Valle decided not to dive into the sneakers trend, and keep the brand's focus on more "classic" leather products and loafer shoes. Della Valle was quoted saying, "It's easy to destroy a reputation with cheap product, we are sacrificing turnover because we don't want to move too much to the [whim] of the market". Therefore, Tod's product categories did not expand and maintained their focus on "classic quality shoes", and their market segment did not reach younger consumers who are more likely to wear sneakers.

Based on the findings of this research, the strategy employed by Tod's fails for two reasons. First of all, the lack of interest in the sneakers market and their "static" portfolio do not match the democratization of fashion strategy, which was found to be effective when it comes to product

categories in East Asia. As they refused to branch out their classic portfolio and expand towards cheaper, more profitable items, they did not follow the strategy found to be effective on this paper. Second, by not producing sneakers, they did not attract the market segment of “young adults” who are, according to this research, one of the most profitable group of people to target in the East Asian luxury fashion market. Another issue with Tod’s products was that they did not highlight their own brand logo, which is an important factor when it comes to attracting young adult consumers.

Recent changes in Tod’s business strategy show that the brand is seeking to address these very points mentioned above. When it comes to product categories, the brand has recently employed creative director Walter Chiapponi (of Bottega Veneta fame) to revamp their portfolio. Chiapponi’s main goal was not only to expand their ready-to-wear products portfolio, but also to emphasize the “T” logo in order to make the brand products be more recognizable. And while a more recognizable logo and ready-to-wear products both help position the brand towards a young adult market segment, those two are not the only two moves made by the brand towards that direction. First, Tod’s hired young Italian influencer and entrepreneur Chiara Ferragni to join their Board of Directors. Ferragni, other than being one of the most recognized influencers in the world, also boasts massive popularity in the Chinese market. Following Ferragni’s entry among the brand’s directors, Tod’s started to employ more and more East Asian celebrities as brand ambassadors. They first employed popular Chinese celebrity Xiao Zhan to represent the brand in the Chinese market. The aim to reach the young adult market segment of this move is stated very clearly on Tod’s official website, which reads “[Xiao’s] gentlemanship embodies the timeless and enduring Italian spirit. Tod’s cooperation with XIAO Zhan shows the vitality of the brand in Italian style and the brand’s focus on the young generation in China.”. Moreover, the brand also started a campaign called “In Our Shoes” to promote their new modern shoes collection, and employed popular South Korean celebrity Joy to participate in the Seoul branch of the campaign.

These new moves by Tod’s seem to have greatly improved their performance in the East Asian market. After years of struggling performance, the brand has finally recorded positive growth

in East Asia, mainly thanks to their success in China. China is now the biggest market for the brand, and its sales recorded a stellar 142% growth the Chinese market. (Businessoffashion, 2021).

The abovementioned moves made by the brand are all coherent with the findings of this research, which states that certain product categories and market segments are to be targeted for a successful performance in the East Asian market. As it is impossible to personally “use” the business strategy found in this research and directly verify its effectiveness, observing the strategies used by struggling brands in order to improve their performance is an alternative way to verify whether this paper’s strategy can be successful or not. Therefore, based on the strategic moved performed by Tod’s in the past months, it can be said that the strategy created through the research done by this paper is effective. Moreover, we have yet another proof of the synergies created by the various parts of the final strategy created on this research. As the enhancement of the product category strategy positively affects the targeting of one of the most profitable market segment, it is clear that these two elements of the overall strategy work in synergy and positively affect each other.

VII. CONCLUSION

7.1 SUMMARY

This research aimed to discover whether it was possible to have a comprehensive strategy that could effectively enhance the performance of Western luxury fashion firms in the East Asian Market. The motivations that lead to the formulation of the research questions are as follow. First, it was in the interest of the sector to figure out why, despite similar efforts, some western luxury fashion brands are achieving great success in the East Asian market, while others are struggling to stay afloat. Secondly, as the market is currently experiencing high growth, it is important for luxury fashion firms to know how to correctly operate to profit the most out of this growth. These motivations were supported by previous literature on the concept of luxury fashion in East Asia, that indicated that the region's unique cultural values and socioeconomic features, such as Confucianism culture and rapid economic growth, played a role in how the market works. The existing studies on this specific sector in East Asia only giving a fragmented view of strategy design created the ultimate gap that this research aimed to fill.

To do so, this paper analyzed information and data drawn from previous literature on the topic through the lenses of the Strategy Diamond framework for strategy design. Each of the five parts of the Strategy Diamond was considered one by one, and divided in sub-sections when necessary to provide a more detailed analysis. The previous data collected, which included topics like flagship stores, luxury lifestyle, consumption motivations and the democratization of fashion, was then inserted in the appropriate section of the framework to allow for proper analysis.

All these topics alone do not allow for an effective strategy to be performed, as they only tackle one element of what a complete strategy should consist of. However, thanks to the Strategy Diamond model, it is possible to theorize business moves for firms to perform altogether in a synergic way, and ultimately profit positively from the East Asian market.

The case study analysis done on this research provides us with enough information to build a strategy that can help both struggling western brands improve their performance, and also firms who have yet to explore the market at all but want to try to penetrate it to exploit the positive growth.

Along with the final strategy, several implications were drawn from this research. The synergies found among the sections of the strategy framework allow to once more verify the validity of the unique cultural and socioeconomic features identified in the East Asian market. It also confirms that the framework was applied correctly and that its application resulted in a successful strategy, as the condition of effective strategy stated by the authors is synergy among the sections. As the existing literature applying the Strategy Diamond framework is extremely scarce, this research becomes a successful addition to literature. Lastly, we can make an interesting observation on the weight that each section of the framework holds on the overall strategy. In the original article, the authors claim that the “Differentiators” section is the most important one, but in this research “Arenas” and “Vehicles” have far more elements to analyze. This can be due to this research applying the framework not to a single firm, but to a whole industry in a specific market region.

7.2 LIMITATIONS AND FUTURE STUDIES

Despite the successful outcome of this research, there are several limitations one should consider. First of all, the research material often used as a source of information on this study can potentially come from firms themselves. This is because brands often sponsor scholars to analyze factors related to their own firm. This could mean this research could potentially be limited and/or biased towards a certain brand. Adding to that, at this point of the market development, brands are not willing to reveal complete information regarding their strategies. This is done so as not to give away too many company “secrets”, that could potentially help other brands in the same sector and strengthen the competition. Therefore, information on the practices of brands is often incomplete. Even if some instances of strategy can be observed directly through the moves performed by a brand, it is not possible to be completely sure as of what the strategic intentions behind the move is, and one

can only assume it through previously existing information. Also, the expansion of the East Asian market is quite a new development compared to the centuries long studies on luxury in the Western market. Therefore, the body of available on the East Asian market is quite small, and many of the most important works are all written by the same authors.

Moreover, as the luxury fashion market consists of products considered to be non-necessary, the COVID-19 pandemic might have had a strong impact on how the market will look in the future. Also, as the pandemic is still on going, it is not possible to know when the market will stabilize again, and if the post-pandemic market will have the same characteristics of the pre-pandemic one or if it will be changed in its fundamentals. The pandemic might also change the socioeconomic profile of the East Asian region and, as this is one of the elements that shaped the data used in this research, consequently, the outcome of this research might also become inaccurate.

Also, the East Asian region has experienced fast cultural shifts due to both their own development and due to influence from external factors like the Western world and global trends. These changes are well explained through phenomena like Compressed Modernity (Chang, 2010). Because of this, the findings of this research might be limited to the current time frame, and might need to be updated as time passes to accommodate the changes in the market and possible new cultural factors.

However, the uncertainty given by the COVID-19 pandemic on the luxury market and the potential cultural shift of the following years provide us with new elements that could be further elaborated on in following studies.

In addition, the concept and framework of this research can be applied to other research too. For example, future research might focus on markets where the luxury fashion market is expanding and that have unique cultural features that should be analyzed separately from their classic, “western” counterparts, such as the Russian market or the Middle Eastern market. This research also could also

serve as a gateway into strategy design for developing markets with unique cultural characteristics that are showing promising results, such as the Latin American market.

As this research focuses specifically on the world of “luxury fashion”, future research might switch the subject to either more specific areas of fashion (ex. Luxury jewels, luxury watches, luxury leather accessories, etc.) or to completely different areas of the “luxury” products, such as luxury food, luxury cars, or the new sector of luxury hotels.

Finally, the resulted strategy obtained by this research can be utilized to perform a case study on specific western luxury fashion brands performing in East Asia to try to locate areas where the company’s performance can be improved, and theorizing potential moves to enhance the success of the case study brand.

BIBLIOGRAPHY

- Abe, S., Bagozzi, R. P., & Sadarangani, P., 1996. "An investigation of construct validity and generalizability of the self-concepts: Self-consciousness in Japan and the United States." *Journal of International Consumer Marketing*, 8(3/4), 97-123.
- Alden, D., Jan-Benedict E. M. Steenkamp, & Batra, R., 1999. "Brand Positioning Through Advertising in Asia, North America, and Europe: The Role of Global Consumer Culture." *Journal of Marketing*, 63(1), 75-87.
- Amaldoss, W. & Jain, S., 2005. "Conspicuous consumption and sophisticated thinking." *Management Science*, 51(10), 1449–1466.
- Anderson, W.T. Jr and Golden, L.L., 1984. "Lifestyle and psychographics: a critical review and recommendation", *Advances in Consumer Research*, Vol. 11 No. 1, pp. 405-11.
- Arghavan, N., Zaichkowsky, J.L., Do counterfeits devalue the ownership of luxury brands? *Journal of Product & Brand Management* 2000;9(7):485–97.
- Ariga, M., Yasue, M., & Wen, G. X. (1997). China's generation III: Viable target segment and implications for marketing communications. *Marketing and Research Today*, 25(1), 17-24.
- Arthur, R, 2017, Customized Luxury: Fendi Turns To Digital For Bespoke Handbag Launch, Forbes, November 29th.
<https://www.forbes.com/sites/rachelarthur/2017/11/29/customized-luxury-fendi-farfetch/?sh=5265f4371c1d>
- Baek, I., Fujioka, R., 2018. "How Duty-Free Shops and Department Stores Expanded the Luxury Market in South Korea, 1980–2010", In *Global Luxury*, 157-175. Springer Nature
- Beik, R. W., 1994. The perfect gift. In *Gift giving: An interdisciplinary anthology*. Bowling Green, OH: Bowling Green University Popular Press.
- Belk, R. W., & Coon, G. S., 1993. Gift-giving as agapic love: An alternative to the exchange paradigm based on dating experiences. *Journal of Consumer Research*, 20, 393-417.
- Bain & Company, 2017. Luxury Goods Worldwide Market Study, Fall–Winter 2017
 Accessed April 1st. <https://www.bain.com/insights/luxury-goods-worldwide-market-study-fall-winter-2017/>
- BOF and McKinsey, 2020. *The State Of Fashion 2020*, Online Publication.
- Bond, M. H., 1991. *Beyond the Chinese face: Insights from psychology*. Hong Kong: Oxford University Press
- Brun, A., Caniato, F., Caridi, M., Castelli, C., Miragliotta, G., Ronchi, S., Sianesi, A., Spina, G., 2008. Logistics and supply chain management in luxury fashion retail: Empirical investigation of Italian firms. *International Journal of Production Economics* 2008;114(2): 554–70.
- Burberry Official Website, 2020. "History."

Accessed April 1st. <https://www.burberryplc.com/en/company/history.html>

Chadha, R., & Husband, P. 2006. *Cult of the Luxury Brand: Inside Asia's Love Affair with Luxury*. London: Nicholas Brealey International.

Chang, K., 2010. *South Korea Under Compressed Modernity: Familial Political Economy in Transition*. Routledge

Chowney V., 2011. "Burberry attempts 'mass customisation' with Burberry Bespoke", Econsultacy, November 11th.

<https://econsultancy.com/burberry-attempts-mass-customisation-with-burberry-bespoke/>

Christodoulides, G., Michaelidou, N. and Li., C.H., 2008. "Measuring perceived brand luxury: an evaluation of the bli scale", *Brand Management*, Vol. 16 Nos 5/6, pp. 395-405.

Chung, J.-E. & Pysarchik, D.T., 2000. "A model of behaviour intention to buy domestic versus imported products in a Confucian culture", *Marketing Intelligence and Planning*, Vol. 18 No. 5, 281-91.

Commuri, S., 2009. "The impact of counterfeiting on genuine-item consumers' brand relationships", *Journal of Marketing*, Vol. 73 No. 3, (May 2009), 86-98

Danziger, P., 2005. *"Let them eat cake: Marketing luxury to the masses – As well as the classes."* London: Kaplan Publishing.

De Barnier, V., Falcy, S., & Valette-Florence, P., 2012. "Do consumers perceive three levels of luxury? A comparison of accessible, intermediate, and inaccessible luxury brands." *Journal of Brand Management*, 19(7), 623-636

Deeter-Schmelz, D.R., Moore, J.N., Goebel, D.J., 2000. "Prestige clothing shopping by consumers: a confirmatory assessment and refinement of the PRECON scale with managerial implications." *Journal of Marketing Theory and Practice* 8(4), 43–58.

Desilva C., Trkman P., 2012. "Business Model: What it is and What it is Not." *Long Range Planning* 2013(1)

Donzé, P.-Y., Fujioka, R., 2015. "European luxury big business and emerging Asian markets, 1960–2010." *Business History*, 57(6), 822–840.

Donzé, P.-Y., Fujioka, R., 2018, *Global Luxury: Organizational Change and Emerging Markets since the 1970s (Introduction)*, Spring Nature

Douglas, M., Isherwood, B., 1996. *The World of Goods*, London: Routledge.

Dubois, B., Laurent, G., 1994. "Attitudes toward the Concept of Luxury: An Exploratory Analysis." *Asia Pacific Advances in Consumer Research*, Volume 1, Association for Consumer Research, Singapore, 273-278.

Dubois, B., Duquesne, P., 1993. "The market for luxury goods: Income versus culture." *European Journal of Marketing*, 27(1), 35-45.

Dubois, B., Laurent, G., 1998. "Luxuries for the happy many." In: *Mastering Global Business*. London: The Financial Times-Pitman Publishing, 236–237.

Dubois, B., Paternault, C., 1995. "Understanding the world of international luxury brands: The "Dream Formula"." *Journal of Advertising Research*, 35(4), 69–76

Dubois, B., Czellar, S., Laurent, G., 2005. "Consumer segments based on attitudes toward luxury: Empirical evidence from twenty countries." *Marketing Letters*, 16(2), 115–128.

Earley, P.C., 1997. *Face, Harmony and Social Structure: An Analysis of Organisational Behaviour across Cultures*. Oxford University Press, New York, NY.

Eng, T.-Y., Bogaert, J., 2010. "Psychological and cultural insights into consumption of luxury western brands in India", *Journal of Consumer Behaviour*, Vol. 9 No. 1, 55-75

Euromonitor, 2020. "The world market for luxury goods"
Accessed March 2nd <https://www.euromonitor.com/luxury-goods>

Evans, M., Jamal, A., Foxall, G., 2006. *Consumer Behavior*. Wiley, Chichester and Hoboken, NJ.

Fasol, G., 2015. "Burberry goes direct in the world's most important luxury market: why did Burberry not decide on less disruptive options?" Japanstrategy, August 18th.
<https://www.japanstrategy.com/2015/08/18/burberry-mackintosh-sanyo-shokai/>

Fujioka, R., Li, Z., Kaneko, Y., 2018. "The Democratisation of Luxury and the Expansion of the Japanese Market, 1960-2010" In *Global Luxury*, 133-156. Springer Nature

Gao, L., Norton, M.J.T., Zhang, Z., To, C.K., 2009. "Potential niche markets for luxury fashion goods in China." *Journal of Fashion Marketing and Management* 13 (4), 514–526.

Gucci Official Website, 2021.
Accessed March 2nd <https://www.gucci.com/us/en/>

Guilbault, L., 2021. The Future of Tod's, Voguebusiness.
Accessed on June 2nd. <https://www.voguebusiness.com/companies/the-future-of-tods-lvmh>

Haglund, E., 1984. "Japan: cultural considerations", *International Journal of Intercultural Relations*, Vol. 8 No. 1, 61-76.

Hague, P.N., 1996. *Market Research: A Guide to Planning, Methodology and Evaluation*, Kogan Page, London.

Hambrick D.C., Fredrickson J.W., 2005. "Are you sure you have a strategy?" *Academy of Management Executive*, 2005, Vol. 19, No. 4

Han, J. K., Schmitt, B., 1997. "Product-category dynamics and corporate identity in brand extensions: A comparison of Hong Kong and U.S. consumers." *Journal of International Marketing*, 5(1), 77-92.
Headtopics, 2019, "Tod's Factory Strategy: Is It Working?"
Accessed June 2nd. <https://headtopics.com/uk/tod-s-factory-strategy-is-it-working-6649193>

Heibrouer R.L., 1953., *The Worldly Philosophers*, Simon and Schuster.

Hofstede, G., Bond, M.H., 1988. "The Confucius connection: From cultural roots to economic growth." *Organizational Dynamics*, 76(4), 4-21.

Hsu, F.L.K., 1981. *American and Chinese: Passage to differences*. Honolulu: University of Hawaii Press.

Hu, H.C., 1944. "The Chinese concept of face." *American Anthropologist*, 46, 45-64.

Hu, W., Grove, C.L., 1999. *Encountering the Chinese: A Guide for Americans*, Intercultural Press, Yarmouth, ME.

Hung, K., Chan, K. W., Tse, C.H., 2011. "Assessing celebrity endorsement effects in China: a consumer-celebrity relational approach." *Journal of Advertising Research* 51(4), 608–623.

Jackson T.A., 2004. "A Contemporary Analysis Of Global Luxury Brands." In *International retail marketing*. Oxford: Elsevier Butterworth-Heinemann; 2004.

Jiang, J., 2005. "Time to luxuriate in luxury goods", *China Daily*, Vol. 15, September, 11

Jin, B., Kang, J.H., 2011. "Purchase intention of Chinese consumers towards a us apparel brand: a test of a composite behavior intention model", *Journal of Consumer Marketing*, Vol. 28 No. 3, 187-99.

Johnson, J., Kapner, F. and McGregor, R. (2003), "The last sector where made in Europe matters: back-street bonanza for the counterfeiters. The low labour costs offered by china may prove irresistible even to the most exclusive manufacturers", *Financial Times*, London, 4th December, 16.

Kapferer, J. -N., 1998. "Why are we seduced by luxury brands?" *Journal of Brand Management*, 6(1), 44–49.

Kapferer, J.-N., 2012. *The Luxury Strategy: Break the Rules of Marketing to Build Luxury Brands*. Kogan Page.

Kapferer, J. -N., Gilles, L., 2015. "Where do consumers think luxury begins? A study of perceived minimum price for 21 luxury goods in 7 countries." *Journal of Business Research* 69(1)

Keasbey, L.M., 1903. "Prestige value", *Quarterly Journal of Economics*, Vol. 17 No. 3, 456-75.

Kellor, B.D., D'Amico, M., Horton, V., 2001. "Global consumer tendencies", *Psychology & Marketing*, Vol. 18 No. 1, 1-19.

Kim, A., Ko, E., 2011. "Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand." *Journal of Business Research* 65, 1480–1486

Kim, J., Kim, J-E., 2014. "Making customer engagement fun", *Journal of Fashion Marketing and Management*, Vol. 18 Iss 2 133 – 144

Kim, M., Kim, S., Lee, Y., 2010. "The effect of distribution channel diversification of foreign luxury fashion brands on consumers' brand value and loyalty in the Korean market" *Journal of Retailing and Consumer Services*, 2010

Kozinets, R.V., Sherry, J.F., Deberry-Spence, B., Duhachek, S., Nuttavuthisit, K., Storm, K., 2002. "Themed flagships brand stores in the new millennium: theory, practice, prospects.", *Journal of Retailing*, Vol. 78 No. 1, 17-29

- Laconceria.it, 2021, “*Tod’s, the influencers, China: from Chiara Ferragni to Xiao Zhan*” Accessed on June 4th. <https://www.laconceria.it/en/luxury/tods-the-influencers-china-from-chiara-ferragni-to-xiao-zhan/>
- Lebra, T. S., 1992. “Self in Japanese culture.” In *Japanese Sense of Self*. Cambridge: Cambridge University Press.
- Lee, C., 1990. “Modifying an American consumer behavior model for consumers in Confucian culture: the case of Fishbein behavioral intention model.”, *Journal of International Consumer Marketing*, Vol. 3 No. 1, 27-50.
- Lee, J. H., Hwang, S. H., Kim, S. M., 2010. Sales Commission of Department Store and Policy Implications [백화점의 판매수수료 현황 및 정책대응 방안]. *Journal of Distribution Research 한국유통학회지: 유통연구* Volume 15 Issue 5, 37-60
- Leibenstein, H., 1950. “Bandwagon, Snob, and Veblen Effects in the Theory of Consumers' Demand.”, *Quarterly Journal of Economics*, Vol. 64 No. 2, 183-207.
- Li, G.X., Li, G.F. Kambele, Z. 2012. “Luxury fashion brands consumers in China: Perceived value, fashion lifestyle and willingness to pay”, *Journal of Business Research*, Vol 65.
- Li, J.J., Su, C., 2007. “How face influences consumption: a comparative study of American and Chinese consumers”, *International Journal of Market Research*, Vol. 49 No. 2
- Lury, C., 1996. *Consumer Culture*, Cambridge: Polity.
- Markus, H. R., Kitayama, S., 1991. “Culture and the self: Implications for cognition, emotion, and motivation.” *Psychological Review*, 98(2), 224-253
- Markus, H., Cross, S., 1990. “The interpersonal self.” In *Handbook of personality: Theory and research*. New York: Guilford Press.
- Mineta, G.B., 2015. “Japan’s Curious ‘Omiyage’ Culture” Gaijinpot Accessed March 16th. <https://blog.gaijinpot.com/japans-curious-omiyage-culture/>
- Monkhouse, L. Barnes, B., Stephan, U., 2012. “The influence of face and group orientation on the perception of luxury goods: A four market study of East Asian consumers”, *International Marketing Review*, Vol. 29 Iss: 6, 647 – 672
- Moore, C.M., Birtwistle, G., 2004. "The Burberry business model: creating an international luxury fashion brand", *International Journal of Retail & Distribution Management*, Vol. 32 Iss 8 pp. 412 – 422
- Moore, C. M., Doherty, A. M., Doyle, S. A., 2010. “Flagship stores as a market entry method: The perspective of luxury fashion retailing.” *European Journal of Marketing*, 44(1-2), 139-161.
- Moore, C.M., Fernie, J., Burt, S., 2000. “Brands without boundaries: the internationalisation of the designer retailer’s brand”, *European Journal of Marketing*, Vol. 34 No. 8, 919-37.
- Mosca F., Casalegno C., 2016. “*Managing Integrated Brand Communication Strategies in the Online Era: New Marketing Frontiers for Luxury Goods*”, Online Publication.

Ng, Y-K., 1987, “Diamonds are a Government’s Best Friend: Burden-Free Taxes on Goods Valued for Their Values”, *American Economic Review*, Vol. 77, No. 1, 186-191.

Nitta, F., 1992. “Shopping for souvenirs in Hawaii.” In *Re-made in Japan*. New Haven: Yale University Press.

O’Cass, A., McEwen, H., 2004. “Exploring consumer status and conspicuous consumption”, *Journal of Consumer Behaviour*, Vol. 4, No. 1, 25-39.

Osei, S., 2021. LOUIS VUITTON'S NEW TOKYO STORE LOOKS LIKE A NATURAL WONDER, Highsnobiety
Accessed on April 30th <https://www.highsnobiety.com/p/louis-vuitton-ginza-namiki-tokyo-store/>

Park, H.-J., Rabolt, N.J., Jeon, K.S., 2008. “Purchasing global luxury brands among young Korean consumers”, *Journal of Fashion Marketing and Management*, Vol. 12 No. 2. 244-259

Powell, B., 1990. “Flaunting it, Japan style”, *Newsweek* August 16

Rae, J., 1834. *The Sociological Theory of Capital*, MacMillan, New York, NY.

Redding, S. G., 1990. *The spirit of Chinese capitalism*. New York: Walter de Gruyter.

Reddy, S. K., Han, J.K.as K. and HAN, Jin K., 2017. *The essence of luxury: An Asian perspective: LVMH-SMU Luxury Research Conference 2016*. Singapore Management University, Centre for Marketing Excellence

Reuters, 2021, Tod’s Sales Bounce Back in First Quarter Driven by Strong China, Businessoffashion.
Accessed on June 2nd. <https://www.businessoffashion.com/news/luxury/tods-sales-bounce-back-in-first-quarter-driven-by-strong-china>

Sciorilli Borelli, S., 2021, “Tod’s chief Diego Della Valle open to future stake sales to LVMH”, ft.com.
Accessed on June 5th. <https://www.ft.com/content/6a107336-5394-4634-9810-f7345e4fcd7d>

Sekora, J., 1977. *Luxury: The Concept in Western Thought*. John Hopkins University Press.

Shapiro, C., 1983. “Premiums for high quality products as returns to reputations.” *The Quarterly Journal of Economics*, 98, 659–680.

Slater, D., 1997. *Consumer Culture and Modernity*, Cambridge: polity.

Statista, 2020. “Luxury Goods”
Accessed June 1st 2019. <https://www.statista.com/outlook/cmo/luxury-goods/eastern-asia>

Stevenson, T., 2020. “How Dolce & Gabbana Lost 98% of Their Chinese Market With One Video” Better Marketing, August 27th.
<https://bettermarketing.pub/how-dolce-gabbana-lost-98-of-their-chinese-market-with-one-video-cb2baacb4a10>

Tay, M., 2008. “Boom in Asia, gloom elsewhere for luxury labels”, *The Straits Times*, 18 June

Tod’s Official Website, 2021.

Accessed on June 2nd. <https://www.tods.com/ww-en/tods-world/XiaoZhanxTods.html>

Triandis, H. C., 1989. "The self and social behavior in differing cultural contexts." *Psychological Review*, 96(3), 506-520.

Triandis, H. C., 1994. *Culture and social behavior*. New York: McGraw-Hill.

Triandis, H.C., 1995. *Individualism and Collectivism*. Westview Press, Boulder, CO.

Trigg, A. B., 2001. "Veblen, Bourdieu, and Conspicuous consumption", *Journal of Economic Issues*, Vol. 35, No. 1, 99-115.

Tynan, C., McKechnie, S., Chhuon, C., 2010. "Co-creating value for luxury brands", *Journal of Business Research*, Vol. 63 No. 11, 1156-63.

Veblen, T.B., 1899. *The Theory of the Leisure Class: An Economic Study in the Evolution of Institutions*, MacMillan, New York, NY.

Vickers J.S., Renand F., 2003. "The Marketing of Luxury Goods: An exploratory study – three conceptual dimensions" *The Marketing Review* 2003;3(4), 459–78.

Vigneron, F. and Johnson, L.W., 1999. "Review and a conceptual framework of prestige-seeking consumer behaviour", *Academy of Marketing Science Review*, Vol 1999 No. 1.

Vigneron, F. and Johnson, L.W., 2004. "Measuring perceptions of brand luxury", *Journal of Brand Management*, Vol. 11 No. 6, 484-506.

Wang, Y.,Sun,S.,Song,Y,2011. Chinese luxury consumers: Motivation, attitude and behavior.*JournalofPromotionManagement*17(3),345–359.

Weidmann, K.P., Hennigs, N. & Siebels, A. (2009). Value-Based segmentation of luxury consumption behavior. *Psychology & Marketing*, 26(7), 625 – 651.

Whatley, H., 2012. "Creating Affluence: Global Luxury Branding & Marketing Strategies", *SSRN Electronic Journal* · January 2012

Wheeler, L., Reis, H. T., Bond, M. H., 1989. "Collectivism-individualism in everyday social life: The middle kingdom and the melting pot." *Journal of Personality and Social Psychology*, 57(1), 79-86.

Wiedmann, K.-P., Hennigs, N., Siebels, A., 2009. "Value-based segmentation of luxury consumption behavior." *Psychology & Marketing*, 26, 625–651.

Wiedmann, K.-P., Hennigs, N., Siebels, A., 2007. "Measuring consumers' luxury value perception: a cross-cultural framework", *Academy of Marketing Science Review*, Vol. 2007 No. 7.

Wong, N., Ahuvia, A. C., 1998. "Personal Taste and Family Face: Luxury Consumption in Confucian and Western Societies," *Psychology and Marketing*, 15, 423-441.

Yang, C. K., 1963. "Introduction." In *The religion of China*. New York: Free Press.

Yankelovich, D., Meer, D., 2006. "Rediscovering market segmentation." *Harvard Business Review*, 84(2), 122 – 131.

Yorka S., 2016. "Dolce & Gabbana's Embellished Hijabs and Abayas Are Great News for Muslim Women—When Will Other Brands Follow Suit" Vogue.com, January 5th.
<https://www.vogue.com/article/dolce-gabbana-hijab-abaya-collection>

Yu S., Hudders L., Cauberghe V., 2017. "Luxury Brands in the Digital Era: A Cross- Cultural Comparison of the Effectiveness and Underlying Mechanisms of Personalized Advertising" In *The Essence of Luxury: An Asian Perspective* (pp.126-147), Singapore Management University, Centre for Marketing Excellence

Zhang, B., Kim, J.H., 2013. "Luxury fashion consumption in China: Factors affecting attitude and purchase intent," *Journal of Retailing and Consumer Services*, Elsevier, vol. 20(1), pages 68-79.

Zheng, D. L., 1992. *The Hong Kong miracle: Economic success as a cultural motivation*. Hong Kong: Commercial Press.