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EFFECTS OF THE E-COMMERCE ON FASHION LUXURY INDUSTRIES:
The case of Brunello Cucinelli S.p.A.

Master`s Thesis in
International Business

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Abstract

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ABSTRACT

Purpose:
The purpose of this study is to analyse whether luxury firms can take advantages from the adoption of the use of telematic approaches to attract customers such as the e-commerce. Traditional and more advanced marketing methods are presented. Following, challenges and opportunities are presented both from a customer’s and an enterprises’ point of view.

Design/methodology/approach:
The approach used is a combination of metadata concerning European luxury market, the analysis of the result of questionnaire data and the analysis of the yearly financial reports of Brunello Cucinelli S.p.A. before and after starting its e-commerce experience.

Findings:
The results of the analysis of the theory combined both with the outcome of the survey and the financial data suggests that indeed the use of e-commerce can indeed help firms in the luxury industry raising their profit.

Research limitations/implications:
Limitations were given by the unselected sample for the survey, in fact, the age range was in a student or at least young pool, therefore, I must assume that their income young workers or student strongly influenced their responses. Maybe a more selected group of interviewees would have produced a more competent outcome. Moreover, the analysis of the financial books could have been more complete with an interview of marketing and commercial manager in order to gain information that were not included in the yearly financial relations.

Originality/value:
This paper will bring new knowledge to the topic, as there is not much already examined and published; furthermore, the case used can become a model to analyse other similar enterprises that can match those typical characteristics of the enterprise analysed.

KEYWORDS: marketing, e-commerce, profit, fashion luxury industry, Brunello Cucinelli.
1. Introduction

1.1 Background for the study

The industry of fashion, especially the luxury fashion industry, has always been recognized for the wide range of services and products that differentiated this market from the rest of the fashion one. When we encounter a luxury store we identify some common features, for example the presence of a doorman, or the difference in the salespersons’ behaviour from non-luxury stores. In this way, the customer is offered the full “luxury experience”.

With the development of technologies and the social media, even the “luxury experience” became a quite blurred definition, as firms in the luxury industries tried to upload the same experience on the Web so to attract and serve the new e-customers by creating the so-called Net-A-Porter (Soller, 2014). Of course, this opportunity is not shared by the whole industry, as many important figures –such as Prada– are still reluctant to embrace the “Internet way”. Although the majority of the purchases still happens in the stores, the new marketplace is not to be underestimated as those brands who have already started their experience online, have gained nothing but success.

Behind the choice of using these new technologies there are many reasons such as a forward entrepreneurship, on the other hand, many do not believe that a forward entrepreneurship will justify the use of the Internet as they do not want their brand to become ordinary if associated with online purchase. Quite often, luxury brands come from small familiar brands that developed particular and successful value added trough their quality and way to do business. If the move to the Internet is not carefully evaluated and considered, there can be the possibility that the brand will truly lose its added value. In order to avoid this to happen, there is the possibility of laying on specialized platform that ensure the “respect” that the brands command. (Fairchild, 2014)

E-fashion is constantly developing and how brands are perceived on the web reflects on the financial results; new influencers that operate on the Internet are also becoming more and more important and marketing managers need to ponder these new variables
in the calculation for success. Although marketing is considered quite important in the
decision of adopting e-commerce, the matter about culture is not to be considered valid
nor relevant as luxury industry itself is not influenced as much as other industries by it.

One of the main issues that comes up in the text is the difficulty in defining the “luxury
experience” because this can truly influence how consumers behave. On one hand, there
are those who prefer to physically purchase in the store, on the other hand “a lot of rich
people are also busy, they are not all ladies of leisure with infinite time to shop” (Soller,
2014).
Beside these issues, the interesting matter about the topic of e-fashion is that there are
many conflicting opinions about it but, until now, there are no academic opinions to use
as a base for an academic discussion. Due to the peculiarity of the topic and the
difficulty in researching it I have decided to look into the topic and analyse it firstly
from the consumers and after, more in depth, the firms’ point of view. By looking at all
these variables it is clear how the dilemma between flagship store and e-fashion exists
and how enterprises must find a way to combine both of them in order to be up with the
times of the Internet so to exploit all the possible advantages that it can offer.

1.2 Research question and hypothesis

Beside the challenges that opening an online store can bring, the real reason behind the
study is whether this implementation will allow enterprises in the fashion luxury
industry to be more profitable in their habitual market. Therefore, the study aims to
answer the following research question:

*Can e-commerce be implemented for fashion luxury industries in order to increase
profit?*

In order to answer this research questions it is vital to prepare objectives that will be
analysed. The objectives can be seen as beacons to follow in order to arrive at the
conclusion. These objectives will be represented by theoretical knowledge to support
the empirical data outcoming from the result of an online questionnaire –this will be further discussed in the analysis part– that will be associated and combined with metadata from yearly financial reports of the target firm.

The objectives are:

1. Provide the term luxury with a clear definition
2. Present different marketing methods, more common and not
3. Introduce e-fashion and the implications that follow in society and industries
4. Evaluate the experience of Brunello Cucinelli (the case study) in relation to the e-platform YOOX.com and the mattes explained in the theory

These four objectives are chosen because they each provide the reader with enough knowledge in order to understand the answer that will be presented in the conclusion. At first, a theoretical background on relevant studies will be presented; secondly, the theory will be applied to a case study.

1.3 Definition and delimitations of the study

The study looks upon the implication of e-commerce in the luxury industry especially whether its implementation can influence the financial profit. The main goal of the theoretical part is to present in all its form the matter of marketing related to the luxury industry so to have different perspectives on the thesis topic. It will be discussed also whether conventional marketing strategies can be suitable for an industry such as the analysed one as it is quite specific and for many variables different from other markets. Although the consumer’s point of view will be taken into account so to strengthen the company’s reasons, the favourite perspective will be the firm’s one –chapter six will focus entirely on the target company– and its financial results. However, since this study will consider a company that operates worldwide as a case –unfortunately no country to country data was available–, the theoretical limitations provided by studies of firms in a specific area are not to be circumscribed just to the domestic region, but the extent considered will be wider. This means that there will be studies taken into
consideration that can be applied on a larger scale rather than to only a local base. Another limitation is the nature of the empirical case, which represents a specific industry – the luxury industry is represented by a high quality clothing company placed in the “absolute luxury” (Brunello Cucinelli, 2013:15) –; although this limitation, it is possible to adapt the outcome to other industries within the luxury market as features that will be discussed in the theory are common also for other industries within the luxury one, so not only the clothing one.

It’s worthwhile, to include in the discussion also the use of the Internet from consumers, in order to have primary data, a survey was conducted. Even though a satisfactory number of responses were obtained –120 answers–, the analysis of the responses reveal that the majority of respondents were students, a “social class” that is not very familiar with the purchase of luxury. Therefore, it is to be decided in chapter six whether the results will become relevant in decision making when it comes to answering the research question.

The theory involved will include also the comparison between the standard 4 Ps of marketing with the 8 Ps of luxury marketing – this theory seemed appropriate to sustain luxury e-commerce –. Moreover, the basic physical marketing entry modes will be explained so to present the flagship store option and give foundation to the thesis discussion; furthermore, the matter of luxury e-commerce will be presented.

1.4 Structure of the study

The study will be organised with seven different chapters set in logical order of sequence. The first chapter of the study will present the background for the study – therefore the reason behind it – the research question and the objectives. Moreover, delimitation of the study and definitions will be explained.

The second chapter will have the challenge of defining what luxury means; then, brand marketing strategies, first general one then a more appropriate one for luxury brands, will be compared. The end of the chapter will see different methods of entering a market: by physical methods and by the web with online shopping.
In the third chapter, luxury e-fashion will be explored. After the introduction on how this works, there will be a presentation of YOOX.com, a quite recent and innovative Italian platform for e-luxury that also hosts and commercialises products from the target company. It is important to introduce YOOX because it responds to some of the issues presented in the text, but this will be discussed in chapter six, in the analysis of data and the case. When talking about e-commerce also the enterprises’ and the consumers’ point of view will be taken under examination.

The forth chapter, will shortly represent the theoretical framework by summarising the precedent two chapters and introducing the following analysis and the reason behind the structure of the analysis.

Fifth chapter will take a closer look to the research methods used for obtaining the data necessary for the following chapter.

As said above, chapter six – the empirical part – will include the data obtained with the methods before explained and applied to a target company: Brunello Cucinelli S.p.A. The implementation of the results will put us on the right direction to provide a satisfactory answer for the research question.

Finally, chapter seven will include the summary and the conclusion, which will present suggestions for further studies.
The structure can be seen below in Figure 1.

CH 1: Introduction to the topic and presentation of the research method.

CH 2: Presentation of luxury and marketing strategies

CH 3: Analysis of the phenomenon of e-commerce in the luxury business

CH 4: Research methodology

Analysis and discussion of the target company: Brunello Cucinelli S.p.A.

SUMMARY AND CONCLUSION

Figure 1 – Structure of the study
2. Marketing for luxury industry

Managing luxury brands and products is not the same as managing an non-luxury product. The differences must be treated differently and due to this, new strategies and approaches must be created to survive in this peculiar market.

First, there is a challenging task to fulfil, in fact, in order to start analysing luxury products, we must understand what luxury truly means by examining different definitions suggested by scholars and methods to “scientifically” find a proper definition. Secondly, the appropriate marketing mix will be discussed and compared to a basic one; this will help understanding the different variables that come into place when managing luxury products. After that, physical marketing entry modes will be explained and variables, such as culture and entry methods –more or less riskier–, will be also taken into exam and will be analysed the effect that they have in this matter.

Lastly, the new method of online shopping will be presented; also the role of social media will be included and it will be interesting observing how luxury brands made possible to make exclusive something as mainstream as a website. Therefore, the outcome of this chapter will be understanding each and every possibility that an enterprise has at its disposal to successfully entry a luxury market.

2.1 Defining luxury

When we think about the term luxury, we find ourselves in a bit of a strange place as “luxury is anything and nothing” (Heine, 2011:2); this first definition is referred to the perception that every individual can have regarding a product. For some of them, something completely ordinary can be a luxury; it is all a matter of perspective. (Heine, 2011:2) With the term evolving over the decades, there still is no real definition for what can be considered luxury; also among scholars there is no consensus about a common definition (Kapferer, 2001:319; see also Büttner et al. 2006:10; Christodoulides et al., 2009:397; De Barnier et al., 2006:5; Kapferer, 1996:76; Kapferer,
In order to find a consensus definition, there are some theories that might help in this challenging task. As luxury, as an idea, cannot be considered tangible, the prototype theory suggests that for representing a category, typical features must be attributed to the “prototype”, the object taken into exam. Even though the object contains a number of characteristics that are common for it, the definition, therefore the number of features, must be updated infinitively, or as long as the study continues. The prototype theory should be helpful in order to help defining luxury products and brands due to their vague nature. Unfortunately, having vague definitions does not solve completely the issue of defining luxury; on the other hand, the theory provides us the capability of differentiating brands and/or products on whether they fall under the luxury or non-luxury category. (Heine, 2011:14) In order to have a more “down-to-earth” theoretical explanation of the matter, the exemplar theory suggests that instead than having a category represented by a prototype, a model, an example would be more appropriate for the study. One of the main advantages of this method is that more information can be understood rather than in the prototype of the first theory. A more detailed analysis of the definition of luxury can be summarised in this representation (Figure 2) that further analyses how to create a conceptual framework to identify luxury characteristics.

Figure 2 – Conceptual framework. (Heine, 2011:23)
Although quite detailed, the method identified resembles a consumer-oriented approach, where too many variables can alter research results such as lack of purchase experience or insufficient knowledge of the item taken into analysis, therefore still too inadequate. (Heine, 2011:25) Clearly, finding a definition of luxury easy to perceive is a hard task, so, researchers from different areas of expertise started sharing a common understanding of the term. First of all, luxury is something that is not a basic need, an object that is considered to “satisfy some human needs and desires” (Heine, 2011:30). By analysing this statement, we can understand that luxury is strictly correlated with the dream and not only with the concept of desirability that can be used also for common goods. Therefore, by summarising all said above, we can agree that: “luxury is anything that is desirable and more than necessary and ordinary”. (Heine, 2011:30) Still it remains the variable of interpretation of this sentence but I believe that this explanation, given all the issues discussed, is quite satisfactory.

2.2 The 8Ps of luxury brand marketing

Before a product is launched on the chosen market, marketing managers have to develop the best strategy to reduce unwanted risks and therefore costs. The main tool that has always helped these figures is the 4 Ps of the marketing mix. This tool’s function is mainly to put together certain variables in order to obtain maximum optimisation of the response in the target market. The four variables that are commonly used are (1) product, (2) price, (3) place and (4) promotion.

The first one, product, of course refers how well the product will be received by the consumers, how well it satisfies their needs. “Product” usually put into discussion those characteristics that answer these questions and they are: functionality, quality, appearance, packaging, brand, service and support.

Secondly we have price; this variable is sensitive to the market and the customers’ capability to purchase. How much is the consumer willing to pay for our product? Is there already something on the market that could substitute it? Pricing strategy can be
strictly correlated to the country in which the company wants to enter; this statement can be considered true to a certain limit as globalisation and international regulations are trying to even the gap between countries.

*Place* involves all those characteristics that can answer “the right product, in the right place at the right moment”. It is the duty of marketing managers to find out though market researches whether it is wise to present a certain innovative product; if we think about tech products we might think about industries that already have state of the art technology, but the problem lays in the level of technology of the society that in our case is supposedly lower than the technology discovered by the company. If the product would be launched, there would be a high risk that it would be rejected. Instead, the company and its managers should wait until the market is mature enough for accepting the product or launch it in a niche market and see how the consumers respond to it.

Last but not least, *promotion* involves a series of attributes that from a strategy point of view can be treated in opposite ways. On one hand, there is a straightforward advertising and promotion strategy with the usual billboards and TV-ads; on the other hand, certain firms, in the premium and luxury segment, tent to let the product advertise itself. As the consumer target is quite standardized, changes in the approach to every market are not so significant.

Let’s take for example the case of the spumante “Ferrari”. This product’s only promotion is its website and its good history as it has been used to celebrate during fashion and sport events creating an image of a niche status symbol; for this, Ferrari can be considered a premium product. Another reason its success is that the brand is “made in Italy” and it does not really need to adapt to the foreign markets otherwise it will lose that “Italian touch”! Looking at Ferrari’s website, it is clear how they want to emphasise the simplicity and class of the product and therefore of the social status that one will acquire by consuming it. A consuming that goes from the whole meal to just the toast, because: *those who are thirsty for beauty are never satiated by passion* (Ferrari f.Lli Lunelli S.p.A, 2013).
This general marketing tool is good enough for most products, but when we take a look at luxury goods we might feel that the 4Ps are not enough. The reason is that these products have more features than non-luxury ones and they can be identified in quality, appearance or any characteristics that can define that product as top of its segment (Heine, 2012). The typical consumer that normally acquires a luxury product can be distinguished into two different categories, those who purchase the item only for self-assertion or differentiation, therefore satisfy a hunger for higher social status, and those that acquire the product only for the love of the product itself without thinking about the reflection on their “social status” of their purchases (Arora, 2013: 4).

Arora (2013) listed a series of variables connected with the 4 P’s, but modified in a way that the new points can satisfy certain elements that were irrelevant for the study of those product and markets for which the 4 P’s were enough. The 8 P’s of luxury brand marketing include (1) performance, (2) pedigree, (3) paucity, (4) persona, (5) public figures, (6) placement, (7) public relations and (8) pricing. Due to the peculiarity of the market and product, the degree of significance of the above listed variables may vary from product-to-product or market-to-market.

1. **Performance** observes the perceived experience from the customer about the product and its experimental value. Customers expect that the purchased product satisfy certain strict criteria that make the product as such; it includes features like craftsmanship (usually artisan and hand-made). The analysis of performance does not end here: the item has also to satisfy the consumer at an experimental level and this means that the purchaser, when buying the product, assumes to gain the sensations that the brand transmits. (Arora, 2013:5-6) Examples can be brands such as Valentino that represents class and elite style or Bangs and Olufsel representing design and modernity.

2. **Pedigree.** There are those brands that besides their impeccable performance also carry a brand name that is history. Pedigree can be either used by labels that have a lot of history behind them or by those “new ones” whose founder set state of the art innovation or originality that can overtake the loss of precedent history of the house. (Arora, 2013:7) A brand that can represent the first category of brands can be Ferrari motors that with a history of successes since 1929
manufacture sports cars of high level (Ferrari, 2013). In order to find a brand, or a founder, that fits in the second category, we must look for those brands that started at a local level and then developed due to the creativity and brilliance of the founder that keeps on reinventing his brand. In 1978, Renzo Rosso created Diesel, a casual jeans brand, but in 2008 he elevated his label and launched Diesel Black Gold, a brand that can be placed in the casual luxury segment (Battaglia, 2009).

3. **Paucity.** This word is a reminder to luxury customers that there are some products that even if they are considered luxury will always be available, but, on the other hand, labels also created within their products certain items that, due to natural –natural resources are scarce such as minerals, precious metals, …– or technology-driven –items that must be produced with specific techniques– causes are limited. As a result, customers that are driven to this unique conquest will be encouraged to have a piece of the collection. (Arora, 2013:8) In 2011, Cohiba, a prestigious brand of Cuban cigars, created a line called Cohiba Behike with a limited number of 4.000 cigars. Connoisseurs of the product appreciate more the fact that they were made from a special blend of Cuban tabacco, moreover, each cigar was hand rolled. (Divirgilio, 2011) In this case we have both natural and technology-driven paucity that will assure the success of the product.

4. **Persona** is an alternative way of considering a brand. It is how the brand is perceived from the public as if it was alive. In this case, marketing and advertising play a very determinant role; in fact, the visual brand identity has the duty of capturing the brand’s image and values. Moreover, advertising has the duty to be more dynamic and to keep the interest of the customers throughout the years; in fact is essential to be up-to-date even if the brand is considered to transmit retro images and values. But here lays an issue: with the era of the social media, certain brands thought that having a profile on Twitter or Facebook would provide more damage than good as this method could have been seen as lowering the brand to an average level. On the other hand, these are channels that help keeping a communicative channel with customers and help understanding better their preferences. Social media channels are commonly
used to post and advertise a new form of promotion, short-films or long-commercials; this method is used to “to bridge the gap between the familiar world of print and the fast-evolving world of online” (Arora, 2013:11). Not only long-commercial are modern methods, but they can communicate their general values or combine it with the presentation of the new line. (Arora, 2013:10-11)

5. **Public figure** is the public face of the brand. Usually luxury industries employee celebrities as a phase of their marketing mix. A method to promote the brand, besides advertising, is to present their testimonials to social events such as red carpets dressed with their products. The success of this method is to create or develop an image of the celebrity that is loved by the consumers such as parts in movies or participation to events for social causes. Because this method is not only used by luxury labels, it is important to differentiate way this system operate by carefully selecting the celebrity and their social calendar. (Arora, 2013:13)

6. **Placement** indicates the search for the ideal location to set up a store. As customers we see that the most concentration of luxury stores is in historical centres of main cities or also airports. The first location is perfect because is right in the environment of every potential customer and, beside those whom have the wish to purchase a selected product, it can also attract non-interested customers that keep on passing by that particular store. The second location, even though it is so different from the first one is as much profitable because, in this way, customers will be attracted to purchase due to the touch-point nature of the area. Other practical reasons for the “airport location”, that must be known to those that travel a lot and spend time in the shop court between a connection and the other, is that sometimes, out of boredom or necessity for a last minute present, those stores provide the exact item at the right time. (Arora, 2013:15-16).

7. **Public relations** is closely relate to pedigree and public face, but it is no less important, in fact it is used to “generate buzz & convey the brand” (Arora, 2013:17) through events where public faces will be shown. This is why many times we find speakers describing the people present at events with the aim of inspiring and influencing the public. This is proven even in small environments:
a small example can be the use of an accessorize by a popular person in a “touch-point” location, let us think of a school; after a while we will see a growing number of people using the same item. This method, if imported into a bigger reality is likely to work the same way. The moral of this “P” is that people will try to look like those that have some importance in the environment that they attend.

8. *Pricing* plays a relevant role in how customers perceive luxury. Many think that if the items do not have a high price then it is not even worth purchasing, while others believe that a product, even if it shows a luxurious price, must also show luxurious features. A study reveal that customers agree to pay a value of three times more than the regular price for a luxury item, but an unnecessary high price is not accepted even in the luxury market, a brand alone cannot justify excessive cost. Therefore, producers careful in combining all the above seven “Ps”, as the price must be set in reason to all the variables explained above. Another matter comprehended into the price section is the sales issue; luxury brands have different ways of proving these kinds of services such as rebates on future purchases. Another method used is the creation of “sub-brands” that, for their nature, are cheaper and usually aim for a younger target. Moreover, brands usually have their own online shop where there can be some outlets or seasonal sales from which customers can take advantage. (Arora, 2013:18-19)

Through the use of these points, entrepreneurs should be able to create the ideal marketing strategy and be able to limit the risks that are most likely to usually encounter.

### 2.3 Market physical penetration strategies

This part will not be focused on the internationalisation process of choosing a foreign target country, therefore internationalisation strategies, as this is not the issue considered by the thesis. Instead, I will discuss the methods that an enterprise in the luxury fashion market has at its disposal and identify the best solution.
Beside the fundamental duty of developing a marketing strategy, firms need to identify the ideal market entry modes. Although literature for this topic in the fashion industry is quite limited, we can identify entry modes in those mechanisms that allow a brand to enter, develop and distribute successfully its products in a foreign country. This may be done by using different methods of presence on the territory such as export, franchising, joint ventures (JV) or wholly owned subsidiaries (WOS). (Fiore, Karpova & Lu, 2011:58) Of course, these options are not binding as strategy, as a variety of them can be used at the same time, even in the same domestic markets. The difference between the above listed options is the ratio between risk and control level of the operation. Figure 3 (Fiore et al., 2011:60) easily shows how the choice has to be carefully evaluated. Before analysing every option, we must keep in mind that company size, financial availability and human resources will not be an issue in this examination, the only “variable” taken into consideration is the industry analysed.

![Figure 3: Entry modes characteristics](fiore2011-60)

On one side, the choice of purely exporting the product is considered to be the least risky, but this choice also provides fewer control level on the management of the brand. In fact, exporting will reduce entry costs, but, on the other hand, there is little guarantee that the products will be managed in the same manners employed by the label. (Fiore et al., 2011:59) In this way, the brand can be treated in any way by the distributor and, if it does not stand to the standards, the result will be the loss of public image or the damage
of other variables described in the 8 Ps in the previous chapter. In order to avoid this issue, entrant firms are more likely to use an entry mode that will allow having more control over the management of its merchandise (Fiore et al., 2011:61).

Even though Figure 3 puts franchising close to export –therefore close to the risks above mentioned–, this method is characterised by a legal guarantee that binds franchisor –the owner of the brand– and franchisee –the other party, receiver of the contract–. The peculiarity of franchising is that this legal contract allows the franchisee, through the grant of a licence, to apply to the store the whole concept of the brand in a non-owned store by the franchisor. The franchisor, due to this contract, has the duty to train and manage the start-up and running operations of the store of the franchisee, according to the contract’s clauses. (Baroncelli & Maranesi, 1997:225) In return, the franchisee is obliged to pay to the franchisor a variety of royalties and fees (Dant, Grünhagen & Windsperger, 2011:253). If the label wishes to take fewer risks on this matter, then it should consider a different method. Another risk that comes with the implementation of franchising is that through its vast use, the brand might lose its brand equity (Roll, 2014). Brand equity is the value added that a label provides to the enterprise; sometimes, if the brand is used for too many segment of that enterprise it can damage the label itself because it can become quite challenging managing every segment of the label.

Beside JV, put by Figure 3 in a more controlled level, wholly owned subsidiaries is the choice that will ensure labels to have full control on the foreign operations. On the other hand, WOS require as well more resources commitment that involves a higher investment risk (Fiore et al., 2011:59), but considering a firm in the luxury industry that has experiences in dealing with foreign expansion we should remember that the high risks and involvements are variables reviewed and accounted for and usually fully overcome. In fact, firms can operate with WOS without many issues as they can count on experience and its advantages and one of these can be found in the transaction cost theory. Even though bureaucracy costs can hit heavily on entry modes such as WOS, the costs saved to preserve the company from opportunistic threat will be taken from the management of the first as the uniqueness of the assets produced generate high value.
and competitiveness against the foreign market. (Fiore et al., 2011:63) Even so, firms that choose to face these kind of issues can use their bargaining power to leverage the host government ability to control their market entrance. (Fiore et al., 2011:61)

These are the reasons why franchising and WOS are the most used methods as physical entry modes. These two methods combined are the best ways because the first can be used as a test for the new market, whereas the latter can permit a high control still allowing the franchising to be a reality in the foreign market in order to “best exploit its existing resources, or generate new resources in the foreign market” (Fiore et al., 2011:61).

When entry modes are analysed and chosen, usually the Uppsala model is also taken into account. Even if it is considered to be valid in the majority of the cases, the Uppsala model operates differently in the luxury industry. Shortly, the Uppsala model was elaborated in the late 70s to classify countries’ characteristics and, in a way, to cluster them to help enterprises understanding which strategy would be better and more useful for each cluster. Trough Uppsala model, companies are able to choose which path to take in order to expand internationally; the model is not used alone, but is also combined with the Hofstede cultural values that are variables used to create the clusters. The outcome of the use of the method is that firms gradually start to explore foreign markets following a precise path that resemble the characteristics of the home country. This definition and method application has, so far, worked for a vast variety of industries such as manufacturing, pharmaceutical, service, retailing and raw materials (Childs & Jin, 2014:1) but luxury products respond a little differently. Mainly, there are three values that could be considered valid for such industries and they are (1) speed of internationalisation, (2) geographic and economic distance and (3) cultural distance. At first glance, these values and their analysis lead to believe that the Uppsala model is applicable also for luxury industry as enterprises, when they first internationalise, principally aim to those countries which are physically close, have a similar economy as the home country and similar tastes. On the other hand, after the first phase of internationalisation, these patterns seems to vanish and the enterprises leave the Uppsala order for entering other countries that do not match any of the criteria explained in the Hofstede values. (Gomez-Mejia & Palich, 1997; Mitra & Golder, 2002) Luxury fashion
retailers’ assets specificity and their brand equity –strong brand equity is correlated with values such as exclusivity, design excellence and cosmopolitanism (Fiore et al., 2011:64)– are the main reasons why Uppsala is not the ideal path to follow. Moreover, these industries usually target a restricted part of market, therefore, with their strong brand image they can increase the speed of internationalisation and extend the foreign market selection (Childs & Jin, 2014:17).

I believe that these are the reasons why luxury fashion industry will have fewer troubles entering foreign markets as culture or any other variables are not subject to excessive customisation and methods for physically entering the market are not so much challenging as there is a variety that can be used.

**2.4 Online shopping**

Beside the traditional way of entering a foreign market, with the advent of the Internet also the way of doing shopping has evolved. Luxury brands always considered the web with caution especially when it comes to social networks. This is because brands always have dreaded that the democratic and heterogeneous diffusion of information would devalue the perception of exclusivity that characterise the product sold. The social media have amplified the diffusion of information, but this should not damage the opportunity to maintain an exclusive product, on the web as well. As now, many brand in the luxury sector opened their own e-commerce website which profit considerable amounts. Many of these brands pinned themselves also on Facebook, the most enterprising on Twitter as well. Those who really embraced this social revolution also arranged campaigns of content management and increased the fan base, discovering that customers are intensive users of the Web and the social networks. Let us think about Luis Vuitton: in September 2008 launched its e-commerce in Italy, preceded by similar services in Japan, USA, UK and France. This operation was published and showed on the international portal (Luis Vuitton, 2014) that slowly started to interact with social channels that the French brand put into place.
A research conducted in 2011 forecasts a yearly growth of 20% until 2015 for the luxury industry. In a moment of crisis as the one we are currently into, a +20% of sales for a firm can be the same as, for a person, winning a lottery. Even though this metaphor is not exactly academic, the concept is that the result is remarkable. The result of this research is that the increase of sales has to be accounted for the phenomenon of Facebook. When reading an interesting article on Bloomberg (Roberts, 2011) we can observe a fascinating fact, “the web’s influence on perceptions of luxury goods is strongest in China, where fashion blogs are the source of opinion for 58% of consumers, compared with 27% of their counterparts in Europe and the U.S.” (Roberts, 2011). The analysis of the strategy for the launch of a product of Maybelline in China shows how different web channels coincide with market sectors different between each other especially in the industry of fashion or cosmetics that sometimes can be similar.

This theory can be confirmed by another article found in Forbes (2011), which states that all the principal players in the industry are trying, with success, to jump on the e-commerce train; from platform such as Zouxiu, FedEx and the new Italian phenomenon YOOX. Beside its huge limitation – the not so common use of the credit card in some countries, online frauds, the danger of fake products – e-commerce is forecast to produce profit for 20 billion of Yuan up to 2013. This forecast happened to be correct and luxury fashion and e-commerce have been working side by side successfully. The future of luxury is hanging by a thread and e-commerce is the train to catch; after achievements in the Asian countries, also the rest of the world is catching up.

Surely e-boutiques are less exclusive than real stores and this is due to the basic profile that luxury brands have imposed to their e-commerce, in fact, this is the right path.

There are also other competitors in the fashion industry that moved in the same direction through their web channels: let us just think about Allsaints and Privalia fan-shop on Facebook or to the interactive placement of the website of Mango. The tendency and the needs will be to create an exclusive experience even though is online: dedicating private areas, maybe invite-only, to their best customers. The most interactive, attached or more inclined to purchase use dedicated apps on smartphones or Facebook. This created the digital experience that can make us believe to be on the Fifth
Avenue or the Champs-Élysées directly from home. This is the beauty of the Internet and the e-commerce.
3. Luxury e-fashion

This chapter will be structured to allow the reader to understand the relevance of e-fashion in the modern market.
At first, luxury e-commerce will be explained and the effect on competitiveness and sales will be discussed too. Secondly, still referred to the new phenomenon of the “e-luxury”, the platform YOOX.com will be presented. YOOX is quite important in this thesis as it will be taken as e-platform example since the enterprise analysed uses it as e-commerce base. After discussing the role of e-luxury, it seems only appropriate to include the point of view of both enterprises and consumers with a slight digression from the economic point of view to a more sociologic one when it comes to consumers’ behaviour and how it can be influenced by external players.
This chapter will prepare a base for the analysis of data in combination with a questionnaire and the analysis of sensitive data from yearly financial reports of the target enterprise.

3.1 Luxury e-commerce

Online fashion competiveness is on the brick of becoming more and more fierce, while other chain stores, hit by the decrease of sales volumes, due to the on-going economic crisis, are trying to reach for a slice of one of the few remaining growing markets as it is the Web. Better online payments and delivery methods, innovative websites that allow to consumers to virtually fit clothes and shop as well, and the advent of the first generation of consumers bred and born with the Internet mean that online fashion is bound to challenge the recession, so analysts say. These factors will attract shopping groups that were far away from the online clothing selling, such as the fashion number one Europa Intitex and for other major food chains and department stores. This will represent a challenge for the pioneers of the industry such as the British Asos and the Italian YOOX, that, at the moment, are enjoying their sales volumes increasing of over 100%. Nevertheless, still following the success of businesses in other sectors, like Amazon.com in the leisure industry, acting like a neutral brand for the maximum
number of products. “In order to have success as online specialist, Asos needs to do something fundamentally different; this can be identified with being present in the path of converging brands and offer services” (Thomson Reuters, 2009) said to Reuters the Asos CEO, Nick Robertson. (Thomson Reuters, 2009)

Online sales, calculated by Verdict –the research company of retail industry–, represents only a small part of the European fashion market, worth 300 billion EUR per year. Victoria Bracewell-Lewis, analyst of the e-commerce consulting agency Forrest, estimates that the percentage is between 3% and 5% depending on the country, but she also believes that this numbers are bound to grow significantly. She also states “while more and more consumers buy online, also more and more producers will also go online, therefore originating a vicious cycle” (Thomson Reuters, 2009). Moreover, the evaluations underestimate the importance of the Internet since clients visit the brand website also beforehand going to the physical store to purchase something that they have seen in the online catalogue. Forrest expects that online activities in Great Britain and Germany will increase by 50% to 9 billion US dollars and, respectively, by 6 billion EUR in 2014, while French sells will nearly double to 3,5 billion EUR. Robertson, from Asos, is also faithful that the Internet will continue to rapidly grow as the percentage of the fashion market. Robertson states “I forecast a 10% of online fashion purchase in two to three years”. (Thomson Reuters, 2009)

Increasing sales also means putting under pressure the big commercial companies in order to make their expansion on the Internet grow faster. The Exane analyst Phil Rudman states that “Inditex keeps on being excluded from a growing market and if it will not go online will surely limit its maximum development potential” (Thomson Reuters, 2009). Settling on the Internet is neither easy nor cheap because enterprises have to organise safe payment systems, distribution and return policies. A growing number of business is making it work creating a wide range of “multiple channels” that allows customers to purchase online and collect in the store or have the item delivered at home after being seen in the store. The British companies John Lewis and Debenhams are some of the companies that recorded strong online sells in the fashion industry and many others are on this path. Tesco, the British retailer store, thinks of
launching a website designed to sell, at first, Tesco branded clothes, but there is a chance that later on also other brands will be included. Bernstein analyst Luca Solca, thinks that the entry on the web of the major shopping brands will be decisive in order to fully understand the power of the Internet. However, others believe that online specialists have a bigger role to play in online fashion and that they will be able to create a wider choice than in the flagship stores and a more important experience with the clients rather than department stores. (Thomson Reuters, 2009)

Asos sells almost 19,400 own branded items is expanding in Europe and is launching a social network as well –The Community--, a website made in the Amazon footprint for members only that can sell their own products. The group YOOX is taking a slightly different approach. It signed business deals to design and manage online shops of many prestigious brands such as Marni, Diesel and Valentino, which combines the use of brand e-stores with websites that offer products from all the brands together. The founder and CEO, Federico Marchetti, explained to Reuters that YOOX has forecasted, by the end of 2014, to add other six brands to its already twelve existing partnership. At present, YOOX has increased that goal by a large number. (Thomson Reuters, 2009)

We must wonder if online specialists are bound to extinction due to the evolving role of retailing groups. It appears to be still uncertain, however, since specialists abilities are more flexible it is more than probable that they will be able to follow the trends and adapt in time. (Thomson Reuters, 2009)

### 3.1.1 YOOX Group

YOOX Group is a global partner of online retail for fashion and design brands and it has become leader of this market with the multi-brands store YOOX.com and its online mono-brand stores, all “Powered by YOOX Group”. YOOX is an international reality with a wide assortment of fashion and design, of known niche and emergent brands. The Group is active in 67 countries throughout the world as a result of three logistic platforms located in three continents, Europe, United States and Japan, and it operates
with four different currencies and communicates in seven different languages. The administrative headquarter is located in Bologna, while other important centres of operations are located in Milan, Paris, Madrid, Hoboken (USA) and Tokyo, for a total of 287 employees (only in Italy) characterised by a strong feminine presence (around 56% of total employees) and has an average age of 32. We can understand, directly from the name of the company, that the Group express the essence of the model about whom it inspire itself. The feminine chromosome and the masculine one are represented by the consonants Y and X and between them lay the “zeros” of the binary code, language at the base of computer technology. From the 3rd of December 2009, YOOX S.p.A. has become public. (YOOX Group, 2013:75)

The enterprise started in Italy with the opening, in June 2000, of the multi-brand online store YOOX.com initially only working for Italy and the other EU countries. In 2002 it was created YOOX Corporation with the duty of managing the activities in the United Stated and later, in 2004, also Japanese operations. After the success and the acquired know-how, YOOX enlarges its products with the design, development and launch of the first online store for Marni. This will be only the first one of a long series of e-stores powered by YOOX. 2006 is also the year of a spin of the international development of the business of the Group with the extension of its activity to other 25 countries. In the spirit of continuous innovation in the first half of 2008, the business of the multi-brand is expanded trough the launch of a second online store, thecorner.com, which presents macro-sells dedicated to the collections of famous, niche or local brands. On the other hand, the mono-brand business includes the activities of developing and managing the online stores of some of the principal fashion brands that intent to offer on the Internet the available collection at the same time than in the flagship store. (YOOX Group, 2009:13, 14) As of 31st of December 2013, are active 37 luxury online stores YOOX Group, 2013:57)

Regarding YOOX obligations towards customers, the company is willing to develop long term relationships based on trust and respect, acting with honesty, courtesy and transparency, guaranteeing high standard products, services and safe payments methods standards. Moreover, they are willing to consider the customer’s suggestions, promote
ethical policies through YOOXygen and provide innovative services. YOOX clients can be easily clustered in three different groups: (1) brand lovers, (2) fashion savvy and (3) bargain hunters.

1. **Brand lovers**, are those faithful to the brand and sensitive to new trends; this is the segment to which the online store and thecorner.com are dedicated.

2. **Fashion savvy**, are careful and sensitive to quality, number of assortment of the products and have an eye for the price as well; for this type of customers, YOOX.com is the answer to their needs.

3. Lastly, **bargain hunters**, are more careful and sensitive to the price; YOOX.com, every two years present promotion actions such as the sample sale.

YOOX.com, thecorner.com and the online stores have the same attention that the Group dedicates to the level of service offered in the different stages of the buying process, from the presentation of the products to the packing, from the delivery methods to the after sale services. Furthermore, the online stores managed by the Group are characterised for the wide geographic cover and are based on a common logistic and technologic platform, which can satisfy the different customers’ needs. In order to identify the objective characteristics and the behaviour of actual and potential customers, YOOX collects information on the users –clients and not– that access and use their online stores through analysis based on three perspectives: analysis related to the user’s individual characteristics, to the net-surfing behaviour off the user in the website and surveys made with limited frequency in order to limit the influence the answers. The information that come from these analyses are elaborated in relation to the principal characteristics of YOOX activities with the scope of improving the understanding of customers’ preferences, useful for the definition of actions to induct the customer to purchase. The Group dedicates great attention the Customer Relationship Management process defines a series of operation to increase retention of existing customers and their purchasing rate. The principal instruments that are used are newsletters sent to the customers, customised e-mail marketing and specific promotions. The after sales and orders management processes are managed in the same way and from the same personnel both in the multi and mono brand business. (YOOX Group, 2009:71)
The products shipment usually is done through air or ground depending on the length of the route and the delivery time selected by the customer. The level of the service offered by YOOX is differentiated and follows the needs of the different markets. In most of the countries there are mainly two different types of shipments, standard and express, while in other nations YOOX also offers additional services such as delivery in 24 hours or delivery on a Saturday. In 2009, considering data concerning all deliveries made worldwide, more than 98% of the orders have been delivered on time. Beside the guarantee made to the customers based on EU regulations, the return phenomenon is originated from the type of the sold products and from the return policies of the Group that tent to underline the easy possibility for the customer to return the purchased goods.

The phase of management of returned products includes the activities of returning the products to the logistics centres and refund of clients. Based on local legislation—at least for the principal countries—clients have to send back the unwanted item in a maximum of days—in Italy the limit is 14 days—. The return process has been made easy thanks to the online form, a specific section where the customer, before sending the items to YOOX can inform what is returning and why, moreover, in this section there will also be instruction for a safe return, refund and traceability of the package. Statistics tell that returns are mostly clothing items returned for wrong size or fit. Registered clients on YOOX.com have also the opportunity to receive their refund as credits (Moneyoox) directly on their YOOX account. The initiative obtained a huge success and, since its activation, in 2009 the purchases made totally or partially with the Moneyoox credits have represented the 4.5% of the sales volume of YOOX.com. (YOOX Group, 2009:72)

As said before, YOOX provides its customers a traceability service both for the purchased and the returned items and, in situations that can be problematic, also customer service that can be explained on two levels. The first level is managed in outsourcing, through external contact centres coordinated by YOOX. A second level is managed by YOOX operators in order to guarantee a better and fast solution of complex issues—logistic and payments—through the access to the systems and internal resources and the possibility of directly intervening on the management of the order and the return. Moreover, the second level can redefine solutions and modes of management of
various operative complications. YOOX set in place different channels for customers that want to contact the company such as contact forms, e-mails and phones. The most frequent reason for customers to contact the company is regarding issues about products, returns or shipping. (YOOX Group, 2009:72)

As for safety in transactions, issue most cared about from customers, YOOX uses a common platform that includes both online and cash on delivery payments trough the principal credit cards and PayPal. YOOX operates with respect of the consent to the use of personal data regulation and applies, for purchases the SSL3 protocol, the most recent security standard for transmitting sensitive data. This can guarantee safe payments and the full illegibility for others of credit card information. YOOX’s servers are guaranteed by VeriSign and Trustwave’s Trusted Commerce (ATW) certifications. The latter is in compliance with the Payment Card Industry Data Security Standards (PCI DSS), the security standard that is requested by the principal credit card associations. (YOOX Group, 2014)

YOOX takes the idea of buying stocks of unsold items from fashion brands and sells them at a discounted price. The company understood how to overcome the issues related to the e-shopping of a real product by offering a huge variety of products and ideas for an unique website. (Unione Europea, 2013:21) YOOX.com is the perfect study platform, as it answers every customer need discussed about advantages and disadvantages of e-commerce websites. Since it listens very carefully to its customers’ requests is able to maintain its successful position in this new and growing market.

3.2 Enterprises point of view

Since not so many years, enterprises have turned to the world of the web with hope of expanding their market share, increasing selling volumes trough making the brand famous and the chance of decreasing their costs. Many of them succeeded, but others did not, because not sufficiently ready to face the lures of the Internet, that only a well-built marketing strategy and a good knowledge of fiscal and legal aspects can
individuate and overcome. First of all, an enterprise must set the goal of the presence on the Internet, whether its presence will be exclusively tied to the image or will it be purely commercial, therefore the website will act as e-store. Moreover, another crucial decision is whether to set the business as a B2C or B2B and if to settle for the domestic market or go for the foreigner as well. (Unione Europea, 2013:3)

The most developed sector is the tourism one, followed by fashion that presents the faster growth rate; after these categories we find insurances and publishing, which includes also the industry of music. We are facing an extremely narrow market, where few players that detain more than 70%. The major part is represented by service providers such as tourism agencies, phone companies or websites that manage online sales of event tickets. Therefore, this is quite a challenging market, where human resources and technology investments become fundamental in order to be successful. Nevertheless, there are still chances for growth and opportunities for incrementing the business. (Unione Europea, 2013:10) In Italy, between 2012 and 2013, the so called dot-com enterprises that expended their business trough the web, have grown substantially; many small and medium enterprises (SMEs) started as well to enter the “web-market” with the scope of increasing their share by testing foreign markets and immediately producing valid returns. Italian firm that are present in the foreign online market, on average obtained the 27% of their foreign selling volumes even though only a 30% had their website posted in foreign language and 45% of these firms sold in Italy only. Therefore, it is important to act carefully, by studying the environment where they want to operate, by knowing the actors, setting targets and how to achieve them, acting correctly in the matter of costs –not forgetting about costs and evaluating promotion strategies–. Hence, when an e-commerce move has been decided, the firm must behave in the same way as a new project was started, that is by creating a marketing and a business plan. (Unione Europea, 2013:9)

European online sales sensitively have grown in the last years partly due to recession that leads consumers to look for more affordable prices, often offered by the web. The e-commerce by now has reached 9.5% in the UK, 6.9% in Germany and 4.9% in France, while in Spain has reached the 4.9% and an astonishing 0.8% in Italy. The huge
differences of growth and dimension of the electronic commerce can be explained with the network connection rate. In Italy, the percentage of families with at least one component between the age of 16 and 74 years old that own at home an Internet access is the 64% against the European average that is 73%. The percentage decreases when wideband access is taken into consideration: 53% against the European average of 68%. At the top of the European wideband chart we find Holland and the Scandinavian countries with an 80% followed by Germany and the UK, respectively 75% and 71%, France hold 62% and last are Italy together with Poland and Spain. Nevertheless, the growth opportunities in Italy for e-commerce are wide. In 2012, the Italian e-commerce registered a +18% of growth; on the other hand, SMEs still appear to be shy to this chance. The Netcomm e-commerce forum data, in 2012, shows that, until 2011, only a 4% of SMEs sold through the Internet their products, while those who have bought, always trough the Internet, are the 11% against the EU average of 15% of European enterprises that already sell goods and services in Italy. These data show that Italy turns out to be quite underdeveloped from this point of view and this has fallouts on productivity. (Unione Europea, 2013:8-9)

In B2C businesses, firms need also to analyse the consumer response to e-commerce. The average expenses stated by consumers is quite high” in one year, one person out of four spend between 250 and 500 EUR, while one out of five lays in the 500 to 1000 EUR cluster. The users registered to newsletters tent to purchase more often and more, in fact, one consumer out of three says to have purchased more online than the previous year. In particular, the 31% states of having increased the variety of products bought online while the 41% thinks that the total purchase has been higher than the previous year. For those that still do not buy online, the main reason lays in the necessity of feeling the product, therefore preferring a physical store to an e-store. This last statement suggests that also online it would be possible and helpful to have a person, a personal shopper, which can advise customers on the quality and originality of the products; firms can take into consideration to have an employee following a certain number of customers. In this way, the problem of interpersonal relationship can be overcame. (Unione Europea, 2013:13-14)
3.3 Consumers’ behaviour towards e-fashion

Although Internet access may be a variable that could discourage consumers to purchase on online shops, we must focus on those that have experiences on the matter. There are different kinds of consumers that use these new ways of purchasing—such as e-stores on computers or any other electronic platform—as we find that there are those that first consult the collection online and then visit the store for the actual purchase, while others directly choose what they need on the Internet and have the item delivered.

In order to come closer to the first kind of consumers, many brands conceived the idea of an online purchase, but with the difference that the consumer has the choice of having the item either delivered home or to the shop of choice. In this way, there is the possibility—for clothing stores—of fitting the purchase right in the store and, if it does not satisfy the purchaser needs, there is the possibility of an easy return, without the fuss of having to make the return process with a delivery company. On the other hand, with the “delivery to store” the return is immediate as it is the refund. This is a way that can satisfy the needs, or come close to them, of those consumers that strongly believe that e-store may never substitute the experience of shopping in a flagship store.

For those consumers that have already embraced the possibility and reality of the purchase through the Internet, there are some influencers that those other consumers that are not so keen on this kind of possibility do not even know about their existence and substance. More and more blogs came to existence in the last years and fashion bloggers became of growing importance in the marketing of a brand. Since enterprises understood the power of these people, they started, quite often, to deliver them items of their latest collection with the hope that the products will be featured in the daily articles or published in the “today’s outfit” attracting followers to the purchase. (Pihl, 2014:20)

Furthermore, this approach allows firms to publicise their e-store—if they have one—as fashion bloggers usually post what they are wearing and where the item can be shopped. Ostberg (2011) states that style can constitutes “the ways in which certain consumers, or groups of consumers, assemble, modify, combine and act toward consumers objects and activities”. By combining the knowledge that was stated throughout the theory explored, this statement justifies the fact that where there is Internet connection that is
used for the purpose discussed, then there is also a community that meets on certain criteria non regarding their geographical origin. This creates an alternative society that shares the same ideas and values that are grouped in this fashion blogs.

E-fashion is growing at a steady pace considering the economic situation that we are into. By analysing the data collected by E-commerce Europe, the yearly increase of selling through the web for 2012 is the 22% for a total of 305 billion EUR. The Old Continent is the first world market power for e-commerce followed by the USA –with 280 billion EUR– and the Asian-Pacific region –216 billion EUR–. Some European behaviour show that Italian shoppers get information on the web, but the 70% of them still concludes the purchase in the store. On the other hand, nine British out of ten that have Internet connection finalise their purchase online; this applies also for the same number of Germans. In France the number decrease to eight out of ten and in Spain a really great one out of two. (Rusconi, 2013)

In order to make e-fashion take its place in the consumers’ life and habits, customers themselves need to get used to electronic payments method and trust that brands can make their transaction safe. Many consumers are reassured by the presence of certifications –same as for any other service, from food to safety certifications– that guarantee that certain standards are met.

Maybe times still are not mature enough for a complete trust from the consumers to the e-fashion, but in time the advantages surely will overcome the disadvantages that make people being so resistant to this modern method.
4. Theoretical framework

Chapters two and three presented the main theoretical approaches and issues that characterise the content of the text. In order to provide a clearer background for the empirical part, facts concerning both e-commerce and a more classical approach were presented. Based on these chapters, a short summary is in order to continue in a clear way the discussion and the testing of the theory in a real scenario.

At first, marketing theories for luxury enterprises were presented with the discovery of another method, more specific, for adapting the marketing mix of the four Ps to this kind of industry; Arora’s (2013) research was presented with the use of relevant examples concerning each P, to better understand these different variables. In the analysis of the case study, these variables will be considered individually and tested to find validation in the real case. After discussing the common physical entry modes – export, franchising, JV and WOS–, was presented a more innovative method, online shopping, with its advantages and disadvantages. By presenting these two very different kinds of entry in a foreign market, the issue of real advantages or challenges for the enterprises of the industry of luxury comes up as two valid options are presented.

In order to explain luxury e-commerce, the platform that will become of importance in the analysis of data and the firm example was presented and explained the reasons why it is so innovative in its field of application. The theory proceeds with the explanation of the challenges and the opportunities that enterprises have in adopting this kind of platform from a sales point of view and whether it can be a way to contrast the economic crisis, therefore increasing profit volumes. As sales trends are discussed, not only the point of view of the firm will be taken under exam, but the consumers’ opinion was included as well to see how customers respond to e-commerce and its introduction for the luxury market. Moreover, we saw how the Internet and its new figures–such as fashion bloggers– can influence consumers and how enterprises can use external players to get the help that they need to encourage consumers to purchase online.

In the empirical part, I will combine, in small part, some the opinions of a sample of consumers, obtained through primary data, a questionnaire prepared ad hoc for the
topic, with the real numbers of an Italian luxury firm and prove whether e-luxury truly increases sales volumes. The yearly financial reports will be the main source of information in the analysis and will be at the base of the explanation for the research question. As explained above, some issues appeared with the analysis of the survey negatively affect the validity of the study. Later in the text, the matter of reliability of the survey will be further examined so to understand whether each question can be considered valid or only part of it. The matter of validity is rather important as if there would not be control on the data, the result may invalid all the arguments presented.

Here is a framework (Figure 4) that further summarises the development of the empirical part seen the theory and what has been discussed so far.

Figure 4 – Framework of reference for developing the empirical part (based on the theory above presented)
5. Research methodology

When conducting a research, an important phase is the choice of research design. The most relevant choice is done when considering the choice between qualitative and quantitative study. The first one—qualitative studies—, concentrates on understanding the respondents’ point of view; with this method, questionnaires are used in order to gain valid information. On the other hand, quantitative studies are mostly used when the focus is on the facts and the emphasis is on testing and verification of an issue; for this method, the most common source of data is interviews. (Ghauri & Gronhaug, 2005:109-111)

In this research there is the need for combining the two methods. On one hand, consumers’ behaviour and their opinion is collected through the help of a questionnaire composed by 15 questions started on 27\textsuperscript{th} May 2014 and ended on 30\textsuperscript{th} of June 2014. On the other hand, qualitative data will be represented by the brief analysis of the trend of the financial results of the case enterprise before and after the starting of the collaboration with the electronic platform presented in chapter 3, YOOX.com. Even though the combination of two very different methods can be difficult to understand, I believe that I will find a correlation between the mean responses and the selling volumes of the company, therefore I think that this still is the best method to respond to the research question and the objectives. Moreover, I could not limit the analysis of the case to the theory, firstly because there is not much about the specific topic and secondly, the goal is not to create a new theory, but to prove that the theory explained can be applied to the target company. Maybe it would have been better to include, instead of the analysis of the financial reports, an unstructured interview with one of the managers of the company, but I found resistance from public relation to allow this kind of interviews, even though no sensitive data would have been revealed. Unstructured interviews would have been more appropriate because of their nature; the peculiarity is that, since it is not structure, the interview can be modified and the discussion can be move into different direction that may have come up during the interview—still analysing those macro topic that are necessary for the thesis—.
5.1 Data collection

As said before, the collection of data for this thesis must be explained for the two methods used, the questionnaire and the financial reports.

The questionnaire was proposed through the online platform Qualtrics and made available for more than a month. The questions went from the basic personal ones, such as gender, age and country of origin, to more pertinent ones that asked opinion first about electronic money and then the experience that the respondents have with e-shopping and their feelings towards it for a total of 15 questions. Since I knew that the first group of respondents and maybe the majority of them would have been students I wanted to contain the number of questions in order to reduce the dropout rate that, in the end was 17% (Qualtrics, 2014). The survey had quite a success because it realised 120 responses by posting it online and asking for the help of other respondents to pass the link to colleagues and friends to increase the response rate. The second part of the questionnaire focuses on answering those issues presented in chapter two and three and the hope is that the answers of this random sample of people will be as coherent as possible as the theory asked.

The company taken under exam is called Brunello Cucinelli S.p.A. and it is a cashmere producer from Perugia, a town in central Italy. The choice of this enterprise was calculated as it met specific criteria that I had in mind; I needed a company that was in the luxury industry, which was present on YOOX.com and was public –Brunello Cucinelli is in fact on the Milan Stock Exchange–. The latter criterion is fundamental, as other enterprises that are not quoted do not have the obligation to publicise their yearly financial reports online. Therefore, from the list of companies on YOOX.com I identified the one that presented the most suitable. Moreover, Brunello Cucinelli started its collaboration with YOOX in 2011 and on its website are present financial reports from 2009 to 2013, so 2011 lays right in the middle of the available data. This allows seeing whether the collaboration produced tangible results. The choice for an empirical case is not casual, but there is the need for a holistic, in-depth investigation as methodology (Feagin, Orum & Sjoberg, 1991). Moreover, Yin (1993) explains that there are specific types of case studies: exploratory, explanatory and descriptive. The
first ones are those cases that are considered for social researches. The second ones are commonly used for casual investigation, while the third needs for descriptive theory that must be developed before the beginning of the project. The specific case study that will be used is not the result of sampling research but it must take into consideration what Feagin, Orum, Sjoberg and Yin previously stated. Furthermore, the case must be selected in order to maximise the useful information that are needed. The research question clearly calls for a case study as pure theory and quantitative research is not enough as to have a satisfying outcome.

5.2 Data analysis

Since in this thesis two different methods will be implicated, also the data analysis will be different, but coherent between one another. The two sources of data, the yearly financial reports and the survey will complement themselves as the outcome of the survey can be seen as reason for certain decisions of the company and the financial reports can be the reason behind the answers in the survey. This study will comprise analysing the outcomes of the survey with the numbers in the financial report. Moreover, also coherence between the answers given is checked as to provide the reader with a clear view of what may be considered uncertain and bizarre from a logic point of view.

As the survey and the platform used to discuss the case is used worldwide, variables such as culture or country of origin will not be a problem, on the other hand, this data will be analysed in relation with what was stated in chapter three when speaking about utilisation of e-commerce and data was presented differentiated by country. Yearly financial reports are wide documents as they present the history of the firm, the presentation of the year to shareholders and the explanation of the decision taken from the administrative board. By analysing the decisions and the following numbers in the balance, it should be highlighted in the year where the enterprise started the collaboration with YOOX. The data available is represented by five years, from 2009 to 2013; as the collaboration started in 2011, I will be able to study whether there had been
changes in profit from that year by creating a chart that will also help the reader understanding the analysis process. There will be also representation of the warehouse surplus as the implementation of the e-commerce might induce some changes in its management. Moreover, the revenues coming from the retail channel will also be analysed mostly in comparison with the net revenues in order to see how well retail revenues contributed and in which measure to the total revenues.

5.3 Data reliability

In order to have a valid study, the matter of reliability of the data must be carefully considered and taken into account. Reliability describes the extent to which results of a study are consistent. This statement means that the result of the study should be identical no matter who is the subject that is conducting it. On the other hand, validity evaluates whether the study truly measures the subject that is supposed to be studying by looking at the findings of the study. Validity is also particularly important when the study uses the quantitative method. (Lewis, Saunders & Thornhill, 2009:156, 346)

As for the qualities of the questionnaire, validity is always at risk, as random sampling does not allow me to be in control of the people that answered. On the other hand, by looking at the results, I can see that they are more or less grouped as they should be—in comparison with the theory that I want to analyse, so I can say with certainty that the answers, therefore the results, can be considered valid. Only one negative note about validity: I found out that some of the respondents, in the last question that asked for an opinion, therefore the question was set as open, was answered many times with jokes or nonsense—probably due to lack of will to conclude the survey—, so I have to exclude those answers from the others but still considering the answers from the other 14 questions to be valid, this is the explanation why that there will be more answers for some questions than for others. Furthermore,—always to ensure validity and reliability—the survey was set with a series of blocks that did not allow the respondents to skip questions and to take it again from the same IP address. Moreover, as the majority of the respondents were students, therefore with a limited economic budget, the result may
have been altered due to limited resources. If I had had more adult responses, maybe the outcome would have been different and more mature for certain questions. On the other hand, students are also those that use more new technologies and are not afraid of using them, so I will consider these variables in the chapter of the findings. Since some of the answers are not really in line with what I have predicted from the theory, I can easily say that this is another fact that can assure reliability of the data collected.

When it comes to assuring the reliability of the yearly financial reports, I can state without any issues that those documents truly are true to their word as those are legal documents and forging them is illegal and since no legal actions have ever been started against this company I can be sure of their trustworthiness. Moreover, for the financial years 2009, 2010 and 2011, on the website it is possible to read the relations from Ernst and Young that states that the reports were filled following the International Financial Reporting Standards (IFRS) as of European Regulations (Ernst & Young, 2011, 2012). The choice of using more than once source to complete this study is due to what Yin (1994) stated, that multiple sources should be implemented to ensure the outcome validity.
6. Analysis – The case of Brunello Cucinelli S.p.A.

The chapter will be organised as following: at first, in order to clarify with which firm I will work with, a brief presentation of the firm will be explained; after that a short presentation of the export strategies that the firm is using will be revealed, so to compare it to the theory before explained in order to see whether it follows what the academics stated. The third part of the chapter will be the focus of the thesis: it will analyse the financial data before and after the mark point of 2011, year that Brunello Cucinelli S.p.A. (BC) decided to launch the online experience and see whether there are relations or explanation for the financial results with the outcome of the survey. The chapter concludes with the implementation of these results and what was discussed both in chapters two and three in order to prepare an answer for the research question.

The enterprise used as case is chosen due to the meeting of certain criteria: (1) its market is in the luxury clothing industry, (2) has its e-store “Powered by YOOX” –is also present on YOOX.com with old collections– and (3) is a public company since it started the experience with the stock exchange in 2012. Moreover, the choice was made also because of its first resistance to approach the world of the web as the CEO was doubtful about the necessity and advantages that is would have brought.

6.1 Overview of the company

The company was founded in 1978 as cashmere knitwear producer when Brunello Cucinelli thought that coloured cashmere could have become a new and important innovation –until then, cashmere was only produced in the natural colours of the fibre–, therefore he built a small company operating in this industry. After a few years, Cucinelli moved the company to Solomeo (Perugia) and renewed the local castle whose crest became the symbol of the enterprise. From the ’80, there was the choice of extending the range of products with the entry in foreign markets with the development of the wholesale channel. In the years 2000, the company characterise itself with a specific focus on the total-look collection method, the classical products of BC such as
cashmere knitwear, were created also other products, that still remained in the luxury segment, such as man and woman’s shirts and accessorises scarves. Both women and men collection are positioned in the highest section of the luxury market. (Brunello Cucinelli, 2014) The enterprise is in continuous growth and development, over the years its philosophy has remained always the same and the main values remained unchanged: innovation and research represent the concepts guideline with the aim to obtain the highest quality trough handcrafting. The company allocates itself in the top of the luxury pyramid that is organised in three segments: at the base we find the wider section referred to accessible luxury, in the middle striving luxury, while at the top the segment of absolute luxury. The company was allowed to be in this segment due to its quality and tradition in the production process. Moreover, the products are entirely produced in Italy, certifying a true “Made in Italy” that is based on solid production strategies, made both through internal manufacturing and façons, of internal formation of manual and intellectual knowledge –they also opened a sewing school to preserve the tradition– on the know-how of their small but efficient artisan laboratories able to provide value added to the firm. (Brunello Cucinelli, 2011:6) The offer of the firm is made of the collection man and women for all occasions, from formal to sport, furthermore, also leather bags and accessorises are merchandised (Brunello Cucinelli, 2011:10).

Each collection sets its bases on the research of the quality of the “raw material”; in fact, cashmere is a fibre particularly rare. In order to assure top quality, Brunello Cucinelli started a close collaboration with one of the best manufacturer of cashmere threads. The trust that binds these two enterprises can be seen as a proof of the quality which characterise the products of Cucinelli as such cooperation are less likely to have mistrust from both parts as it reduces the insolvency and the enterprise risk. (Brunello Cucinelli, 2011:6)

6.2 Export strategies

The export methods used from Brunello Cucinelli can be understood by analysing its distribution channels. We see that the methods used are various such as wholly owned
subsidiaries (WOS) and stores in franchising. In fact, from the consumer’s point of view, the brand is present in three different distribution channels.

1. **Retail**, is composed from the channel of direct distribution managed by the Group through WOS, the so-called Directly Operated Stores (DOS). Moreover, in the retail channel are also included the outlet and the e-commerce.

2. **Wholesale monobrand**, is composed of the group of stores managed through franchising. The Group uses intermediaries, represented by the franchisees, with the consequence that they become the Group “customers”.

3. **Wholesale multibrand**, is represented by independent stores with dedicated spaces to the brand such as department stores. (Brunello Cucinelli, 2011:10, 2013:10)

For the methods of wholesale monobrand and multibrand, the Group uses a network of agents and representatives. For all distribution channels, the Group manages how the products are shown in a way to truly represent the brand and the style of Brunello Cucinelli. The areas covered by the network of the Group are divided into five different areas: Italy, Europe, North America, Greater China and the rest of the world. In 2013 it can count a total of 98 presences between DOS and wholesale monobrand stores. As for this company values and traditions are the centre of the management also in the distribution matters, so in harmony with the policy of growth of the brand, the programme of distribution channels holds principles of rarity and exclusivity of the sector of the absolute luxury in which the Group belongs to. This is done by adopting a strict policy for stores openings in the most exclusive luxury areas of cities target in the world and in resort locations and by maintaining and expanding already existing sales points. (Brunello Cucinelli, 2013:10)

As for the matter of culture, beforehand presented by mentioning the Uppsala model and Hofstede, Brunello Cucinelli uses its Italian culture as a strength and value that allows the firm to separate itself from other competitors. As the enterprise started as a family run business and grew because of that, the idea of showing how well this family works together may have become the way to differentiate itself from the rest of the market as instead than creating complex marketing strategies, the intent is to tell and hand down with spontaneity the legacy of the past and the projects and hopes for the
future. (Brunello Cucinelli, 2013:16) This strategy of exploiting the company’s origin – strictly Italian– does not penalise its success worldwide even in those countries that would not normally accept values such as the ones that characterises this society.

Even though marketing strategies are answered through the implementation of a more family-style image, this representation still stands for “pedigree”, one of the variables in Arora’s 8Ps of luxury brand marketing. It is worthwhile to analyse whether even the other seven variables are taken into consideration from the company.

<table>
<thead>
<tr>
<th>Arora’s 8Ps of luxury brand marketing</th>
<th>Brunello Cucinelli Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>One of the main values proposed by the company is the ability of hand crafting the products, ability in line with the definition of performance.</td>
</tr>
<tr>
<td>Pedigree</td>
<td>As Brunello Cucinelli started as a family business and it faced a continuous growth in a niche market, it is correct to say that the theory about pedigree can be applied for the case.</td>
</tr>
<tr>
<td>Paucity</td>
<td>As cashmere faces seasonal risks (technical, environmental) that can mine the availability of the final products. Although this issue is not comparable with the matter of limited resources, the variability of the availability of the raw material makes the products scarce from time to time.</td>
</tr>
<tr>
<td>Persona</td>
<td>This variable is not really used, but in the last two years it had a development as the brand became available on the Internet.</td>
</tr>
<tr>
<td>Public figure</td>
<td>The company preferred to maintain as</td>
</tr>
</tbody>
</table>
face of the company the image of the founding family and community surrounding it. So even though no celebrity were involved the public figure is maintained in a more conservative way, but analysing how the company works this is exactly how it should be.

<table>
<thead>
<tr>
<th>Placement</th>
<th>Stores are opened in selected luxury locations or resorts. This is exactly what placement asks for.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public relations</td>
<td>As for public figure, the company does not want to be “out there” but it wants to be “looked for” by the customers. It just gives enough PR to stay alive in the market and still transmit that sense of modern luxury fashion combined with the tradition that characterises the company.</td>
</tr>
<tr>
<td>Pricing</td>
<td>The price reflects the sector in which Brunello Cucinelli operates and since it is placed in the “absolute” luxury then a high price is justified.</td>
</tr>
</tbody>
</table>

Adapted from Arora (2013) and Brunello Cucinelli (2013)

The main issue with the implementation of e-commerce for Brunello Cucinelli was that he was not sure how luxury could maintain its excusive and characteristic values on a platform so easily accessible such as an e-store. Cucinelli states: “the Internet was not developed for luxury products, we should be brave enough not to exaggerate online. I do not want the soul of my company to be taken away” (Fairchild, 2014). In response to these concerns, the founder felt like it could trust the methods of the YOOX Group, but not after long consideration. Brunello Cucinelli Group joined YOOX in 2011, a decade
after the e-commerce company was founded. In this way, the chances of exploring other markets is as large as wider is the reach of the website, which works globally. As proven, all the theories before exposed are in line with how the target company manages its export strategies; now there is to ascertain whether these choices affect also the selling volumes and in which way.

6.3 Findings analysis of the company

6.3.1 Yearly financial reports

In order to correctly analyse the data I must firstly individuate which suitable variables need to be contemplated. First of all there will be the analysis of the trend of the retail sector of the company, as the e-commerce is calculated –in accounting– in that segment. Furthermore, also warehouse trend will be taken into consideration as YOOX takes the unsold products for the previous season and sells them at a convenient price, therefore lightening the role of outlets –also considered in the retail sector–.

From the yearly financial reports it is possible to deduce data concerning net revenues for the two years previous to the entry in YOOX and the following two, therefore, the analysis of five years is supposed to be enough to evaluate the theory previously exposed in the thesis. As shown in Table 1, Brunello Cucinelli experienced continuous growth over the period analysed.

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenues</td>
<td>158.135</td>
<td>203.599</td>
<td>242.635</td>
<td>270.321</td>
<td>322.480</td>
</tr>
</tbody>
</table>

Table 1 – Net revenues in thousands EUR (Adapted from Brunello Cucinelli, 2010:11, 2011:15, 2012:22, 2013:23)
After identifying how the company did over these years, it is time to analyse how the retail channel performed. The focus on the retail channel is justified by its nature, as stated previously in the presentation of the company retail channel includes revenues from DOS, outlet and e-commerce. Since the focus of the text is on the influence of the e-commerce, this channel will be the only one analysed in comparison with the net revenues. I will leave the wholesale monobrand and multibrand revenues aside as their trend is not a valuable concern. In this analysis there might be some limitations as the data is not separated between e-commerce and DOS; as explained in the financial reports, new flagship stores were opened over the years, but the constant growth and the escalating tendency of the retail revenues cannot be explained only by those openings (Brunello Cucinelli, 2013:24, 2012:23). Moreover, retail revenues present growing incidence on the net revenues that increases sensitively from 2011, year of the start of the collaboration with YOOX.

As we can see from this graph (Graph 1), the net revenues keep on growing with a steady rate of 40,000 thousands EUR per year, but what is interesting to analyse is the incidence of the retail channel on the total revenue; in fact, between one year and the other we face relevant increases because in just three years they are more than double – being retail revenues 19,494 in 2009 and 53,861 in 2011–. From 2011, both net and retail revenues became important numbers taking into account that, along with the entry on the Internet of the company, also few flagship stores were opened. Still, when analysing the percentage of the incidence of the retail we see that from 2011, the retail channel takes more importance in the formation of the net revenues.

Following, another category of values must be taken into account: warehouse surplus is a value that often determines how an enterprise manages the unsold products. Now I must analyse this kind of data, as YOOX’s strong suit lays in purchasing warehouse surplus –unsold collections–, therefore, the financial reports should present detailed data about this matter. Brunello Cucinelli also presents data about products turnover, a quite useful data considering the thesis topic. With the help of these numbers combined with the warehouse surplus, it will be possible to examine whether the company have successfully made use of the Internet platform’s advantage. From the analysis of the warehouse surplus data it is possible to see how the values increase and from 2011 escalate more and more. At a first glance I would consider the purchase and sale of the unsold products to be useless –since the data is in continuous growth and does not diminish–, but after considering the incidence of the warehouse surplus on the net revenues the usefulness of the method is shown. The following table (Table 2) shows how, even if the warehouse surplus grows instead of decreasing, its incidence remains quite stable in those five years, when many operations were started and the business volumes increased.
<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehouse surplus</td>
<td>47.044</td>
<td>48.271</td>
<td>64.708</td>
<td>80.089</td>
<td>94.464</td>
</tr>
<tr>
<td>Net revenues</td>
<td>158.135</td>
<td>203.599</td>
<td>242.635</td>
<td>279.321</td>
<td>322.480</td>
</tr>
<tr>
<td>Incidence</td>
<td>29.75%</td>
<td>32.71%</td>
<td>26.67%</td>
<td>28.67%</td>
<td>29.29%</td>
</tr>
<tr>
<td>Rotation days</td>
<td>101.6</td>
<td>84</td>
<td>83.8</td>
<td>96.8</td>
<td>92.6</td>
</tr>
</tbody>
</table>

Table 2 – Warehouse surplus analysis. (Adapted from Brunello Cucinelli, 2010:14, 2011:33, 2013:34)

When reading about the high numbers of the warehouse surplus, the reports state that “the Group does not create any kind of obsolescence fund for the warehouse due to the management policies of the provisions, that estimate an efficient process of selling for the unsold stock for each season” (Brunello Cucinelli, 2013:89). Concerning the rotation days I believe that there are no significant differences, as firm’s policy did not change with the implementation of the e-commerce as apparently it runs also with higher sales volumes.

After discussing revenues and warehouse influences and responses to the implementation of e-fashion, comes the time to analyse whether the profit had some changes over the period of time taken under exam.
From **Graph 2** it appears that the profit was continuously growing at a rapid trend. The limitation for these data is that it would have been better if more data from previous years were been available as the percentage variation between these years is quite odd. Although that 106,95% variation catches any analyst eye, the reason behind is to be ascribed purely to the 13 new store openings, between DOS and wholesale monobrand. 2011 is the year that combined the birth of the firm as it is today –“Brunello Cucinelli S.p.A. was created unifying the small brands that composed it”–, the implementation of the new e-store and the collaboration with YOOX. Of course we must always remember that the company faces the risks of the economic crisis that is affecting every market; in fact, after having a steady profit between 2011 and 2012 the company increased it by 32,10%.
6.3.2 Online survey

The role of the online survey has been to gain an understanding whether the use of the e-commerce was something consistent with the theory findings. Furthermore, the questions were addressed in order to confirm the consumers behaviour towards the luxury industry and, more specifically, towards e-luxury. The questions were developed by thinking about the content of the thesis and, specifically, towards the matter of the consumers’ use of the Internet and their experience and opinion on e-fashion or e-shopping in general. Moreover, the matter of defining luxury was proposed as well. Although a good number of responses was obtained, there is a limit that I must present before presenting the analysis of the responses and the out-coming results. Out of 120 responses, the 65% of respondents were students and the main age range was from 21 to 24 years old that represents the 44% of the total, the biggest heterogeneous group of respondents. These facts have to be considered a limit because, in order to purchase luxury products, consumers need to have a regular and considerable income; since there were no questions concerning the economic status I cannot say whether some of the questions such as “Have you ever purchased luxury products online? If yes, which ones?” and “Do you believe that luxury e-commerce can substitute the experience in a flagship store?” with its consequent question “If not, why?” may have been different with a different sample.

In fact, the outcome may have been more valid if I would have asked the same questions to a more “mature” sample as the answers may have resulted different. The reasons behind this assumption are answers such as these: “Because when spending more money than the average people I prefer to see the product before purchasing it.” or “Before buying something very expensive like luxury items I want to see it with my eyes, try it, and then buy it.”. This is because, when I analyse the last question, the most frequent answer is that the e-commerce does not provide the same experience “Not the same sensations. For luxury commerce the experience in flag store is based on the all five senses and you cannot have it online”, “Part of the "luxury" is the way the item feels, the x-factor of it, this feeling can't be replicated on a digital medium”, “The physical experience of being able to handle the products (clothes, etc...) and to try them
before you decide to buy them. You miss the social side of being able to interact and
discuss the experience with family and friends. Also there may be a special in store
offer/promotions”, “Because most luxury products are handmade, so I think it feels
different to buy it in a local store”. Moreover, the majority of respondents were Italian
even though the survey was carefully distributed on international platforms and it was in
English; this is a limit because, as explained in chapter 3.3, Internet use and purchase is
last in Italy, considering the European territory. Therefore, not all the questions, that
might be flawed due to the “income” issue or the low Internet use, will be analysed and
evaluated as there is no certainty whether it can be safe to include them in the analysis
of findings concerning the topic and its application to the case study. In fact, there might
be the risk of invalidating the final results, concerning the matter of consumers’
behaviour. I believe that due to all the limits presented above a detailed statistical
analysis would not benefit the topic analysed but it would create confusion for the
assessment of the research question.

Despite what said above, there are some questions that are purely about the theory
presented and can be taken into consideration. The majority of the respondents believe
that the main advantages of using e-commerce are traceability of money (42%), fast
payments (70%) and the ability of payment around the world (66%); on the other hand,
many believe that they are afraid that the use of e-commerce may bring to online frauds
(84%). Moreover, they also believe that the new role of fashion bloggers may influence
consumer’s choice with an agreement of the 91%. Respondents did not come to an
agreement of how to define luxury, but the two most selected definitions are
“Something that delivers quality and performance” (23%) and “Anything that is
desirable and more than necessary and ordinary” (24). Although the 73% of
respondents think that e-commerce can be used for luxury items the 79% do not think
that it can substitute the experience in a flagship store; moreover, the majority has never
purchased luxury items online. These answers are a little bit in contrast between one
another, as even though e-luxury is thought as a good strategy, still they would not
purchase from an online platform.
6.4 Implementation of findings

When analysing how luxury was perceived from customers, many theories and definitions were exposed. By combining all the theories presented an academic definition was decided: “luxury is anything that is desirable and more than necessary and ordinary” (Heine, 2011:30). Although the academic reasons, the definition was also put among a variety of definitions all similar to each other concerning luxury and based on the 8 Ps of luxury. In the survey, the two most selected answers were that luxury can be defined as “anything that is desirable and more than necessary and ordinary” and “something that delivers quality and performance”. By analysing Brunello Cucinelli S.p.A., I can agree that these two definitions are correct for the case as firstly, luxury itself responses to the first academic definition, while the products offered by the target company deliver high quality and performance. Concerning the 8 Ps of luxury brand marketing we can see from the analysis in 6.2, that Brunello Cucinelli responds nearly to all the variables presented. The only difference that was seen is that the company does not believe, for now, in having a celebrity as the face of the company.

On a physical marketing level, Brunello Cucinelli uses a wide range of methods; in fact, exporting is represented by the wholesale multibrand, franchising from the wholesale monobrand, while WOS are represented by DOS. With these methods and recalling what Fiore et al (2011) presented, the company can mitigate the risks coming from the implementation of WOS but maintaining a high control level over all operations. As predicted, Uppsala model is not to be used for this case; in fact, the first abroad expansion that the company faces was in 1969, when Brunello Cucinelli USA Inc. was founded, therefore discrediting what the theory about Uppsala and Hofstede describes (Brunello Cucinelli, 2014). This means that also the e-stores do not need to have particular customisation beside the language barriers that have been overcome trough a work of translation. I believe that is also safe to say that even if we looked into other luxury fashion companies, the export path would result similar, so the Uppsala method is not to be used for this industry. In order to face the risk of online boredom, the company, in coordination with YOOX, presents its products with a certain style that can be distinguished in the online store (Appendix 1). Beside the resolved problem of
maintaining its image, the online store also delivers customers services as different methods of delivery and a well-organised customer care really similar to what can be found on YOOX.com. As for shopping platforms, the company have available only the store on computer instead than having also apps for tablets or smartphone. Although this might be an issue, from the survey, therefore analysing customers’ habits, computer is the most used method for online shop, so the company has a limited risk due to this tendency.

The enterprise, and so do customers, believe that bloggers can influence their selling volumes, this is why the founder has meeting with them in order to publicise his new line and maintain fresh and youthful sensations to the public (Shan, 2012). This is a method of marketing that can be a little bit risky as there is no control over the writers, but the founder does a brilliant job, as seen on the resulting article.
7. Conclusions and implications

This last chapter will firstly recapitulate the thesis topic recalling both research question and objectives with explanation on how they were decided. Moreover, the theories used will be represented and how they met or not the case study and the result of the survey. Afterwards, the text will focus on the research question giving explanation whether the question can be answered positively or in a negative way. Furthermore, there will be an overview on whether further studies can be done on the topic and from which angles the subject can be analysed.

7.1 Summary

The idea behind this thesis is how the increasing role of the Internet that is helping many firms to grow and reach consumers all around the globe. Even though the Internet has been implemented by a wide variety of industries, many famous enterprises of the luxury industry believe that the use of the telematic technologies can negatively affect their business. This is because luxury industries base their brands on the luxury experience, which allows the customers to feel special when they purchase in a store; the experience, is provided by the luxury environment that is present in the flagship store with trained clerks to help the purchasing choice. Therefore, the thesis will respond to the issue whether the use of e-commerce can indeed increase the profit of fashion luxury companies. Before starting analysing how to answer the research question, the issue of the definition for luxury was presented. There are many ways on how this word can be interpreted and often is a personal definition, but there are certain variables that can be associated when speaking about luxury items, from a car, to jewellery, to clothing. In the survey, the most favourite definition was the one presented in the theory by Heine (2011). Arora’s (2013) 8 Ps of luxury brand marketing explains these variables in a more neutral way. On the other hand, there are also more consumers-oriented approaches that may be imprecise for the specific topic. The 8 Ps are a tool that help analysing the target company, therefore, it is imperative to well understand to what they refer to.
Beside this marketing tool—which helped defining luxury—, one important matter was to understand the market entry modes possible for this kind of industries as they vary from the most basic exporting, to franchising, to WOS. Furthermore, the method of the Uppsala model was explained and found that is not valid for this kind of research and industry as luxury consumers tend to have the same tastes all over the globe. The growing method of online shopping was firstly defined as a method not suitable for the luxury industry as the raw and standard approach seemed to lessen the luxury experience so dear to the companies. Although companies believe that the Internet market is not the place for them, it is undeniable that is a very rich market as more and more users are registered at a steady pace. Therefore, luxury companies started creating e-boutiques that aim to recreate those exclusive and luxurious sensations that attract customers. Consumers that enjoy the purchases through the Internet creates a social pattern that can be found in many countries without distinction. Moreover, the new phenomenon of the fashion bloggers gave motivation to both consumers and producers to trust the Web. This matter was also taken into exam in the online survey, where 91% of the respondents support that bloggers may influence consumers’ choices. This is because there are many uncertainties such as concerns about payment methods—many still do not trust electronic money—and frauds. Another issue may be that the use of e-shop varies for each Country; in fact, this matter has also influenced the outcome of the survey used for checking the theory about consumers’ behaviour. The positive data is that trends indicate that the use of the e-commerce is bound to increase over the years. Although the risks, the e-commerce is steadily growing, therefore luxury companies need to find a way to combine exclusivity and technology.

A young Italian enterprise created in 2000 a platform of e-shopping that finds the way to face this issue: YOOX managed to ensure its customers that their products would be treated as in the store. YOOX operates on two sides, it manages the companies’ e-store with the brand “Powered by YOOX” and lightens the warehouse surplus as well by buying it from the companies and selling it on its website at a very discounted price. Both websites are treated with style and respect in a way to maintain the image that is so precious to YOOX’ customers—in this case, luxury companies—. YOOX also manages the customer care, the shipment and the return matters.
Also the company taken into analysis started in 2011 to use YOOX. Brunello Cucinelli S.p.A. is a cashmere knitwear enterprise based in Perugia (Italy) that can be placed in the absolute luxury segment, the highest of all the three identified. The company produces its merchandises by traditional handcrafting –there is also use of trusted façons– and intellectual know-how, which delivers high quality and performance. Brunello Cucinelli utilises different entry methods for the physical entry in foreign countries; the company employs WOS trough DOS, franchising trough wholesale monobrand and exporting trough wholesale multibrand. These methods allowed the company to open its first foreign branch in the USA, therefore not following the Uppsala model that suggests a physically closer internationalisation. When comparing the 8 Ps of luxury brand marketing, we can see that Arora’s variables are followed except for one, public figure: the company started as a family run business and wants to maintain its rustic but with style appearances, therefore the use of celebrities would have only brought disadvantages. The main values are family and community. By analysing the yearly financial reports, the balance appear with great numbers, in particular retail revenues –which also include revenues from the e-boutiques– have a growing incidence in the net revenues becoming more relevant –exceeding 20% in 2011, the year of the start of the collaboration with YOOX– and even reaching the 35% in 2013. Since YOOX is a significant method of reducing warehouse surplus, also the entries concerning this matter were analysed. The incidence of the warehouse surplus on the net revenues is nearly the same (30%) with a slight decrease after 2011; even though we might have expected better numbers, the justification is in the growing business, therefore the incidence reveal a better management of the surplus.

The last numbers evaluated is the tendency of the profit, it can be seen that in the five years analysed the profit increased by 24,049 thousands EUR starting from 5,526 thousands EUR to 29,575 thousands EUR. Even though the mayor trend is between 2009 and 2010, when the e-commerce was absent, in 2011 the company became unified under the name “Brunello Cucinelli S.p.A.” so much was spent from the revenues to overcome the stock costs both in 2011 and 2012. After 2012 the company has an increased profit of 32,10%.
7.2 Conclusion

After explaining the relation between the theories, the survey and the yearly financial statements I can go back and give the answer to the research question. The objectives were fully met and even if the survey might have lost some of its credibility due to the random sampling, the outcome of specific questions not related to income but only to the personal opinion were considered to be valid and were included in the case evaluation. Beside the issue of consumers’ behaviour and their preferences, the research question specifically refers to the profit variation, whether and in which measure it was due to the implementation of e-commerce. Although consumers’ opinion is really important to this topic and the survey did not suggest that e-commerce was possible or that it was considered highly discouraged, the financial results suggests a different opinion. Retail revenues from the e-commerce increased their incidence on the NET revenues after YOOX collaboration was implemented and it made possible, alongside with marketing campaigns, to be present on different foreign markets both on the web and with flagship stores. The understanding that comes from the results is that e-commerce can indeed be used for fashion luxury companies beside the physical selling methods; furthermore, it was seen that its implementation has the ability of increasing profit and increase the firm’s business. In the case study, the implementation of the e-commerce was associated with the decision of the company of going public probably due to the fact that its marketing strategies were well established and considered successful as it can be observed in the stock information and the financial data.
These considerations can be summarised in the figure (Figure 5) below:

**Figure 5 – Thesis graphic representation (adapted from text)**

**What is luxury?**
“Anything that is desirable and more than necessary and ordinary”

**Physical market entry**
+ E-commerce

**E-luxury & profit**

**Relevance of Arora’s 8 Ps**

- Performance
- Public figure
- Public
- Pricing
- Placement
- Persona
- Pedigree
- Paucity

**CASE BC:** Joined analysis of online questionnaire and YFR indicates that e-commerce can increase profit. Also, theory proposed is appropriate for the case analysed since were found many correlation.

**RESEARCH QUESTION:** e-luxury can indeed increase profit.
7.3 Implications for further research

Although the text covers many aspects of the topic analysed, the limitations that characterise the thesis can be the starting point or further studies. The survey can be modified in interviews to a selected number of people that meet certain objective criteria such as age, occupation or minimum income. Furthermore, interviews to marketing and commercial managers could be useful to fully understand the reality and procedures that happens in the firm when the e-commerce is implemented. There is also place for analysing different industries within the luxury segment such as jewellery or high quality foods in order to see whether the assumption presented in the text can be used also for different products. From a content point of view, legal aspects were not considered at all as certifications of quality or online purchase safety. As there are not many academic texts on the matter, these further studies will become fundamental data for understanding how this phenomenon functions.
References:


APPENDIX:

Online Survey

Platform used: Qualtrics: Online Survey Software & Insight Platform
Opening date: 26th May 2014
Closing date: 15th July 2014
Link: https://qtrial2013.qualtrics.com/SE/?SID=SV_09FxrBI5P8XAUDj

1. State your age

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>18-20</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>21-24</td>
<td>53</td>
</tr>
<tr>
<td>3</td>
<td>25-30</td>
<td>45</td>
</tr>
<tr>
<td>4</td>
<td>31-39</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>40-49</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>50+</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>120</td>
</tr>
</tbody>
</table>

2. Gender

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
<td>56</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>120</td>
</tr>
</tbody>
</table>

3. What is your occupation?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Student</td>
<td>78</td>
</tr>
<tr>
<td>2</td>
<td>Clerk</td>
<td>22</td>
</tr>
<tr>
<td>3</td>
<td>Managerial</td>
<td>12</td>
</tr>
<tr>
<td>position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>4</td>
<td>Self-employed</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Unemployed</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td>100%</td>
</tr>
</tbody>
</table>

4. Country of birth

<table>
<thead>
<tr>
<th>Country</th>
<th>Respondants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>1</td>
</tr>
<tr>
<td>Austria</td>
<td>1</td>
</tr>
<tr>
<td>Belgium</td>
<td>5</td>
</tr>
<tr>
<td>Bolivia</td>
<td>1</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1</td>
</tr>
<tr>
<td>England</td>
<td>5</td>
</tr>
<tr>
<td>Finland</td>
<td>15</td>
</tr>
<tr>
<td>Germany</td>
<td>4</td>
</tr>
<tr>
<td>Hungary</td>
<td>1</td>
</tr>
<tr>
<td>Iran</td>
<td>2</td>
</tr>
<tr>
<td>Iraq</td>
<td>1</td>
</tr>
<tr>
<td>Italy</td>
<td>54</td>
</tr>
<tr>
<td>Lybia</td>
<td>1</td>
</tr>
<tr>
<td>Nepal</td>
<td>3</td>
</tr>
<tr>
<td>Pakistan</td>
<td>5</td>
</tr>
<tr>
<td>Russia</td>
<td>5</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>1</td>
</tr>
<tr>
<td>Slovakia</td>
<td>4</td>
</tr>
<tr>
<td>Spain</td>
<td>1</td>
</tr>
<tr>
<td>Syria</td>
<td>2</td>
</tr>
<tr>
<td>USA</td>
<td>5</td>
</tr>
<tr>
<td>Vietnam</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
</tr>
</tbody>
</table>
5. What are the advantages that you believe to be valid about electronic money? (max. 3 answers)

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>personal safety</td>
<td>21</td>
<td>23%</td>
</tr>
<tr>
<td>2</td>
<td>possible discounts connected to the card</td>
<td>10</td>
<td>11%</td>
</tr>
<tr>
<td>3</td>
<td>traceability of money</td>
<td>38</td>
<td>42%</td>
</tr>
<tr>
<td>4</td>
<td>lighter wallet</td>
<td>19</td>
<td>21%</td>
</tr>
<tr>
<td>5</td>
<td>safe payment method</td>
<td>25</td>
<td>27%</td>
</tr>
<tr>
<td>6</td>
<td>reduction of queues</td>
<td>14</td>
<td>15%</td>
</tr>
<tr>
<td>7</td>
<td>fast payments</td>
<td>64</td>
<td>70%</td>
</tr>
<tr>
<td>8</td>
<td>ability of payment around the world</td>
<td>60</td>
<td>66%</td>
</tr>
</tbody>
</table>

6. What do you think are the disadvantages of electronic money? (max. 2 answers)

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>unsafe payment</td>
<td>32</td>
<td>35%</td>
</tr>
<tr>
<td>2</td>
<td>online frauds</td>
<td>76</td>
<td>84%</td>
</tr>
<tr>
<td>3</td>
<td>few guarantees from the</td>
<td>11</td>
<td>12%</td>
</tr>
</tbody>
</table>
7. Please state how you feel about these sentences about e-commerce.

<table>
<thead>
<tr>
<th>#</th>
<th>Question</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neither Agree nor Disagree</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total Responses</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>is a quick way of purchasing</td>
<td>45</td>
<td>37</td>
<td>7</td>
<td>2</td>
<td>0</td>
<td>91</td>
<td>1.63</td>
</tr>
<tr>
<td>2</td>
<td>allows to purchase from home</td>
<td>58</td>
<td>32</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>91</td>
<td>1.37</td>
</tr>
<tr>
<td>3</td>
<td>can shop whenever the customer feels like it</td>
<td>45</td>
<td>38</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>91</td>
<td>1.60</td>
</tr>
<tr>
<td>4</td>
<td>allows the customer to have a glance at the brand's collection and eventually still shop in the store</td>
<td>25</td>
<td>41</td>
<td>20</td>
<td>5</td>
<td>0</td>
<td>91</td>
<td>2.05</td>
</tr>
</tbody>
</table>
8. Do you think that bloggers can influence consumers' behavior?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>83</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>91</td>
</tr>
</tbody>
</table>
9. Which platform do you prefer for e-commerce?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
</table>
| 1  | Computer       | 80       | 88%
| 2  | Tablet         | 14       | 15%
| 3  | Smartphone     | 11       | 12%

10. Have you ever purchased online? If yes, from which of the below have you purchased from?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
</table>
| 1  | amazon           | 62       | 68%
| 2  | e-bay            | 52       | 57%
| 3  | YOOX             | 2        | 2%
| 4  | asos             | 6        | 7%
| 5  | brands' e-stores | 39       | 43%
| 6  | apple store      | 24       | 26%
| 7  | zalando          | 23       | 25%
| 8  | I've never       | 9        | 10%
|    | purchased online |          |    |

11. What do you believe is the best definition for luxury from the ones listed below?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Something that is unique or rare.</td>
<td>9</td>
<td>10%</td>
</tr>
<tr>
<td>2</td>
<td>Something that delivers quality and performance.</td>
<td>20</td>
<td>23%</td>
</tr>
<tr>
<td>3</td>
<td>Something</td>
<td>15</td>
<td>17%</td>
</tr>
</tbody>
</table>
that creates status symbol.

4 Anything that is desirable and more than necessary and ordinary. 21 24%

5 Something that tells a story. 5 6%

6 Something that is expensive. 12 14%

7 Something that I strongly desire but I cannot purchase. 4 5%

Total 86 100%

12. Do you believe that e-commerce can be used also for luxury brands?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td>63</td>
<td>73%</td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td>23</td>
<td>27%</td>
</tr>
<tr>
<td>3</td>
<td>Total</td>
<td>86</td>
<td>100%</td>
</tr>
</tbody>
</table>

13. Have you ever purchased luxury products online? If yes, which ones?

<table>
<thead>
<tr>
<th>#</th>
<th>Answer</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Clothes</td>
<td>13</td>
<td>15%</td>
</tr>
<tr>
<td>2</td>
<td>Shoes</td>
<td>14</td>
<td>16%</td>
</tr>
<tr>
<td>3</td>
<td>Jewelery</td>
<td>8</td>
<td>9%</td>
</tr>
</tbody>
</table>
4. I have never purchased luxury items online.

<table>
<thead>
<tr>
<th></th>
<th>Hi-tech</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Sport gear</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>I have never purchased luxury items online.</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>56%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

14. Do you believe that luxury e-commerce can substitute the experience in a flagship store?

<table>
<thead>
<tr>
<th></th>
<th>Answer</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Yes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>68</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>79%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>86</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15. If not, why?

**Text Response**

*not suitable answer*

Not the same sensations.. For luxury commerce the experience in flag store is based on the all five senses and you cannot have it online

Luxury atmosphere in the shop

part of the "luxury" is the way the item feels, the x-factor of it, this feeling can't be replicated on a digital medium

Even though luxury pruducts can be sold online, it's allways better to try fisically the item by hand before spend some good money

Because when shopping in high-end stores, the employees usually take a great care to make you feel special, and this is something that many customers go for. This feeling is missing in online shopping, where you just make a few clicks and you are done.

Shopping online doesn't feel the same if you could go to the shop to try those luxury items.

Because rich people want to go personally to the shop so they can see what they are going to buy
It's unsafe, and I prefer to see it in real life. Online shopping can never replace the experience you get from visiting a flagship store of a brand of your dreams.

Too expensive because I love to go to the shop and see the dresses, try them...

Because when spending more money than the average people prefer to see the product before purchasing it.

Because you need to get a tangible experience with the luxury good. As it is an expensive purchasing, you want to check personally the features, assess if it fits your expectations...

Luxury brands need to deliver to the customer also a purchase experience which is different from normal brands. The customer experience at flagship is always more exclusive than an online purchase as the customer is personally served and advised while if online this is missing.

I believe that buying luxury products such as jewelry, watches, expensive clothes or high-tech products still requires to visit a well-known store and check closely the product with hearing the product description from the expert! Even though this method is not as comfortable as online shopping, it is still more trustworthy when it comes high-cost products.

In a flagship store, like Apple's for example, you can look at and try products. This is not possible on a website. Also, in a store you are more likely to look at very expensive products you'd never buy, which helps the brand's image.

The shopping experience is more than just the product for luxury brands but the interaction with the whole "serviced product". It is better to watch onsite luxury products.

It is about feeling and sensations, in a shop you can directly see, touch, smell the things. Online you cannot do it.

Consumers need to try out and have a look at the goods they are buying, especially if they are costly.

Before buying something very expensive like luxury items I want to see it with my eyes, try it, and then buy it.
The buying of the good itself is the experience of getting a luxury brand good

The physical experience of being able to handle the products (clothes etc) and to try them before you decide to buy them. You miss the social side of being able to interact and discuss the experience with family and friends. Also there may be a special in store offer/promotions. Finally you do not have the atmosphere for the luxurious feeling of the Flagship store.

A flagship store is about the experience

Because the haptic and real shopping experience is what makes you perceive that you buy something important and luxurious.

I think, customers of luxury items need a special surrounding atmosphere - they want to be pampered

because people like to touch, to know by an other person etc, and especially in luxury products it's very difficult to substitute the contact with a seller with a lot of knowledge about the product (also if he is not neutral)

Because you cannot phisically see the products.

Because most luxury products are handmade, so I think it feels different to buy it in a local store.

I think that luxury is a "way of living", and this message is delivered most when luxury brands have their own physical stores.

It's better to go to the shops

Because luxury in my opinion also needs to be "touched". If i had to buy luxurious stuff, i would like to see it in first person, i would give it a try if it had to do with technology, i'd like to feel it with my hands if it had to do with clothing stuff,etc. It's just E-commerce doesn't give you that possibility.

Name brands ordered online could be operated by a fraudulent third party and therefore have fake brands

If you want you can still go to the flagship shop

I dont think

If I have to spend a lot of money for something I want see it.

Because luxury brands sells status quo, sell a story... Kind of difficult to put online and get the same impression. But who knows, I am not luxury brands lover.

xxxxxxxxxxx
Trying out goods and finding something that is to your liking is an experience that online shopping can't recreate.

Shopping online can be lonely, shopping in store is usually for me social

Penso che il consumatore che acquista un prodotto di lusso, preferisca essere coccolato e avere un'esperienza a 360' nel negozio, piuttosto che acquistare on line.

Because in some luxury shop, shop assistants use to offer champagne to the customers. It's not possible to touch and feel the fabric of clothes or try out the product before purchasing. There's also no skilled employee who help you with questions or recommend products that might match your taste more.

Don't know

missing atmosphere and purchase experience

.... not need

Because the service at the store is part of the luxury (smells, decorations, treatment of customers etc.)

Might SOME DAY but not soon.

The real human communication with the seller and also experiencing actual product with all of your five senses cannot be substituted in my opinion

Not the same "feeling"

Because we cannot trust the product only by seeing it in 2D picture through internet. You can't see the product.

For me luxury products mean social status if online Luxury brand and well recognized then for sure I will buy online

Older people will probably still prefer shopping at an "ordinary" store, and luxury is in many cases linked with older people as well.

one's real experience with more careful observation and feelings, especially for those luxurious items, is more reliable in order to lead to a more thorough consideration before the person being able to give decision on buying

They still need flagship stores

Many people like observing the luxury products by their own eyes before paying, thus it cannot be substituted just by e-commerce.

Experience, knowledge and direct contact with customers always an added uncountable value that can make the difference.
I want to talk to the seller before buying luxury, just to ensure it's a good choice to buy this. Also if I want to buy some clothes, I want to touch and feel the fabric of clothes. Because the feeling of going to a store is very very different. Perché non posso toccare fisicamente il bene desiderato.
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