

Global Business Strategies and Cultural Adaptation: Investigating the Internationalisation of Luxury Brands in China

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List of Abbreviations

4 Ps	Product, Price, Place, Promotion
ALV	Added Luxury Value
AR	Augmented Reality
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
COO	Country Of Origin
CMO	Chief Marketing Officer
DOS	Directly Operated Stores
D&G	Dolce & Gabbana
FDI	Foreign Direct Investment
LVMH	Louis Vuitton Moet Hennessy
MK	Michael Kors
GDP	Gross Domestic Product
POS	Point Of Sale
PR	Public Relations
VIC	Very Important Clients
VR	Virtual Reality

List of Candidate's Publications

A list of the candidate's published outputs in his area of research, related to this thesis and other research projects:

Journal Articles

Le, K. & Aydin, G. (2023), Impact of the pandemic on social media influencer marketing in fashion: a qualitative study. *Qualitative Market Research Journal*, 25 (4). <https://doi.org/10.1108/QMR-11-2021-0133>

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Le, K. (2023), Entering a new era of luxury travel retail: how luxury brand managers can utilise the power of airports to luxury shoppers post-pandemic. 11th International Conference on Contemporary Marketing Issues (ICCM), Aristotle University of Thessaloniki and University of Vienna, 12-14 July.

Le, K. (2021), The impact of the pandemic on Fashion Influencer Marketing practices: a work in progress. 9th International Conference on Contemporary Marketing Issues (ICCM), International Hellenic University and Glasgow University, Naxos, 7-9 Sept.

Le, K. (2018), Apps, Snaps And Fashion Chats: How Augmented Reality Transforms The Way Fashion Marketing Works. 6th International Conference on Contemporary Marketing Issues (ICCM), Alexander Technological Educational Institute (ATEI) of Thessalonik and Manchester Metropolitan University, Athens, 27-29 June.

Declaration

I hereby declare that no portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

Khuong Le

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Life goes on.

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Abstract

This thesis examines the internationalisation strategies of luxury fashion brands with a focus on their expansion into the Chinese market. As China solidifies its position as a dominant force in the global luxury sector, understanding the strategic, cultural, and operational dynamics of this market becomes crucial. The research aims to provide a comprehensive framework for luxury brand internationalisation, elucidating the defining characteristics and value creation mechanisms of luxury goods, and evaluating both pre-market entry motives and post-market entry strategic adjustments.

Utilising an interpretivist approach, the study employs qualitative methods, gathering data through semi-structured in-depth interviews with over 50 senior participants from European head offices and Chinese branches of international luxury brands. These participants were purposively selected to provide diverse perspectives on strategic and operational challenges. The thematic analysis of these interviews offers insights into the balance between standardisation and localisation in marketing strategies, highlighting the influence of cultural nuances on brand perception and consumer engagement in China.

Key findings reveal that successful luxury brand internationalisation hinges on a nuanced understanding of local market dynamics, strategic flexibility, and cultural sensitivity. The research identifies critical drivers and barriers to market entry, providing actionable recommendations for luxury brand managers on navigating the complexities of the Chinese market. Additionally, the study contributes to the theoretical literature on international marketing and strategic management, offering new perspectives on the role of cultural factors in global brand strategy.

This thesis underscores the importance of integrating local insights into corporate strategies, ensuring that luxury brands can maintain their global identity while resonating with local consumer preferences. The findings are intended to guide future research and strategic decision-making in the luxury sector, particularly in the context of markets that hold a pivotal role in shaping the future of global luxury, such as China.

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CHAPTER 1: GENERAL INTRODUCTION

1.1 Background of the Study

Facing tougher competition in their domestic markets, fashion brands have increasingly expanded into newer markets for business growth. Over the past two decades, the focus of fashion retailers, especially in luxury fashion, has shifted from traditional developed markets to rapidly growing emerging markets, particularly China (Pino et al., 2019). According to Bain & Co. (2023), the global luxury market is projected to reach €1.5 trillion, marking an 8-10% growth over 2022. In this context, Chinese consumers are estimated to account for approximately 22-24% of global luxury consumption in 2023, with mainland China comprising about 16% of this share. This figure excludes Chinese consumers' cross-border luxury fashion shopping, which would significantly increase the total if included.

Bonetti (2014) found that luxury fashion retailers fully committed to their Chinese market after the Credit Crunch in 2008. Initially testing market attractiveness in tier-1 national capitals, they have now aggressively expanded into a wider range of tier-2 regional and provincial capitals, tier-3 local markets, and e-commerce. According to Chevalier and Gutsatz (2020), rapidly growing emerging markets such as China have substantially changed the landscape of the international luxury fashion market since the turn of the new millennium. They pointed out that luxury brands like Burberry, Bottega Veneta, Hugo Boss, and Cartier operate more brick-and-mortar stores in China than in their home markets. Even during the COVID-19 pandemic, luxury fashion consumption in China sharply increased in 2020, with an impressive market growth of 48% (Reuters, 2020).

As the world's second-largest luxury fashion market, China has attracted several studies aiming to understand its consumers' purchase behaviours (Zhan and He, 2012; Wang and Griskevicius, 2014; Liu and Warden, 2014), market segmentation (Chevalier and Lu, 2010), and increasingly localised marketing strategies of internationalising luxury brands (Bai et al, 2018, 2022, 2023). Bruce and Hines (2007) viewed China as the most important emerging market for fashion brands, emphasising the need to study this consumer group's significance and its impact on the global luxury market. The "new money" Chinese consumer groups seeking recognition and status present significant market potential for luxury brands but also pose challenges in terms of strategic management and marketing (Bonetti, 2014).

Liu et al. (2015) further supported these findings and updated the distinctive characteristics of the Chinese fashion consumer, leading to the ongoing localisation and standardisation dilemma in marketing communications of luxury fashion brands. From a cultural perspective, He and Wang (2015) suggested the growing importance of understanding cultural differences in internationalisation strategies and applying local cultural elements to increase consumer purchases. This critical study facilitates further research into cross-cultural issues between the West, where fashion brands originate, and the East, where they are expanding.

Bai et al. (2017) extended these studies by examining market entry methods used by luxury fashion brands to enter China, categorising these strategies, and exploring the standardisation of global marketing strategies and the adaptation of communication strategies for different regions. However, these valuable studies have limitations in explaining the motives of luxury fashion retailers due to their born-global nature (Guercini and Milanese, 2017). Several studies generalise the concept of luxury and include both premium and lifestyle brands, which share different characteristics. This generalisation makes it difficult to understand the unique challenges luxury brands face in both operation and strategic management.

Moreover, in terms of internationalisation, most existing studies consider initial market entry from a relatively stationary perspective (Swoboda et al., 2015). Frasquet et al. (2013) argued that retailers' internationalisation involves not only initial market entry but also post-entry further expansion (growth strategy) and operations (marketing communications). He and Wang (2015) highlighted the importance of incorporating local cultures once retailers have established a local presence, but they focused primarily on purchase behaviour within retail contexts.

Bai et al. (2017, 2018, 2022, 2024) are among the few authors who examined luxury fashion retailers' evolving expansion strategies between initial market entry and post-entry expansions in China. However, their work neglected the operational aspect, which includes issues in cross-cultural communications and localised marketing strategies. The backlash from Dolce & Gabbana's Shanghai 2018 campaign, which led to an international PR crisis (De Mooij, 2019; Hollensen, 2011), demonstrates the ongoing challenges luxury fashion brands face in understanding and respecting cultural nuances in their international marketing management. There remains a fine line between cultural appreciation and cultural appropriation, with fashion brands often being the worst offenders of the latter.

For instance, Burberry's 2019 Chinese New Year campaign was criticised for its lack of cultural warmth, portraying a family dynamic perceived as cold and unrelatable by many Chinese consumers (Adegeest, 2019). Similarly, Prada's use of a cartoonish monkey keychain in its 2018 collection sparked accusations of racial insensitivity, further highlighting how poorly executed cultural references can backfire (France-Presse, 2018).

On the other hand, brands like Louis Vuitton have demonstrated greater success by thoughtfully incorporating local elements. The brand's collaboration with Chinese artist Ding Yi, for example, seamlessly integrated traditional Chinese aesthetics into its designs, earning praise for its cultural sensitivity and creativity (Zheng, 2018). Such examples underscore the importance of strategic localisation, not just in marketing campaigns but also in product development, to resonate with local consumers while maintaining the brand's global identity.

Considering the increasing importance of emerging markets like China, it is crucial to understand why these issues persist in the fashion industry and what measures can be taken to help fashion brands operate and sustain themselves in a globalised market. A deeper exploration of these dynamics is necessary to ensure brands navigate cultural complexities with care, avoiding the pitfalls of cultural appropriation and fostering meaningful connections with diverse consumer bases.

1.2. Investigated Subject Area of Concern

A review of the existing literature on the internationalisation of luxury fashion retailers reveals significant gaps in the critical evaluation and understanding of substantial issues related to internationalisation strategies. Specifically, the management of organisational processes, particularly the adoption and implementation of localised and standard internationalising strategies across the four main functions of the luxury fashion business - design, manufacturing, marketing, and retail - remains under-investigated.

Identified Gaps in Knowledge:

1. **Motives for Internationalisation:** There is a lack of clarity on why luxury fashion brands choose to internationalise to emerging markets, specifically what drives these decisions and the expected benefits.
2. **Scope of Internationalisation:** It is unclear whether luxury fashion brands are internationalising their products, brands, or broader concepts of luxury, and how these elements are adapted for new markets.
3. **Strategies for Market Entry:** The strategies employed by luxury fashion brands in their international marketing efforts, including how these strategies are formulated and executed, need further exploration.
4. **Decision-Making Influences:** The factors influencing decisions regarding standardisation versus localisation of strategies, and who within the organisation (home market management or host market management) is responsible for these decisions, are not well understood.
5. **Cultural Contributions:** The extent to which local (emerging market) culture influences strategic management and operations, including how cultural nuances are integrated into marketing campaigns, needs deeper investigation.
6. **Implementation Challenges:** The specific challenges encountered in implementing internationalisation strategies post-market entry, and the implications of these challenges for the organisation, have not been adequately addressed.
7. **Recommendations for Future Brands:** There is a need for comprehensive recommendations for future luxury brands looking to enter the Chinese market, based on empirical evidence and analysis.

To address these gaps, this study adopts an interpretivist approach, gathering qualitative data through semi-structured in-depth interviews. Key senior participants from both the home market (European head office) and the host market (China office) provided valuable insights. Additionally, interviews with professionals who engage with luxury customers daily will offer an in-depth understanding of rapidly internationalising marketing in emerging markets and the role of culture in these processes. This approach aims to provide a holistic view of how luxury brand managers localise their strategies in emerging markets, with a particular focus on China, and how they perceive and implement these decisions.

1.3. Research Motivations & Contributions

The continuous market expansion of luxury fashion brands in recent years and a constantly evolving competitive context have given rise to various instances of luxury internationalisation and related marketing activities. These range from standardising global strategies across all markets to ensure brand consistency to localising brand messages and marketing strategies for multiple markets. Cross-cultural issues (be it psychic distance or consumer behaviour) often arise due to a lack of understanding of local cultures in the marketing process.

Despite the pressing need for a better understanding of Chinese luxury management for internationalising luxury retailers, many brands still struggle with cultural adoption in strategic marketing and managing the processes of applying cultures in marketing strategies effectively. This thesis offers an opportunity to turn a personal interest into an empirical study. As a fashion marketing consultant and senior lecturer, the researcher has first-hand experience working with various fashion brands to expand into new markets in Asia. This experiential motivation created an initial awareness of the phenomenon and highlighted the lack of investigation in this area, possibly due to the complexity of the luxury and fashion industries and the blurred lines between luxury and premium fashion.

The results of this research respond to these pressing issues. Although the existing research on retail internationalisation and international luxury management is growing, it has not yet provided a comprehensive understanding of the identified areas of investigation. This research study contributes to the strategic management literature with an application in international marketing in the context of luxury and fashion by addressing significant research gaps underlying luxury internationalisation. This thesis provides a critical analysis of the luxury sector and examines their internationalisation strategies in emerging markets through the case of China, exploring their marketing approaches to tackle the host market through standardisation, localisation, or a blend of both. It reveals new perspectives on these issues, investigating the concept (or misconception) of luxury, characteristics of luxury goods, attributes of luxury goods for internationalisation, marketing strategies used for internationalisation, and the impact of culture on customer perception through localised marketing. It also maps the journey of marketing strategies of luxury fashion retailers from market entry to post-market entry, highlighting when and to what extent local cultures should be embedded, and gaining a deeper understanding of the marketing strategies of internationalising luxury brands.

1.4. Research Aim

The aim of the research project is to examine the internationalising strategies of luxury brands in emerging markets through the case of China and evaluate strategic issues in brands as well as marketing communications from pre-market entry to post-market entry in their internationalisation process.

1.5. Research Objectives

From the main research aim, the following research objectives were formulated:

1. *To critically examine the defining characteristics and value creation mechanisms of luxury goods, and to analyse the initial strategic considerations that luxury fashion brands undertake when deciding to internationalise, thereby providing a comprehensive framework that can guide future research and strategic decision-making in the luxury sector.*
2. *To evaluate the motives for the internationalisation of luxury brands and the methods used for entry into emerging markets (pre-market entry strategies).*
3. *To study the adjustments in methods of strategies after market penetration (post-market entry point) and investigate in which contexts localisation or standardisation of these strategies are appropriate.*

1.6. Research Questions

The study is guided by an overarching research question that seeks to understand the comprehensive process of internationalisation for luxury fashion brands. This main question will be explored through several focused questions.

The overarching research question of the investigated project is: *"How do luxury fashion brands develop and implement internationalisation strategies in emerging markets, and what are the key factors influencing their marketing and operational decisions from pre-market entry to post-market entry?"*

To address this, the research will explore the following specific questions:

RQ1: What are the defining characteristics and value creation mechanisms of luxury goods that influence the initial strategic considerations for internationalisation?

RQ2: What are the primary motives behind the internationalisation of luxury brands, and what methods are used for market entry into emerging markets?

RQ3: How do luxury brands adjust their strategies post-market entry, and in what contexts are localisation or standardisation of these strategies most appropriate?

1.7. Research Methodology

The concept of reality as socially constructed by individuals, which varies according to their different experiences and perspectives, is supported by Cronjé and Burger (2006) and Hackley (2001). Acknowledging other research approaches, the researcher believes that the phenomenon in question requires in-depth exploration through interpretivism and social constructionism to understand unique situations concerning management thinking about the complex phenomena of internationalisation. This study, therefore, adopts an interpretivist approach to investigate and gain an in-depth understanding of the phenomenon in question. This approach led the researcher to remain open and flexible in his perspective and scope of inquiry, generating a theoretical map from field data interpretation.

A qualitative and exploratory study was conducted. Data were collected through open-ended, in-depth interviews following a semi-structured interview template, which

resulted from an extensive literature review to inform the research objectives (Yin, 2003). The sample of key industry informants was derived from the wider community of international luxury retailers and strategists for luxury fashion clients. This resulted in a judgmental and purposive sample of expert respondents from a broad sample pool, allowing the development of a close dialogue (Clark, 1988) with those who had relevant expertise and depth of involvement—more than 50 consultants and senior retail informants from 14 global fashion retailers. Interviews took place from Jan 2024 to March 2024, alternating data collection and analysis, with anonymity and confidentiality assured to encourage frank and open responses. This approach resulted in over 42 hours of transcripts, enabling a rich analysis (Patton, 2002) to understand the phenomena under investigation and gain deeper, more insightful perspectives. Thematic analysis of the data followed an inductive process (Guest et al., 2012; Miles et al., 2014; Corbin and Strauss, 2008). The theoretical lens of strategic marketing management helped investigate the issues in question.

1.8. Research Outcomes

This study makes significant contributions to the fields of strategic management, international marketing, and internationalisation strategy within fashion and luxury management by providing the following outcomes:

1. Development of a Comprehensive Framework for Luxury Internationalisation:

- The research introduces a robust framework detailing the stages of internationalisation for luxury fashion brands, from initial market entry to post-market expansion. This framework helps to understand the strategic decisions and adjustments necessary for successful internationalisation in emerging markets.

2. Insights into Cultural Adaptation and Localisation Strategies:

- By examining the nuanced approaches luxury brands take to adapt their marketing and operational strategies in China, the study provides deep insights into the balance between standardisation and localisation. This helps in identifying best practices for cultural adaptation that enhance brand acceptance and consumer loyalty in foreign markets.

3. Identification of Key Drivers and Barriers to Internationalisation:

- The study systematically identifies and categorises the primary drivers and barriers luxury brands face when entering and expanding in emerging markets. These findings can inform future strategic planning and risk management for companies looking to internationalise.

4. Strategic Recommendations for Practitioners:

- The research offers actionable recommendations for luxury brand managers on how to navigate the complexities of internationalisation, including strategic insights into market entry, brand positioning, and marketing communications. These recommendations are grounded in empirical data and real-world practices observed during the study.

5. Contribution to Theoretical Literature:

- By integrating findings with existing theories of international marketing and strategic management, the study enhances the theoretical literature. It offers new perspectives on the role of cultural factors in

internationalisation strategies and expands the understanding of luxury brand management in a global context.

1.9. Structure of the Thesis

- **Chapter 1: General Introduction**
 - The research topic is introduced, the necessity of the research is discussed, elaborated, and justified, and the research aims and questions are presented, followed by an overview of the thesis document.
- **Chapter 2: Conceptualising Luxury**
 - This chapter provides different perspectives on luxury as a concept and the ongoing debates about what is considered luxury. It also analyses relevant studies on the luxury goods sector to identify contemporary issues and challenges luxury brand managers face.
- **Chapter 3: Internationalisation of Luxury Brands**
 - This chapter provides an overview of the internationalisation strategies employed by luxury brands. It explores the motivations behind international expansion, the general strategies used, and the challenges and opportunities encountered in global markets. This sets the stage for understanding how luxury brands operate on a global scale.
- **Chapter 4: Luxury Brands in China**
 - Focusing specifically on the Chinese market, this chapter examines the unique characteristics of Chinese luxury consumers, and the strategies luxury brands use to appeal to them. Through detailed case studies, it analyses how brands balance standardisation and localisation to succeed in this complex market. This chapter highlights the specific nuances of the Chinese luxury market and the lessons learned from various brand experiences.
- **Chapter 5: Research Methods**
 - This chapter presents the research methodology, discussing and justifying the research methods, data collection approaches, and data analysis adopted in the study. It concludes with an overview of the themes and sub-themes that emerged from the data analysis.
- **Chapter 6: Strategic And Operational Challenges In Emerging Markets: Managerial Perspectives**
 - This chapter presents the findings and analysis of the first part of the interview, providing an up-to-date understanding of the evolving definitions of luxury, the strategies for internationalisation, and the corporate decisions that support these processes.
- **Chapter 7: Internationalising Luxury Brands in China: Pre-Market Entry Strategies**
 - This chapter presents the findings and analysis of the second part of the interview. It examines the pre-market entry strategies of luxury brands in China, analysing the motives and methods used for entering the Chinese market.
- **Chapter 8: Internationalising Luxury Brands in China: Post-Market Entry Strategies**
 - This chapter presents the findings and analysis of the third part of the interview. It explores the post-market entry strategies of luxury brands in

China, focusing on the adjustments in marketing strategies and the balance between localisation and standardisation.

- **Chapter 9: Discussion, Summary and Theoretical & Managerial Implications**
 - This chapter synthesises the findings from Chapters 6, 7 and 8, comparing them against the literature reviewed in Chapters 2, 3 and 4. It also discusses the managerial and theoretical implications of the research findings, providing recommendations for luxury brands and highlighting areas for future research.
- **Chapter 10: Conclusion**
 - The final chapter summarises the research findings, reflects on the research objectives, and concludes the study by discussing its contributions to the field of international marketing and luxury brand management.

CHAPTER 2: CONCEPTUALISING LUXURY

2.1. Introduction to the Chapter

Although luxury have become an important and popular research field, a universally accepted definition of luxury has yet to be established because of strong influence by a socio-economic environment and a high degree of subjectivity (Dwivedi et al., 2018). Interestingly, Guercini and Milanese (2017) found out that an increasing numbers of fashion retailers adopting luxury branding strategies to communicate dream and exclusivity, to highlight intangible and tangible values offered by their brands, particularly consumer goods, despite not being a luxury brand at all. Therefore, to understand the strategies of the luxury retailers, first of all, we first must define the object of analysis: the concept of luxury. Only then are we able to proceed further to evaluate attributes that make a good luxury good and examine strategies enacted by luxury goods retailers in domestic and then foreign markets.

2.2. Defining and Re-Defining Luxury

An authoritative figure and researcher in luxury theory, Kapferer (2016) argues the key reason luxury lacks a consensus definition is that most people, even academic researchers, do not know what makes a good definition for the concept of luxury. According to meta-theoretical recommendations (Zaltman et al., 1973), a good definition clearly specifies the properties (defining characteristics) that an entity must possess to be included in the central concept. Such belongingness might be discrete (e.g. binary, such as even versus odd numbers) or probabilistic (varying degrees of belongingness). Most proposed definitions of luxury have not yet met this metatheoretical requirement (Kapferer, 2016, p.477).

Indeed, after evaluating relevant papers on luxury theories, the researcher realises that each academic discipline offers a different interpretation of the concept of luxury. Some early studies attempted to define luxury from a consumption perspective. One of the first studies in luxury being Smith (1976) who categorises consumption into four segments: necessary, basic, affluence, and lastly luxury which is defined as "*limited supply, difficult to obtain and/or extremely expensive*" (1976, p.45). The researcher might argue that it is a narrow look on luxury as Smith's notion seems to only focus on the material scarcity and high price of luxury. Luxury goes far beyond the material or price value and its attributes also contain significant social meanings.

Bourdieu and Nice (1984), in their essay on social judgements of taste, state that luxury reflects the exquisite taste of the elites. To them, taste is not a given but must be socially constructed and promoted by tastemakers, a concept central to Bourdieu's theory of cultural capital. This distinction between cultural and economic capital underlines how luxury operates as a tool of social stratification, enabling elites to signal their status and distinguish themselves from others. Bourdieu's argument highlights the role of exclusivity in luxury, where ownership of luxury goods serves as a marker of refined taste, inherently inaccessible to the masses.

Building on Bourdieu's framework, luxury can be seen as a dynamic space where old and new elites compete to assert their cultural dominance through consumption patterns. For instance, while old money elites may favour traditional luxury brands that emphasise heritage and timelessness, new elites, such as Silicon Valley entrepreneurs or Hollywood actors, often gravitate towards more innovative or trend-driven luxury brands (Kapferer, 2016). This interplay between cultural and economic capital contributes to the segmentation of the luxury market into distinct tiers, with brands catering to varying notions of exclusivity and social distinction.

Furthermore, the concept of taste as a socially constructed mechanism ties directly to the symbolic power of luxury brands in emerging markets such as China. Here, luxury consumption is often less about cultural capital and more about projecting economic success. Bourdieu's theories provide a lens to understand how luxury brands adapt to these differing socio-cultural contexts while maintaining their global appeal. For example, in China, the function of luxury as a tool of social distinction is amplified by the aspirational consumer segment, where the acquisition of luxury goods signals upward mobility rather than entrenched cultural refinement.

An economic view of luxury as *'needlessly expensive products or services, priced above their functional value'* (Yeoman, 2011, p,48). This definition highlights that the price of luxury cannot be justified by function alone, in line with Adam Smith's view that people are never as ready to spend a lot of money as when they do not need the purchase. However, Kapferer (2016) argues this economic definition lacks discriminatory power, in that it might apply equally well to the price of rare stamps or other collections that typically would not be classified as luxuries.

Berthon et al. (2009) assert that luxury, the highest level of prestige goods, possesses both conspicuous value and social value (Vigneron and Johnson, 1999). Goody (2006) later further clarifies luxury as a broader concept of *'refined enjoyment, of elegance, of things desirable but not essential'* (p.341). Consuming prestige products therefore is an indicator of status and wealth. More importantly, the extreme expensiveness enhances the value of such an indicator. Kapferer and Bastien (2012) also find out that luxury has its essential role of reconstructing social stratification. In their study, they suggest that people consider luxury as a key component to define themselves as they wish socially.

Further expanding on the definitions of luxury, Dubois and Duquesne (1993) highlight that luxury goods often offer more than just functional benefits, encompassing symbolic, experiential, and hedonic values that contribute to their desirability. These aspects underline the psychological and emotional dimensions of luxury consumption, where the perceived exclusivity and prestige associated with luxury goods play a crucial role in consumer decision-making processes.

Another perspective is offered by Vickers and Renand (2003), who propose that luxury can be understood through three primary dimensions: functionalism, experientialism, and symbolic interactionism. Functionalism focuses on the high quality and performance of luxury goods, experientialism emphasises the sensory pleasure and personal enjoyment derived from luxury consumption, and symbolic interactionism highlights the social signalling and status-enhancing aspects of luxury goods. Complementing these dimensions, Han et al (2010) introduce the concept of brand

prominence, which differentiates luxury consumers based on their preference for conspicuous versus inconspicuous brand signals. They argue that luxury brands can strategically use brand prominence to cater to different consumer segments: those who seek to display their status overtly and those who prefer a more subtle signal of their wealth. This additional dimension of brand prominence enriches the understanding of luxury consumption by highlighting the nuanced ways in which consumers use brands to communicate their social status and identity.

Wiedmann, Hennigs, and Siebels (2007) introduce a multidimensional model of luxury value perception, identifying four key dimensions: financial, functional, individual, and social. The financial dimension relates to the monetary value and investment potential of luxury goods. The functional dimension encompasses the quality, uniqueness, and usability of luxury products. The individual dimension captures personal satisfaction, hedonism, and self-identity, while the social dimension reflects the prestige, status, and recognition gained through luxury consumption.

So, what exactly is luxury? How are luxury brand managers expected to manage something that does not yet have a universally accepted definition? How can a strategy be formulated when the subject of the study itself has not established its notions? The researcher suggests that both lexical and individual definitions of luxury should be considered and integrated to fully comprehend the concept. Perhaps, one that addresses both elements is: *“[luxury is] products whose price in excess of what their functional value commands, are held as symbols of the dreamed life of the riches, thus providing pleasure and distinction to their owners”* (Vigneron and Johnson, 1999). Perhaps, as the study looks at luxury from a personal luxury goods perspective, this definition is the most appropriate to provide the context for further analyses in the luxury sector and strategy.

2.3. Overview of The Luxury Goods Sector

2.3.1. The Luxury Goods Sector

According to Statista (2021), the global luxury goods industry, which includes drinks, fashion, cosmetics, fragrances, watches, jewellery, luggage, and handbags, has been on an upward climb for many years. Although the technical term ‘luxury goods’ is independent of the goods’ quality, they are generally considered to be goods at the highest end of the market in terms of quality and price (Gao et al., 2009). Luxury goods manufacturers meet consumer demand by focusing on brand, aesthetics, quality materials, superior craftsmanship and pricing to transform everyday objects into status symbols. The industry rises and falls with the gross domestic product (GDP), seeing demand climb in times of economic stability and plummeting in unfavourable economic climates. As of 2020, LVMH (Louis Vuitton Moët Hennessy) was the most valuable luxury brand in the world, with a brand value of about 31.72 billion U.S. dollars (Statista, 2021).

Husic and Cicic (2009) define luxury good as part of a new social protocol where one’s identity and self-worth are determined by the visible brands worn on the body. These products have a unique set of characteristics such as premium quality, craftsmanship, recognisability, exclusivity, and reputation (Kapferer, 2015). Beverland (2005) identifies six attributes of a luxury product: heritage and pedigree, stylistic consistency,

quality commitment, relationships to place, unique method of production, and downplaying commercial motives (close to art). Therefore, consumers are likely to pay the huge price difference for luxury brands for these characteristics. For some luxury managers, luxury goods are those whose consumption or possession prompts a sense of elevation in terms of social status, cultural superiority, pleasure, or even self-concept (Kapferer, 2016). The researcher might challenge it as it may not be possible to wait to categorise an object until after learning if the consumer feels elevated. In addition to that, a teenager might feel elevated by obtaining the latest Supreme, but that does not make Supreme a luxury brand.

Some academics therefore recommend regarding luxury as a relative concept so that each luxury brands manager can define their luxury goods in their own terms, depending on the product itself, its accessibility, the company's heritage, and the company's operation. De Barnier et al. (2012) break luxury goods into three categories:

- **Accessible Luxury:** Can be bought by many people (i.e. Michael Kors bags generally are under £400).
- **Intermediate Luxury:** Examples include brands like Burberry.
- **Inaccessible Luxury:** Includes items like Hermès Kelly bags at £20,000 each.

A major consideration within the tripartite view of luxury is the variation in accessibility based on individual lifestyle and context. For instance, in Dubai, a Patek Philippe watch costing less than £15000 may be perceived as intermediate luxury, whereas in the UK, it might be considered inaccessible luxury. Additionally, for a luxury business to survive, it must be accessible to some segment of the market, regardless of the high price. This accessibility allows the 'happy many' to emulate the 'happy few' (Dubois and Laurent, 1998). The fundamental role of luxury brand management is to define the fragile boundaries of their clientele on which the brand will build, even if it later expands more broadly while still trying to retain the original clients. To ensure discriminatory power, a definition needs both a list of key attributes and appropriate levels for each attribute: it is not just quality but the highest quality that matters. Dubois et al.'s (2001) view comes close. Using a factor analysis of perceptions of luxury goods, they define luxury as a combination of six facets: very high price, excellent quality, scarcity and uniqueness, aesthetics and polysensuality, ancestral heritage and personal history, and superfluosity.

From a consumer perspective, Ko et al. (2019) define luxury goods as *“a branded product or service that consumers perceived to: be high quality; offer authentic value via desired benefits, whether functional or emotional; have a prestigious image within the market built on qualities such as artisanship, craftsmanship, or service quality; be worthy of commanding a premium price; and be capable of inspiring a deep connection, or resonance, with the consumer”* (p.406). Although this definition re-emphasises the characteristics of luxury brands, it is still limited. The parameters that qualify a brand as a luxury brand are dynamic in nature. The exclusivity of luxury brand image can be diluted because of many factors.

First of all, perhaps it is their extension into inappropriate products (Ahn et al., 2018). For example, when the automobile brand Ferrari held a runway show to unveil its first ready-to-wear collection in June 2021, it marked the automotive brand's first entrance

into the world of luxury fashion, with a no-expenses spared production full of bright colours, motoring references and the high hopes of transforming itself into a lifestyle brand. The move was seen by fashion critics as “a little far-fetched” (Hoang, 2021, p.6). Another issue of brand dilution is overexposure (Kapferer and Valette-Florence, 2016), with brands like LV or MK bags being seen everywhere, especially in airport retail and outlets. Last but not least, it is the inconsistency among the brand’s country of ownership, country of origin, and place of manufacturing (Arora et al., 2015; Johansson et al., 2018). Many brands have now scaled up their businesses, resulting in the supply chain spreading out further geographically to reduce production costs. It is difficult for a brand to maintain its luxury status in the face of a fast-moving market and increasingly knowledgeable and sophisticated consumers within the nowadays digital age, such as the “anti-logo” consumption pattern which reveals that luxury brands with conspicuous logos are decreasing in popularity (Chevalier and Gutsatz, 2020).

To identify structural criteria of what makes luxury goods, De Barnier et al. (2012) suggest that three elements need to be combined: what the public/consumer perceives as luxury goods, what are the tangible and intangible attributes of a product that can be considered luxury. Studies that mention or analyse these attributes/elements are reviewed and put together. They converge on the following seven factors:

Contributing factors to a luxury good	Descriptions of factors	Authors
Elitism	Very few people can buy it; it is very expensive	Godey, 2013; Dubois et al., 2001
Creativity	Something very magical, very creative; high craftsmanship	Vigneron and Johnson, 1999; Dubois et al., 2001; Kapferer, 2016
Uniqueness	Rare; unique	Dubois et al., 2001
Refinement	Attractive, dazzling	Kapferer, 1998
Distinction	For refined people; it shows who one is	Godey, 2013; Chevalier and Gutsatz, 2020; Dubois et al., 2001
Quality	Superior; top quality	De Barnier et al. (2012); Vigneron and Johnson, 1999
Power	Known, leading brand	Vigneron and Johnson, 1999

Table 2.1. Attributes of a Luxury Good, adapted by author from De Barnier et al. (2012)

Perhaps, this provides a balance of different views on what luxury goods consist of and how they are perceived by academics from different viewpoints. Understanding the notion of luxury and luxury goods contributes to a greater understanding of the fragmentation of different sectors within the luxury industry, which is discussed in the next section.

2.3.2. Creating and Adding Value with Luxury Goods

Examining the global growth of the luxury sector, a pertinent question arises: what drives the high demand for luxury products? The number of billionaires and millionaires worldwide is a significant factor influencing this demand. However, estimates vary depending on the source, with Forbes, Credit Suisse, Cap Gemini, and BCG providing different figures. An average estimate in 2015 puts the number of billionaires at 1,800 and millionaires at 17 million, who typically spend their wealth on brands such as Rolls-Royce, Bentley, and Ferrari (Credit Suisse Global Wealth Report, 2015). Nonetheless, these groups alone cannot explain the personal luxury goods market's expansion from €90 billion to €217 billion over 24 years. The luxury sector aims to appeal to a broader audience, without appearing to do so.

Recent marketing research has shifted focus from identifying consumers' perceptions of luxury traits to exploring the nature of the value that luxury creates. Hagtvedt and Patrick (2009, p.610) define luxury brands as those offering premium products, providing pleasure as a central benefit, and connecting with consumers emotionally. This suggests that hedonism is the primary value created by luxury. However, this could also apply to Apple products or Illy coffee. Veblen (1899) emphasises the importance of social value: luxury goods demonstrate who we are to others, and their value lies in social recognition. Wiedmann et al. (2007) propose an integrated, tripartite model distinguishing functional, individual, and social value creation. Functional value implies that luxury products must perform exceptionally well, unlike art (a luxury car remains a car). Individual value refers to self-identity, hedonic benefits, and materialism. Social value is fulfilled by luxury conspicuousness. Wiedmann et al. (2007) also add financial value, though this is somewhat awkward. When measured by an item such as 'Luxury is inevitably very expensive,' it constitutes a defining characteristic rather than a value. Furthermore, luxury follows the anti-law of marketing, so 'it is not the price that makes luxury, but luxury that makes the price' (Kapferer and Bastien, 2012, p.74). Wiedmann et al. (2012) extend their multidimensional model to multiple countries.

Historians like Castarède (2009) remind us that luxury is as old as humanity. It began as a tribute to the gods: jewels buried in graves, golden temples, and rich cathedrals. Luxury was a hymn to the magnificence of God and a way to buy favour or express appreciation for a miracle. The price, therefore, offers a measure of the sacrifice. These ancient dimensions have not disappeared but underlie present consumption norms. Luxury always involves buying something beyond the product itself, whether it is admiration, respect, refinement, status, self-care, self-reward, or pleasure. Luxury is like Janus, the double-faced god: there is luxury for oneself and luxury for others. Veblen insisted on the latter, while modern ideology insists on the former (self-pampering role). Both roles are necessary to justify higher prices.

Luxury is also closely connected to the vertical organisation of society and is produced by this organisation. In the eighteenth century, luxury was the exclusive prerogative of the aristocrats, and 'etiquette laws' forbade non-aristocrats from dressing or behaving like aristocrats. With the end of the aristocracy, luxury's role has changed, such that whereas once it signalled the social hierarchy, it now creates the hierarchy (Kapferer and Bastien, 2012). We live in a meritocracy era, where everyone can be rich (in theory) or behave as if they were rich (buying an occasional bottle of Dom Perignon champagne). Luxury brands compete not on 'quality' – an objective reduction of the product, used as an alibi – but on a latent social hierarchy of good taste and symbolic

capital. Therefore, luxury needs brands. The difference is not in the product anymore but in the ability of luxury brands to trigger appropriate certifications of good taste that serve as gatekeepers in postmodern societies. The high price is not enough to make a product into a luxury, especially if it is not endowed with the blessing of tastemakers and the right brand.

Marketers often approach consumers with an individualistic psychological perspective, assuming that individuals make purchasing decisions on their own. However, sociology suggests that this perspective is flawed as individual preferences are social constructs, and luxury is an output of society's social organisation and the competition of elites to impose their taste. In the creative society, creativity cannot be objectively measured, but it can be ranked and put into a hierarchy. For modern sociologists, luxury is a social preference that is constructed to solve the industry's main problem of how to grow in a saturated market by capitalising on the need for status triggered by modern societies (Bourdieu and Nice, 1984; Baudrillard, 1998).

2.4. Managing Luxury Brands

When the researcher identified and analysed relevant literature on the internationalisation of luxury brands (which is the focus of this study), several issues in luxury brand management arise which need to be addressed and discussed to have a better understanding of the challenges the luxury retailers and the sector itself face. Retailers must be able to identify their strengths and weaknesses and be aware of the strategic and management challenges the brand faces before considering global expansion. Therefore, it is important to critically examine the luxury management process, especially in terms of its branding process, segmentation, and strategy. This contributes to the context of their internationalisation process, which will be discussed in the next chapter, and later helps the researcher identify the appropriate luxury brands as case studies for data collection.

As mentioned above, the luxury sector has significantly grown over the last few decades, and this dramatic growth prompts an issue: if luxury becomes well known and accessible, is it still a luxury? This is currently one of the biggest challenges that luxury brand managers are facing. Truong et al. (2009) critiqued that many luxury brands are now heading towards “*masstige brands*” - brands that sell premium products, branded as luxurious, to the mass. Indeed, the boundaries between luxury and premium are increasingly blurred because of emerging “*masstige brands*” among traditional luxury houses. Armani Haute Couture now has Armani Jeans for the mass market; products on both ends have completely different quality yet share the same brand name. Kapferer (2012) argued many American retailers, such as Ralph Lauren branding themselves as luxury, are merely premium brands. So who are luxury brands/retailers and what makes them different from premium/fashion brands, and are there differences in their strategies to target their customers?

From a practical perspective, Moore et al. (2010) look at luxury retailers in the context of fashion retailing and define luxury brand retailers as those *who “distribute clothing, accessories and other lifestyle products which are: exclusively designed and/or manufactured by or for the retailer; exclusively branded with a recognized insignia, design handwriting or some other identifying device; perceived to be of a superior design, quality and craftsmanship; priced significantly higher than the market norm;*

sold within prestigious retail settings” (p.143). This is regarded as the most appropriate definition because this study focuses on the strategic and operational details of luxury retailers such as Gucci, Burberry, and Hermes.

Endless classifications of brands have been proposed, which multiply the nuances of luxury. In most cases, these terms refer simply to the price level, lumping together brands of very different natures, such as fashion brands and premium offerings with a touch of style. The ease of use of clustering algorithms has allowed academic research to propose various typologies of luxury brands, but unfortunately, they are mainly descriptive and lack theoretical foundations. The researcher proposes an alternative approach to identifying classification based on the core social functions fulfilled by luxury brands in a given society, as we have discussed previously. Four segments of luxury, adapted from Kapferer and Bastien (2012), are as follows:

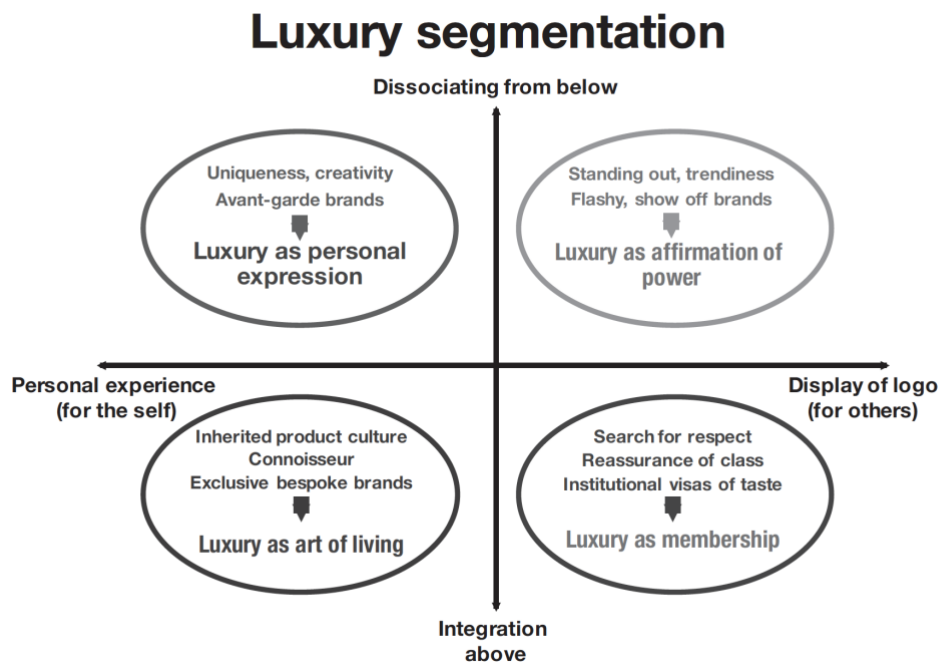


Figure 2.2. Four segments of luxury adapted from Kapferer and Bastien (2012)

These alternative segments, together with attributes discussed earlier, enabled the researcher to attempt to classify different types of luxury brands. As previously discussed, although the public might call them all ‘luxuries’, due to their excess price relative to function for the sake of pleasure and status, there are still distinctive features that differentiate luxury brands. Understanding the classifications enable luxury brand managers to manage them better, which aids the internationalisation process to be discussed in the next chapter. Kapferer (2016) analysed their strategic decisions and management suggest Luxury includes the real luxury, the fashion luxury, and the premium price fashion, who acts like luxury but are not by any of the definitions. Adapted from his Luxury Business Model, supported by existing literature discussed above, the researcher proposes luxury brands be classified into these same three groups and further explain what each type of luxury means and what their characteristics are:

- **The Heritage Luxury (the “traditional” luxury retailers).**

- These mainly are French luxury brands who carved the principles of a luxury strategy, which since then has been adopted by brands from across the world, such as Rolex, Hermes and Ferrari. These brands generally apply the “anti-laws of marketing” which abandon positioning methods, pricing strategies and do not respond to public demand/products tend to be inaccessible. Additionally, these luxury brands generally follow “anti-logo” design, break away from seasonal trends and are selective to who they approach as potential customers. A common DNA trait will be their consistent brand message of heritage.
- **The Luxury Fashion (Fashion orientated luxury brands)**
 - These luxury fashion brands, although offer luxury quality goods, apply general principles of marketing (the laws of marketing). They operate in competitive markets, apply 4 Ps in their marketing strategies and are heavily trends-driven, offering seasonal products catering to their clients. Most Italian luxury brands behave, quite successfully, as fashion brands such as Gucci, Versace, Prada etc.
- **The Premium Fashion (Premium but affordable retailers branded as luxury).**
 - The public often mistake them as “luxury” due to their premium price and often their promotional tactics project them as luxury, these premium retailers are not luxury based on any definitions and attributes discussed in the previous parts. The term *masstige* refers to these mass-marketed products that evoke an image of class (e.g. Polo Ralph Lauren; Boss by Hugo Boss) (Truong et al., 2009). Many US brands act as premium brands with a good image. During sales season, products in this category tend to go on discount the earliest.

This section has reviewed and identified what is considered luxury and how the luxury concept is defined by fashion academics and industry according to the existing literature. In particular, the present research study provides an up-to-date investigation of luxury classifications and characteristics together with identifying challenges of luxury brand management; thus extending and updating the current literature by conducting primary research on the investigated phenomenon.

2.5. Chapter Summary:

This chapter has reviewed the literature on luxury in a wide range of views and contexts. Through different definitions, the researcher was able to identify luxury brand’s characteristics, components as well as the scopes and extensions of what is considered luxury with new customer markets being defined and developed. Kapferer’s theories (2012, 2016 and 2021) along with Bai et al (2021, 2022) are fundamental in helping the researcher’s shaping his understanding of luxury in the context of brands and brands management, giving him the opportunity to theorise and put together his own definition of luxury, subsequently identifying 3 types of luxury and characteristics of each of these types: the heritage luxury, the luxury fashion and affordable luxury. The complex nuance of luxury creates contemporary challenges in the strategic marketing process, that luxury brands leaders need to be aware. Findings from this chapter are essential to the research project - it provides the crucial theoretical grounding for the next chapter, where it sets to investigate the internationalising strategies of luxury brands, before and after entering the emerging

markets. Understanding the types of luxury as well as management challenges of luxury brands is essential to navigate various strategic approaches that the luxury brands managers enact in order enter the emerging markets and the strategic decisions then to be used once, they have entered the said markets.

The next chapter will discuss the strategic process of internationalising luxury brands to emerging markets, providing a thematic analysis of internationalising strategies. It will build on the findings from this chapter, exploring what attributes of luxury are used in marketing campaigns and how these strategies evolve before and after market penetration. The insights gained will help luxury brand managers develop effective strategies that balance global consistency with local relevance, ensuring sustainable growth and brand equity in new markets.

CHAPTER 3: INTERNATIONALISATION OF LUXURY BRANDS

3.1. Introduction

The internationalisation of luxury brands represents a critical facet of global business strategy, driven by the need to expand market reach and capitalise on emerging opportunities beyond domestic borders. In an era characterized by globalisation and interconnected markets, luxury brands are increasingly seeking to extend their presence and influence across diverse geographies. This chapter delves into the multifaceted process of internationalisation within the luxury sector, exploring the underlying motivations, strategies, and challenges that define this dynamic landscape.

Luxury brands, by virtue of their exclusivity, heritage, and aspirational value, occupy a unique position in the global marketplace. The allure of these brands transcends cultural and economic boundaries, making their internationalisation efforts particularly noteworthy. However, the journey to global expansion is fraught with complexities that require careful navigation and strategic acumen. This chapter seeks to unravel these complexities by examining the theoretical frameworks and practical considerations that underpin the internationalisation strategies of luxury brands.

The discourse begins with an exploration of the key motivations driving luxury brands to venture into international markets. This includes an analysis of economic imperatives, competitive pressures, and the pursuit of brand prestige on a global scale. Following this, the chapter delves into the various strategies employed by luxury brands to establish and sustain their international presence. These strategies encompass a spectrum of approaches, from standardized global campaigns to nuanced adaptations that cater to local market peculiarities.

Furthermore, this chapter addresses the inherent challenges and opportunities that luxury brands encounter as they navigate the global marketplace. Issues such as brand consistency, cultural adaptation, and market entry barriers are scrutinised to provide a comprehensive understanding of the internationalisation process. Through a synthesis of academic literature and industry insights, this chapter lays the foundation for a detailed examination of specific case studies in subsequent chapters.

By elucidating the broader context of luxury brand internationalisation, this chapter aims to set the stage for a deeper exploration of the unique dynamics at play in the Chinese market, which will be the focus of Chapter 4. In doing so, it underscores the importance of strategic foresight and cultural sensitivity in achieving global success in the luxury sector.

3.2. Internationalisation in Context

Some may argue that globalisation over recent decades has either compelled or enabled brands, including those in fashion and luxury, to seek new opportunities in foreign markets. However, the internationalisation of luxury brands is not a novel phenomenon. The cross-country expansion of luxury retailers has been ongoing for

more than a century, with Liberty opening their first store in Paris in 1890 and Burberry following in 1909 (Moore and Burt, 2007). The past few decades have seen an unprecedented acceleration in the international expansion of fashion and luxury retailers. This chapter explores recent strategies employed by luxury retailers to internationalise, investigates the motives behind these moves, and analyses the opportunities and challenges associated with entering foreign markets, particularly China. This examination provides a conceptual map of luxury retailers' internationalisation strategies, laying the foundation for the research gaps and questions that will be addressed in this study.

3.2.1. *Why Internationalisation*

Some may argue that globalisation over recent decades has either compelled or enabled brands, including those in fashion and luxury, to seek new opportunities in foreign markets. However, the internationalisation of luxury brands is not a novel phenomenon. The cross-country expansion of luxury retailers has been ongoing for more than a century, with Liberty opening their first store in Paris in 1890 and Burberry following in 1909 (Moore and Burt, 2007). The past few decades have seen an unprecedented acceleration in the international expansion of fashion and luxury retailers. This chapter explores recent strategies employed by luxury retailers to internationalise, investigates the motives behind these moves, and analyses the opportunities and challenges associated with entering foreign markets, particularly China. This examination provides a conceptual map of luxury retailers' internationalisation strategies, laying the foundation for the research gaps and questions that will be addressed in this study.

Hollander (1970) noted that among all international retailers, luxury fashion brands are particularly committed to global participation. In his seminal work on international retailing, Hollander coined the term the 'London-Paris-New York-Milan syndrome' to describe this expansion strategy (p.21). Despite their international success, there has been little reference to these achievements in the literature, leading to insufficient consideration of their international strategies and activities (Moore and Burt, 2007). This section delves into cross-disciplinary literature to understand the motives behind the decision to go global, patterns of luxury brand internationalisation, and the challenges associated with these endeavours.

The globalisation of markets and the continuous evolution of marketing strategies have significantly increased the luxury goods market (Moore and Burt, 2007). In 2019, worldwide luxury goods market revenues reached 281 billion euros, with projections indicating an annual growth rate of four to six percent between 2020 and 2025 (Bain & Company, 2021). This market has experienced steady growth over the last decade, despite minor setbacks such as the COVID-19 pandemic in 2020 and the subsequent recession in 2020/2021 (Euromonitor International, 2021; State of Fashion, 2021). The spending power of wealthy consumers in emerging economies, particularly the BRIC countries (Brazil, Russia, India, China), has been a major growth driver. In the 1990s and 2000s, the growth engine for luxury brand companies was access to capital, leading to the rise of stock market-listed companies in this sector. This was especially evident in Europe, where many design houses merged into luxury conglomerates.

Among the world's largest and most influential luxury fashion conglomerates are the French LVMH (Moët Hennessy Louis Vuitton) group, Richemont (Switzerland), the PPR group (France), the Burberry Group (UK), and Prada (Italy). These conglomerates benefit from 'parental advantage,' gaining competitive edge through strategic fits that exploit expertise, resources, and cost synergies within the group (Matlock and Edmondson, 2002; Moore and Birtwistle, 2005).

At what stage of growth should managers consider expanding into foreign markets? Moore, Fernie, and Burt (2000) argue that internationalisation can occur at various stages of a company's development, although luxury goods retailers often reach domestic market saturation early on. The direction of luxury fashion brands' growth outside their home markets, particularly in retail operations, is crucial for maintaining brand values and image.

Historically, luxury was a geographically centralised industry, with new trends originating from a single location or key fashion capitals. Collections from a select network of couturiers would set global trends (Brun et al., 2008). Paris was originally the primary fashion capital, later joined by Milan, where fashion was equated with other art forms like literature and theatre (Okonkwo, 2007). High fashion brands would then expand to central London and New York (Fernie et al., 1997; Tungate, 2008). These cities became essential hubs for haute couture retailers aiming for international success (Fernie et al., 1997).

Following this initial expansion into major fashion capitals, luxury brands began opening diffusion stores in key provincial cities. The emergence of new markets with high purchasing power and an appetite for Western symbols of affluence, alongside the saturation of home markets, drove luxury fashion designers to expand globally (Moore et al., 2000; Brun et al., 2008; Raymond, 2007). The BRIC economies play a pivotal role in this new landscape (Bain & Company, 2021). While the economic downturn of 2020 led to reduced consumption in mature markets, China and other BRIC countries continued to grow (Euromonitor International, 2021). Bain & Co. (2024) predicts that personal luxury goods will maintain an upward trajectory, with a projected compound annual growth rate (CAGR) of 5% to 9%, reaching between €360 billion and €380 billion by 2025. Designer clothing and footwear are expected to lead this growth.

Studies on international growth strategies often focus on case studies of specific retailers, examining their success or failure in new markets. Early research typically highlighted companies associated with DIY products, such as IKEA (Martensen, 1985, 1988; Laulajainen, 1991; Bartlett and Nunda, 1995), and fashion retailers with strong brand franchises like Benetton (Dapiran, 1992), Laura Ashley (Christopher and Peck, 1994), and Kookai (Moore, 1997), which now ceased to exist. Research has also explored the impact of innovative retail formats, including hypermarkets (Burt, 1994; Dupuis and Prime, 1996), warehouse clubs (Hallsworth et al., 1995; Fernie, 1998), and factory outlet centres (Fernie and Fernie, 1997).

These studies provide valuable insights into international expansion at the company level, complementing broader studies monitoring international retail investment. Burt (1993) traced British retail activity from 1960 to 1990, noting a concentration of activity in North America and Western Europe. Robinson and Clarke-Hill (1990) examined the

growth of 27 major EU retailers, finding that initial foreign expansions were typically to geographically and culturally proximate markets. EU retailers have become more adventurous since the 1990s, engaging in more cross-border activity within Europe (Corporate Intelligence Group, 1994) and beyond. For example, the UK is often a stepping stone for US companies expanding into Europe (Davies and Finney, 1998), while UK retailers frequently enter markets like Ireland and France.

This "near neighbour" approach is evident in other regions as well. Japanese retailers, for instance, are active in Hong Kong and Singapore (Davies, 1993), and Australian retailer Coles Myers first expanded internationally to New Zealand in 1988 (Alexander, 1997).

3.2.2 Push and Pull Factors Affecting the Internationalisation Process

The internationalisation of luxury brands is influenced by a complex interplay of push and pull factors. Understanding these factors is crucial for comprehending why and how luxury brands expand into foreign markets. This section delves into the specific scholarly discussions surrounding these factors, providing a critical review of the literature on internationalisation.

3.2.2.1. Push Factors

Push factors are the internal and external pressures that drive companies to seek new markets. These factors often stem from constraints and challenges within the domestic market, compelling brands to explore opportunities abroad.

Market Saturation and Domestic Competition

One of the primary push factors identified in the literature is market saturation in the home country (Hollander, 1970; Alexander, 1995). When luxury brands face limited growth opportunities domestically due to intense competition and a saturated market, they are pushed to internationalise to sustain growth and profitability (Moore et al., 2000). For instance, Hollander (1970) noted that market saturation prompts luxury brands to seek untapped markets with less competition and greater growth potential.

Regulatory Constraints

Regulatory constraints and planning restrictions in the domestic market can also act as significant push factors. Studies by Kacker (1985) and Treadgold (1988) highlight how stringent domestic regulations can limit operational flexibility, driving brands to seek more favourable regulatory environments abroad. This aspect is particularly relevant for luxury brands, which often face high regulatory standards in their home markets.

Economic Conditions and Costs

Unfavourable economic conditions, such as economic downturns or rising operational costs, can further push luxury brands to internationalise. Treadgold (1990) and Salmon and Tordjman (1989) discuss how economic instability and increasing costs in the home market can erode profitability, prompting brands to explore more stable and

cost-effective markets. This is corroborated by Alexander (1995), who emphasises the need for luxury brands to diversify their market base to mitigate economic risks.

3.2.2.2 Pull Factors

Pull factors are the attractive attributes of foreign markets that entice companies to internationalise. These factors often involve growth opportunities, market potential, and strategic advantages available in the target markets.

Market Growth and Opportunities

Emerging markets with rapidly growing middle and upper classes present significant pull factors for luxury brands (Bain & Company, 2019). The substantial increase in disposable incomes and the rising demand for luxury goods in countries like China and India make these markets highly attractive (Guercini et al., 2020). Studies by Moore et al. (2000) and Burt (1993) provide evidence of luxury brands capitalising on these growth opportunities to expand their global footprint.

Strategic Vision and Corporate Philosophy

The strategic vision of a company's leadership and its corporate philosophy also play a crucial role in driving internationalisation (Alexander, 1990; Vida and Fairhurst, 1998). Proactive leadership that recognises and seizes international opportunities is often a critical factor in successful international expansion. Alexander (1995) classifies these motivations as proactive, where the leadership's vision aligns with global market opportunities.

Technological Advancements and Market Accessibility

Technological advancements, particularly in data communication and logistics, have significantly reduced the barriers to internationalisation (Fernie et al., 1997; Davies and Finney, 1998). The ability to efficiently manage international operations and supply chains through advanced technology has made it easier for luxury brands to enter and operate in foreign markets. This aspect is supported by studies such as those by Jonsson and Foss (2011), which highlight the role of technology in facilitating global market accessibility.

3.2.3 Integration of Push and Pull Factors in Strategic Decision-Making

The integration of push and pull factors into strategic decision-making is a nuanced process. Scholars like Kacker (1985) and Treadgold (1988) argue that successful internationalisation requires a balanced consideration of both sets of factors. For luxury brands, this means not only responding to domestic pressures but also strategically aligning with the opportunities and advantages offered by foreign markets.

For example, Hollander (1970) and Alexander (1990) suggest that a comprehensive assessment of both push and pull factors can lead to more informed and effective internationalisation strategies. This approach ensures that luxury brands are not only escaping domestic constraints but are also strategically positioning themselves to exploit new market opportunities.

In conclusion, the push and pull factors affecting the internationalisation process are deeply intertwined with the strategic considerations of luxury brands. By critically evaluating the specific scholarship on internationalisation, this section has highlighted the complex motivations and strategic decisions that underpin the global expansion of luxury brands.

3.3. General Strategies for Internationalisation

The internationalisation of luxury brands requires a multifaceted approach, combining different strategies to establish a strong global presence while maintaining the brand's core values. This section explores the primary strategies luxury brands employ to internationalise, focusing on direct investment, joint ventures and partnerships, franchising, and marketing and brand strategies.

3.3.1. Direct Investment

Foreign direct investment involves establishing flagship stores in prime locations to create a strong brand presence and offer an immersive brand experience. This approach allows luxury brands to maintain full control over their brand image, customer service standards, and overall store experience (Chevalier & Gutsatz, 2020). Flagship stores serve as iconic representations of the brand, showcasing its heritage, craftsmanship, and exclusive offerings. By situating these stores in prestigious shopping districts, luxury brands can attract affluent consumers and reinforce their status as leading names in the luxury sector (Moore & Birtwistle, 2005).

3.3.2. Joint Ventures and Partnerships

Collaborating with local partners who possess market knowledge and established distribution networks can ease the entry into new markets (Okonkwo, 2007). Joint ventures and partnerships provide luxury brands with valuable insights into local consumer behaviour, regulatory environments, and cultural nuances (Moore & Burt, 2007). These collaborations can mitigate risks associated with entering unfamiliar markets and enhance the brand's ability to adapt to local preferences. Successful joint ventures combine the luxury brand's global prestige with the local partner's expertise, resulting in a synergistic approach to market entry and growth (Bain & Company, 2021).

3.3.3. Franchising

Franchising allows local entrepreneurs to operate stores under the brand's guidelines, facilitating rapid expansion while maintaining brand standards (Kapferer, 2016). This strategy enables luxury brands to leverage the entrepreneurial spirit and local knowledge of franchisees, ensuring that the brand's values and customer experience are upheld across different regions (Treadgold, 1990). Franchising can accelerate the brand's presence in multiple markets simultaneously, making it a viable option for luxury brands seeking swift international growth (Euromonitor International, 2021).

3.3.4. Marketing and Brand Strategies for Internationalisation

Effective marketing and brand strategies are crucial for successful internationalisation. This section discusses the importance of standardisation, cultural adaptation, and localised marketing strategies.

Standardisation

Standardisation involves maintaining a consistent brand image and marketing approach across all markets. This strategy ensures that the core values, aesthetics, and messaging of the luxury brand are universally recognised and respected (Kapferer & Bastien, 2012). Standardised marketing campaigns can create a cohesive global brand identity, reinforcing the brand's prestige and reliability (Vickers & Renand, 2003).

Cultural Adaptation

Cultural adaptation requires tailoring marketing strategies to align with local customs, values, and consumer preferences. This approach recognises the diversity of global markets and the need to resonate with local audiences (Han et al., 2010). By incorporating cultural elements into marketing campaigns, luxury brands can enhance their appeal and relevance, fostering deeper connections with consumers (Wiedmann et al., 2007). Cultural adaptation involves not only adjusting marketing messages but also considering product offerings, store layouts, and customer service practices to suit local tastes (He & Wang, 2015).

Localised Marketing Strategies

Localised marketing strategies focus on addressing the specific needs and desires of consumers in each market. This approach includes targeted advertising, region-specific promotions, and engagement with local influencers and media (Beverland, 2005). Localised strategies enable luxury brands to respond to market trends and consumer behaviour more effectively, creating personalised experiences that resonate with local customers (Dubois & Duquesne, 1993). By understanding and catering to the unique characteristics of each market, luxury brands can build strong, loyal customer bases globally (Chevalier & Lu, 2010).

By employing these strategies—direct investment, joint ventures and partnerships, franchising, and nuanced marketing and brand strategies—luxury brands can navigate the complexities of internationalisation and establish a strong, adaptive presence in diverse markets.

3.4. Challenges and Opportunities in International Markets

The internationalisation of luxury brands into emerging markets like China presents unique challenges that differ significantly from those encountered in Western markets. These challenges are rooted in the country's regulatory environment, cultural expectations, and competitive landscape.

3.4.1. Challenges

Cultural Differences

One of the primary challenges luxury brands faces is managing cultural differences. Cultural preferences significantly influence consumer perceptions and buying behaviours. For instance, while Western luxury consumers may value individuality, Chinese consumers often seek products that reflect social status and group affiliation (Zhou and Belk, 2004). Brands must balance their global identity with local cultural nuances to resonate with diverse consumer bases (Hung et al., 2007). Geert Hofstede's cultural dimensions theory provides a valuable framework for understanding these differences. Hofstede identifies several dimensions of culture, such as individualism versus collectivism, power distance, and uncertainty avoidance, which can significantly impact consumer behaviour (Hofstede, 1980). For example, in individualistic cultures like the United States, luxury consumers may prioritise personal expression and uniqueness, whereas in collectivist cultures like China, there is a stronger emphasis on social harmony and status.

Brand Consistency

Maintaining brand consistency across different markets is another challenge. As luxury brands expand globally, they must ensure that their core values, quality standards, and brand image remain intact. This is particularly challenging when adapting marketing strategies to fit local contexts without diluting the brand's essence (Kapferer, 2014).

Regulatory Environment

The regulatory environment in foreign markets can pose significant hurdles. Different countries have varying regulations regarding imports, advertising, and business operations. Luxury brands must navigate these legal landscapes to establish and maintain their presence. For example, stringent regulations in China regarding e-commerce and digital advertising require brands to adapt their strategies to comply with local laws (McKinsey & Company, 2019).

3.4.2. Opportunities

Emerging Markets

Emerging markets present significant growth opportunities for luxury brands. Markets such as China, India, and Brazil have rapidly growing middle and upper classes with increasing disposable incomes and a growing appetite for luxury goods (Bain & Company, 2019). These markets offer new customer bases and the potential for substantial revenue growth.

Digital Transformation

The digital transformation of the retail industry provides luxury brands with new avenues to reach consumers. Online platforms and social media allow brands to engage with consumers directly, offering personalized experiences and exclusive content. Brands like Gucci and Louis Vuitton have successfully leveraged digital platforms to enhance customer engagement and drive sales (Deloitte, 2020).

Brand Prestige

International expansion enhances brand prestige and global recognition. Being perceived as a global brand adds to the allure and aspirational value of luxury products. Brands that successfully expand their international footprint often see increased brand equity and consumer loyalty (Kapferer, 2012).

3.5. Standardisation and Localisation of Luxury Brands: An Ongoing Debate

The debate over standardisation versus localisation of international marketing strategies has been a focal point for researchers and practitioners for decades (Jain, 1989; Ryans, Griffith, & White, 2003). This debate is particularly pertinent for luxury brands, where maintaining a consistent brand image globally is crucial, yet responding to local cultural nuances can significantly impact market success (Kapferer, 2012; Levitt, 1983).

Brown and Burt (1992) highlighted the complexities of transferring a retail brand's image across national borders, questioning whether a brand holds the same meaning for consumers in different countries. For luxury brands, brand image is paramount, and ensuring a consistent global understanding is achieved through standardised communication strategies and stringent control over merchandising, distribution, and pricing (Chevalier and Gutsatz, 2020).

3.5.1. The Case for Standardisation

Proponents of standardisation argue that global consumer needs and wants are becoming increasingly homogeneous, making standardised strategies more efficient due to economies of scale (Levitt, 1983). This approach can streamline operations, reduce costs, and ensure a uniform brand experience worldwide. For luxury brands, standardisation helps maintain the exclusivity and prestige associated with their products. By implementing a standardised marketing strategy, luxury brands can ensure that their messaging, product quality, and brand image remain consistent across all markets (Ryans et al., 2003).

Jonsson and Tolstoy (2014) support this by noting that a standardised strategy enables integrated supply chains, centralised decision-making, and consistent marketing communications, all of which are vital for maintaining the integrity of luxury brands. However, this strategy may lack flexibility, limit local market recognition, and stifle local knowledge and entrepreneurial spirit (Matricano and Vitagliano, 2018).

3.5.2. *The Case for Localisation*

On the other hand, advocates for localisation argue that consumer needs and preferences are heterogeneous, requiring tailored marketing strategies to resonate with local audiences (Harvey, 1993; Ryans et al., 2003). In China, cultural heritage significantly influences consumer behavior, suggesting that a one-size-fits-all approach may not be effective (Cao, 2011). Localisation allows luxury brands to adapt their marketing mix to local market conditions, enhancing relevance and consumer engagement (Swoboda et al., 2014).

A study by BCG (Anestis et al., 2009) found that a significant portion of Chinese luxury consumers prefer products specifically designed for their market, incorporating local cultural elements. Luxury brands such as Chanel, Hermes, and Louis Vuitton have successfully incorporated Chinese cultural motifs into their products, earning respect and loyalty from Chinese consumers (Kapferer, 2014; Guercini et al., 2020). However, excessive localisation can dilute the global brand image, potentially leading to negative consumer perceptions and reduced purchase intentions (Kapferer, 2012).

3.5.3. *Striking a Balance: A Hybrid Approach*

The optimal strategy for luxury brands may lie in a hybrid approach, combining elements of both standardisation and localisation (Vrontis and Thrassou, 2007). This strategy leverages the efficiencies and brand consistency of standardisation while allowing for the flexibility and market responsiveness of localisation. Luxury brands need to carefully balance maintaining their global identity with resonating deeply with local cultural contexts.

Kapferer and Bastien (2012) suggest that luxury brands should focus on maintaining their core brand values and identity while making thoughtful adaptations to local tastes and preferences. This approach requires a deep understanding of local market dynamics, cultural sensitivity, and strategic flexibility. By doing so, luxury brands can enhance their market relevance, build stronger consumer relationships, and sustain their brand prestige globally.

The ongoing debate between standardisation and localisation in luxury brand internationalisation highlights the complexities of global marketing. While standardisation ensures consistency and economies of scale, localisation allows brands to connect more deeply with local consumers. The hybrid approach, which combines the strengths of both strategies, appears to be the most effective way for luxury brands to navigate the challenges of internationalisation.

3.6. Chapter Summary

This chapter has explored the intricate dynamics of internationalisation within the luxury brand sector, focusing on the motivations, strategies, and challenges that define the global expansion of these brands. By examining both theoretical perspectives and practical case studies, the chapter provides a comprehensive understanding of the multifaceted process of luxury brand internationalisation.

Initially, the chapter delved into the fundamental reasons why luxury brands seek international markets, highlighting the role of economic imperatives, competitive pressures, and the quest for global prestige. The motivations for internationalisation were dissected through the lens of push and pull factors, with insights from scholars like Hollander (1970) and Alexander (1995), illustrating the complex interplay between market saturation at home and the allure of growth opportunities abroad.

The internationalisation strategies were categorised into three main approaches: Foreign Direct Investment (FDI), joint ventures & partnerships and franchising. Each strategy offers distinct advantages and challenges, reflecting the diverse paths luxury brands can take to establish their presence in foreign markets. The chapter also addressed the challenges luxury brands face during international expansion, such as navigating cultural differences, maintaining brand consistency, and complying with diverse regulatory environments. These challenges underscore the need for a balanced approach that harmonises global brand identity with local relevance. Opportunities in emerging markets, driven by rising middle and upper classes with growing disposable incomes, were identified as significant growth drivers for luxury brands. The digital transformation of retail was also highlighted as a critical opportunity, enabling brands to engage directly with consumers and enhance their global reach through online platforms and social media.

By synthesising academic literature and industry insights, this chapter sets the stage for a deeper exploration of luxury brand strategies in the Chinese market, which will be the focus of the following chapter. The discussion underscores the importance of strategic foresight, cultural sensitivity, and adaptive marketing approaches in achieving global success in the luxury sector. The subsequent analysis of specific case studies will further illustrate how luxury brands navigate the complexities of internationalisation, offering practical insights and identifying gaps for future research. This comprehensive examination provides a solid foundation for understanding the broader context of luxury brand internationalisation and its implications for global business strategy.

CHAPTER 4: LUXURY BRANDS IN CHINA

4.1 Introduction

The Chinese market has emerged as a critical battleground for luxury brands, driven by the country's rapid economic growth, increasing urbanisation, and the rise of a wealthy middle and upper class with a growing appetite for high-end goods. As China transitions from a production-based economy to a consumption-driven powerhouse, it presents unparalleled opportunities and challenges for luxury brands seeking to capitalise on this dynamic landscape. This chapter delves into the intricacies of the Chinese luxury market, exploring the consumer behaviours, market dynamics, and strategic adaptations that define the success of luxury brands in China.

Understanding the Chinese luxury consumer is paramount to navigating this complex market. Unlike their Western counterparts, Chinese consumers exhibit unique characteristics influenced by cultural, historical, and socio-economic factors. This chapter begins with an analysis of these consumer traits, examining how factors such as social status, individualism, collectivism, and the quest for exclusivity shape purchasing decisions. By dissecting these psychographic dimensions, the research is able to gain insight into the motivations driving the consumption of luxury goods in China.

The chapter then transitions to an exploration of the Chinese market structure, highlighting the significance of city tiers in segmenting and targeting consumers. The tier system categorises cities based on economic development, population size, and influence, providing a framework for understanding regional disparities and consumption patterns. This section elucidates how luxury brands tailor their strategies to cater to the distinct preferences and behaviours of consumers in Tier 1, Tier 2, and lower-tier cities.

A critical aspect of succeeding in the Chinese market involves striking a balance between standardisation and localisation. Luxury brands must navigate the delicate interplay between maintaining global brand consistency and adapting to local tastes and preferences. Through detailed examples of prominent luxury brands such as Louis Vuitton, Dior, Cartier, and Armani, this chapter examines the strategic approaches employed to achieve this balance. These examples provide practical insights into how brands incorporate local cultural elements, leverage digital platforms, and engage in experiential marketing to resonate with Chinese consumers.

Furthermore, the chapter addresses the challenges and risks associated with operating in China, including regulatory hurdles, intellectual property issues, and the volatility of consumer sentiments. The discussion underscores the importance of cultural sensitivity, agility, and strategic foresight in mitigating these challenges and capitalising on market opportunities.

In conclusion, this chapter aims to provide a comprehensive understanding of the strategies luxury brands employ to succeed in China. By analysing consumer behaviours, market segmentation, strategic adaptations, and operational challenges,

it offers a nuanced perspective on the complexities and potential of the Chinese luxury market. This exploration sets the stage for further discussions on the implications of these findings for global luxury brand management and future research directions in subsequent chapters.

4.2. The Luxury Chinese Sector: An Overview

The Asian markets have played a significant role in the global luxury sector, starting with Japan in the 1980s and more recently China in the 2000s. China's rise as a leading luxury market is attributed to several key factors, including its economic reforms and entry into the global economy. The Open Door Policy of 1979 and China's accession to the World Trade Organization (WTO) in 2001 significantly boosted its economy, attracting foreign capital and knowledge for economic development. By 2004, China had become the top destination for Foreign Direct Investment (FDI) (Sun, 2001; Meyer, 2004).

These economic reforms have transformed China from a production-based to a consumption-based economy, creating a rapidly growing class of wealthy consumers eager to purchase luxury goods (Chadha & Husband, 2006). This shift has made China the largest market for high-end fashion. Despite economic fluctuations, Chinese consumers accounted for two-thirds of all luxury purchases in Asia and 30% globally as of 2019 (Bain & Company, 2019). Luxury goods sales in China are projected to grow by 20% annually over the next five years, and by 2025, China's share of the global luxury market is expected to triple (McKinsey & Company, 2019).

Chinese cities are categorised into tiers based on their economic impact and influence, with Tier 1 cities like Shanghai, Beijing, Guangzhou, and Shenzhen leading the way. These cities attract luxury retailers who initially establish stores there to target wealthy consumers (Wang & Lau, 2019). However, recent trends show expansion into Tier 2, 3, and 4 cities, contributing to the ongoing growth of the Chinese luxury market. Tier 3 and 4 cities, while smaller in economic size, are expanding rapidly due to strong government support for growth and increasing financial values (Euromonitor International, 2020).

Bain & Company's Luxury Insights (2019) highlighted that 50% of Chinese luxury consumers are middle-class aspirants in Tier 1, 2, and 3 cities, while 30% are entrepreneurs and wealthy individuals in Tier 2, 3, and 4 cities. For luxury brands to succeed in China, they must cater to wealthy consumers beyond the top-tier cities (Bain & Company, 2019).

China's rapid economic growth and reforms over the past three decades have fostered a Westernised consumer culture (Zhou & Belk, 2004). This emerging global consumer culture (GCC) drives social change, making China more similar to Western cultures. Younger Chinese consumers, particularly those aged 18-35, aspire to emulate Western lifestyles, using luxury fashion brands as symbols of status and personal identity (Wong & Ahuvia, 1998). This demographic shift, alongside China's economic growth, underscores the significant market potential for luxury brands in China.

In summary, the Chinese luxury market has evolved into a major player in the global luxury sector. Factors such as economic reforms, rising consumer wealth, and an

emerging Westernised consumer culture have positioned China as a critical market for luxury brands seeking growth and expansion.

4.3. Luxury Consumption & The Luxury Chinese Consumer

4.3.1. Luxury Goods Consumption & Exchange: An Ancient Tradition

There is a common misconception that luxury consumption is a new phenomenon in China. The practice of consuming high-quality, intricately designed products actually has a long history, especially among the imperial courts of China, where the exchange of luxury goods was a common practice both within Asia and between Asia and Europe. This historical exchange created a similar profile for luxury goods owners and consumers across continents. However, Western-Asian relations experienced significant shifts due to events such as the discovery of new continents, colonisation, industrialisation, two world wars, political changes, and economic competition. These events disrupted the traditional luxury industry in China and hindered the artisans' ateliers from competing with their European counterparts, leading to a decline in traditional Asian luxury brands, particularly in China (Schütte & Ciarlante, 1998). Despite these disruptions, the allure of luxury goods and the status they conferred remained strong.

In the West, the first Industrial Revolution, which began in Great Britain and spread throughout Europe and North America, gave rise to a new social class known as the leisure class. This bourgeois lifestyle was characterised by conspicuous consumption, where individuals showcased their wealth, displayed higher status, and sought social respect. Thorstein Veblen analysed this phenomenon in *"The Theory of the Leisure Class"* (1899). The emergence of this class and its behaviours were driven by social and economic changes during that period. Asian countries, including Japan, began adopting Western ideas and institutions. Japan was a pioneer in this regard, starting its Meiji Modernisation at the end of the nineteenth century. This was followed by significant industrialisation and economic development in South Korea, Singapore, Taiwan, and Hong Kong after World War II. Western lifestyles became popular among the elite and young people, with the consumption of Western luxury products becoming a symbol of success for businessmen and an indicator of good financial standing (Chadha & Husband, 2006).

In societies dominated by Chinese culture, such as Hong Kong, Taiwan, and Singapore, many citizens are descendants of war refugees, poor farmers, and fishermen who sought refuge in the Southern Ocean during times of conflict. As their financial situations improved, they began to purchase luxury goods to gain social recognition and respect, similar to the nouveau riche in Europe and America during the 18th and 19th centuries. In Mainland China, decades of open and flexible economic policies have led to the rise of a new wealthy class in the 21st century, with millions of luxury product consumers. Since the early 1990s, over 80 per cent of the world's luxury brands have opened retail outlets in China. Between 2005 and 2010, luxury spending in China grew steadily at an annual rate of 15-20 per cent. According to Sebastian Suhl, Chief Operating Officer at the Prada Group, Prada's sales in China grew by over 80 per cent in 2010 (Evans, 2011).

The evolution of luxury consumption in China reflects the historical and socio-economic changes that have shaped consumer behaviour globally. The integration of Western influence with traditional Chinese values continues to drive the luxury market, positioning China as a key player in the global luxury sector.

4.3.2. Chinese Tier System and Its Implications on the Luxury Business

The mass affluent luxury goods market in China is characterised by the rapidly evolving distribution of social classes, particularly in urban areas. Understanding the Chinese luxury consumer involves analysing their locations and how these areas influence their shopping patterns and behaviours. Chinese cities are divided into a 'city tier system', an unofficial hierarchical classification. Although the government does not officially recognise this system or publish an official list, many media outlets use these terms to rank the importance of Chinese cities.

According to Yicai Global (2017), the top three tiers of prefectural-level Chinese cities are Tier 1 cities, which include Beijing, Shanghai, Guangzhou, and Shenzhen. To expand on this, the Chinese city tier system is crucial for understanding the dynamics of luxury goods consumption across different regions. This system, which categorises cities into four tiers based on factors such as GDP, income level, administrative status, and population, helps businesses tailor their strategies for market entry and growth (Yicai Global, 2017). Tier 1 cities like Beijing, Shanghai, Guangzhou, and Shenzhen are the economic powerhouses with significant contributions to China's GDP and a large population base. These cities are often the first choice for luxury brands looking to establish a foothold in China due to their developed infrastructure and high consumer spending power. These cities house the majority of the new Chinese middle class. The new social class emerging from China's economic boom since 1979 can be referred to as the mass affluent group, similar to Veblen's leisure class and the lower-upper and upper-middle classes. Mass affluent consumers in China are defined as individuals with a household disposable income of at least ten times the national average or more than five times the annual household income in main-tier cities. These consumers typically belong to the 20-45 age group, representing about 1.5% of the total population but earning nearly 10% of urban disposable income.

Tier 2 cities, often referred to as "new Tier 1" cities, include Xi'An, Qingdao, Dalian, and Chengdu, among others. These cities have seen rapid economic growth and increasing purchasing power, making them attractive markets for luxury brands aiming to expand beyond the primary tier. The GDP of these cities, while lower than that of Tier 1 cities, still represents substantial economic activity, with populations ranging from 3 to 15 million people.

Tier 3 cities, with populations between 150,000 and 3 million, exhibit diverse economic structures. While not as advanced as Tier 1 and 2 cities, they are undergoing significant infrastructure development to support economic growth. These cities often have unique cultural and historical characteristics that contribute to their overall identity.

Tier 4 cities, being smaller and less economically developed, have populations of less than 150,000. The economic performance of these cities can vary significantly, and they often rely on local government reports and regional economic data for insights.

Luxury brands need to consider these tiers when planning their market entry and expansion strategies. For instance, while Tier 1 and 2 cities might be ideal for standalone boutiques or flagship stores due to higher operating costs but greater brand visibility, Tier 3 and 4 cities could be targeted through e-commerce platforms or smaller retail partnerships to capture the growing middle class at a more affordable operating cost.

4.3.3 The Luxury Chinese Consumer's Characteristics

Understanding the characteristics of Chinese luxury consumers requires an analysis of their socio-demographic and psychographic traits. According to Schwarz and Wong (2006), luxury brand CEOs identify Chinese 25- to 30-year-olds as a rapidly growing market for luxury goods, with men predominantly consuming luxury products. However, there is a growing number of female consumers as well. Debnam and Svinos (2008), and later Chevalier and Lu (2010), categorise these consumers as young professionals, graduate students spending family wealth, economically independent businesswomen, and newly affluent wives. The Chinese elite, representing the largest segment of mass affluent and affluent luxury goods consumers, can be defined by their business profiles, company operations, and personal attributes such as age, education, and income levels. This elite group mainly comprises the lower-upper and upper-middle classes, merging traditional and Western values.

Analysts and industry observers emphasize the need to understand Chinese consumer subsegments beyond socio-demographic aspects, advocating for a psychographic approach. Lu and Pras (2011) were among the first to profile luxury goods consumers in China using psychographic variables. They highlighted the importance of psychic distance in luxury consumption, exploring dimensions such as conspicuousness/functionality, individualism/collectivism, and impulsive/analytical thinking. These dimensions align with Chinese consumers' status-seeking behaviours and desire for individuality and indulgent experiences.

Studies show that these dimensions are rooted in Chinese ideology, history, and existing literature on luxury brands and information processing (Yang, 1989; Wong & Ahuvia, 1997). Key dimensions include conspicuousness, functionality, individualism, collectivism, and impulsive/analytical thinking processes (Chinese Tourists Spend, 2010 and Kacen & Lee, 2002). Managers' observations support these dimensions, noting that status seeking and social recognition are crucial drivers of luxury consumption among Chinese consumers. Additionally, the need for individuality and indulgence are significant factors (Debnam & Svinos, 2008 and Lu, 2008).

Lu and Pras (2011) conducted a factor analysis, revealing innovativeness, brand loyalty, and post-purchase guilt as significant attitudes and behaviours influencing luxury goods consumption. By understanding Chinese elite consumers psychographically, luxury brands can develop effective marketing strategies and advertising campaigns.

Global expansion by luxury retailers focuses on attracting wealthy and elite consumers (Kapferer, 2014). Cosmopolitan consumers, exposed to various cultures through travel and media, develop an international outlook and self-perception (Alden et al.,

2006; Cleveland et al., 2011). Media promotion makes certain products symbols of cosmopolitanism in a global consumer culture (Alden et al., 1999), and luxury items can symbolize social and personal identity (Hennigs et al., 2012; Zhang & Kim, 2013). In Tier 1 cities, consumers are well-educated, well-travelled, and have high disposable incomes (Bain & Co., 2019; Mintel, 2019). These consumers exhibit tastes and sophistication similar to mature markets but retain both modern and traditional values (Dong & Tian, 2009; Hung et al., 2007).

Previous studies on luxury consumption in other countries, such as those by Clark et al. (2007), Dubois and Paternault (1995), and Veblen (1899), cannot be generalized to China due to significant differences (Atsmon & Dixit, 2009; KPMG Inc., 2007). Chinese luxury buying behaviour is unique, with challenges such as limited brand awareness and loyalty (Bain & Co., 2018; Chevalier & Lu, 2010). Zhan and He (2012) examined psychological traits distinguishing Chinese consumers from their global peers: value consciousness (VC), susceptibility to normative influence (SNI), and the need for uniqueness (NFU).

Chinese luxury consumers are younger and more ostentatious than those in developed Western markets, buying luxury goods to display wealth and status (Chadha & Husband, 2006; Kapferer, 2014; Li et al., 2012; Lu & Pras, 2011). Recently, they have prioritised intrinsic value, rarity, and exclusivity (Harjani, 2013; Kapferer, 2014). They are influenced by a brand's social significance and sense of belonging to a desirable group, rather than self-expression (Kapferer, 2014; Shukla & Purani, 2011). Moreover, Chinese luxury consumers are spread across Tiers 2, 3, and 4 cities, presenting investment opportunities for foreign retailers (Deloitte China, 2019).

The COVID-19 pandemic and recent political developments have reshaped the Chinese luxury market, bringing new consumer behaviours to the forefront. The pandemic accelerated digital adoption, with platforms like Tmall Luxury Pavilion and JD.com becoming indispensable for reaching tech-savvy, younger consumers (Bain & Co., 2024). These consumers now prioritise seamless online experiences, personalisation, and values such as sustainability and wellness. Additionally, political shifts promoting domestic consumption have fostered a growing interest in homegrown luxury brands like Shang Xia, reflecting a rise in cultural confidence among Chinese consumers.

Generational shifts further underscore the evolution of the market, with millennials and Gen Z driving over half of luxury spending in China. Unlike previous generations focused on conspicuous consumption, these younger consumers value exclusivity, craftsmanship, and storytelling. Regional disparities also play a critical role, as Tier 2 and Tier 3 cities emerge as growth hubs, demanding tailored strategies to meet local preferences (KPMG, 2023). Combined, these changes highlight the dynamic and multifaceted nature of the Chinese luxury market, requiring brands to adopt flexible and culturally sensitive strategies to stay competitive (Mintel, 2024).

These insights into Chinese luxury consumers highlight the complex and multifaceted nature of this market. By addressing both socio-demographic and psychographic factors, luxury brands can develop targeted and effective marketing strategies for this rapidly growing market segment.

4.4. Standardisation And Localisation of Luxury Brands: A China Perspective

The ongoing debate between standardisation and localisation in luxury brand internationalisation, which was discussed in the previous chapter, highlights the complexities of global marketing. While standardisation ensures consistency and economies of scale, localisation allows brands to connect more deeply with local consumers. The hybrid approach, which combines the strengths of both strategies, appears to be the most effective way for luxury brands to navigate the challenges of internationalisation. This balance is particularly crucial in dynamic and culturally rich markets like China, where local adaptation can significantly enhance brand loyalty and market success.

4.4.1 The Delicate Balance of Standardisation and Localisation of Luxury Brands in China

The entry of fashion brands into the Chinese market can be achieved through the standardisation of marketing strategies or the adaptation of strategies to cater to different markets. Kapferer and Bastien (2009) note that luxury retailers often centralise their management to maintain control over brand perception and the development of their operations in foreign markets. This desire for consistency in branding frequently results in a preference for global standard strategies, which replicate domestic marketing and communication activities across geographical markets (Alexander and Doherty, 2010; Salmon and Tordjman, 1989). This approach is effective in creating an exclusive brand image through globally standardised mass media advertising campaigns, store formats, and product offerings (Moore, Fernie, and Burt, 2000). Global positioning enhances credibility, authority, power, and value, ultimately leading to stronger brand equity (Aaker, 1991; Kapferer, 1992).

However, the Chinese market presents unique challenges and opportunities that necessitate a more nuanced approach. Studies suggest that while standardisation provides brand consistency, it may not fully address local consumer preferences and cultural nuances (Zhou and Belk, 2004a). Therefore, many luxury brands adopt a hybrid strategy that combines standardisation with localisation, adapting certain elements of their marketing mix to better resonate with Chinese consumers.

For instance, several luxury brands have successfully integrated Chinese cultural elements into their product designs and marketing campaigns. This strategy not only appeals to national pride but also enhances the perceived relevance of the brand among Chinese consumers. For example, Chanel's Pre-Fall 2010 Paris Shanghai line featured a fashion show in Shanghai with the Pudong skyline as a backdrop. Hermes designed a special edition silk scarf with an ancient Chinese horse cart pattern, while Louis Vuitton created limited-edition Chinese lantern key chains and charms. Similarly, Gucci developed a handbag decorated with the traditional Chinese dragon and phoenix pattern exclusively for its Chinese customer base (Wang et al., 2020).

4.4.2. Reviewing Luxury Brands' Market Entry Strategies

To provide an overall picture of luxury brand management practices in China, the researcher conducted a thorough review of academic and professional sources to compile a comprehensive list of luxury brands actively engaged in the Chinese market.

This includes details about their product ranges, trading names, the significance of China to their business strategies, market entry methods, and ongoing operating and marketing strategies.

The brands included in Table 4.1 were selected based on their global prominence, relevance to the Chinese market, and availability of detailed data on their internationalisation practices. Sources used for this review include the websites of esteemed luxury councils and committees, such as the British Fashion Council (UK), Fédération de la Haute Couture et de la Mode (France), and Fondazione Altagamma (Italy), alongside the Council of Fashion Designers of America (USA). Additional insights were drawn from corporate websites of over 55 global luxury brands and industry-leading reports, including The State of Fashion (2018–2024) and The State of Luxury (2022–2024) by Business of Fashion, as well as annual Bain & Company luxury reports (2018–2024).

This extensive review not only informed the selection of relevant case studies and examples of best practices but also provided a robust foundation for identifying and approaching key luxury retailers and brand managers for research participation. The data in Table 4.1 offers a comparative overview of how luxury brands manage their operations and strategies in China, serving as a critical resource for understanding the complexities of international luxury brand management in this dynamic market.

Table 4.1. List of luxury retailers with prominent presence in China and their China entry method

Company	Est.	Product Range	Brand Names	Importance of China (% of sales)	China entry	China's marketing strategy
Armani	1975	Apparel, accessories, eyewear, watches, phones, jewellery, home furnishings, fragrances and cosmetics, shoes, hotels and resorts	Armani Privé - Haute Couture, Giorgio Armani, Emporio Armani, Armani Collezioni, AJ Armani Jeans, A/X Armani Exchange,	28% in Far East (principally Japan, Hong Kong and China) in 2019; Majority of stores opened in China in 2010. Focus on China's upper and middle classes	1998, first Giorgio Armani boutique at the Palace Hotel, Beijing. 2002, first 1100 m ² flagship store in Shanghai, followed by Hong Kong	Operates in over 40 major Chinese cities. 289 POS, combination of third-party sellers with DOS. Online store since 2010. Nine Armani Casa in 50 Chinese cities
Bottega Veneta	1966	Leather goods (handbags, luggage and small	Bottega Veneta	Sales in the Asia-Pacific up by 33%, an	2007, first DOS in	Four flagship stores in Shanghai; uses

		leather goods), women's and men's RTW, shoes, jewellery, accessories, furniture and home decorations		increase of 45%. Focus on China and the Asian market	Shanghai then Beijing	distributors. Online store bottegaveneta.cn since 2011
Burberry	1856	Ready to wear, including trench coats, leather, accessories, and footwear	Burberry TB (discontinued 2021) Burberry London (discontinued)	27% sales from East Asian market (largely China)	2010, first store in Shanghai	Standardised marketing strategies with individualised flagship store tactics
Bulgari	1884	Jewellery, watches, leather goods, accessories, fragrances, skincare, hotels and resorts	Bulgari, Bulgari Hotels & Resorts	47% in Asia in 2019; of which 65% in Greater China in April 2011	2003, first flagship store in Shanghai	Over 20 boutiques in China and others in Hong Kong and Macau. 2010, access to over 50 stores: strategic partnership with Helgdeli Holdings Ltd to distribute watches through multi-brand watches stores in Greater China. Heavily localised advertising with Chinese KOLs
Cartier	1847	Jewellery, watches, accessories, fragrances	Cartier	A significant portion of global revenue; China is one of Cartier's largest markets globally.	Late 1990s	Focus on personalised customer engagement with dedicated sales associates; expansion through flagship boutiques in Tier 1 cities and beyond; digital

						integration via Tmall store (since 2020) to reach younger, tech-savvy consumers; active engagement in cultural and luxury events.
Coach	1941	Handbags, accessories, footwear, ready-to-wear	Coach	Approximately 18% of global revenue	Early 2000s	Localised marketing strategy in China, including collaborations with local artists and participation in cultural events like the China International Import Expo (CIIE). The brand has also expanded its presence in lower-tier cities and enhanced its digital engagement through platforms like Tmall and JD.com.
Chanel	1910	Haute couture, ready-to-wear, accessories Jewellery, perfume	Chanel	US\$5.5b in 2022 with lockdown online sales record level US\$8.4m in 2021	1999 in Beijing	First pioneer in internationalising strategy for luxury with 'Chanel' marketing and branding.
Dior	1946	Haute couture, ready-to-wear, accessories Jewellery, perfume, spirit, wines	Christian Dior Cosmetics, Dior Homme, Parfums Christian Dior, Christian Dior Couture	\$21.6 billion in revenue in China first half of 2020	1994 in Shanghai	Heavily localised strategies focusing on digital & social media (i.e. WeChat) Chinese bank holidays fully integrated in promotion calendar (i.e. Singles' Day)
Dolce & Gabbana	1985	Apparel, footwear, handbags, eyewear,	Dolce & Gabbana, D&G, D&G Junior	Largely depended on Chinese market. Decline of	2006	Heavily localised-abandoned corporate strategy and focus on using Chinese

		watches, jewellery, skincare		98% sales following 2018 scandal, slightly recovered to US\$202m in 2020		ambassadors or local accelerators. Since 2018, shift to home market's same marketing
Fendi	1925	Apparel, footwear, handbags (fur and leather), eyewear, watches, jewellery, skincare	Fendi	Along with LV, consider China as one of the biggest and most important markets in the LVMH family.	2007 Beijing	Worked directly with local agency for first ever catwalk show in Great Wall of China. Blend between localised and standardised marketing since.
Gucci	1921	Handbags, apparel, shoes, leather goods, accessories, and footwear	Gucci	One of most successful luxury brands in China; 38% increase in revenue in 2021 compared to 2019	2006	First flagship store with the brand's DNA and Chinese influenced. Localised strategy with e-commerce fully integrated with Chinese consumers.
Hermes	1837	Handbags, apparel, shoes, leather goods, accessories, and footwear	Hermes	Top 10 most popular luxury brands in China 2010-2022.	1997	Worked with local agencies for first flagship store however design/strategy identical to main store in Paris
Hugo Boss	1924	Men's and women's apparel, accessories, fragrances	BOSS, HUGO	China is one of Hugo Boss's largest growth markets, contributing significantly to its global revenue.	Late 1990s	Emphasis on flagship stores in Tier 1 cities and partnerships with local retailers; strategic focus on BOSS and HUGO lines to target both premium and contemporary fashion segments; strong digital presence via e-commerce platforms like

						Tmall and JD.com to engage tech-savvy consumers.
Loewe	1846	Leather goods, ready-to-wear, accessories, fragrances	Loewe	China is a key growth market, contributing significantly to Loewe's global sales.	Early 2000s	Focus on flagship stores in Tier 1 cities like Beijing and Shanghai; cultural engagement through local art and innovative store designs (e.g., Chengdu Gaoshang store); digital engagement through platforms like WeChat and Tmall; tailored product offerings, including fragrances catering to Chinese tastes.
Louis Vuitton	1854	Handbags, apparel, shoes, leather goods, accessories, and footwear, fragrances and cosmetics	Louis Vuitton	First ever luxury brand entering Chinese market/ Top 10 most popular luxury brands in China 2010-2022.	1992	Worked with local agencies for first flagship store however design/strategy identical to main store in Paris Blend between localised and standardised strategy
Marc Jacobs	1984	Ready-to-wear, handbags, accessories, footwear, fragrances	Marc Jacobs, Marc by Marc Jacobs (discontinued in 2015)	Not publicly disclosed; however, China is a key growth market with plans to make it the largest foreign market.	Early 2000s	Focused on expanding its retail presence in China, aiming to add multiple stores annually to increase market penetration. The brand has also tripled its marketing budget to enhance brand visibility.
Michael Kors	1981	Accessories, handbags,	Michael Kors,	Estimated to account for	Early 2000s	Digital-first strategy leveraging

		footwear, ready-to-wear	MICHAEL Michael Kors, MK by Michael Kors	significant growth potential in the accessible luxury segment, aiming to reach \$1 billion in Asia.		Tmall and JD.com; collaborations with Chinese celebrities (e.g., Yang Mi, Leo Wu); seasonal campaigns tailored to Chinese festivals like Qixi.
Moschino	1985	Apparel, accessories, fragrances, skincare, eyewear, shoes, handbags and jewellery	Moschino, Moschino Cheap and Chic, Love Moschino, Boutique Moschino	Focusing on China market in recent years.	2007, started franchising and exclusive distribution operations through local supplier Hembly International Holdings Ltd in China (excluding Hong Kong and Macau); three stores before 2008	Fully localised: 10-year agreement with supplier Hembly International Holdings Ltd; joint venture with local partner Bluebell and creation of Moschino Far East to increase presence in East Asia. Keeps opening POS in key locations. Chinese version of official website, 2021
Prada	1913	Apparel, accessories, fragrances, skincare, eyewear, shoes, handbags and jewellery, skincare	Prada, Miu Miu, Car Shoe, Church's	30,9% in Asia Pacific, mainly China in January 2020. Most of its expansion strategy is in Asia's luxury retail business – debuting on the Hong Kong bourse	1995, first store in mainland China	120 stores in Asia Pacific, January 2019. Eight of 18 new DOS opened in the Asia Pacific market are located in China; operates through local suppliers, manufacturers, distributors. Its limited presence contributes towards a more

						exclusive image, hence generating success
Ralph Lauren	1967	Apparel, accessories, footwear, home goods	Ralph Lauren, Polo Ralph Lauren, Lauren Ralph Lauren, Chaps	China represents about 7% of Ralph Lauren's business, with significant growth observed in recent years	2011	Employs a "cluster approach" focusing on key cities such as Beijing, Shanghai, Chengdu, Shenzhen, Hong Kong, and Taipei.
Roberto Cavalli	1970s	Apparel, accessories, fragrances, skincare, eyewear, shoes, handbags and jewellery	Roberto Cavalli, Just Cavalli, Class, Angels & Devils, Roberto Cavalli Home	N/A. Late development of a Chinese strategy. China's importance is recognised	2012, first shop in mainland China opened in the Peninsula Hotel, Beijing	Cautious entrance in the Chinese market, maintaining direct control. JV agreement with local UCCLAL Group to directly manage mono-brand boutiques;
Rolex	1905	Luxury watches	Rolex	China is one of Rolex's largest and most lucrative markets globally.	1990s	Initially entered through local distribution channels; opened its first directly operated boutique in Shanghai in 2024; focuses on personalised customer experiences and after-sales services; leverages the Rolex Certified Pre-Owned program to cater to demand for certified second-hand products.
Salvatore Ferragamo (now Ferragamo)	1927	Apparel, accessories, fragrances, skincare, eyewear, shoes,	Ferragamo	33.4% Asia Pacific, excluding Japan in	1994, first DOS in Shanghai	Significant and consolidated presence; 75 stores in Mainland China

		handbags and jewellery		2011. Headquartered in Hong Kong.		
Stella McCartney	2001	Apparel, accessories, fragrances, skincare, eyewear, shoes, handbags and jewellery	Stella McCartney, Stella McCartney Kids	Tested the market with Shanghai Fashion Week in 2009. Growth plan materialised in 2012 and growing ever since with flagship store in Shanghai, two in Hong Kong and one each in Beijing and Guangzhou, plus two outlets.	2012 following Shanghai Fashion Week debut.	Standardising store strategies with well-established stores presence in Mainland China.
Tiffany & Co.	1837	Jewellery, watches, accessories, home products	Tiffany & Co.	China is the second-largest market after the U.S.	Entered the Chinese mainland market in 2001; opened the first store in 2007.	Focused on digital marketing strategies, leveraging platforms like WeChat to engage younger consumers. The brand has diversified its product portfolio and marketing methods to cater to the preferences of Chinese millennials.
Valentino Fashion Group	1959	Apparel, accessories, fragrances, skincare, eyewear, shoes,	Valentino, Valentino Gavani, Valentino Roma, RED Valentino;	40% in China and Hong Kong, 2009. China is the focus of the group's growth	1993, debut at the country's first	Standardising store strategies with well-established stores presence in Mainland

		handbags and jewellery	Licensed brands: M Missoni, MCS Malboro Classics		government sponsored fashion event, at Beijing's ancient Temple of Heaven	China; Supplier Hembly International Holdings Ltd
Versace	1978	Apparel, accessories, fragrances, skincare, eyewear, shoes, handbags and jewellery	Atelier Versace, Versace Couture, Versace Sports, Versace Home Collection, Versace Jeans Couture, Versace Collection and Versus	Constant and progressive growth. Importance of the Chinese market for the brand. Special collections for the Chinese market – jeweled watches, dinner and gift collections	1994, store in the Peninsula Plaza Hotel, Beijing	60 stores in China with heavily localised strategies – window merchandising, stocking, promotion and social media using mainly local (Chinese based) influencers.
Vivienne Westwood	1971	Apparel, accessories, fragrances, skincare, eyewear, shoes, handbags and jewellery	Vivienne Westwood	Favourite luxury brand in China especially in China and Shanghai – only 2 cities house Westwood cafes.	2011, in luxury mall Xujiahui, China	Although the brand's DNA remains the same, the marketing strategies have adjusted to adapt to local cultures and reflect Chinese tastes.

The insights compiled in Table 4.1 provide a foundational understanding of how leading luxury brands operate within the Chinese market, highlighting diverse approaches to market entry, product positioning, and marketing strategies. This comparative analysis underscores the complexity of navigating the Chinese luxury landscape, where brands must strike a delicate balance between maintaining their global identity and adapting to local consumer preferences. These observations set the stage for a deeper exploration of the strategic decisions luxury brands make when standardising or localising their practices in China, as discussed in the following section.

4.5. Standardisation and Localisation in China: Brand Insights

One key insight from the literature on luxury brand strategies is that these strategies aim not only to sell products but also to create an aspirational dream and reinforce core brand values (Dubois and Paternault, 1995; Kapferer and Bastien, 2009). Therefore, maintaining consistency through the standardisation of brand positioning and advertising is critical. Communication strategies must be culturally congruent with regional consumer preferences, incorporating local cultural values, nationalistic appeals, colours, symbols, artifacts, and myths (Westjohn, Singh, and Magnusson, 2012). This could involve simple linguistic and visual adaptations or more extensive changes, including model ethnicity, sentiments, usage situations, or advertising appeals (Hung et al., 2007; Zhou and Belk, 2004b).

In the context of international luxury retail expansion, maximising brand power while adapting to the diverse characteristics of emerging markets is essential (Chevalier and Lu, 2010). The marketing of luxury goods must balance the increasing consumer demand with the need to protect brand status and exclusivity (Dubois and Paternault, 1995; Kapferer, 2014). Consequently, international strategies for luxury retailers often employ a mix of global and multinational approaches (Goldman, 2001).

In China, the complexity of the luxury retail market necessitates adapted marketing communication strategies. These include public relations tactics such as lavish flagship store events, fashion shows, and leveraging Chinese celebrities as brand ambassadors to enhance brand awareness (Bain & Co., 2012; Chevalier & Lu, 2010; McKinsey, 2012; Mintel, 2012). Liu et al. (2015) conducted an in-depth analysis of the standardisation-localisation debate, specifically within the context of foreign luxury fashion retailers' internationalisation into the Chinese market. They found that luxury retailers must balance the global-local dilemma by centralising operational management in strategic hubs like Hong Kong, while implementing more adaptive marketing communications in China compared to other mature markets. Despite this, foreign luxury retailers maintain strict strategic control over key branding dimensions from their home market headquarters as part of a successful long-term brand management strategy.

However, it is crucial to note that over-localisation might lead to confusion about brand identity and country of origin (COO) as Chinese luxury consumers increasingly identify with a global elite. The later parts will explore various internationalisation case studies of luxury brands operating in China and how they navigate the balance between localised and standardised strategies. These tactics often respond to previous findings, but the literature predominantly addresses pre-market entry practices. To gain a comprehensive understanding, it is essential to consider post-market entry strategies: what are the next steps for luxury brand managers once they enter the market? How are "localised" and "standardised" strategies implemented in daily operations, and to what extent is localisation realised by luxury brands in their management practices?

4.6. The Case of Cartier

Cartier, a leading luxury brand known for its high-end jewellery and watches, has successfully navigated the Chinese market by adopting a strategic blend of standardisation and localisation. The brand's efforts in China exemplify how luxury brands can balance global consistency with local relevance. Cartier entered the Chinese market in the early 1990s, recognising the growing demand for luxury goods among China's affluent consumers. The brand established flagship stores in major cities such as Beijing, Shanghai, and Guangzhou, positioning itself as a symbol of luxury and prestige.

4.6.1. Localisation of Product Offerings

To cater to the preferences of Chinese consumers, Cartier has introduced products specifically designed for the Chinese market. This includes the creation of limited-edition pieces that incorporate traditional Chinese symbols and motifs. For instance, Cartier released special editions of its iconic Love Bracelet and Tank watches adorned with Chinese elements such as dragons and phoenixes, which resonate deeply with Chinese cultural heritage (Degen, 2009).

4.6.2. Cultural Adaptation in Marketing

Cartier's marketing strategies in China have been tailored to reflect the cultural values and preferences of Chinese consumers. The brand has employed local celebrities and influencers in its advertising campaigns to build a connection with the local audience. Notable Chinese actors and actresses, such as Zhang Ziyi and Liu Wen, have been featured in Cartier's promotional materials, enhancing the brand's appeal and recognition (Yu, 2014). Cartier collaborated with the popular Chinese dance group X-crew for the launch of their new collection, with group members showcasing key accessories like watches that were carefully crafted to emphasise Cartier's branding.

[Image redacted due to copyright restrictions]

Cartier collaborated with hip-hop group X-crew-official to launch a new dance at a Shanghai club (Cartier Press Office, 2022)

4.6.3. Engagement through Cultural Events

In the study by Liu et al. (2015), Cartier's localisation efforts were praised for effectively balancing local advertising tactics while maintaining its prestige as a luxury brand. Cartier's series of exhibitions across China were noted for their educational and

cultural significance. Cartier has actively engaged with the Chinese market through high-profile cultural events and exhibitions. The brand has hosted exhibitions showcasing its heritage and craftsmanship, such as the "Cartier Treasures" exhibition at the Forbidden City in Beijing. These events not only highlight Cartier's rich history but also align the brand with China's cultural prestige (Cartier, 2014).

4.6.4. Digital and E-commerce Initiatives

Recognising the importance of digital presence in China, Cartier has invested heavily in its online platforms. The brand launched an official store on Tmall, one of China's largest e-commerce platforms, to reach a broader audience. Additionally, Cartier has utilised social media platforms such as WeChat and Weibo for targeted marketing campaigns, leveraging the power of digital influencers and key opinion leaders (KOLs) to drive brand awareness and engagement (Degen, 2009).

4.6.5. Challenges and Adaptations:

Despite its success, Cartier has faced challenges in the Chinese market, including issues related to intellectual property and counterfeiting. The brand has addressed these challenges by enhancing its legal frameworks and collaborating with local authorities to protect its trademarks and intellectual property rights. Cartier's strategy in China aligns with several theoretical perspectives on international marketing and brand management. The standardisation-localisation debate, as discussed by Levitt (1983), is evident in Cartier's approach. While maintaining a consistent global brand image, Cartier has effectively localised its product offerings and marketing strategies to suit the Chinese market. This hybrid strategy supports the notion that global brands can achieve success by balancing standardisation with cultural adaptation.

In conclusion, Cartier's localisation strategies in China highlight the importance of cultural sensitivity and market adaptation for luxury brands. By integrating local cultural elements into its products and marketing campaigns, Cartier has successfully positioned itself as a preferred luxury brand among Chinese consumers.

4.7 The Case of Armani

The Armani case presents an interesting exploration of over-localisation in luxury brand strategy within the Chinese market. The seasonal advertising campaign by Armani drew criticism for its excessive localisation, characterised by an overwhelming use of the colour red—a symbol of luck in Chinese culture—and predictable visual merchandising tailored specifically for Chinese consumers. This strategy, while well-intentioned, highlighted the challenges luxury brands face in balancing global brand identity with local market appeal.

[Image redacted due to copyright restrictions]

Armani Flagship Promotion & Product Display. (Armani Press Office, 2022)

4.7.1. The Campaign and Its Criticism

Armani's seasonal campaign was designed to resonate with Chinese cultural aesthetics. The use of red in their visual merchandising was intended to align with Chinese cultural symbolism where red is associated with prosperity, good fortune, and joy. Additionally, Armani developed beauty products specifically for the Chinese market, including items tailored to local beauty standards and preferences.

However, this approach received backlash for being "over-localised." Critics argued that the campaign's heavy reliance on red and other stereotypical cultural elements came across as inauthentic and pandering. The visual merchandising, while culturally relevant, was perceived as overly predictable and lacking the subtlety that luxury consumers expect from a brand like Armani.

4.7.2. Theoretical Insights and Analysis

The case of Armani's over-localisation can be examined through several theoretical lenses:

1. **Cultural Adaptation vs. Global Standardisation:** This campaign underscores the ongoing debate between localisation and standardisation in international marketing. Levitt (1983) argues for the benefits of standardisation, suggesting that a unified global strategy can create a stronger, more cohesive brand image. In contrast, proponents of localisation, like Jain (1989) and Westjohn, Singh, and Magnusson (2012), advocate for tailoring marketing strategies to fit local cultural nuances. Armani's campaign leaned heavily towards localisation, but the negative feedback highlights the risk of losing global brand coherence.
2. **Consumer Identification and Global Culture:** Hung et al. (2007) indicate that localisation strategies, such as adopting a local (Asian) look, can enhance consumer identification among Chinese female consumers. However, Liu et al. (2015) found that Chinese luxury consumers often prefer to be part of a global elite rather than targeted as a discrete subset. This supports the idea of a global luxury culture where consumers identify more with international peers than with local communities (Westjohn et al., 2012; Zhang & Khare, 2009).

3. **Brand Authenticity and Perceived Value:** Over-localisation can sometimes dilute the perceived authenticity and exclusivity of a luxury brand. Beverland (2005) suggests that authenticity is a key component of luxury branding, which can be compromised if localisation efforts are perceived as insincere. For Armani, the heavy localisation may have inadvertently signalled a shift away from its global luxury ethos, affecting its perceived value among consumers.

4.7.3. Consequences and Brand Efforts

Following the criticism, Armani had to navigate the delicate balance of maintaining its global brand identity while still appealing to local market sensibilities. Post-campaign efforts included:

1. **Philanthropy and Cultural Engagement:** Armani engaged in various philanthropic activities and supported local cultural events to rebuild its brand image in China. These efforts were aimed at demonstrating a deeper understanding and respect for Chinese culture beyond mere commercial interests. By sponsoring art exhibitions, cultural festivals, and educational programs, Armani sought to align its brand with Chinese cultural values and contribute to the local community (Wu, 2020; Liu & Burns, 2019).
2. **Local Collaborations:** Armani increased its collaborations with local designers and artists to create products that were culturally relevant while maintaining the brand's global standards of luxury and sophistication. These collaborations included limited edition collections featuring traditional Chinese elements, which resonated well with Chinese consumers who appreciated the blend of global luxury and local culture. This strategy not only enhanced the brand's relevance in the local market but also showcased Armani's commitment to cultural sensitivity and creativity (Yang & Peng, 2021; Zhang & Kim, 2019).
3. **Revamping Marketing Strategies:** In response to the need for greater cultural resonance, Armani revamped its marketing teams to include more local insights and cultural consultants. This move ensured that future campaigns were better balanced between localisation and global brand consistency. By integrating local market expertise, Armani was able to tailor its marketing messages and product offerings to better suit the preferences and expectations of Chinese consumers, while still preserving its core brand identity (Chen, 2020; Gao & Knight, 2017).
4. **Educational Initiatives:** Similar to Cartier's successful adaptation strategy, Armani invested in educational initiatives that highlighted the brand's heritage and craftsmanship. By organising exhibitions and workshops that showcased the intricate processes behind their products, Armani reinforced its luxury credentials and engaged Chinese consumers in a meaningful way. These initiatives helped build a deeper connection with the brand, emphasising the value of heritage and artisanal quality in the luxury market (Lee & Watkins, 2016; Tse & Lee, 2019).

4.7.4. Conclusion

The Armani case illustrates the complexities luxury brands face in international markets, particularly in balancing global identity with local appeal. While localisation can enhance market penetration, it must be executed with care to maintain brand

authenticity and coherence. By integrating theoretical insights and practical adjustments, luxury brands can better navigate the challenges of internationalisation and achieve sustainable growth in diverse markets like China.

4.8. The Case of Louis Vuitton (LV)

Louis Vuitton (LV), part of the LVMH conglomerate, serves as a prime example of how luxury brands can effectively balance localised and standardised strategies to thrive in the Chinese market. Recognising the burgeoning purchasing power of Chinese consumers, LV implemented a multifaceted approach to engage this critical demographic.

4.8.1. Early Entry and Market Positioning

Louis Vuitton was proactive in entering the Chinese market, establishing a strong presence early on. This foresight allowed the brand to cultivate a loyal customer base. The company collaborated with local agencies to launch flagship stores tailored to Chinese preferences, ensuring that the store designs and marketing campaigns resonated with local consumers while maintaining the brand's global identity (Chevalier & Lu, 2010; Liu et al., 2015).

4.8.2. Localised Advertising and Live Streaming

In 2020, amidst the strict lockdowns due to the COVID-19 pandemic, Louis Vuitton demonstrated agility and innovation by leveraging digital platforms to reach Chinese consumers. The brand's inaugural live broadcast on Xiaohongshu, a prominent social commerce platform in China, marked a significant milestone. The event was held at Louis Vuitton's Plaza 66 House Maison in Shanghai, the largest LV store in China and the 16th globally. Despite the live session attracting only 15,000 viewers, the hashtag related to the event garnered over 8 million views, showcasing the brand's ability to generate significant online engagement (Kapferer, 2014).

[Image redacted due to copyright restrictions]

Screenshot by researcher (Le, 2023) – Chinese actresses Xiaohongshu, Chuxi Zhong appears in LV's Xiaohongshu livestream room.

4.8.3. Standardisation of Core Product Offerings

While Louis Vuitton adapted its marketing and store formats to align with local tastes, the brand ensured that its core product offerings remained consistent with those in its European stores. This strategy preserved the brand's global image and ensured that Chinese consumers received the same high-quality products associated with LV's international reputation (Moore et al., 2000).

4.8.4. Cultural Integration and Brand Ambassadors

Louis Vuitton further localised its approach by engaging Chinese celebrities and influencers as brand ambassadors. These partnerships helped bridge the cultural gap and made the brand more relatable to local consumers. By aligning its global luxury image with local cultural elements, LV successfully enhanced its brand appeal in China (Hung et al., 2007; Zhang & Khare, 2009). Louis Vuitton's strategies in China reflect the principles outlined by various scholars on the balance between standardisation and localisation. For instance, Kapferer and Bastien (2009) emphasise the need for luxury brands to maintain a global image while adapting to local cultural nuances. The brand's use of local celebrities and digital platforms aligns with the findings of Westjohn, Singh, and Magnusson (2012), who highlight the importance of culturally congruent communication strategies. Moreover, the brand's ability to engage with local consumers through digital innovation resonates with the insights of Liu et al. (2015), who stress the significance of adaptive marketing communications in emerging markets like China.

4.8.5. Conclusion

Louis Vuitton's approach to balancing standardisation and localisation in China serves as a robust model for other luxury brands seeking to expand in diverse markets. The brand's strategic use of digital platforms, local collaborations, and consistent global product offerings underscores the importance of integrating local insights while preserving a cohesive global brand image. This case study illustrates how luxury brands can successfully navigate the complexities of internationalisation in culturally rich and economically dynamic markets.

4.9 The Case of Dior

Dior, under the LVMH conglomerate, has exemplified innovative strategies in the Chinese luxury market. Known as a "*cash cow and lab mouse*" (Jensen, 2020a), Dior's approach in China has been multifaceted, integrating digital strategies, social media engagement, and local cultural elements.

4.9.1 Localising Digital Strategies

Dior's digital strategy in China has been particularly noteworthy. For its spring 2021 collection, Dior attracted an impressive 83.6 million Chinese viewers, significantly boosting sales during the Singles' Day shopping festival, also known as Double 11. This success was marked by the introduction of exclusive limited-edition products specifically for the event, illustrating Dior's ability to adapt to local consumer preferences (Jensen, 2020a).

In addition to digital initiatives, Dior has strengthened its e-commerce presence through the launch of its platform, 24S. This platform centralises online sales for multiple LVMH brands, including Dior, and offers significant promotions during events like Singles' Day. This strategy appeals to younger consumers through attractive financing options for high-end products, thus enhancing Dior's market penetration in China (Jensen, 2020b).

[Image redacted due to copyright restrictions]

Items from Dior's autumn/winter 2020 collection on show at Paris Fashion Week earlier this year can now be snapped up online by Chinese shoppers. Getty Image (2020)

Dior's localisation efforts extend to social media engagement. The brand has been a pioneer on Chinese platforms such as WeChat, Douyin, and Bilibili. In 2015, Dior was the first luxury brand to promote products on WeChat Moments. By 2018, it had introduced luxury livestreaming on WeChat and set up an online WeChat store for handbags. These efforts increased Dior's visibility and enhanced consumer engagement and sales conversions (Chevalier & Lu, 2010; Hung et al., 2007).

4.9.2. Strategic Challenges

Despite these successes, Dior has faced challenges in its localisation journey. In 2019, the brand experienced backlash for using a map that omitted Taiwan during a workshop at Zhejiang Gongshang University. This incident quickly went viral on Weibo, highlighting the sensitivity of cultural and geographical issues the Chinese market. The swift and intense reaction from Chinese netizens underscored the importance of cultural sensitivity and the potential pitfalls for Western brands operating in China (Jensen, 2020; Hung et al., 2007).

[Image redacted due to copyright restrictions]

Dior apologises after Taiwan excluded from map of China, sparking latest online backlash. Image from Magramo (2019)

Dior's approach to product localisation has also involved integrating Chinese cultural elements into its designs. For instance, Dior's Double 11 capsule collection featured products tailored for the Chinese market, announced on Dior's WeChat account. This marked a significant shift as it was the first time a top-tier luxury brand created a capsule collection exclusively for an online shopping event (Jensen, 2020a).

However, not all localisation attempts have been well-received. Dior's personalised Chinese character options for their Book Tote and Diorcamp handbags were met with criticism from Chinese consumers, who found the designs to be "*strange and of low quality*" (Jensen, 2020a). This example highlights the fine line brands must walk between localisation and maintaining global brand identity (Chevalier & Lu, 2010; Hung et al., 2007).

Despite these challenges, Dior has continued to refine its localisation strategy. During the 2023 Shanghai art week, Dior launched the fifth instalment of its Dior Lady Art artist collaboration series. The brand created an immersive experience for VIP

customers, integrating offline and online consumer journeys. This included an afternoon tea area at the art fair, where VIPs could enjoy French pastries and Dior-branded cappuccinos while local brand ambassadors showcased new products to millions of followers on social media (Jensen, 2020).

4.9.3. Conclusion

This strategic blend of localisation and global brand consistency has been key to Dior's success in the Chinese market. By learning from past mistakes and continuously adapting their strategies, Dior has managed to strengthen its presence and appeal in China. The brand's ability to engage with Chinese consumers through tailored products, innovative digital marketing, and culturally relevant events demonstrates a deep understanding of the complexities of the Chinese luxury market (Chevalier & Lu, 2010; Liu et al., 2015).

4.10. The Case of Vivienne Westwood

For British luxury brands, the international strategies generally lean towards standardisation, with minimal localised tactics in sales strategies and in-store promotion. Vivienne Westwood's entry into the Chinese market exemplifies this approach. In 2011, Vivienne Westwood formed a joint venture with Inzone, a government-owned commercial property management firm that owns shopping malls and department stores across China. As part of this partnership, the brand is known as Vivienne Westwood China on the Mainland. Apart from the slight brand name change, the product categories, store layouts, displays, and seasonal collection arrivals remain identical to those in England (WWD, 2011).

Despite the potential for developing specific product lines for the Chinese market, no concrete decisions were reached. Westwood herself mentioned, "*I imagine something like that might happen*" (WWD, 2011). However, until this date and following the passing of Vivienne Westwood, no specific product lines tailored for the Chinese market have been introduced, and the stores continue to offer standardised products.

Westwood's objective in China, which was poised to surpass Japan as the world's second-largest luxury market, was unique. The designer aimed to communicate to China's increasingly affluent consumers the importance of reducing consumption to combat climate change globally (Fashion United, 2020). This mission may have made her brand less popular among the general Chinese public, who may have been more attracted to luxury brands that do not incorporate such strong political and environmental messages into their branding.

To maintain their competitive advantage and sustain the business, in 2018, Vivienne Westwood flagship stores in China, including Hong Kong and Macau, rebranded as Vivienne Westwood Cafés. These cafés offer additional services such as afternoon tea, branded candies and cakes, and serve as venues for loyal customer tribute events. This strategy allows Vivienne Westwood to avoid diluting their brand prestige,

keeping their actual product offerings intact, while still enhancing the in-store shopping experience (Fashion United, 2020).



Vivienne Westwood cafés in Hong Kong and Shang Hai offering Vivienne Westwood branded afternoon tea & dining experiences – Image by author/Le (2023)

This approach aligns with the theories of brand extension and experiential marketing. By transforming retail spaces into hybrid venues that offer more than just products, luxury brands can create unique experiences that reinforce their brand values and deepen customer loyalty (Pine & Gilmore, 1998). Additionally, this strategy leverages the concept of brand authenticity, which is crucial for maintaining the brand's identity and perceived value in a highly competitive market (Beverland, 2005).

4.11. The Case of Burberry

Burberry, a renowned British luxury brand, has undertaken significant localization strategies to strengthen its presence in China. This approach is exemplified by the launch of its innovative social retail store in Shenzhen. This initiative is a part of Burberry's broader strategy to blend physical and digital experiences, thus catering to the tech-savvy Chinese market.

4.11.1. The Social Retail Store in Shenzhen

In collaboration with Tencent, Burberry's Shenzhen store represents a pioneering effort to merge the physical and digital shopping experiences. The store, located in the Shenzhen Bay MixC development, serves as a testing ground for integrating social media interactions into the retail space (Halliday, 2020).

4.11.2. Features and Innovations

1. **WeChat Mini Program Integration:** The store features a dedicated WeChat mini program, which offers customers additional features and personalization options. This program allows customers to interact with the store's offerings

digitally, enhancing their shopping experience.

2. **Interactive Store Design:** The store's layout includes distinct areas, each reflecting Burberry's signature themes such as the Trench Coat and the Thomas Burberry Monogram. An interactive store window responds to viewer movements and evolves with the seasons, showcasing the latest collections (Burberry Press Office, 2022).

[Image redacted due to copyright restrictions]

The “phygital” store of Burberry in collaboration with Tencent (Burberry Press Office, 2022)

3. **QR Code Usage:** Customers can scan QR codes on product swing tags to access additional content and storytelling via digital screens. This innovative approach enhances the digital discovery experience and contributes to the customers' social currency.

[Image redacted due to copyright restrictions]

QR Code on tag (Burberry Press Office, 2022)

4. **Thomas's Cafe:** The in-store cafe, named Thomas's Cafe, offers a menu that evolves based on customer engagement with the WeChat mini program. The cafe also serves as a community space for events such as talks, workshops, and live performances.

5. **Fitting Rooms and Trench Experience:** The store features creatively themed fitting rooms and the Trench Experience, an exclusive space unlocked through social currency. This immersive journey through nature highlights Burberry's legacy of exploration.

4.11.3. Comparative Analysis with Vivienne Westwood

Burberry's approach contrasts with that of Vivienne Westwood, another British luxury brand that has largely maintained a standardized strategy with minimal localization. Vivienne Westwood's joint venture with Inzone led to the brand being marketed as Vivienne Westwood China, but product offerings and store layouts remain consistent with those in England (Fashion United, 2020).

4.11.4. Strategic Insights

Burberry's success in China can be attributed to its balanced approach to localization, particularly in enhancing customer experience through digital innovations. This strategy aligns with findings by Bain & Co. (2012), Chevalier & Lu (2010), and McKinsey (2012), which emphasize the importance of integrating local tastes while maintaining a consistent global brand image. From a marketing management perspective, using Kotler's 4 Ps framework (Product, Price, Place, Promotion), Burberry has effectively localized the "Place" and "Promotion" aspects while maintaining the integrity of the "Product" and "Price". This approach ensures that the core luxury offerings remain intact, preventing over-localization that could dilute the brand's prestige.

4.11.5. Lessons Learned

Burberry's strategy demonstrates the importance of carefully balancing global brand consistency with local market adaptation. The brand's innovative use of technology and interactive retail experiences sets a benchmark for other luxury brands aiming to succeed in the competitive Chinese market. Burberry's localisation strategies, particularly the integration of digital experiences in their Shenzhen store, highlight the brand's commitment to adapting to the unique characteristics of the Chinese market. By enhancing customer engagement through innovative retail experiences, Burberry maintains its competitive edge and strengthens its brand presence in China.

4.12. The Case of Dolce & Gabbana

Dolce & Gabbana (D&G), an Italian luxury fashion house, encountered significant controversy in China due to a marketing campaign in 2018 that was widely perceived as culturally insensitive and racist. This case provides a detailed analysis of what happened, why it happened, the consequences, and the brand's efforts to address the fallout, linking these to relevant theories in international marketing and cultural sensitivity.

4.12.1. D&G Marketing Activities in China: Over-Localised or Tone-Deaf?

"Dolce & Gabbana had it pretty good in China. Easy, in fact", said luxury expert Williams (2022). Entering the market in 2006, the Italian house's craftsmanship and

distinctive style spoke to excess and opulence, which captured the mainland consumer during the 2010s. Before entering the Chinese market through brick-and-mortar, they already stayed ahead of their competitors by distributing and selling their products through e-commerce website YOOX in 2011. The product approach was clearly effective as in 2018, Dolce & Gabbana was one of the very few luxury brands that managed to open just under 60 boutiques across mainland China, Hong Kong and Macau and even signed up big Chinese idols such as Dilmurat Dilraba and Wang Junkai as ambassadors in the APAC region (Williams, 2022).

Following the footsteps of LVMH, Dolce & Gabbana was not afraid to test the water with a wide range of localised strategies from customised promotional campaigns to China-specific product launches (Pan, 2017). Before the scandal leading to the withdraw of their 2018 Shanghai Fashion Week show, Dolce & Gabbana already received criticism on their poor taste and tone in the 2017 social media campaign featuring Dolce & Gabbana models in Chinese landmarks with local residents. These photos, as part of the brand's "*Dolce & Gabbana Loves China*" online marketing campaign, were intended to create a positive buzz and cater to rich Chinese clients in the lead up to Dolce & Gabbana's "*Alta Moda and Alta Sartoria Fashion Show*" that convened at the Peninsula Hotel in Beijing on April 21 2017.

The couture show was its first in Beijing after the brand debuted it in Hong Kong for the first time outside of Italy in the previous December. However, many Chinese online citizens flocked to the brand's official Weibo (Instagram equivalent) account, with a majority of them reacting negatively. Their complaints centred around questioning why Dolce & Gabbana only showed underdeveloped parts of Beijing and impoverished residents, while disregarding the more modern scenes of skyscrapers and citizens who are more stylish than those featured.

[Image redacted due to copyright restrictions]

Screenshots from "Dolce & Gabbana Loves China" 2017 social media campaigns – Le (2023)

The backlash caused Dolce & Gabbana to delete these photos on Weibo as well as on its official WeChat (WhatsApp equivalent) channel. The collection could then still be seen on foreign social media sites, such as Instagram, which is blocked in mainland

China. Here, much of the negative tone continued, but there of course were supporters of the campaign as well. All the attention, both positive and negative, seemed to fare well for Dolce & Gabbana's fashion show in Beijing.

After the Peninsula event, Dolce & Gabbana hosted an event for VIPs at Beijing's luxury shopping mall, SKP, complete with gelato, and photo ops with the models. The warm reception provided needed reassurance to the brand that brand loyalty was strong and would continue to be (Pan, 2018). This allowed Dolce & Gabbana to further expand their marketing ambition, blending more Italian characteristics into Chinese culture through their first Shanghai Fashion Week campaign in late 2018. For a brand that has that strong a loyal customer base, it looked like it could do no wrong - or so it seemed. The following November, Dolce & Gabbana's next "*DG Loves China*" online marketing campaign, an elaborate initiative meant to pay tribute to the country and its consumers, came under fire for trivializing China's centuries-old culture and depicting Chinese women in a stereotypical and even racist way (Pan, 2018, Hills, 2021).

4.12.2. The 2018 Marketing Campaign Crisis

In November 2018, D&G released a series of promotional videos on Chinese social media platforms to advertise a runway show in Shanghai. The videos featured a Chinese model attempting to eat Italian foods such as pizza, spaghetti, and a cannoli with chopsticks. The narrator's patronizing tone and the portrayal of the model struggling to use chopsticks were interpreted as mocking Chinese culture. The tagline, "Eating with Chopsticks," further exacerbated the perception of cultural insensitivity.

The campaign was likely an attempt to blend Italian and Chinese cultures, aiming to appeal to Chinese consumers by highlighting cultural elements. However, the execution was flawed due to a lack of cultural understanding and sensitivity. The campaign failed to consider the Chinese audience's perspective, leading to a negative reception. This incident underscores the importance of thorough market research and cultural awareness in international marketing (De Mooij, 2019; Hollensen, 2011).

[Image redacted due to copyright restrictions]

Screenshot from the campaign showing a Chinese model with distinctive small eyes/childish smile struggling to eat pasta with chopsticks – Le (2021)

The backlash was immediate and severe. Social media erupted with criticism, accusing D&G of racism and cultural insensitivity. Prominent Chinese celebrities and models boycotted the brand, and major e-commerce platforms, including Alibaba and

JD.com, removed D&G products. The fallout extended beyond social media, with the Shanghai fashion show being cancelled just hours before it was scheduled to start. The brand's sales in China plummeted, significantly impacting its overall revenue, as China is one of the largest luxury markets globally.

In their study, Yoon and Kelly (2023) examine brand blunders and race in advertising, highlighting how racial insensitivity can severely damage a brand's reputation and consumer trust. They discuss the importance of understanding cultural contexts and avoiding stereotypes in marketing campaigns. This case of D&G is a prime example of how a lack of cultural awareness and sensitivity can lead to widespread backlash and significant financial losses for a brand.

4.12.3. The Aftermath

In response to the backlash, D&G issued multiple apologies. The brand's founders, Domenico Dolce and Stefano Gabbana, appeared in a video apology, expressing regret and asking for forgiveness from the Chinese people. Despite these efforts, the brand struggled to regain its standing in the Chinese market. The incident highlighted the challenges of crisis management and the importance of sincere and timely responses in such situations (Coombs, 2015). The incident illustrates the tension between global standardisation and local adaptation. Levitt advocated for global standardisation, but Douglas and Wind argued for a more nuanced approach, balancing global efficiency with local responsiveness. D&G's misstep underscores the need for localised marketing strategies that respect and integrate cultural nuances (Levitt, 1983; Douglas & Wind, 1987)

Post-crisis, D&G has taken steps to recover its image in China. The brand has engaged in philanthropic activities, supported cultural events, and increased local collaborations (Forbes, 2019, *The Business of Fashion*, 2021). They have also revamped their marketing teams to include more local insights and cultural consultants. While recovery has been slow, these efforts are aimed at rebuilding trust and reconnecting with Chinese consumers.

In conclusion, the Dolce & Gabbana incident serves as a critical lesson in the importance of cultural sensitivity, effective crisis management, and the need for a balanced approach to global and local marketing strategies. The case highlights the potential repercussions of cultural insensitivity and the long-term efforts required to repair brand image and equity in a crucial market like China.

4.13. Critical Reflections on Reviewed Theories & Business Cases

The insights obtained from these studies may prove to be strategically useful for luxury retailers entering or expanding in China and provide indications of future trends of luxury retailing in China and other emerging markets. In order to succeed, luxury retailers must balance the global-local dilemma in China by perhaps retaining operational management control within the strategic hub such as Hong Kong and implementing adaptive and enterprising marketing communications strategies, while also retaining tight strategic control of key branding dimensions at head offices in their home markets. However, to what extent should a campaign be localised to not be considered “tacky” or “too Chinese”? What parameters are we setting to determine

whether a campaign should be standardised? And which one should have the Chinese influence? Which parties gets to decide – head office's luxury brand managers or their Chinese branch's counterparts?

The business examples discussed above further support the ongoing debate in academia, which is the standardisation-localisation dilemma for foreign luxury fashion retailers' internationalisation, especially for Chinese market does it require a delicate balance. The key issue is to what extent luxury brand managers can adapt and localise their international strategies, be it marketing, design product or retail environment. If standardisation and localisation of international marketing in Chinese market requires such careful measurement, who gets to decide the parameters? It also identifies a clear gap in literature in which more research is required to understand once a luxury brand has entered the emerging market (post-market entry), what would be recommended as the appropriate strategic decisions to achieve the continued success.

4.14. Chapter Summary

This chapter has delved into the intricate processes and strategies involved in the internationalisation of luxury brands, with a particular focus on the Chinese market. It has provided a comprehensive review of the motives for internationalisation, strategies employed, and the unique challenges and opportunities presented by emerging markets like China. By situating the research within established theoretical frameworks, this chapter identifies key gaps in the existing literature and sets the stage for the subsequent analysis and discussion.

Key Focus Areas:

- 1. Internationalisation of Luxury Brands China:** The chapter examined the significant role of Asian markets, particularly China, in the global luxury sector. It discussed China's economic reforms, rising consumer wealth, and the emergence of a Westernised consumer culture as key drivers of luxury market growth. The segmentation of Chinese cities into Tiers and the characteristics of luxury consumers in these different tiers were also analysed to provide a nuanced understanding of market dynamics.
- 2. Chinese Luxury Consumer Characteristics:** The chapter highlighted the importance of understanding both socio-demographic and psychographic characteristics of Chinese luxury consumers. It discussed the historical context of luxury consumption in China, the evolution of consumer behaviour, and the unique traits of Chinese luxury buyers, such as their younger age profile and their emphasis on status and exclusivity.
- 3. Case Studies of Standardisation and Localisation:** Through detailed case studies of brands like Cartier, Armani, Louis Vuitton, Dior, and Vivienne Westwood, the chapter illustrated how luxury brands navigate the balance between standardisation and localisation in China. Each case provided insights into the specific strategies employed, the challenges faced, and the outcomes achieved.

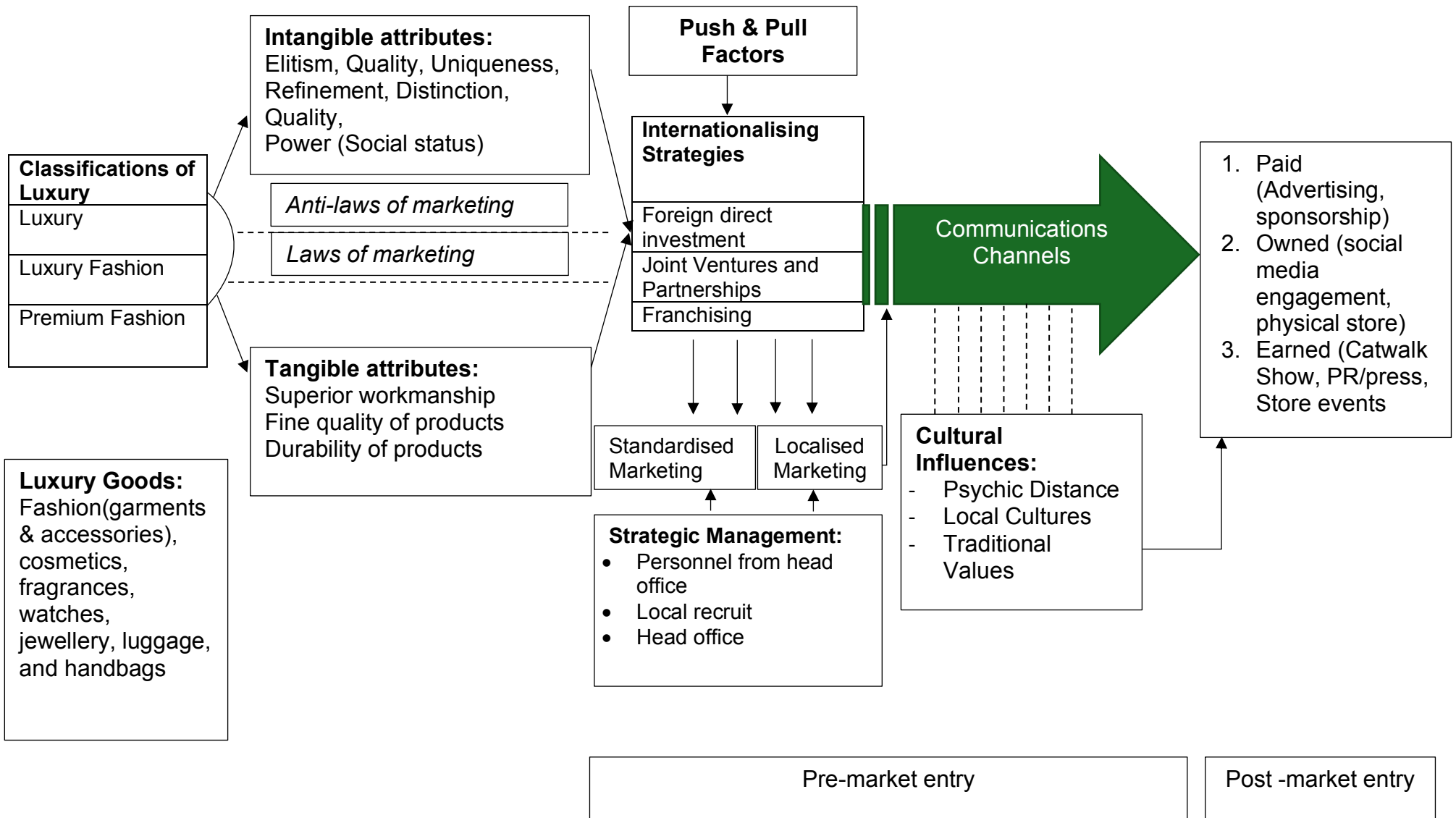
Key Gaps and Future Research Directions:

Despite the rich insights provided, the chapter identified several gaps in the existing literature:

- **Post-Market Entry Strategies:** There is a need for more research on the strategies luxury brands employ after entering a market. Most studies focus on pre-market entry practices, leaving a gap in understanding how brands sustain and grow their presence in new markets over time.
- **Operational Perspectives on Localisation:** Future research should investigate what "localised" and "standardised" strategies mean in practice from an operational perspective. This includes how luxury brands manage day-to-day operations to balance global brand identity with local market needs.

The insights and gaps identified in this chapter lay the groundwork for the subsequent research. By addressing these gaps, the research aims to provide a deeper understanding of the complexities involved in the internationalisation of luxury brands. The focus will be on exploring both pre- and post-market entry strategies, operationalising localisation, and maintaining brand authenticity while adapting to local market conditions. This approach will contribute to a more holistic understanding of how luxury brands can navigate the challenges and opportunities of international expansion, particularly in dynamic and culturally rich markets like China. As a result, a thematic map of the internationalisation strategies of luxury brands in China has been created to illustrate the process (next page). This map helps contextualise the researcher's understanding, guides the formulation of interview questions, and informs the approach to the study.

Figure 4.2: Conceptual Map from Literature of Internationalisation Strategies of Luxury Brands in China



CHAPTER 5: RESEARCH METHODS

5.1 Introduction

This chapter delves into the research methodologies, philosophies, and approaches utilised in this study. It aims to outline the methodological contributions made, addressing the gap identified at the end of the literature review regarding the approaches to studying the internationalisation strategies of luxury brands. Starting with an analysis of the philosophical foundations, this chapter proceeds to discuss the chosen research methods and data collection approaches, along with the rationale behind these choices. The chapter concludes with an exploration of the themes and sub-themes that emerged from the data analysis.

5.2 Research philosophy

Research philosophy guides the worldview and perception of the researcher. Guba and Lincoln (1994) argue it helps the researcher decide on the most appropriate research method and strategies to adopt. Social science, which includes marketing and management, studies diverse and complex phenomena: from customer data derived from hundreds of thousands of individuals to the in-depth analysis of one individual's buying behaviour; from observing current events on the street to the historical analysis of events that occurred decades ago. To describe, explore, and truly understand social phenomena, any research within business and management will need to use different research methodologies, which can generally be subdivided into quantitative and qualitative methodologies (Tuli, 2010). Each research methodology within the social sciences, particularly in management research, has compelling reasons for selection, which will be discussed in this section of the chapter.

For much of the 20th century, the research methodology used in management research was largely quantitative, focusing on investigating observable and measurable phenomena (Bryman, 1984; Guba and Lincoln, 1994). These measurements could be easily made objective and repeated by other researchers. However, over the last few decades, some researchers in areas such as marketing psychology and consumer behaviour have questioned the effectiveness and validity of quantitative methodology in conducting research and generating knowledge. They argue that the aim of research should be to understand the meanings these phenomena have for the individuals being studied (Geertz, 1973; Denzin and Lincoln, 2000). Consequently, an alternative way of conducting research, known as qualitative methodology, was suggested. This led to the emergence of purists on both sides. For instance, Geertz's (1973) thick description method emphasises the importance of understanding context and culture, while Denzin and Lincoln (2000) advocate for a constructivist approach that focuses on the co-construction of knowledge between researcher and participants.

Quantitative purists articulate assumptions consistent with what is commonly called the positivist paradigm, believing that social observations should be treated as entities in the same way that natural scientists treat natural/physical phenomena. On the other hand, qualitative purists, also known as interpretivists or constructivists, reject this

assumption, arguing that reality is subjective, multiple, and socially constructed by its participants (Bryman, 1984; Guba and Lincoln, 1994; Lincoln & Guba, 2000; Amare, 2004; Krauss, 2005). Although these methodologies are acknowledged as means to conduct research, scholars within the social sciences argue that the preference for each methodology depends on philosophical issues related to ontology (the nature of reality) and epistemology (the nature of knowledge).

In conducting this research and reviewing various papers on research methods, the researcher realised the importance of not only understanding the two philosophies but also the basis of differences in ontological, epistemological, and methodological perspectives. These three core philosophical underpinnings are fundamental to business and management research.

5.2.1 Ontology, Epistemology, and Methodology

The philosophical foundation of research fundamentally influences the choice of methodology and methods, as well as the interpretation of findings. Understanding the nature of reality (ontology), the nature and scope of knowledge (epistemology), and the methodological approach provides a robust framework for conducting rigorous and credible research.

5.2.1.1. Ontology

Ontology concerns itself with the nature of reality and what can be known about it (Bryman, 2016). Two primary ontological positions are realism and constructivism. Realism asserts that a reality exists independently of human perceptions and beliefs. In contrast, constructivism posits that reality is socially constructed through human interaction and cultural norms (Guba & Lincoln, 1994).

This study adopts a constructivist ontology, which is particularly suitable for exploring the social phenomena of luxury brand internationalisation. The constructivist perspective acknowledges that reality is not a fixed entity but is shaped by social processes and interactions (Creswell & Creswell, 2017). This viewpoint aligns with the aim of understanding the dynamic and complex nature of luxury brand strategies in the diverse and evolving Chinese market.

5.2.1.2. Epistemology

Epistemology deals with the nature, origin, and scope of knowledge. It addresses how knowledge is acquired and what constitutes valid knowledge (Saunders, Lewis, & Thornhill, 2019). The two dominant epistemological positions are positivism and interpretivism.

Positivism is rooted in the belief that knowledge is objective and can be measured through scientific methods, often associated with quantitative research (Neuman, 2014). Interpretivism, on the other hand, holds that knowledge is subjective and constructed through social interactions and experiences (Schwandt, 2000). This research aligns with an interpretivist epistemology, recognising that understanding the nuanced and context-specific phenomena of luxury brand consumption requires an in-depth exploration of subjective experiences and meanings.

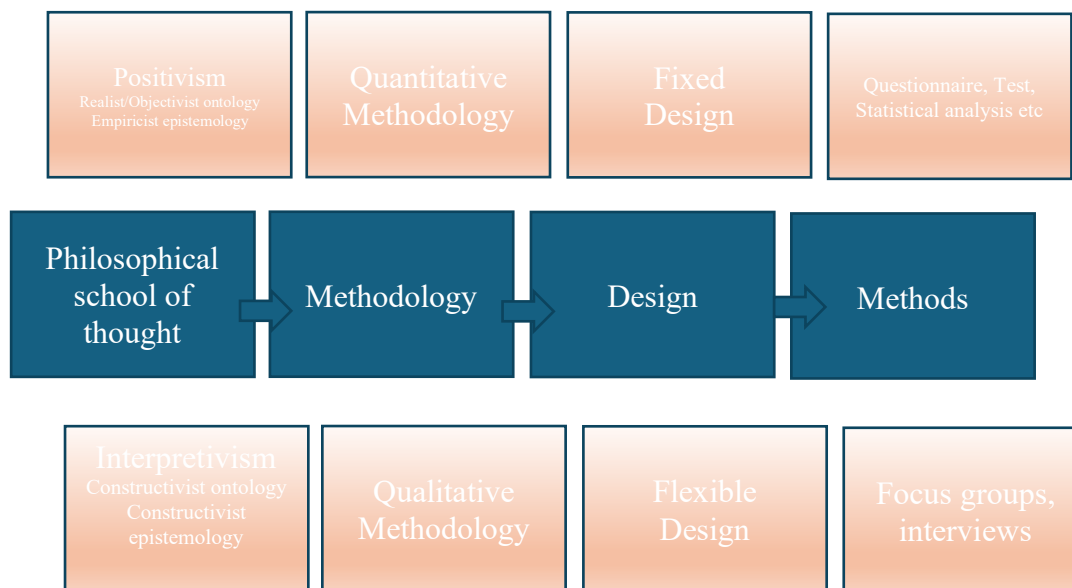
5.2.1.3. Methodology

The methodological approach is informed by the chosen ontological and epistemological positions. Given the constructivist ontology and interpretivist epistemology, a qualitative research methodology is most appropriate for this study. Qualitative research allows for a deep, contextual understanding of the phenomena under investigation, enabling the exploration of complex social processes and the meanings individuals ascribe to them (Denzin & Lincoln, 2011).

The use of qualitative methods, such as case studies, interviews, and document analysis, is particularly effective for examining the internationalisation strategies of luxury brands and their adaptation to the Chinese market. This approach facilitates the collection of rich, detailed data, providing insights into the motivations, challenges, and strategies of luxury brand managers and Chinese consumers (Yin, 2018).

Figure 5.1 visualises how philosophical framework influence research practice and summarise the relationships between different philosophical schools of thought and methodological tradition.

Figure 5.1 Philosophical framework



5.2.2 Research Paradigms

The concept of a paradigm is pivotal in philosophical inquiry within the social sciences, offering a framework through which the researcher perceives and interprets the world. Thomas Kuhn's (1966) seminal work "The Structure of Scientific Revolutions" provides a useful definition of a paradigm as a set of practices that define a scientific discipline at any particular period of time. A paradigm, as further defined by Annels (1996), is a set of basic beliefs and perceptual orientations that inform the researcher's

perspective. Key paradigms in the social sciences include positivism, post-positivism, critical theory, constructivism, and social constructivism (Guba and Lincoln, 1994).

Constructivism posits that reality is constructed by individuals based on their social interactions, perceptions, and interpretations of the world (Cronjé and Burger, 2006). This paradigm aims to generate knowledge and theories grounded in the experiences and perspectives of study participants (Sobh and Perry, 2006). Constructivists argue that reality is subjective and personal, constructed in the minds of individuals through social mediation, resulting in multiple realities. This viewpoint acknowledges the limitations of individual knowledge about the real world (Cronjé and Burger, 2006).

Social Constructivism extends this view, positing that knowledge is deeply rooted in social interactions. It suggests that individuals' cognitive worlds are shaped through engagement with the social environment (Hackley, 2001). Consumers, for instance, are influenced by a landscape of social stimuli and marketing communications, indicating that marketing research and organisational behaviour cannot be isolated from the social context.

Positivism, in contrast, aligns with the natural sciences, viewing reality as objective and external to the observer (Denzin, 1989). This paradigm emphasises observable and measurable phenomena, which can be objectively studied and replicated. However, positivism has been critiqued for excluding the discovery dimension in inquiry, which may be limiting in social science research (Sobh and Perry, 2006).

Post-positivism emerged as a response to these critiques, advocating for a realist perspective that acknowledges the existence of unobservable phenomena that help explain observable phenomena (Guba and Lincoln, 1994). Post-positivists maintain a critical realist stance, recognising that all observation is fallible and theory-laden, hence calling for rigorous and methodologically pluralistic approaches to research.

Critical Theory encompasses various paradigms concerned with historically situated social realities, structures, and ideological positions. However, Healy and Perry (2000) argue that critical theory may not be particularly suitable for marketing and business research, which typically aims to understand decision-makers' actions.

The interrelated nature of these paradigms underscores that they are not isolated but rather emerge from and influence one another. They collectively shape the ontological (nature of reality) and epistemological (nature of knowledge) foundations of research methodologies in business and management.

To facilitate understanding, Table 5.1 summarises the main research paradigms and their influence on research methodology and aims, highlighting how these paradigms guide researchers in their approach to studying complex social phenomena.

Table 5.1 Main research paradigms and their influence on research methodology and research aims within individual paradigms

(Adapted from Guba and Lincoln, 1994; Annels, 1996; Hackley, 2001, Tuli, 2010; Sobh and Perry, 2006)

Research Paradigm	Philosophical stances			
	Ontology	Epistemology	Methodology	Research Aims
<i>Positivism</i>	<i>Naive realism – objective, single external reality driven by immutable natural laws and mechanisms; independent from the perspective of the researcher and apprehendable</i>	<i>Dualist/ objectivist; finding knowledge through scientific and objective methods; investigator and investigated as independent entities</i>	<i>Experimentation/ manipulation of variables to verify hypotheses; deductive verification of hypotheses; mainly quantitative methods</i>	<i>To test hypotheses, predict and control, generalise cause and effect</i>
<i>Post positivism</i>	<i>Critical realism – objective external reality exists but only probabilistically and imperfectly apprehendable</i>	<i>Modified dualist/ objectivist; critical tradition/ community; reality can only be approximated but never fully known</i>	<i>Modified experimentation/ manipulation; critical multiplism; deductive hypotheses falsification; may include qualitative methods in more natural settings</i>	<i>To predict and control, falsify theories, explain</i>
<i>Critical theory</i>	<i>Historical realism; crystallised over time and taken as ‘real’, natural and immutable</i>	<i>Subjectivist/ transactional; knowledge is value mediated by social history, values and factors</i>	<i>Dialogic/ dialectical process of research; dialogue between the investigator and the subjects of the inquiry</i>	<i>To integrate knowledge to emancipate, empower, reconstruct and reform companies’ or coparticipants’ previously held constructions</i>
<i>Constructivism</i>	<i>Relativism – multiple local and mentally privately constructed realities by individuals, socially and</i>	<i>Subjectivist/ transactional; knowledge is socially mediated but privately constructed by every individual</i>	<i>Hermeneutical/ dialectical; creating knowledge by interpreting constructions of the interaction between</i>	<i>To understand, interpret, reconstruct, seek meaning and illuminate</i>

	<i>experientially based</i>		<i>and amongst investigator and respondents; mainly qualitative methods</i>	
<i>Social Constructionism</i>	<i>Relativism – socially constructed, culture dependent reality, dependent on interaction and engagement with social world</i>	<i>Subjectivist; knowledge is profoundly social in its character; changing and relative to social and historical constructs</i>	<i>Hermeneutical/ dialectical; creating knowledge, inductive; conducting in depth and critical investigations of social contexts; observations, interviews, case study, language, social engagement</i>	<i>To understand, interpret, reconstruct, seek meaning and illuminate a complex and dynamic socially constructed reality. To offer new creative insights in marketing research.</i>

5.2.3 Assessing research on international luxury marketing in emerging markets: a prevailing use of positivist models

The study of international expansion of fashion/retailing companies has garnered significant attention in the research community in recent times (Moore and Burt, 2007). To comprehend the factors that determine the internationalising strategies, various theoretical models have been proposed and reviewed (as discussed in Chapter 3 and 4). An analysis of the chronological literature reviews on the internationalisation of retailers (as presented in Table 5.2) reveals that the dominant approach in this field is that of positivism, which extends existing frameworks and quantitative models. This approach prevails despite the availability of diverse methodologies and approaches for researchers (Bai et al, 2019, Liu et al, 2016, Bonetti, 2014). Although positivist studies provide valuable insights into this field of research, their widespread prevalence raises concerns of neglecting other paradigms, such as those proposed by Williams et al (2009) and Hackley (2001).

Table 5.2 Timeline of research on internationalisation and research approach

<i>Period of time covered by review</i>	<i>Prevailing research approach</i>	<i>Researchers</i>
1970-1990	<i>A single set of philosophical assumptions regarding the nature of the phenomenon studied, and in specific quantitative approaches, emerged</i>	Hollander, S. C. (1970) Jackson, G. I. (1976) Levitt, T. (1983) Martensen (1985 and 1988)

		Kacker, M. P. (1985)
1991-1995	<i>A conceptual review of firm's international expansion/internationalisation literature showed that quantitative research approaches prevail</i>	Tordjman and Dionisio (1991) Laulajainen (1991) Bartlett and Nunda (1995) Tordjman (1995) Brown, S. and Burt, S. (1992) (Dapiran, 1992);
1996-2000	<i>Internationalisation theory is still widely applied to study the retailer international expansion by organisations</i>	Burt (1996) Dupuis and Prime, (1996) Hallsworth et al., (1995); Fernie and Fernie, (1997). Fernie (1998)
2000-2010	<i>Majority of the articles reviewed employed the survey approach to study a range of contexts from the study of internationalisation strategies by senior executives, consumer response to luxury marketing efforts to cross cultural management in emerging markets</i>	Moore at al (2000) Moore and Burt (2007) Anestis et al., (2009) Zhang & Kim (2009)
2010-2022	<i>A majority of quantitative studies emerged, using positivist models to test facts the majority of studies employed survey methods / statistics</i>	Zhan, L., & He, Y. (2012). Zhang & Kim (2013) Cui at al (2015) He and Wang (2015) Liu at al (2016) Bai et al. (2018)

5.2.4. Critique of Positivist Perspectives and Models: Methodological Gap

Researchers have highlighted the predominance of positivist approaches and models in studies of retailer internationalisation, emphasising the need for more subjective and interpretivist research methods to complement quantitative approaches (Moore and Burt, 2007). This shift aims to achieve a deeper understanding of issues from a managerial perspective (Kapferer, 2016). International expansion at a strategic level is a complex phenomenon (Bui et al., 2021), necessitating an exploration of organisations and managerial viewpoints from the perspectives of the actors involved and the contexts in which these organisations operate (Uduma and Sylva, 2015; Wolfe, 1994; Fichman, 1992). Organisational characteristics, cross-cultural management, and stakeholder relationships between host and home markets interact and influence each other, making it imperative to study these elements holistically (Orlikowski and Baroudi, 1991).

The positivist argument hinges on the premise that organisational realities exist independently of the actors within them. However, this perspective has been criticised for neglecting the human elements in organisations (Uduma and Sylva, 2015). Rowlands (2005) argues that while positivism can identify influential factors ('what'), it

fails to explain 'why' managers behave in certain ways. Thus, positivist models often generalise and oversimplify complex and unique managerial processes, abstracting them from their real-world contexts and imposing linear, rational frameworks (Hackley, 2001).

Contemporary managerial perspectives and organisational behaviours are increasingly recognised as too complex to be adequately measured and defined by restrictive positivist models (Rowlands, 2005; Lawrence, 2011; Korpelainen, 2011). Despite the acknowledged need for interpretivist approaches, criticisms of mainstream marketing have not been fully addressed, and positivism continues to dominate (Manian et al., 2014). This ongoing reliance on positivist methodologies represents a significant methodological gap. Research on technology adoption in organisations, for example, should incorporate interpretivist approaches to better understand these in-depth, complex phenomena. There appears to be a correlation between this methodological gap and the previously identified theoretical gap in the literature. The theoretical weaknesses in this field may stem from a 'soft' research strategy that predominantly relies on positivist methodologies and research strategies.

5.2.5. Justification for the Chosen Philosophical Approach

The constructivist and interpretivist framework are justified given the study's focus on understanding the subjective experiences and social constructions surrounding luxury brand consumption in China. This approach enables the researcher to capture the complexity of the Chinese luxury market, which is influenced by cultural, social, and economic factors. Furthermore, the interpretivist paradigm supports the use of inductive reasoning, allowing theories and patterns to emerge from the data rather than being imposed a priori (Charmaz, 2014). This is particularly valuable in an exploratory study aiming to generate new insights and theoretical contributions to the field of luxury brand internationalisation. A useful observation here is the lack of managerial perspective in the existing literature on luxury brands. By adopting an interpretivist approach, this study aims to address this gap by incorporating insights from luxury brand managers, thereby providing a more holistic understanding of the strategic decisions and challenges faced during the internationalisation process. This inclusion of managerial perspectives is crucial for developing practical implications that can inform better strategies and practices in the luxury industry.

5.3. Research Approach

5.3.1 Inductive and Deductive Approaches

Research approaches are typically classified into two broad categories: inductive and deductive. The choice between these approaches is influenced by the research objectives, the nature of the research problem, and the philosophical stance of the researcher.

5.3.1.1 Inductive Approach

The inductive approach involves generating new theories and insights from the data collected during the research process (Thomas, 2006). This approach is often associated with qualitative research, where the aim is to build a rich, detailed

understanding of a phenomenon. Inductive reasoning begins with observations and moves towards broader generalisations and theories. This approach is particularly suitable for exploratory research where there is limited existing knowledge about the subject area (Bryman, 2016).

In this study, an inductive approach is appropriate for exploring the internationalisation strategies of luxury brands and their adaptation to the Chinese market. By gathering qualitative data through interviews, case studies, and document analysis, the researcher can identify patterns and themes that emerge from the data, leading to the development of new theoretical insights.

5.2.1.2. Deductive Approach

The deductive approach, on the other hand, involves testing existing theories through empirical observation and experimentation (Hyde, 2000). This approach is typically associated with quantitative research, where the aim is to test hypotheses derived from existing theories. Deductive reasoning begins with a general theory or hypothesis and moves towards specific observations that either support or refute the theory.

While the primary focus of this study is inductive, some elements of deductive reasoning may be incorporated to test specific aspects of the theories that emerge from the data. For example, the researcher may develop hypotheses based on initial findings and test them using additional qualitative or quantitative data.

5.3.1.3. Justification for the Inductive Approach

Given the exploratory nature of this study and the focus on understanding the complex and context-specific phenomena of luxury brand internationalisation in China, the inductive approach is most appropriate. This approach allows for a flexible and iterative process of data collection and analysis, enabling the researcher to adapt to new insights and emerging patterns (Saunders, Lewis, & Thornhill, 2019).

The inductive approach aligns with the constructivist and interpretivist philosophical stance adopted in this research, supporting the aim of generating valuable insights based on the subjective experiences and meanings of the participants (Charmaz, 2014).

5.4 Research Design

Research design is the blueprint that guides the collection and analysis of data, ensuring that the research questions are effectively addressed and that the methods used are appropriate for the study's objectives. This chapter details the research design, highlighting the rationale behind choosing qualitative methods to explore the internationalisation strategies of luxury brands in China.

The overarching research question guiding this study is: *“How do luxury fashion brands develop and implement internationalisation strategies in emerging markets, and what are the key factors influencing their marketing and operational decisions from pre-market entry to post-market entry?”*

By reiterating this research question here, the focus of the thesis is clarified, helping the readership to better understand the aim and scope of the study. This clear articulation of the research question also helps to structure the subsequent discussions and analyses, ensuring coherence and alignment with the study's objectives.

The qualitative approach is particularly suitable for this research as it allows for an in-depth exploration of the complex and nuanced phenomena related to luxury brand internationalisation. Through qualitative methods, the study aims to generate rich, contextual insights that can inform both theoretical understanding and practical applications in the field of luxury brand management.

5.4.1 Qualitative Research Design

Qualitative research is chosen for this study due to its suitability in exploring complex phenomena and gaining in-depth understanding of human experiences, behaviours, and interactions (Denzin & Lincoln, 2011). This approach allows for a comprehensive exploration of the strategies luxury brands use to adapt to the Chinese market.

The primary research method employed in this study is qualitative interviewing. Semi-structured interviews provide the flexibility to explore participants' insights while maintaining a focus on the research objectives. This method is particularly effective in uncovering the nuanced strategies and perceptions related to luxury brand internationalisation.

5.4.2. Selection of Participants

Participants are selected using purposive sampling, ensuring that those interviewed are particularly informative and relevant to the research question (Patton, 2002). The study involves 51 participants, including key stakeholders such as brand managers, marketing executives, and retail managers from prominent luxury brands with a significant presence in the Chinese market. These include brands from across the 3 Tiers of Luxury which have employed various strategies to adapt to the local market while maintaining their global brand identity.

5.4.3. Data Collection Methods

Data collection in this qualitative research involves semi-structured interviews, which provide rich, detailed data on the participants' experiences and perspectives. The following methods are employed:

1. Interviews:

- Semi-structured interviews are conducted with 51 participants, including brand managers, marketing executives, and retail managers of the selected luxury brands. These interviews offer insights into the strategies employed by the brands and the challenges they face in the Chinese market.
- Interviews are conducted using an interview guide, which ensures that all relevant topics are covered while allowing flexibility for participants to provide

in-depth responses. This method captures rich, detailed data that reflects the participants' experiences and perspectives (Kvale, 2007).

2. **Document Analysis:**

- Analysis of company reports, marketing materials, and industry publications provides additional context and supports the findings from the interviews. This method helps in understanding the official narratives and strategies of the brands. Document analysis is used to corroborate the data obtained from the interviews, ensuring a comprehensive understanding of the research subject.

5.4.4. *Data Analysis*

Data analysis in qualitative research involves coding and thematic analysis to identify patterns and themes within the data. This process includes:

1. **Transcription:** All interviews are transcribed verbatim to ensure accuracy and facilitate detailed analysis.
2. **Coding:** Transcripts are systematically coded using an inductive approach, allowing codes to emerge naturally from the data. This process helps in organising the data into meaningful categories without imposing preconceived notions.
3. **Thematic Analysis:** The coded data is analysed to identify key themes and patterns that address the research questions. Thematic analysis allows for the interpretation of complex data and the identification of core themes related to the internationalisation strategies of luxury brands in China.

This approach aligns with the social constructionist framework of the study, ensuring that the analysis is grounded in the participants' perspectives and experiences, rather than being influenced by predefined categories.

5.4.5. *Ensuring Validity and Reliability*

To ensure the validity and reliability of the research findings, several strategies are employed:

1. **Triangulation:** Using multiple data sources, including interviews and relevant organisational documents such as marketing reports, published annual and financial reports, to cross-verify the findings. These documents were reviewed to provide context and support the data gathered from interviews.
2. **Member Checking:** Sharing the preliminary findings and interpretations with participants to confirm their accuracy and validity. This process involved sending summaries of the findings to the interviewees and soliciting their feedback on the interpretations. Any discrepancies or additional insights provided by the participants were incorporated into the final analysis, ensuring that the findings accurately reflected their perspectives.
3. **Audit Trail:** Keeping a detailed record of the research process, including data collection and analysis methods, to ensure transparency and replicability. This involved maintaining thorough documentation of all stages of the research, from the initial design and data collection through to the analysis and reporting.

of findings. The audit trail includes notes on the rationale for methodological choices, coding schemes, and the evolution of themes during the analysis.

By employing these strategies, the research aims to produce robust and credible findings that accurately represent the internationalisation strategies of luxury brands in China.

5.5. Data Collection

Data collection and analysis are the concrete steps to provide valid answers to the research questions (Gelo et al, 2008). The available sources of data collection are divided into primary and secondary sources. Secondary data refers to information that has already been gathered for other research purposes (Webb, 2002). Analysing secondary data provides a comprehensive understanding of existing literature and facts related to the research topic (Malhotra, 2004). This data can be qualitative or quantitative, internal or external. Secondary data is cost-effective and saves time, but it may not be tailored to the research problem and may not be accessible, up-to-date, or reliable (Malhotra, 2004).

In contrast, primary data is information collected by the researcher for the first time, specifically for the research problem at hand (Malhotra, 2004). It can be qualitative, quantitative, or a combination of both. Primary data provides up-to-date, relevant, and accurate information, but the collection process is more complex and results in higher costs (Malhotra, 2004). The use of primary data is critical in solving a research problem (Miles et al, 2014).

In order to gain a comprehensive understanding of the internationalisation strategies of luxury brands in China, this study employs a combination of primary and secondary data collection methods. The primary data collection is centred on semi-structured interviews, while the secondary data is gathered through document analysis.

5.5.1 Semi-Structured Interviews

The qualitative interview is a crucial method of data collection in qualitative research. It involves asking participants questions in order to gain a thorough understanding of their experiences and to uncover insights into a phenomenon that cannot be directly observed. Mitchell (1993), Berry (2002), and Yin (2003) all emphasize the importance of the qualitative interview in qualitative research.

In the context of this study, interviewing strategic luxury managers is a way of gaining access to the exclusive world of luxury management. By doing so, the researcher is able to uncover perspectives and attitudes that would otherwise be unavailable or incomplete. Despite its advantages, the qualitative interview is not without its challenges. Response bias can arise due to a number of factors, such as inaccuracies due to poor recall, poorly articulated questions, reflexivity, and difficulty in interpreting the data and the interviewee's body language. Furthermore, conducting qualitative interviews is often time-consuming and can be expensive.

There are a variety of approaches to conducting qualitative interviews, including one-to-one interviews, focus groups, unstructured interviews, semi-structured interviews,

and open-ended interviews. For this study, the most appropriate approach was deemed to be the semi-structured, open-ended interview using an interview guide with broad thematic areas and issues to be explored. These areas were identified through an extensive literature review and acted as a template and guide during the interview, ensuring that all key issues were covered with each participant (Patton, 2002; Yin, 2003). This approach permits a focus on the research aim and objectives while still giving the participants latitude to respond fully. The participants are given the opportunity to talk openly about the phenomenon being investigated, thereby allowing concepts and ideas to also come from the participants themselves (Quinn et al, 2016).

Each interview is recorded with the consent of the participants and subsequently transcribed for analysis. Thematic analysis is employed to identify patterns and themes within the data, which helps in understanding the common strategies and challenges faced by luxury brands in the Chinese market. This method ensures that the data is systematically analysed, and the findings are grounded in the respondents' insights (Braun & Clarke, 2006).

5.5.2 Document Analysis

Document analysis involves the systematic review of existing documents to gather secondary data that supports and enriches the primary data collected through interviews. This method includes the analysis of annual company reports, marketing materials, industry publications, and academic articles. Document analysis helps in triangulating the data obtained from interviews and provides a broader context for understanding the internationalisation strategies of luxury brands (Bowen, 2009).

Company reports and marketing materials provide insights into the strategic decisions and branding efforts of luxury brands. Industry publications and academic articles offer valuable perspectives on market trends, consumer behaviour, and competitive dynamics. This comprehensive review of documents ensures that the research findings are well-rounded and supported by multiple sources of evidence.

By combining interviews with document analysis, this research employs a robust methodology that captures both the depth of individual experiences and the breadth of industry practices. This mixed-method approach enhances the validity and reliability of the research findings, providing a comprehensive understanding of the strategies and challenges involved in the internationalisation of luxury brands in China.

5.6. Interview Process And Fieldwork Procedures

5.6.1. The Interview Process

The present research aimed to explore the process of conducting key informant interviews in the field over a limited timeframe of approximately two months, from April 2024 to May 2024. The data collection process was alternated with analysis, and the interviews were conducted in three different locations: Hongkong, Shanghai and London. The main techniques utilised to gather the field data were face-to-face interviews and, when face-to-face interactions were not feasible, MS Teams interviews were also employed (Irvine et al., 2013). It was preferred to conduct face-to-face interviews as they allow for a more direct contact with participants, facilitate the

establishment of a rapport, and create a more "natural" encounter, which can result in longer and more in-depth conversations (Mitchell, 1993).

Due to strict lockdowns in China that lasted from early 2020 to 2023, the researcher initially focused on participants who were able to travel or reside in Chinese territories such as Hong Kong or nearby countries like Singapore and Vietnam. Once the lockdowns were lifted, the researcher was able to visit regional branches where participants were employed. In total, for this study, 51 in-depth semi-structured interviews were conducted, of which 31 were face-to-face and 20 were via MS Teams interviews. In certain instances, group interviews were also conducted, depending on the situation.

The interviews were designed to last approximately one hour, with the researcher keeping the timeframe flexible. In several cases, the researcher and key informants had sufficient time to spend together and gather sufficient information. Each interview lasted between 40 and 80 minutes, with some lasting up to 90 minutes, and an average duration of 60 minutes, which allowed the researcher to access over 42 hours of interview material.

As mentioned, each interview was transcribed verbatim together with field notes to minimise information loss (Aberbach and Rockman, 2002). During the interviews, key points, emotions, and feelings expressed by the interviewee were recorded, and the researcher also took notes on their own impressions, assumptions, feelings, and judgments, which were useful for documenting reflections and thoughts gathered during the data collection process.

According to Rockart and Bullen (1986), it is essential to give emphasis to pre-interview preparation, including acquiring pre-knowledge, contacting relevant interviewees, explaining the purpose of the research, and assuring confidentiality (e.g., summary of research findings). At the end of each interview, the researcher sent a thank you card with a personalized message to participants, and also sent an email with the transcript of the interview and notes to obtain full authorization to use the data presented in the transcript.

5.6.2. Development of The Interview Discussion

The broad thematic areas and issues to be explored through a semi-structured interview guide and questions were derived from the literature review conducted early in the study, and were clearly linked to the purpose of the research (Pope et al, 2000). However, to avoid narrowing the researcher's perspective, existing literature, theory and models were not used as guiding propositions to be tested. Instead, understanding of the phenomena investigated was left open to possibilities when collecting the data.

During the field study, the investigator immersed himself in the research, conducting thorough inquiries and evolving into a more refined and precise researcher in the process. This entailed gaining a heightened, critical comprehension of the issues examined among participants and the research methodology employed. Consequently, there was a noticeable enhancement in the researcher's maturity, awareness, and confidence, both in addressing the investigated issues and in

interactions with senior participants. Additionally, the researcher's ongoing involvement with the researched topics, manifested through lecturing, consultancy, and workshops, played a significant role in deepening and sharpening their understanding of the investigated phenomenon.

The thematic areas and interview questions for exploration were developed at the beginning of the study and evolved as the study and the researcher evolved. Moreover, these were changed and adapted to suit the interview participant. They were formulated to be strongly related to what the study aims to achieve, thus encouraging participants to provide details regarding types of internationalisation strategies and specific tactics or campaigns adopted by the retailer and more broadly of the luxury industry; reasons for internationalisation; the operations and processes; processes and issues in the adaptation and implementation of internationalisation strategies in Chinese market; actors involved in these strategic decision making processes; potential barriers; and further strategies in order to sustain their market positioning and competitive advantages. (*See Appendix 1 and Appendix 2 for final interview questions*).

5.7. Sampling

Sampling is the process of selecting a subset of individuals or organisations from a larger defined group, with the aim of making generalisations about the whole population based on the insights gathered from the sample (Perry, 1998). There are two primary types of sampling methods: probability and non-probability sampling.

5.7.1. Probability Sampling

In probability sampling, every member of the population has an equal chance of being selected, ensuring an objective selection process through randomisation (Sobh and Perry, 2006). This method enhances the representativeness of the sample and allows for the application of statistical techniques to make inferences about the population (Bryman, 2016). Examples of probability sampling include simple random sampling, systematic sampling, stratified sampling, and cluster sampling.

5.7.2. Non-Probability Sampling

Non-probability sampling, on the other hand, relies on the researcher's subjective judgment to select the sample. The researcher must justify the criteria and selection process used to choose the sample (Malhotra, 2004). This method is more common in qualitative research, where the focus is on gaining a deeper understanding of the phenomenon rather than on generalisability (McEvoy and Richards, 2006). Non-probability sampling methods include convenience sampling, purposive sampling, snowball sampling, and quota sampling.

In qualitative research, non-probability sampling allows the researcher to select participants who are most likely to provide rich, relevant, and diverse data about the research topic. This approach helps in gaining detailed insights into complex phenomena by focusing on specific cases that can offer significant information (Patton, 2002).

By using these sampling techniques, researchers can ensure that the sample adequately represents the larger population and that the findings are robust and meaningful within the context of the study (Creswell, 2014).

5.7.3 Sampling Techniques Adopted

This study adopted a non-probability sampling approach, which utilised judgmental and purposive sampling techniques. Judgmental sampling enabled the researcher to carefully select organisations and places that would provide valuable insights into the adoption of internationalisation in luxury fashion retailing. Purposive sampling, on the other hand, allowed the researcher to seek out groups, settings, and individuals where the studied processes were most likely to occur (Denzin and Lincoln, 2000; McEvoy and Richards, 2006; Miles et al, 2014). Furthermore, the selection of participants was theoretically driven, with the aim of maximising opportunities to collect information and explore concepts of interest in-depth. Theoretical sampling, which involves a flexible approach to data collection based on emerging research questions, allowed the researcher to collect more data as needed to answer these questions (Corbin and Strauss, 2008; Miles et al, 2014). Snowball sampling was used in addition to other sampling techniques. Snowball sampling involves asking the initial group of selected participants to recommend other relevant respondents who belong to the target population of interest (Miles et al, 2014; Noy, 2008). This method is particularly useful when respondents are difficult to locate, as it helps to expand the sample and gain access to other contacts (Malhotra, 2004).

In this study, high-level luxury brand managers were among the target population of interest, and they were often challenging to involve due to their busy schedules. Therefore, respondents were asked to suggest other relevant connections within their own organisation, as well as in other retailers. However, there were instances where the researcher chose a case organisation to study due to its geographic accessibility, which can be seen as a form of convenience sampling. Even so, this approach was still relevant to the sampling criteria and maintained the study's overall rigor.

Sample selection for this study involved the luxury sector in China, hence the relevant community of practice including two different stakeholder groups – luxury brand managers (who work for the brands themselves in-house), luxury brand strategists /marketing consultants (that work on behalf of the head office/host office) – that have involved with the internationalisation of marketing strategies in any of the 3 Tiers of Luxury sector.

In particular, the sample criteria for luxury brand strategists/consultants were as follows:

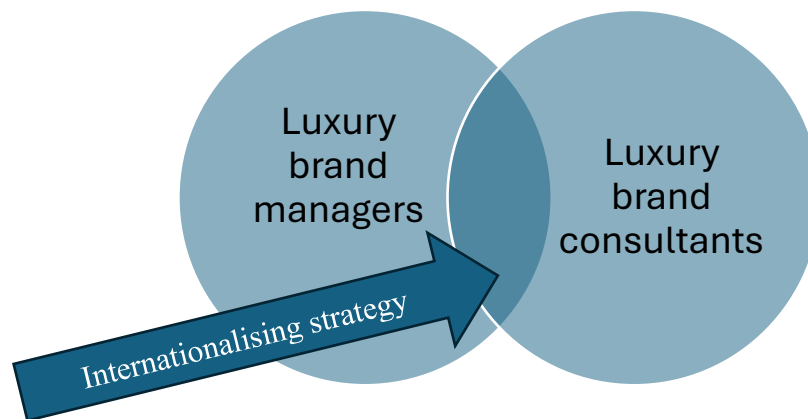
- i. Providing strategic consultancy on the international marketing strategies and/ or outsourcing the implementation to marketing agencies/ strategists at the time of the research, or prior to the research;*
- ii. May be focusing on different part of the marketing process (pre- or post-market penetration), or specialised in one specific element.*
- iii. Willingness and availability to participate in research study.*

The sample criteria for the luxury brand managers were as follows:

- i. Operating in the luxury sector with physical retail presence in China.*
- ii. Having adopted different type(s) of internationalising marketing strategies at the time of the research, or prior to the research;*
- iii. Operating across three ranges of luxury sector defined in section 2.2.3. and types of store (including flagship stores, central and local department stores, concessions, etc.);*
- iv. Willingness and availability to participate in research study.*

The selection of the sample for data collection involved different stakeholder groups within the relevant community of practice, to help the researcher obtain contrasting and comparative information to understand the phenomenon from different views. The researcher decided not to limit the empirical scope of inquiry to luxury retailer's brand managers, but instead to broaden it to the luxury sector, since these luxury retailers often tend to rely on external actors for strategy advice (Grewal et al, 2019; Olsson et al, 2019). The sample of expert participants (i.e. agency marketing director, strategy consultants) allowed for varied perspectives to be gained on the issues investigated concerning marketing implementation, due to their different areas of expertise and background. Luxury brand managers were selected as being experts in their industry and to bring their perspective as their direct clients dealing with issues concerning international marketing implementation. Finally, strategists were selected to bring in their expertise on these issues due to their depth of involvement and role as expert consultants.

These two groups of stakeholders are visually outlined in Figure 5.3 below, where they intersect on internationalising strategies as the key area of investigation.



Considering the study's objective, exposure of luxury brand managers to senior organisational practitioners was a primary factor guiding sample selection. The inclusion of senior participants contributed to data validity, while the diverse array of luxury retail organisations and luxury strategists enhanced the credibility of the findings (Miles et al., 2014), albeit within the study's scale constraints. Additionally, this approach exposed the researcher to a broad range of contextual insights while remaining focused on the research's purpose. In line with Miles et al.'s (2014) recommendations, a funnelling sampling sequence was adopted, starting from the outer perspectives of luxury marketing strategists and progressing to senior

organisational practitioners within specific luxury retail organisations to draw meaningful contrasts in their views.

5.7.4 Sample Selection: Luxury Brand Consultants (“Luxury Strategists”)

To select the sample for the study concerning the Luxury Strategists, the criteria previously outlined were followed. These senior management participants’ insights were very helpful in gaining knowledge and understanding regarding the phenomenon investigated, as they often have a broader view than the single retailer of the fashion retail market and Chinese market expansion across varied instances. The researcher’s experience of working in the fashion industry and dealing with international markets, conferences, networking and industry events helped him identify and gain access to relevant participants. Most of the luxury brand managers and consultants were in London, Hongkong or Shanghai, and this helped the researcher in terms of timing constraints and logistics, as he is currently based in London. Table 5.4 details the range of the participants taking part in the research, along with their roles and type(s) of strategies/campaigns dealt with. Overall, a total of 30 relevant key informants were approached, out of which 5 did not respond, 3 were not available and unable to commit to the research time frame, and 2 felt they did not have the expertise necessary for the investigated phenomenon. This led to a sample of 20 participants, in particular 15 luxury brand consultants/strategists and 5 marketing consultants, all of whom were senior informants operating in the luxury section sector and working in specialised and/ or leading firms in their sector. All types of strategies considered for this research were covered through the selected informants from the wider community of practice. The luxury strategists typically deal with overall business strategies which covers not only marketing but also HR, operation management etc. whereas the marketing consultants largely deal with the developing and implementing of actual international marketing strategies in-agency and on behalf of their international clients.

Table 5.4. Research informants including luxury brand strategists and marketing consultants, and key informants’ characteristics

<i>Key informant type & descriptor</i>	<i>Key informant role</i>	<i>Luxury sector(s) dealt with</i>	<i>Types of marketing strategies dealt with</i>	<i>Interview length</i>
Luxury brand strategist 1	Agency director (UK & China based)	Traditional luxury	Market-entrance strategy (new store location, hiring local staff, working with local government, launch events)	55 minutes
Luxury brand strategist 2	Company partner (Mainland China based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	Market-entrance strategy Post market-entrance strategies (on-going in-store campaigns, PR, advertising and social media)	60 minutes

Luxury brand strategist 3	PR Director (Hongkong based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	Post market-entrance strategies – mainly in-store promotion strategies.	1 hour
Luxury brand strategist 4	Business Development Manager	Premium Fashion	Market-entrance strategy (new store location, hiring local staff, working with local government, launch events)	1 hour
Luxury brand strategist 5	Senior Partner	Fashion orientated luxury, Premium Fashion	Market-entrance strategy (new store location, hiring local staff, working with local government, launch events) Represent personnel from head office	1 hour
Luxury brand strategist 6	Head of Division (China) UK based – regular visits to China	Traditional luxury, Fashion orientated luxury, Premium Fashion	Represent personnel from head office. Dealt with pre-market entry activities and ongoing support post-market entry	1 hour and a half
Luxury brand strategist 7	Business Manager UK & China based	Traditional luxury, Fashion orientated luxury, Premium Fashion	Represent personnel from head office. Dealt with pre-market entry activities and ongoing support post-market entry	55 minutes
Luxury brand strategist 8	Creative Director (Hongkong based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	Post-market entry strategies – mainly fashion campaigns, in-store promotions, concept development and promotion. Develop links to mainland China via Hongkong-Shenzhen & Guangzhou routes	1 hour
Luxury brand strategist 9	Business Development Consultant	Traditional luxury, Fashion orientated luxury,	Represent personnel from head office. Dealt with pre-market entry activities and	1 hour

		Premium Fashion	ongoing support post-market entry Develop links to mainland China via Hongkong-Shenzhen & Guangzhou routes	
Luxury brand strategist 10	Journalist covering China & Business Insight Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	Represent personnel from head office. Market-entrance strategy (new store location, hiring local staff, working with local government, launch events)	1 hour
Luxury brand strategist 11	CEO	Traditional luxury, Fashion orientated luxury, Premium Fashion	Represent personnel from head office. Dealt with pre-market entry activities and ongoing support post-market entry	45 minutes
Luxury brand strategist 12	Executive Consultant and Director	Traditional luxury, Fashion orientated luxury, Premium Fashion	Represent personnel from head office. Dealt with pre-market entry activities and ongoing support post-market entry	55 minutes
Luxury brand strategist 13	Creative Director (Hongkong and Macau based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	Post-market entry strategies – mainly fashion campaigns, in-store promotions, concept development and promotion. Develop links to mainland China via Hongkong-Shenzhen & Guangzhou routes as well as Macau.	50 minutes
Luxury brand strategist 14	Senior Branding Consultant	Traditional luxury, Fashion orientated luxury, Premium Fashion	Dealt with pre-market entry activities and ongoing support post-market entry Heavily involved in customised flagship store design adapting to local taste	1 hour
Luxury brand strategist 15	Strategy Consultant /	Traditional luxury,	Dealt with pre-market entry activities and	50 minutes

	Senior Partner	Fashion orientated luxury, Premium Fashion	ongoing support post-market entry	
Marketing Consultant 1	Social Media Consultant (Mainland China based-Shanghai)	Traditional luxury, Fashion orientated luxury, Premium Fashion	Localised digital marketing campaigns Localised social media campaigns for China-specific social media platforms (Weibo, Xiaohongshu)	45 minutes
Marketing Consultant 2	Digital Marketing Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	Dealt with localised digital marketing campaigns for luxury brands mainly via China social media.	45 minutes
Marketing Consultant 3	Publicist	Traditional luxury, Fashion orientated luxury, Premium Fashion	Dealt with in-store PR activities & press events on behalf of luxury retailers. Dealt with local celebrities and localised head office's brand strategies in China context.	1 hour
Marketing Consultant 4	Marketing Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	Work on assignments/contracts to implement and adapt global marketing campaigns to Chinese consumers.	1 hour
Marketing Consultant 5	Senior Visual Merchandiser and Marketing Experience Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	Lead and implement various visual merchandise projects, window displays, in-store promotion strategies for luxury brands in Chinese market	1 hour

Interviews with the sample of 20 participants across luxury brand managers and marketing consultants led to a total of over 19 hours of interview material. Considering the characteristics of the research informants outlined in the above table, this sample was considered significant and in line with the sample criteria previously outlined.

5.7.5 Sample Selection: Luxury Brand Managers

This study actively pursued diverse luxury retailers spanning different luxury segments to comprehensively address the investigated phenomenon. The selection process adhered to the specified criteria, research objectives, and guiding factors outlined in Table 5.5. Following this, individuals of significance within these chosen companies, particularly those playing key roles in market development and internationalisation, were identified as primary senior informants (Miles et al., 2014). After their identification, efforts were made to establish contact and facilitate fieldwork. The researcher's background in the fashion industry, coupled with his roles as a PhD Researcher and Senior Lecturer in Fashion at a UK University, as well as his personal network and involvement in industry events and professional memberships (such as the British Fashion Council), proved instrumental in reaching out to pertinent contacts.

Some consistency was needed between key informants for interviews across varied case organisations. However, selecting people at similar levels or roles within organisations were not always possible due to companies' different structures, roles and uptake of internationalisation. A total of 30 retailers were approached, of which 9 did not respond and 12 were unable to commit to the research time frame. This led to a sample of 9 luxury retail organisations and relevant key senior informants within those companies (see Table 5.5 below). Key informants for fieldwork interviews included people sitting across different levels of organisations in charge of the decision for international business expansions, hence involving Directors of Operations, Chief Marketing Officer, Director of Merchandise, Senior Retail Managers, Head of Division (Asia and Ocean Pacific), Regional Business Managers and Head of Branding. Key informants at store level were included as well, such as Senior Store Manager, Flagship Store Manager/Store Manager and Deputy Manager, to investigate the store level's implementation of localised/standardised marketing strategies including causes and effects of problems with these adaptations and consumers' reactions. This approach ensured a degree of uniformity among interviewees within each luxury retailer, facilitating effective comparisons. Furthermore, having multiple interviewees per retail organisation allowed for the incorporation of diverse perspectives on the investigated phenomenon. This approach enabled a thorough examination and comparison of their views on issues related to managerial drivers and processes. The majority of the case organisations were either based in London or the UK or had a presence in London, which aided the researcher in navigating timing and logistical constraints. The researcher would make efforts to meet key informants in person whenever feasible (e.g., Hongkong) or arrange interviews via MS Teams. The details of the selected retailer sample for the present study are outlined in Table 5.5 below.

Table 5.5. Research informants including key informant roles and their characteristics

Luxury Retailer Descriptor	Luxury Retailer Characteristics	Types of Luxury	Key Informant Role		Interview duration
			Head Office (Home Market) Luxury Brand Managers	China branch (Flagship store) Luxury Brand Managers	

Luxury Retailer 1	French luxury group – still privately owned. One of the earliest entering China.	Traditional Luxury	<ul style="list-style-type: none"> • Director of Marketing • Merchandise Manager 	<ul style="list-style-type: none"> • Flagship store manager • Operation manager 	<p>1 hour (Director of Marketing)</p> <p>35 minutes (Merchandise Manager)</p> <p>45 minutes (Flagship store manager)</p> <p>40 minutes (Operation manager)</p>
Luxury Retailer 2	Italian luxury lifestyle brand. Part of a bigger conglomerate.	Fashion Oriented Luxury	<ul style="list-style-type: none"> • Head of Business Development 	<ul style="list-style-type: none"> • Store Manager 	<p>1 hour (Head of Business Development)</p> <p>45 minutes (Store Manager)</p>
Luxury Retailer 3	Spanish luxury brands covering all Fashion categories. Part of a bigger conglomerate.	Fashion Oriented Luxury	<ul style="list-style-type: none"> • Brand Manager • Head of Merchandise 	<ul style="list-style-type: none"> • Store Manager • PR Manager 	<p>45 minutes (Brand Manager)</p> <p>40 minutes (Head of Merchandise)</p> <p>30 minutes (Store Manager)</p> <p>40 minutes (PR Manager)</p>
Luxury retailer 4	British multinational luxury retailer. Operated in China since late 2000s	Fashion Oriented Luxury	<ul style="list-style-type: none"> • Head of Global Retail • Head of Finance 	<ul style="list-style-type: none"> • Country Manager • Senior Store Manager • PR Manager 	<p>40 minutes (Head of Global Retail & Head of Finance)</p> <p>40 minutes (Country Manager)</p> <p>35 minutes (Senior Store Manager and PR Manager)</p>
Luxury Retailer 5	French luxury brand covering a wide range of fashion categories	Traditional Luxury	<ul style="list-style-type: none"> • Chief Marketing Officer 	<ul style="list-style-type: none"> • Country Manager (Marketing) • Chief of Campaigns 	<p>1 hour (Chief Marketing Officer)</p> <p>1 hour (Country Manager and Chief of Campaigns)</p>

Luxury Retailer 6	Swiss luxury brand focusing on watches	Traditional luxury	2 Senior Informants (Roles N/A)	<ul style="list-style-type: none"> Flagship store manager Operation manager 	1 hour (Group interview for 2 senior informants) 1 hour (Flagship store manager & operation manager)
Luxury Retailer 7	Luxury Swiss Jeweller and Watchmaker	Traditional luxury	<ul style="list-style-type: none"> Head of Global 	<ul style="list-style-type: none"> Country Division Head 	1 hour (Head of Global) 1 hour (Head of Division China)
Luxury Retailer 8	American multinational conglomerate	Premium fashion	<ul style="list-style-type: none"> Chief Marketing Officer Business Development Manager 	<ul style="list-style-type: none"> Country Manager Senior Store Manager 	45 minutes (Chief Marketing Officer) 30 minutes (Business Development Manager) 1 hour (Country manager and store manager)
Luxury Retailer 9	American multinational conglomerate	Premium fashion	<ul style="list-style-type: none"> Business Development Manager 	<ul style="list-style-type: none"> Country Manager Senior Store Manager 	45 minutes (Business Development Manager) 1 hour (Country Manager) 1 hour (Senior Store Manager)

Interviews were carried out with a total of 9 retail case organisations, amounting to 25 interviews involving 31 participants, including some conducted as group interviews. This resulted in a cumulative interview material exceeding 23 hours. As indicated in Table 5.5, this research encompassed diverse clusters representing various target markets within the luxury sector. The identities of the case organisations were kept confidential, respecting the request of most of their key informants. Participant roles were disclosed only with their consent.

In summary, this study leveraged in-depth insights and perspectives gathered from interviews conducted across 9 diverse luxury retail organisations, involving 15 luxury brand strategy consultants and 5 marketing consultants. This compilation provided a comprehensive depiction of the international marketing strategies, motivations, and processes involved in internationalisation. A notable strength of this study lies in the

access to senior informants, allowing for the acquisition of insights rarely documented in international marketing studies (Quinn et al., 2016).

5.7.6. Pilot Study: Early Interviews

In preparation for this research, a pilot study was conducted involving discussions with key informants from luxury brand managers and luxury strategist. This aimed to establish a foundation and formulate a valid understanding of the investigative area. The pilot study, which occurred in December 2023, included a total of 2 participants. In the initial interviews, the researcher crafted broad issues and thematic areas accompanied by relevant prompts (refer to **Appendix 9**), avoiding specific interview questions to maintain an open-ended conversation. This approach allowed for thorough exploration of thematic areas at this stage, facilitating the subsequent review and refinement of the interview guide while identifying key areas for final data collection. Following the insights gained from the pilot study, minor adjustments were implemented. The interview guide was simplified by consolidating and rephrasing questions and thematic areas to enhance clarity. For example, providing a broader overview of the discussion area was occasionally done before delving into sub-areas and questions, aiding participant comprehension. Some discussion areas were made more specific and clearer to facilitate the researcher in gaining a detailed understanding of the pertinent issues.

5.8. Ethical Considerations

Ethics, data usage, and confidentiality are critical considerations in projects involving primary research with human participants, especially in qualitative research, which necessitates close and in-depth contact with participants (Miles et al., 2014; Tracy, 2010). According to Miles et al. (2014), the researcher bears responsibility for the consequences of participant involvement, and ethical considerations related to the study, encompassing integrity, confidentiality, and anonymity, must be addressed before, during, and after the study. Ethical approval is essential before commencing any human research to ensure participant and organisational confidentiality and integrity.

Factors such as informed consent, privacy, confidentiality, data ownership, and result usage must be carefully considered (Miles et al., 2014). Prior to data collection, all participants were informed about the research's purpose, the reasons for their inclusion, the interview structure, data usage, and the voluntary nature of their participation. Participants were assured of anonymity and confidentiality, with their names and details remaining undisclosed in future publications unless explicit consent to disclose the company name was granted. Participants were given the option to refuse recording or note-taking during the interview, and any requests for anonymity or confidentiality were respected. The researcher offered to share interview transcripts, notes, and research findings with participants for review at the end of the interview, ensuring unbiased data collection and obtaining full authorisation for the use of presented data in the transcript.

Ethical agreement was discussed with participants before the interviews, and each participant received a participant information sheet (see Appendix 3 annex 1) and was asked to sign a consent form (see Appendix 3 annex 2). The filled-in and signed

consent forms are not included here to protect participants' identities. For comprehensive responses and ethical considerations, the semi-structured interview guide was emailed to participants before the interview. Throughout the study, the names of case organisations were anonymised (e.g., Luxury retail organisation 1, Luxury retail organisation 2), providing certain characteristics and target market information to position the retailers while safeguarding ethical integrity. Additionally, when participants requested anonymity for their roles, they were identified as "Luxury Brand Manager" or "Senior Informant" (role N/A)." In situations where conceptual frameworks emerged during the research, rather than being predetermined (Miles et al., 2014), emerging themes were to some extent related to key discussion areas in interviews. The interview template resulted from an extensive literature review to inform research objectives (Yin, 2014), and the theories on international marketing (Chapters 3 and 4) shaped the interpretation of findings and subsequently underpinned their discussion.

5.9. Data Analysis

This research embraced an interpretivist approach to data analysis, aiming to capture and analyse the essence of meaning and contradictions that human participants attribute to reality through their experiences, in line with Denzin's (1989) perspective.

5.9.1 Considerations for Qualitative Data Analysis

In qualitative research, effective data management and storage are crucial due to the nature and volume of collected data (Miles et al., 2014). In this research, given the diverse perspectives provided by several participants, all raw materials, partially processed data, coded data, memos, and other analytic materials were diligently stored and managed throughout the entire process of data collection and analysis. The researcher maintained a comprehensive record of his thoughts and theories in the form of a journal, documenting all memos, revisits, and the reasons behind them. This record, together with the thematic map in Chapter 3, served as the foundation for the narrative analysis and write-up of this research study, highlighting the essential transparency of the analytical process when presenting eventual qualitative results (Corbin and Strauss, 2008; Spiggle, 1994). The primary criteria for evaluating quality in qualitative research include rich rigour, sincerity, credibility, resonance, significant contribution, ethics, and meaningful coherence, as outlined by Tracy (2010) and Miles et al. (2014).

5.9.2 Data Analysis Approach and Process Followed and Rationale

Qualitative data analysis is inherently characterised by a lack of standardised instrumentation, requiring researchers to navigate complex and voluminous data from the contradictory and incoherent reality to make sense of it (Corbin and Strauss, 2008; Morse, 1994). In this study, an inductive approach and process of qualitative data analysis were followed (Corbin and Strauss, 2008; Miles et al., 2014). The researcher initiated the fieldwork with some orienting ideas and initial thematic areas for discussion, recognising the complexity, lack of structure, depth, uniqueness, and variability of every individual, organisation, process, situation, and context under

investigation. This complexity led to an aversion to pre-structured designs and explicit frameworks (Hackley, 2001; Corbin and Strauss, 2008).

Hence, the researcher employed a loose structure for inductive data gathering and analysis, allowing for flexibility and an in-depth understanding of participants' perspectives within complex and unique situations. This approach acknowledges that conceptual frameworks tend to emerge from the field during the research rather than being predetermined (Miles et al., 2014). The emerging themes were, to some extent, related to the key areas of discussion in the interviews, where the interview template was informed by an extensive literature review to guide the research objectives (Yin, 2014). Specifically, the types of theories on change management presented in Table 3.5 served as theoretical parameters shaping the interpretation of findings and supporting their subsequent discussion.

In this study, the researcher did not adhere strictly to a single data analysis approach. Instead, various selected approaches were combined and adapted to the applied research context, maintaining diligence and transparency in the analytic method. Despite the guidance provided by the method's analytic processes, the qualitative analyst sometimes must rely on intuition, creativity, and intellectual agility, as emphasised by Morse (1994) and Corbin and Strauss (2008).

The analytic approach in this study drew on several principles and techniques from grounded theory. However, grounded theory typically starts with an open-ended question, employs cumulative coding cycles, and relies on constant comparison of data and theory. It uses questions generated during data analysis to drive the next round of data collection (Corbin and Strauss, 2008). While the researcher refined the interview guide as data collection and analysis progressed, keeping it flexible and open to new topics, a fully open-ended approach was not achieved. The study utilised a semi-structured interview guide with predefined topics for discussion, rather than allowing the analysis alone to guide the research.

Additionally, this study's approach aligned in part with applied thematic analysis of Guest et al. (2012), which involves inductive analysis of qualitative data and can incorporate multiple analytic techniques adapted to an applied research context. These techniques range from grounded theory to positivism, interpretivism, and phenomenology, synthesised into a single methodological framework. However, the study did not exclusively follow this analytic process, as it leans towards a positivist perspective, recommending the use of codebooks and structural coding and analysing only data relevant to the research objectives.

Moreover, the current analysis incorporated Spiggle's (1994) data analysis operations, as these are viewed by the author as operations rather than separate and sequential activities. They are operations that researchers apply at various stages of the analysis. In this study, initially identified codes and sub-codes were refined and then grouped into initial themes and categories. The analytic approach in this study drew on several principles and techniques from qualitative research, particularly grounded theory. Grounded theory typically starts with an open-ended question, employs cumulative coding cycles, and relies on constant comparison of data and theory, using questions generated during data analysis to drive the next round of data collection (Corbin and Strauss, 2008). While the researcher refined the interview guide as data collection and

analysis progressed, keeping it flexible and open to new topics, a fully open-ended approach was not achieved. Instead, the study utilised a semi-structured interview guide with predefined topics for discussion. This approach incorporated some coding principles from grounded theory, allowing for an iterative and flexible analysis process, but it was adapted to fit the specific research context and objectives. This strategy ensured that while the research was informed by grounded theory techniques, it remained consistent with the overall methodological framework and focus of the study as data collection and analysis progressed iteratively, aligning with Spiggle's approach (1994).

The process in this study also shares similarities with Eisenhardt's (1989) work on inducting theory from case studies. This process allows for the emergence of unique patterns within each case before searching for patterns and making comparisons across cases. It compels investigators to move beyond initial interpretations and focus on understanding the dynamics characterising individual contexts. However, Eisenhardt's approach, while influential in case studies, tends to include positivist perspectives, such as a potential reliance on a priori constructs and shaping hypotheses, and may involve quantitative data, differing from the present study's process.

In summary, the analytical approach in this study was not ground-breaking but rather drew guidance and borrowed established approaches and methods of qualitative data analysis from other authors and literature. Similar approaches have been employed by researchers for decades, including Oeppen Jamal (2014), Quinn et al. (2016), and Merendino et al. (2018), among others. The detailed process of data analysis conducted in this study is outlined below.

5.9.3. Data Analysis Process: Data Preparation and Starting Coding

The data analysis process began with thorough data preparation and familiarization. This initial phase involved transcribing and organizing the interviews and field notes meticulously. The researcher listened to the recorded interviews multiple times and read through the transcripts in their entirety to grasp a holistic understanding of the collected data. This comprehensive review allowed the researcher to document initial thoughts and observations (Corbin & Strauss, 2008; Miles et al., 2014).

Following this, the researcher embarked on open coding, which involved a brainstorming approach to analyse the data, aiming to uncover all potential insights contained within it. This phase of open coding was crucial for identifying emerging themes and concepts without any preconceived notions (Corbin & Strauss, 2008).

As the initial coding progressed, new questions arose, prompting additional interviews. This iterative process of data collection and analysis allowed the researcher's perspective to evolve continually, fostering comparative thinking. Throughout the analysis sessions, the researcher maintained detailed memos to capture the evolving mental dialogue between the data and the researcher. These memos included analysis and interpretation of specific incidents and events, each titled with a code, forming a foundation for deeper analysis (Miles et al., 2014; Morse, 1994). Examples of these memos and code abstractions can be found in Appendix 8.

The memos evolved in complexity as the analysis progressed, linking emerging concepts and developing deeper insights, a process known as 'axial coding.' During this initial phase, the researcher distinguished between lower-end explanatory concepts and higher-level concepts, often referred to as categories or themes, which could be applied consistently across different interview excerpts (Corbin & Strauss, 2008).

This phase was iterative, with codes and their hierarchical levels evolving over time as the researcher immersed further in the data. The process involved comparing new data against existing codes, leading to the development, refinement, or invalidation of these codes (Morse, 1994). This iterative alternation between data collection and analysis was essential. After the first wave of data collection, the researcher paused to begin coding, only to resume with a subsequent wave of data collection. In this initial coding phase, all data extracts were coded for as many potential codes, themes, and patterns as possible (see Appendix 8), recognising that the significance of certain aspects might become apparent only later in the analysis process.

The coding process was guided by the data's interpretation, ensuring an inductive approach without forcing the data into pre-existing coding frameworks (Corbin & Strauss, 2008). The theoretical lens of retail marketing management provided a guiding framework for examining the data and addressing the research questions.

As the researcher engaged in this open and exploratory analysis, common themes, issues, and complex patterns began to emerge across the perspectives of retailers, technology providers, and strategists. This approach identified initial similarities and differences within and across clusters, prompting a deeper search for intricate patterns and themes. This method required the investigator to move beyond initial impressions, facilitating a more sophisticated understanding of the data (Eisenhardt, 1989). Although retailers were clustered for comparison based on varied market positioning, the analysis was ultimately driven by key themes, sub-themes, and patterns rather than being strictly structured around different retailer clusters.

5.9.4 Abstracting Data & Refining Themes

In this study, the data analysis was conducted manually to maintain a close connection with the data. This process began with preparing and familiarising oneself with the data, which involved transcribing and organising interviews and field notes. This step also included listening to recorded interviews and reading transcripts in their entirety to gain a holistic understanding. Initial thoughts and impressions were documented during this stage (Corbin and Strauss, 2008; Miles et al., 2014).

The researcher commenced open coding, which involves a brainstorming approach and meticulous examination of the data to explore all potential meanings contained within it (Corbin and Strauss, 2008). This initial phase also generated new questions for subsequent interviews, reshaping the researcher's perspective and initiating a comparative analysis. The researcher's thoughts during these sessions were recorded in memos, capturing the dialogue between the data and the researcher. These memos, containing detailed notes and analysis, served as the foundation for deeper analysis and interpretation (Miles et al., 2014; Morse, 1994).

During the process, some memos were used to link emerging concepts, a method known as 'axial coding.' This step was crucial for distinguishing between lower-level explanatory concepts and higher-level themes that could apply to other interview excerpts, ensuring consistent dimensions across participants (Corbin and Strauss, 2008). The codes and their levels evolved over time with increased data immersion. Comparing codes against new data led to their verification, development, or invalidation, necessitating an iterative process of alternation between data collection and analysis (Morse, 1994).

In the initial phase, all data extracts were coded for as many potential themes and patterns as possible allowing the data and its interpretation to guide the analysis inductively without imposing pre-existing coding frames (Corbin and Strauss, 2008). The theoretical lens of retail marketing management guided the examination of the data and the investigation of the research questions.

As the analysis progressed, common issues, themes, and patterns emerged, repeating across the perspectives of various stakeholders. The researcher identified initial within-cluster and inter-cluster similarities and differences, seeking a more sophisticated understanding of the data. This process compelled the investigator to move beyond initial impressions (Eisenhardt, 1989). Although retailers were clustered for comparison based on market positioning, the analysis was driven by key themes, sub-themes, and patterns.

The iterative process, also referred to by Spiggle (1994) as data 'abstraction,' involved reducing previously identified codes into higher-order categories or themes sharing common features. Potential themes were validated, modified, or discarded through subsequent data collection and analysis. Systematic and methodical comparisons, aided by tables and maps for data condensation and display, generated thematic maps to visually represent the main ideas, patterns, themes, and relationships across the data (Spiggle, 1994).

Theme refinement continued until clear and concise core themes and sub-themes emerged (Miles et al., 2014; Corbin and Strauss, 2008). This rigorous process persisted until data saturation was reached, with no substantial new insights being added. At this point, the researcher recognised the robustness of the themes and the convergence of various analytic threads into a plausible explanatory framework about the issues in question.

The theory generated through this process was grounded in the data, providing a coherent and comprehensive model for explaining the data, linking diverse and unrelated facts pragmatically and revealing implicit, obvious, and unknown aspects (Morse, 1994). The researcher posed questions of the data to create links to established theory, iterating between theory and data (Eisenhardt, 1989).

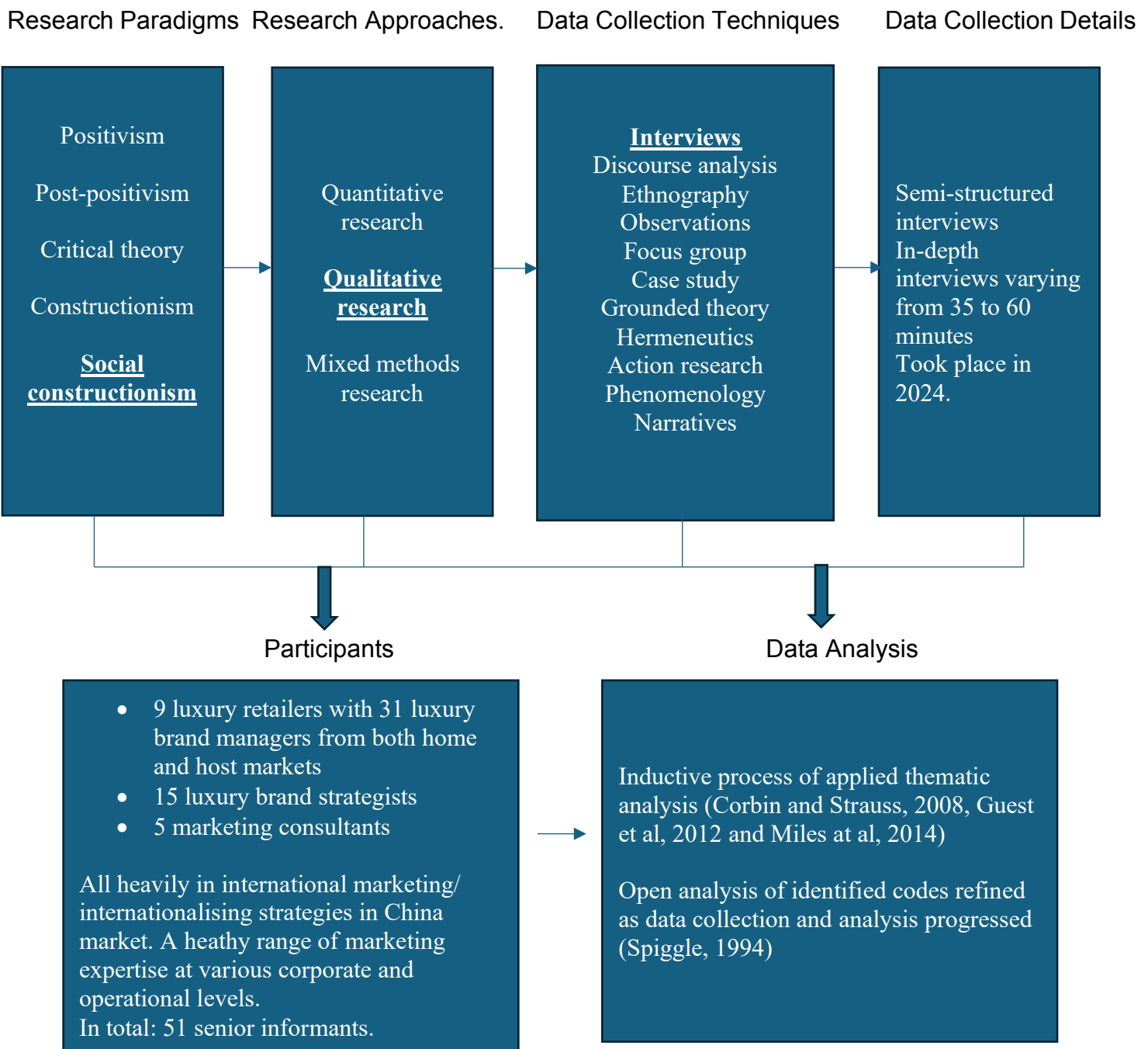
This process concluded with a comprehensive understanding of the overall narrative conveyed by the themes. The researcher then organised data extracts and memos into a coherent account, accompanied by a detailed analytic narrative that identified noteworthy aspects of the data in terms of reporting content and the meaning of patterns and themes. This narrative went beyond paraphrasing the content in the data extracts (Corbin and Strauss, 2008). The researcher crafted a narrative about the

phenomenon investigated, using core themes as the foundation of the theoretical structure, and applied this narrative to various clusters of luxury retailers, presenting commonalities and differences across them.

5.10. Chapter Summary

Chapter 5 has comprehensively discussed various research philosophies, methods, and approaches available to researchers. It began by highlighting the prevalent use of positivist perspectives and identified a methodological gap, paving the way for a detailed exploration of the adopted research approach and its methodological contributions. The chapter delved into research methods, data collection approaches, and data analysis techniques employed in the current study, offering critical justifications for each. Finally, the key themes and sub-themes that emerged from the data analysis were presented, forming the foundation for the narrative that unfolds in the subsequent chapters. A summary of the research methodology statement, encompassing the main decisions made, is provided below.

Figure 5.6. Overview of methodology statement of the present research



CHAPTER 6: STRATEGIC AND OPERATIONAL CHALLENGES IN EMERGING MARKETS: MANAGERIAL PERSPECTIVES

6.1 Introduction

This chapter presents the findings from the first part of the research interviews, focusing on the perspectives of senior managers, strategists, and consultants within the luxury sector. The purpose of these interviews is to understand the evolving definitions of luxury, the strategies for internationalisation, and the organisational structures that support these processes. By examining these areas, the chapter aims to address the research questions concerning the motives, strategies, and challenges associated with luxury brand management and internationalisation.

The chapter is organised into several key sections:

1. **Redefining the Concept of Luxury:** This section delves into how various managers define luxury, incorporating insights from brand consultants and luxury brand managers. It highlights the functional, symbolic, aspirational, and distinctive components that collectively constitute luxury.
2. **Luxury Brand Managers' Practices:** This part provides detailed accounts from luxury retailers, offering a comparative view of definitions and practices across different tiers of luxury. It synthesises common themes and differences observed among participants.
3. **Internationalisation Strategies:** This section examines the strategic processes involved in the internationalisation of luxury brands, with a particular focus on historical contexts and key milestones. It offers insights into best practices and common challenges faced by companies during global expansion.

By examining these areas, the chapter aims to address the research questions concerning the motives, strategies, and challenges associated with luxury brand management and internationalisation. The rich and detailed interview data is analysed to uncover nuanced views and strategies of luxury brand managers, providing a comprehensive understanding of the dynamic and complex nature of luxury brand management in the context of international expansion.

By the end of this chapter, readers will gain insights into the contemporary definitions of luxury, the strategic considerations for entering new markets, and the organisational adaptations necessary for successful internationalisation. These findings will lay the groundwork for the subsequent analysis of pre- and post-market entry strategies and the ongoing evolution of luxury brand management.

6.2. Re-Defining the Concept of Luxury: Managerial Perspectives

The concept of luxury is continuously evolving, shaped by cultural, economic, and social influences. To gain a deeper understanding of this evolution, senior managers,

strategists, and consultants from various sectors of the luxury industry were interviewed. Their insights provide a multifaceted view of how luxury is defined and perceived in contemporary markets.

Overall, participants agreed that luxury is a concept, and a luxury product has both functional and symbolic meanings. However, luxury has the ability to project an aspirational lifestyle or way of living to the targeted consumers (49 participants mentioned “aspirational”). Luxury represents the highest form of “craftmanship” (all participants agreed), an art form in itself (30 participant refer luxury to “art” or having “artistic value”). More than half of the participants repeatedly mentioned “a sense of belonging” (40), “elitist” (38) “prestige” (51) and “sense of power/status” (51) to refer to a luxury product. All the participants generally agreed on a “3-tier” concept of luxury, similar to what was suggested by the researcher and is in line with previous research in academia. Moreover, the material aspect of luxury is repeatedly mentioned in interviews with luxury brand managers who work with luxury brands classified as “premium fashion”.

On another hand, luxury brand managers who work for or with brands classified under “heritage luxury” or “traditional luxury” often dismiss the product aspect and refer luxury to its intangible aspect more often. To them, true luxury is as close as art and a luxury item is an investment piece. Luxury brands with a fashion design or trend focus agree on the heritage but also refer luxury to something that showcases an aspirational lifestyle, exclusivity, a sense of power or style. Luxury products should be well made with highest attention to details and last a long time. However, as luxury fashion brands now have more and more diffusion lines often classified as affordable luxury, the participants show concerns regarding its impact on the legacy of the brand.

At the lowest tier, premium fashions branded as luxury have participants who are more relaxed on what is considered luxury. Similar words such as “Entry level luxury, affordable luxury” are frequently used during the interviews by the participants to describe their companies. To them, the ‘aspirational’ aspect is very important – how to project a luxury lifestyle to targeted consumers through branded products, in-store display, marketing materials. It is interesting to hear this especially for retailers in the affordable luxury sector.

One other important finding is that the concept of luxury varies and becomes adaptable when it comes to the Chinese market. All luxury retailers, that makes up 31 participants, agree that certain China-specific luxury attributes (i.e. sense of power/social status recognition) will need to be added or made clearer in all aspect of the business from design, production, marketing and retail to engage with this consumer group. This opinion is also supported by all luxury strategists (15) and marketing consultants (5). All participants are heavily involved in the internationalisation strategy in particular the BRIC (Brazil, Russia, India and China) markets although this process is often referred as “China strategy” instead, which is a note-worthy observation.

The following section synthesises their perspectives, highlighting the key components that constitute luxury today.

6.2.1 Meanings of Luxury: Perspectives from Luxury Brand Consultants

This section explores the nuanced meanings of luxury from the perspectives of brand consultants. These perspectives provide valuable insights into how luxury is defined, perceived, and communicated within the industry.

6.2.1.1 Defining Luxury

Brand consultants highlight various aspects that define luxury. Luxury Brand Strategist 1, who owns a well-known luxury agency in China, emphasises that *"Luxury is all about taste and sense. Good taste, good sense of style. Luxury is not defined by trends and will never ever follow the rules of fashion. For a true luxury brand, elitism is a key factor. Craftsmanship and timelessness as well."* This focus on timelessness and craftsmanship is a recurring theme among consultants who work in the highest tier of luxury.

Similarly, Luxury Brand Strategist 2 points out that *"authenticity and heritage play crucial roles in defining luxury. A luxury brand must have a story that connects deeply with its audience, one that speaks of tradition, excellence, and exclusivity."* This perspective underscores the importance of a brand's history and its ability to convey a narrative that resonates with consumers.

6.2.1.2 Perceptions of Luxury

The perception of luxury varies significantly across different markets. Luxury Brand Strategist 3, a PR director with experience across all luxury segments, notes that luxury items *"provide additional value to consumers above the mere necessities by symbolizing various factors, but for the Asian market, most importantly social status."* This perception aligns with academic findings by Cui et al. (2011), who emphasize social status as a significant attribute of luxury in Asian markets.

Luxury Brand Strategist 5, a Senior HR partner, observes that *"the definition of luxury in China has evolved, with items like handbags becoming symbols of 'having made it' to the middle-class crowd."* This evolution reflects the growing middle class's desire to signal their success and upward mobility through luxury purchases.

Additionally, Luxury Brand Strategist 4 mentions that *"in Western markets, luxury is often associated with personal indulgence and self-reward. Consumers in these markets are looking for products that provide a sense of personal satisfaction and exclusivity."* This highlights the differing motivations behind luxury consumption in various regions.

6.2.1.3 Communicating Luxury

Effective communication of luxury is crucial for maintaining a brand's prestige. According to Marketing Consultant 4, *"True luxury brands do not follow any marketing practices; in fact, they are the complete opposite. Look at Hermès' Birkin bag – its resale value goes up as we speak. Hermès has created a legacy that lasts for a lifetime."* This highlights the importance of creating a lasting legacy through exceptional craftsmanship and exclusivity.

Luxury Brand Strategist 6 adds, *"Storytelling is a powerful tool in luxury brand communication. By highlighting the brand's heritage, craftsmanship, and exclusivity, brands can create a narrative that resonates with consumers and reinforces their luxury status."* This approach ensures that the brand's message is consistent and compelling across all touchpoints.

6.2.1.4 Challenges in Maintaining Luxury

Consultants identify several challenges in maintaining a luxury brand's image, particularly in emerging markets. These include balancing global brand consistency with local relevance, managing counterfeit goods, and navigating cultural nuances that influence consumer behaviour.

Luxury Brand Strategist 7 notes that *"one of the biggest challenges is maintaining the brand's exclusivity while expanding into new markets. Brands must carefully manage their distribution channels to avoid overexposure and preserve their luxury status."* This is crucial for ensuring that the brand remains desirable and exclusive.

Luxury Brand Strategist 8, who deals with pre-market entry activities, emphasises that *"clear attributes (USPs) of the brand must be incorporated across design, manufacturing, marketing, and retail to successfully manage a brand."* This comprehensive approach ensures that luxury brands can maintain their prestige while adapting to local markets.

Another significant challenge mentioned by Luxury Brand Strategist 9 is *"the threat of counterfeit products, which can dilute the brand's value and reputation. Brands must invest in anti-counterfeiting measures and educate consumers on how to identify genuine products."* This highlights the importance of protecting the brand's integrity and ensuring that consumers have confidence in the authenticity of their purchases.

See **Appendix 6** for a full summary of data collected in the first part of the interview with five columns being key informants' descriptor, their role in the business and the location it is based, the tier (or tiers) of luxury the company operates within (some luxury brands cover more than one tiers), their industry-expert views on luxury and attributes of luxury.

6.2.1.5 Key Findings

The luxury brand consultants play a pivotal role in shaping the perception and strategy of luxury brands. Their expertise offers valuable insights into the current definitions of luxury, which align with and expand upon existing literature in the field. The interviews revealed that luxury is often characterised by four main components: functionality, symbolic value, aspirational appeal, and distinctiveness.

Component 1: Functionality

Consultants emphasised that luxury products must excel in quality and craftsmanship, offering superior functionality that justifies their premium price. This finding supports existing literature by Vickers and Renand (2003), who highlight the importance of high quality and performance in luxury goods. The practitioner's perspective underscores

the necessity for luxury brands to maintain unparalleled standards in their products to differentiate themselves from non-luxury goods.

Component 2: Symbolic Value

Luxury items are seen as status symbols, representing wealth, success, and a certain lifestyle. This symbolic value is crucial for consumers seeking to convey their social standing. This perspective is in line with the work of Han et al. (2010) on brand prominence and the role of luxury goods in signalling status. The consultants' views provide a practical understanding of how symbolic value is cultivated and perceived in different markets, particularly in emerging economies where social status is a significant driver of luxury consumption.

Component 3: Aspirational Appeal

The aspirational nature of luxury is integral, with brands cultivating a sense of exclusivity and desirability that motivates consumers to strive for ownership. This aligns with the theoretical contributions of Dubois and Paternault (1995), who discuss the aspirational dimensions of luxury brands. Consultants add a nuanced understanding by highlighting strategies such as limited editions and exclusive marketing campaigns that heighten the aspirational appeal of luxury products.

Component 4: Distinctiveness

Uniqueness and rarity are essential characteristics, distinguishing luxury products from mass-market goods. This distinctiveness is often achieved through limited editions, bespoke services, and personalised experiences. The existing literature by Kapferer and Bastien (2012) discusses how luxury brands leverage rarity and uniqueness to enhance their desirability. The practitioners' insights emphasize the operational aspects of creating and maintaining distinctiveness in a competitive market.

6.2.1.6 Contribution to Existing Literature

These definitions and meanings of luxury, as provided by brand consultants, contribute significantly to the existing literature by offering a practitioner's perspective on the core attributes of luxury. They bridge the gap between theoretical constructs and real-world applications, providing a comprehensive understanding of how luxury is perceived and managed within the industry.

The consultants' insights enhance our understanding of the practical strategies used to maintain luxury's defining characteristics, such as functionality, symbolic value, aspirational appeal, and distinctiveness. These findings offer valuable implications for both academics and practitioners, highlighting the importance of maintaining high standards, leveraging social status, cultivating exclusivity, and ensuring uniqueness in luxury brand management.

By aligning these practitioner perspectives with existing literature, the study provides a holistic view of luxury brand management, enriching the theoretical discourse with practical insights and strategies. This integration helps to develop more robust

frameworks for understanding luxury and guiding future research and practice in the field.

6.2.2. *Meaning of Luxury: Insights from Luxury Brand Managers*

This section delves into the perspectives of luxury brand managers, offering a nuanced understanding of how luxury is defined and operationalised within their organisations. **Appendix 7** provides a full breakdown of findings collected from luxury retailers¹. The findings reveal that luxury brand managers provide practical insights that complement and expand upon the theoretical frameworks discussed in the existing literature.

6.2.2.1 *Defining Luxury*

Luxury brand managers from various tiers of the market offer different perspectives on the definition of luxury. Managers at the top tier of luxury, often referred to as Traditional Luxury, emphasise concepts such as craftsmanship, exclusivity, timelessness, innovation, and exceptional quality. For instance, the Director of Marketing and Merchandise Manager of a top-tier luxury retailer noted, *"Luxury is not just about a specific product but about maintaining a brand identity that signifies comfort and exclusivity."* This aligns with the notion of luxury as an art form and investment piece, which is consistent with the work of Kapferer and Bastien (2012) on the importance of heritage and craftsmanship.

One manager shared an example: *"Our limited-edition watches are handcrafted with meticulous attention to detail. Each piece takes over a year to complete, ensuring that every component is perfect. This level of craftsmanship is what our customers expect and value."* This example highlights how high-end craftsmanship is a key differentiator in the luxury market.

Managers at the second tier, categorised as Luxury Fashion or Fashion-Oriented Luxury, highlight the balance between maintaining traditional luxury values and catering to broader market demands. They discuss the need to integrate fashion trends while preserving elements of elitism and social status. One manager remarked, *"Our brand has to stay ahead of fashion trends while never losing sight of our core values of exclusivity and high quality. It's a delicate balance, but essential for our market position."* This perspective adds to the discourse by indicating how luxury brands must adapt to changing consumer preferences while maintaining their core values.

Another manager provided an example: *"We recently launched a new collection that blends contemporary designs with traditional materials. The response has been overwhelmingly positive, as it appeals to both our long-time customers and a younger, fashion-forward audience."* This illustrates the importance of innovation within the framework of established luxury values.

¹ Originally, the researcher approached and recruited key informants in the head offices (UK-based) for the interviews but eventually were introduced to their counterparts in the Chinese office which further expanded the scope of the studies and provided a rare yet very compelling opportunity to gain a deep understanding of how luxury management practice is perceived and adapted across the continents. This is crucial, especially later when the researcher investigates the internationalisation process of luxury brands in China, revealing complex issues yet to be reported. As a result, the table in the appendix is specifically created as an emerging sub-theme showcasing stimulating yet contrasting views on luxury brand management among luxury retailers between the home offices and its Chinese counterparts.

At the lowest tier, Premium Fashion or *"Masstige,"* managers focus on producing high-quality products for the mass market, often describing their brands using terms like *"entry-level luxury"* or *"affordable luxury."* They stress the importance of the aspirational aspect of luxury, which involves projecting a luxury lifestyle through branded products and marketing efforts. One manager explained, *"We aim to make luxury accessible to a wider audience without compromising on quality. It's about offering a taste of luxury that feels exclusive but is attainable."* This approach underscores the importance of accessibility and aspiration in defining luxury at this level, supporting theories by Truong et al. (2009) on the blurring lines between premium and luxury brands.

An example provided by a manager in this tier highlights the strategy: *"Our marketing campaigns focus on the aspirational lifestyle associated with our brand. We collaborate with influencers who embody our brand values and appeal to a broader audience. This strategy has helped us reach new customers who aspire to own luxury products."* This showcases how aspirational marketing can effectively bridge the gap between accessibility and exclusivity.

6.2.2.2 Practical Strategies for Managing Luxury

Luxury brand managers offer insights into the practical strategies used to manage luxury within their organisations. These strategies include:

1. **High-End Craftsmanship:** Managers consistently emphasise the importance of unparalleled craftsmanship and the use of premium materials. This is foundational for maintaining the perceived value of luxury products. The focus on craftsmanship aligns with the functional dimension of luxury as proposed by Wiedmann, Hennigs, and Siebels (2007). One manager stated, *"Our products are handmade by artisans who have honed their craft over decades. This level of detail and dedication is what sets us apart and justifies our premium pricing."*

Finance Manager of Tier 2 luxury retailer said: *"We source the finest leathers from Italy for our handbags, and each bag is handcrafted by skilled artisans. This attention to detail ensures that our products are not only beautiful but also durable and long-lasting."*

2. **Heritage and Legacy:** The rich history and heritage of a brand contribute significantly to its luxury status. Managers noted that storytelling and the preservation of traditional techniques are vital in reinforcing this aspect. *"Our brand has a storied history that dates back over a century. We make sure to incorporate elements of this heritage into our marketing and product design to maintain a connection with our roots,"* said one manager. This is consistent with the individual value dimension in Wiedmann et al.'s model, highlighting the importance of emotional connection and brand narrative.

A Tier 1 Luxury Brand Director of Finance said: *"We regularly host exhibitions and events that celebrate our brand's history and craftsmanship. These events not only attract loyal customers but also educate new customers about the heritage and values that define our brand."*

- 3. Customer Experience:** Exceptional customer service and personalised experiences are crucial. Managers stressed that luxury is not just about the product but the entire purchasing journey, from bespoke consultations to after-sales service. One manager explained, "We offer a bespoke service where customers can personalise their purchases to their exact specifications. This level of personal attention makes the experience memorable and reinforces the luxury status of our brand." This finding supports the social value dimension, emphasising the role of social status and recognition in luxury consumption.

Store Manager of a Tier 3 luxury retailer said: *"We provide a VIP shopping experience for our top clients, complete with private showings of new collections, personal stylists, and exclusive previews. This personalised approach ensures that our customers feel valued and appreciated."*

- 4. Innovation and Creativity:** While heritage is important, continuous innovation is equally essential. Managers discussed the need to balance tradition with modernity, introducing innovative designs and technologies while respecting the brand's legacy. "Innovation is key to staying relevant in the luxury market. We invest heavily in R&D to bring the latest technological advancements to our products, ensuring they meet the highest standards of quality and functionality," noted a manager. This perspective aligns with the dynamic nature of luxury, as discussed by Kapferer and Bastien (2012), who argue that luxury brands must continuously evolve to stay relevant.

A Tier 1 manager said: *"Our recent collaboration with a renowned tech company resulted in a smartwatch that combines our signature design with cutting-edge technology. This product has been a hit among our tech-savvy customers who appreciate both luxury and innovation."*

- 5. Exclusive Distribution Channels:** Managing distribution channels to maintain exclusivity is another crucial strategy. "We carefully select our retail partners and limit the availability of our products to maintain a sense of exclusivity. Our products are not meant to be mass-distributed; they are for discerning customers who value rarity," said a brand manager. This strategy ensures that the brand retains its luxury status by avoiding overexposure.

A Tier 1 General Director reveals: *"We have a strict policy on the number of retailers who can carry our products. By limiting distribution, we ensure that our products are only available in select, high-end stores that align with our brand's values."*

- 6. Anti-Counterfeiting Measures:** Protecting the brand from counterfeiting is essential for maintaining its integrity and value. "Counterfeit products can severely damage our brand's reputation. We invest in advanced anti-counterfeiting technologies and educate our customers on how to identify genuine products," explained another manager. This highlights the importance of safeguarding the brand's authenticity and ensuring consumer trust.

A Tier 1 Manager said: *"We have implemented RFID tags in our products that allow customers to verify authenticity through our mobile app. This technology*

not only deters counterfeiters but also provides peace of mind to our customers."

6.2.3 Comparative Analysis Across Different Tiers of Luxury

To provide a comprehensive view, the perspectives of managers from different tiers of luxury were compared. This analysis highlights the nuances and variations in how luxury is defined and practiced across various segments of the industry.

- **Tier 1: Traditional Luxury:** Brands in this tier focus heavily on exclusivity, heritage, and exceptional craftsmanship. The definition of luxury here is deeply rooted in tradition and the preservation of long-established brand values.
- **Tier 2: Luxury Fashion:** This tier blends traditional luxury elements with contemporary fashion trends. Managers in this segment emphasise the importance of staying relevant and appealing to younger, fashion-conscious consumers while maintaining a luxurious image.
- **Tier 3: Premium Fashion:** Premium fashion brands, often mistaken for luxury, focus on accessibility and aspirational value. Managers in this tier aim to offer high-quality products that are perceived as luxurious but are more accessible to a broader audience.

By comparing these perspectives, it becomes evident that while the core components of luxury remain consistent, their application varies across different tiers, reflecting the diverse strategies and market positions of luxury brands.

Director of Marketing of Luxury Retailer 1, a Tier 1 luxury brand, comments: *"For us, luxury is about maintaining the highest standards of quality and exclusivity. We are not interested in mass production. Each piece is a work of art, meant to be cherished and passed down through generations."*

Brand Manager of Luxury Retailer 2, a Tier 2 luxury brand, adds: *"While we uphold traditional values of luxury, we also have to stay relevant. This means constantly innovating and appealing to a younger demographic who are just as discerning but have different expectations."*

Business Development Manager of Luxury Retailer 9, a Tier 3 luxury brand, explains: *"Our goal is to make luxury accessible. We focus on creating high-quality, stylish products that offer great value. It's about striking the right balance between luxury and affordability."*

The interviews with luxury brand consultants and managers provide a rich tapestry of insights into the evolving concept of luxury. Functionality, symbolic value, aspirational appeal, and distinctiveness emerge as the cornerstone components, shaped by both tradition and innovation. This redefined understanding of luxury highlights the dynamic nature of the industry and sets the stage for further exploration of internationalisation strategies in the subsequent sections.

6.3. The Internationalisation Strategy in The Luxury Sector: Approaches and Frameworks

This section explores the internationalisation strategies employed by luxury brands, drawing insights from practitioners across multiple organisations. The focus is on understanding the diverse approaches and frameworks used to expand into emerging markets, particularly in the context of maintaining brand integrity and managing global operations.

Luxury brand managers highlighted several key strategies for internationalising their brands. These strategies are shaped by the need to balance global consistency with local relevance, ensuring that the brand's core values are preserved while adapting to the unique characteristics of each market.

One aspect the researcher aimed to understand was the precise process of developing an international strategy for a luxury brand—how decisions are made, planned, and implemented. Few academic and industry sources thoroughly cover this phenomenon, with existing findings being somewhat limited. To gain accurate insights, the researcher asked participants to detail their involvement in strategic decisions and assess their relevance to the study.

Semi-structured interviews proved effective, allowing for detailed and flexible questions. For instance, when several senior informants were unsure what was meant by '*internationalisation process*,' the researcher clarified with examples such as the timeline for launching a new product line or collaboration campaign from Europe to emerging markets like China. The researcher also explored whether the process was pre-planned as part of the main marketing strategy or if the head office waited for the main market's response before planning for other markets. Additionally, participants were asked to comment on decisions related to localisation and standardisation of campaigns.

The responses were rich and varied, revealing several strategic business timelines for internationalisation. Most participants agreed that untested or insignificant markets should replicate successful home market strategies (e.g., product launches, marketing, and PR campaigns). In such cases, a limited budget is set, often contracted to an international advertising agency, with key products distributed to shopping malls or retailers based on prior agreements or licensing deals. Specific protocols for the Chinese market were also discussed, often referred to as the "*China strategy*" or "*Chinese strategy*," indicating special attention and business interests. Key timelines for the Chinese luxury strategy include 1997, 2001, and 2020, with 2001 being noted as a significant turning point.

6.3.1 Key Timelines and Milestones

The journey of internationalisation for luxury brands, particularly in emerging markets like China, has been shaped by significant historical milestones and strategic decisions. Understanding these key timelines provides a contextual framework that highlights the transformative events impacting the luxury sector. Three pivotal moments stand out: the 1997 Hong Kong handover, China's accession to the World Trade Organization (WTO) in 2001, and the impact of the COVID-19 pandemic starting in 2020. Each of these events has influenced how luxury brands approach market entry, expansion, and adaptation in China. This section delves into these milestones,

offering insights into how they have collectively sculpted the landscape of luxury brand internationalisation in the region.

Milestone 1: The 1997 Hong Kong Handover

The 1997 Hong Kong handover marked a significant geopolitical shift that had far-reaching implications for international business, including the luxury sector. Several managers noted that this event heightened the strategic importance of Hong Kong as a gateway to China. A senior executive from Luxury Retailer 1 explained, *"Hong Kong's return to China provided us with a unique opportunity to establish a stronger foothold in the region. It served as a testing ground for our products and marketing strategies before fully entering the mainland Chinese market."*

Milestone 2: China's Accession to the WTO in 2001

China's accession to the WTO in 2001 was another pivotal moment that opened up the Chinese market to global businesses. Luxury brands saw this as an opportunity to expand their presence in one of the world's fastest-growing economies. The Head of Business Development at Luxury Retailer 2 shared, *"post-2001, we significantly ramped up our investments in China. The WTO accession meant fewer trade barriers and more predictable regulations, which gave us the confidence to establish more stores and increase our marketing efforts in the region."*

Another manager from Luxury Retailer 3 added, *"The early 2000s were a period of rapid growth for us in China. We went from having a handful of stores to over 50 within a decade. This expansion was carefully planned and executed to ensure that we maintained our brand's exclusivity while meeting the rising demand for luxury products."*

Milestone 3: Impact of the COVID-19 Pandemic Starting in 2020

The COVID-19 pandemic has had a profound impact on global markets, and the luxury sector is no exception. Managers discussed how the pandemic accelerated digital transformation and e-commerce adoption. The Global Retail Director at Luxury Retailer 4 explained, *"The pandemic forced us to rethink our entire strategy. With physical stores closed, we had to quickly pivot to online sales. We invested heavily in our e-commerce platforms and enhanced our digital presence to engage with customers who were now shopping from home."*

Moreover, the pandemic highlighted the importance of resilience and adaptability in internationalisation strategies. The Head of Marketing at Luxury Retailer 5 noted, *"We learned the hard way that flexibility is key. Our ability to adapt to changing circumstances, whether it's shifting consumer behaviours or supply chain disruptions, has been crucial in maintaining our market position during these challenging times."*

6.3.2 Strategic Decision-Making Processes

The internationalisation of luxury brands requires a sophisticated and nuanced approach to strategic decision-making. These decisions are made at multiple levels within an organisation, ensuring that both global vision and local adaptation are

effectively aligned. Understanding the strategic decision-making processes provides insight into how luxury brands maintain their identity while expanding into new and diverse markets. This section delves into the intricacies of corporate-level strategies and the role of local adaptation in implementing these strategies.

At the corporate level, strategic decisions focus on maintaining brand integrity and global consistency while exploring new growth opportunities. High-level strategies involve setting overarching goals, defining brand values, and determining the global expansion framework. Corporate leadership plays a crucial role in guiding the internationalisation process, ensuring each market entry aligns with the brand's core identity and long-term objectives. This subsection examines the strategic approaches employed by luxury brands at the corporate level, highlighting how they balance global coherence with the need for market-specific adaptations.

The researcher notes that Luxury Retailer 1, a privately-owned luxury retailer, fosters a two-way dialogue between its France and China offices to protect the company's reputation and heritage. This contrasts with the cases of Luxury Retailers 2, 3, and 4, all of whom uniformly acknowledged the significance of the milestones 1997, 2001, and 2020.

Luxury Retailer 2's Head of Business Development shared insights on corporate-level strategies, noting the brand's significant growth after 1997, driven by an American designer's creative direction despite its Italian heritage. Between 1997 and 2001, the brand expanded cautiously, ensuring consistent brand identity across all stores. Post-2001, a surge in Chinese market investment highlighted the strategic importance of Asia, particularly China.

“Our brand has a rich history although despite being of Italian heritage, it was not until an American designer headed the creative direction position did it go through significant growth...An Italian design with an American business acumen is a match made in heaven! In 1997, we immediately opened our first every Chinese store. Our brand is known globally so it is not that difficult to expand and make ourselves known in China. Between 1997 and 2001, we sort of ‘expand with cautions’ where every store we open will benefit from a uniformed design and curation from our Creative Director back in Italy. Everything was tightly controlled and managed to ensure a consistent brand identity across the stores. Even the wrapping bags for our VICs (Very Important Clients) were designed back in the Italian office. From 2001 onwards, especially at the beginning of 2002, we reached the new high at Chinese market, opening a record-breaking 20 stores per year. At one point, more than sixty percent of our investments aimed towards Asia—particularly China—because our CEO believed that the Asia Pacific was going to be the big prize to be taken. The fact now in 2024, with youth unemployment at 20% in China, our company still hits the record-breaking sales higher than the last 2 years is a testament itself.”
(Head of Business Development of Luxury Retailer 2)

Luxury Retailer 4's Head of Global Retail discussed maintaining brand integrity while achieving global market penetration through a multi-faceted approach. This includes establishing a global brand vision, conducting extensive market research, and varying market entry strategies from direct investment to partnerships, depending on the need

for control over brand presentation. They emphasised maintaining brand consistency through global standardisation of retail operations, marketing campaigns, and customer service, ensuring a uniform luxury experience worldwide.

“Firstly, we establish a global brand vision that guides all market activities, ensuring consistency in our brand's mission, values, and goals across markets. We then conduct extensive market research to select strategic markets with high growth potential, considering factors like economic stability and consumer purchasing power. Our market entry strategies vary from direct investment to partnerships, depending on the need for control over brand presentation. Lastly, we maintain brand consistency through global standardisation of retail operations, marketing campaigns, and customer service, ensuring a uniform luxury experience worldwide.” (Head of Global Retail, Luxury Retailer 4)

Luxury Retailer 3's Chief Marketing Officer elaborated, *“We tailor our marketing strategies to fit local cultures while ensuring that our global brand message remains consistent. For instance, our campaigns in China focus heavily on digital platforms like WeChat and Weibo, which are essential for reaching Chinese consumers. At the same time, we ensure that our brand's core values, and aesthetics are maintained across all markets.”*

Luxury Retailer 5's Global Strategy Manager added,

“Investment in talent and leadership is also a key component. We ensure that our regional offices are led by experienced professionals who understand both the global brand ethos and the local market dynamics. This blend of global and local expertise is crucial for successfully navigating the complexities of international markets. We focus on leveraging technology and data analytics to inform our strategies. Advanced analytics help us track market trends, consumer behaviour, and campaign performance in real-time. This data-driven approach allows us to make informed decisions and swiftly adapt to changing market conditions.” (Global Strategy Manager, Luxury Retailer 5)

In conclusion, corporate-level strategies for internationalisation of luxury brands are designed to balance global consistency with local relevance (this phenomena is sometimes referred as *glocalisation*). By maintaining a strong global brand vision, selecting strategic markets, standardising operations, and investing in local talent, we ensure that our brand thrives across diverse markets while staying true to its core identity.

6.3.3. Local Adaptation and Implementation

Local adaptation is critical for the successful implementation of corporate-level strategies. This involves customising products, marketing campaigns, and customer experiences to meet the unique needs and preferences of each market. Luxury brand managers highlighted the importance of understanding local cultures, consumer behaviours, and market dynamics to ensure that their strategies resonate with local audiences.

6.3.3.1 Cultural Sensitivity and Customisation

Managers emphasised the need for cultural sensitivity and customisation in their internationalisation efforts. The Head of Market Expansion at Luxury Retailer 1 explained, *"We invest significant resources in understanding the local culture before entering a new market. This includes conducting market research, hiring local experts, and engaging with local influencers. This cultural insight helps us tailor our products and marketing strategies to fit the local context."*

A senior manager from Luxury Retailer 10 said: *"In China, we offer special editions of our products that incorporate traditional Chinese elements, such as the use of red and gold colours, which are considered auspicious. These customised products have been very well received and have helped us build a strong connection with Chinese consumers."*

6.3.3.2 Leveraging Local Partnerships

Partnerships with local businesses and influencers play a crucial role in the internationalisation strategies of luxury brands. These partnerships provide valuable local knowledge, enhance brand credibility, and facilitate market entry. The Global Business Development Director at Luxury Retailer 2 shared, *"Collaborating with local designers and celebrities has been a key part of our strategy. These partnerships help us gain visibility and credibility in new markets and allow us to tap into existing networks and customer bases."*

Store Manager from Luxury Retailer 9: *"Our collaboration with a renowned Chinese fashion designer resulted in a limited-edition collection that sold out within days. This partnership not only boosted our sales but also significantly increased our brand awareness in the Chinese market."*

6.3.3.3 Digital Transformation and E-Commerce

The rise of digital platforms and e-commerce has transformed the internationalisation strategies of luxury brands. Managers highlighted the importance of having a robust online presence to reach global consumers. The E-Commerce Director at Luxury Retailer 4 noted, *"Our e-commerce platform is a critical component of our internationalisation strategy. It allows us to reach customers in markets where we do not have a physical presence and provides a seamless shopping experience that reflects our brand's luxury status."*

Another manager from Luxury Retailer 3 said: *"During the COVID-19 pandemic, our online sales in China surged as customers shifted to online shopping. We responded by enhancing our digital marketing efforts, offering virtual consultations, and providing exclusive online-only products. This digital-first approach has been instrumental in maintaining our sales and customer engagement during challenging times."*

6.3.3.4 Contribution to Existing Literature

These insights from luxury brand managers contribute significantly to the existing literature by providing a practitioner perspective on the core attributes and strategies

of luxury. They bridge the gap between theoretical constructs and real-world applications, offering a comprehensive understanding of how luxury is managed and perceived within the industry.

The managers' perspectives enrich our understanding of practical strategies for maintaining high standards, leveraging brand heritage, enhancing customer experiences, fostering innovation, managing distribution channels, and implementing anti-counterfeiting measures. These findings offer valuable implications for both academics and practitioners, highlighting the operational aspects of luxury brand management and their alignment with existing theoretical models.

By integrating these managerial insights with existing literature, the study provides a holistic view of luxury brand management, enhancing theoretical discourse with practical strategies and experiences. This integration helps to develop more robust frameworks for understanding luxury and guiding future research and practice in the field.

6.3.4 The Role of Hong Kong

Hong Kong has historically played a pivotal role in the internationalisation strategies of luxury brands, serving as a critical gateway to Mainland China. Its unique position as a global financial centre, combined with its cultural and economic ties to China, makes Hong Kong an ideal launchpad for brands looking to enter the Chinese market. This section examines the strategic importance of Hong Kong, highlighting how its market insights and consumer understanding have helped shape the expansion efforts of luxury brands.

Hong Kong's role as a strategic hub is underscored by its deep market insights and nuanced understanding of consumer behaviour. The city's cosmopolitan nature and its position as a cultural and economic bridge to Mainland China provide luxury brands with valuable data and trends that inform their strategies. By leveraging Hong Kong's market insights, luxury brands can better tailor their products and marketing efforts to meet the specific preferences and expectations of Chinese consumers. This subsection explores how the insights gained from Hong Kong have facilitated successful market entry and expansion for luxury brands in China, emphasising the importance of local knowledge and consumer understanding in internationalisation strategies (Culture Partners, 2023; Cote, 2023)

Regarding Luxury Retailer 4, a British multinational luxury retailer, their Head of Global Retail and Head of Finance jointly comment:

“We officially opened our first store [in China] in late 2000s but it was a result of having almost 20 years of retail experience in the business there. Experience running the stores in Hong Kong did help a lot where we learned about shopping patterns and generally key holiday seasons for our marcom activities.” (Head of Global Retail Luxury Retailer 4)

“The senior leadership back in the head office in London will make executive decisions but many of these are generally visions for the year ahead and it is up to us to start implementing them.” (Head of Finance Luxury Retailer 4)

On the China's side, their Country Manager weighs in his opinion:

“Corporate [leadership] will obviously have a final say in whatever we do here but our country management team does have quite a lot of responsibilities in shaping the direction of the business here either creatively or financially. Sometimes if there are certain events in line with our strategies, these will be reported back to corporate to incorporate in our annual marketing plan.”
(Country Manager Luxury Retailer 4)

Senior Store Manager of Luxury Retailer adds:

“At corporate level it usually is one way communication but at retail level we have full control of the boutique space on how we adapt the brand's aesthetics to Chinese taste, localising various British elements and further blending with the culture here. In terms of product drops it really varies we follow the in-house merchandise calendar – pretty much what London has we will have as the same time, although sometimes we do have special limited collection for Chinese New Year and recently Singles' Day.” (Senior Store Manager Luxury Retailer 4)

Agreeing with her peer, the PR Manager says:

“I am responsible for both Hong Kong and Mainland Chinese PR, mostly brand ambassadors. We have been in Hong Kong for a very, very long time you can see us everywhere in Hong Kong island, Kowloon and New Territories. I think we just pretty much replicate the business format we had in Hong Kong to the Mainland. The experience prepares us a lot although as tier 1 cities have become increasingly competitive, more strategies are being implanted. You can say it's a China strategy!” (PR Manager Luxury Retailer 4)

Summary of Key Points:

- Hong Kong serves as a critical gateway for luxury brands entering the Chinese market due to its unique position as a global financial centre and its strong cultural and economic ties to Mainland China. The city's cosmopolitan nature and advanced infrastructure provide luxury brands with valuable market insights and trends, which are essential for tailoring their strategies to meet the preferences of Chinese consumers.
- Operating in Hong Kong allows luxury brands to test and refine their approaches before expanding further into Mainland China, leveraging the city's market data and consumer behaviour patterns. The strategic role of Hong Kong is highlighted by its ability to bridge Western luxury brands with Chinese consumers, facilitating smoother transitions and more effective market penetration.
- Insights gained from the Hong Kong market inform product development, marketing strategies, and operational practices, ensuring that luxury brands can effectively meet the demands of the broader Chinese market.

- As a strategic hub, Hong Kong not only provides a foundation for initial market entry but also supports ongoing growth and adaptation strategies for luxury brands aiming to maintain their relevance and competitive edge in China

6.3.5 Challenges and Best Practices in Internationalisation

Expanding into international markets presents numerous challenges for luxury brands, requiring a blend of strategic foresight and operational flexibility. The complexities of internationalisation demand careful navigation through cultural differences, regulatory environments, and market dynamics. However, these challenges also offer opportunities for innovation and growth. This section explores the common obstacles luxury brands face during their international expansion and highlights the best practices that have emerged to address these issues.

6.3.5.1 Common Challenges Faced

Luxury brands encounter a variety of challenges when entering new markets, including cultural adaptation, regulatory compliance, and maintaining brand consistency. Cultural differences can affect consumer preferences and behaviours, making it essential for brands to adapt their strategies to local contexts. Additionally, navigating the regulatory landscape of each market requires thorough understanding and compliance to avoid legal pitfalls. Maintaining brand consistency across diverse markets while ensuring local relevance is another significant challenge.

Marketing Consultant 2, a Digital Marketing Expert, shares his insight which is similar to what's discussed above:

“Many of what I do is to run ads on platforms such as Weibo and Xiaohongshu”, the participant shared his phone screen. “This is pretty much China’s answer to Instagram. So, when we run any ads campaigns here it is most of the time see how our brands’ Instagram is doing and sorta adapt it to Xiaohongshu. The same thing with boutique stores – we get a lot of references from our stores in Milan, London or Paris and build our own ‘interpretation’ here. For many brands I work with previously we follow seasonal product drops as we do on the other end. We don’t have a Merchandise team here to plan the seasons although occasional wears for big holidays in China, senior merchandise team in Europe office can suggest a variety of designs to choose from. Then with the material being selected I will work on that creating PR campaigns, adverts, lookbooks, billboards, screens for our stores” (Marketing Consultant 2).

The marketing expert also points out that the higher the luxury tier is the more restricted in terms of the concept and look of brand book he is allowed to work with. This corresponds the well-discussed fact on how traditional luxury tends to safeguard their brand DNA and guideline, widely discussed in the literature and through the interviews so far.

6.3.5.2 Best Practices for Successful Expansion

With the same question, Marketing Consultant 5, a Senior Visual Merchandiser, had a slightly different perspective. He branded the company’s effort as *“glocalisation”*:

“I actually didn’t realise what I do is a part of something called internationalising strategy to be honest. Now that we discussed – it is fascinating the majority of what I do is to adapt brand concepts to the Chinese markets. The level of adaptation really varies from brand to brand. I think we need to differentiate customisation of a certain product line to localisation of an actual strategy. The first we do it here on a daily basis from decorating the store depending on which part the store is in China, visualising the merchandise depending on the seasons, releasing some seasonal China-inspired merchandise to speed up sales or engage with our core clients. There is already a corporate guideline that we can just follow. The latter is a bit more tricky, it is always open for the top leadership to listen. But we always will have to seek approval from the head office. Many luxury brands that I work with do not even have a head of marketing and communications – it is a different story though” (Marketing Consultant 5).

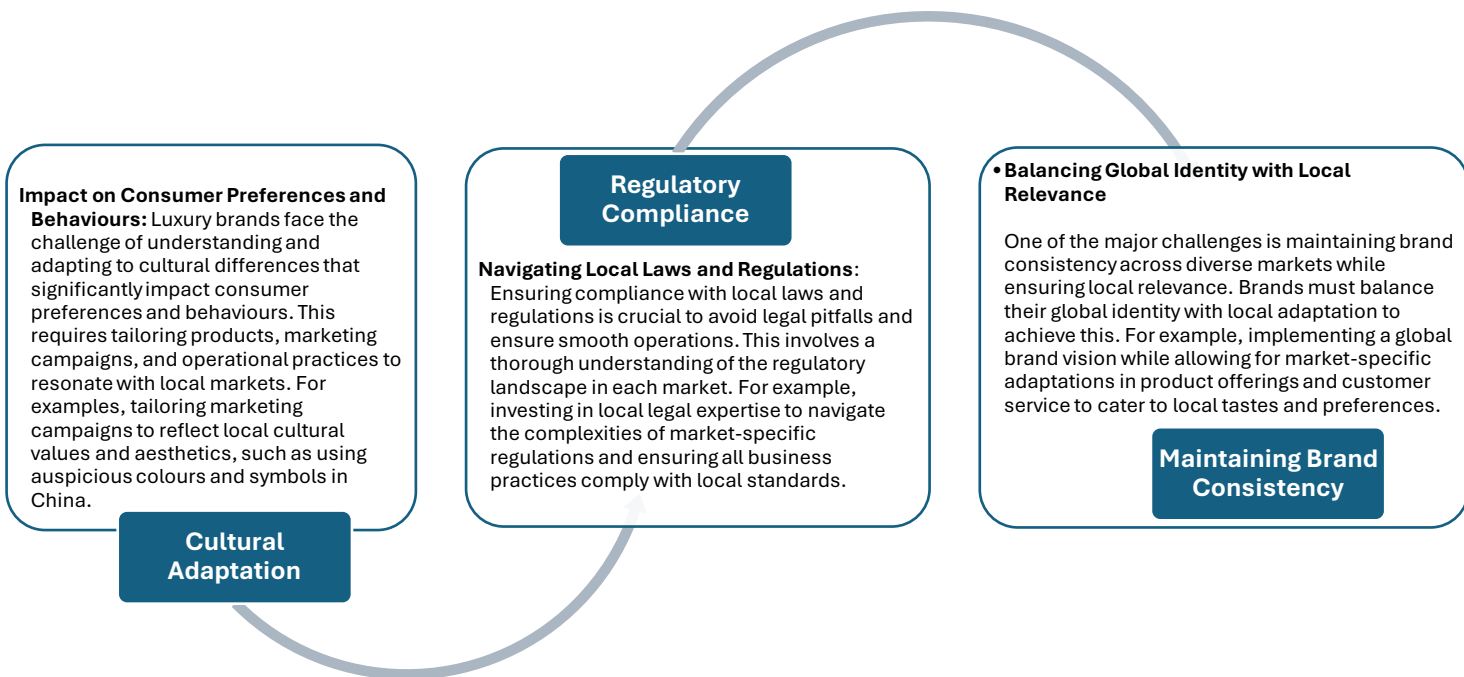
The above comments from the interviewees highlight crucial managerial practices in luxury brand internationalisation strategy, particularly concerning the Chinese market. These insights reflect a blend of cautious expansion, rapid growth, and a delicate balance between maintaining brand identity and adapting to new market demands. Senior managers and consultants emphasised the significance of strategic decisions made in response to key market conditions and opportunities, such as the return of Hong Kong to China in 1997 and China's accession to the World Trade Organisation in 2001. These milestones served as catalysts for adopting specific strategies that facilitated the expansion of luxury brands in China.

6.3.6. Key Findings

The findings underscore the importance of strategic agility and adaptability in internationalisation practices. Managers discussed how they leveraged these market opportunities by investing in flagship stores, forming strategic partnerships, tailoring marketing campaigns, and enhancing their digital presence. For instance, the rapid expansion into second- and third-tier cities and the development of China-specific marketing strategies were highlighted as key practices that allowed luxury brands to effectively tap into the growing demand for luxury goods among Chinese consumers.

Overall, the insights from the interviews highlight the importance of managerial practices in navigating and capitalising on significant market opportunities. The strategic decisions and adaptations made by luxury brands in response to these opportunities have not only shaped their presence in the Chinese market but have also set the stage for future growth and innovation in the global luxury industry. By focusing on these managerial practices, the study provides grounded answers to the research questions and objectives, offering valuable implications for both academics and practitioners in the field of luxury brand management. As a result, a theoretical framework has been created to outline key challenges in international expansion of luxury brands

Figure 6.1 A Framework on Operational and Strategic Challenges in International Expansion of Luxury Brands



6.4. Discussion

Discussing all aspects of luxury with senior luxury experts in the industry is not only insightful but also thought-provoking. As a practitioner and lecturer in Luxury Fashion, the researcher reflects on his own practice and understanding of luxury as a sector. At the same time, he is able to compare the interview material against current academic literature to fill many knowledge gaps identified in chapters 2, 3 and 4. This comparison allows him to gain an up-to-date understanding of how luxury is perceived among luxury brand managers. By discussing with luxury brand managers who work in-house (senior leadership teams of luxury retailers), contracted (luxury brand strategists), and in agencies (marketing consultants), the researcher gains significant insight into the process of actual internationalisation of luxury brands.

One limitation encountered when reviewing previous academic and professional sources in internationalisation, international marketing, and luxury brand management is that many of the studies do not specify at what level of the business the internationalisation of their strategies is genuinely put in place. A branded in-store experience campaign is evidently a part of a marketing campaign of a brand, but it takes place in a controlled space at the retail level. It is nowhere near the strategic level as a large-scale marketing campaign spanning two to three fashion seasons involving a wide range of paid, owned, and earned marketing platforms. Most of the time, any promotional tactics (in-store events) would be grouped and classified as marketing strategies of luxury brands. Hence, interviewing these senior informants provided much-needed clarity, shedding light on this aspect found during the literature review process. This enables the researcher to now gain a structural understanding of how luxury is defined, managed, and applied in the luxury sector context.

There are three key findings drawn from the data collected in this chapter:

1. **Luxury is defined differently depending on the tier the luxury brand is located at.** There is a common definition of luxury generally accepted among

the luxury managers' community. However, the perception of luxury among luxury brand managers differs depending on the tiers of luxury that their companies operate within. The finding aligns with Kapferer and Bastien's (2012) distinction between traditional luxury and accessible luxury. While previous studies have broadly categorised luxury into tiers, this research adds nuance by illustrating how brand managers perceive these tiers differently based on their operational and branding priorities. For example, heritage luxury brands focus on timelessness and craftsmanship, as highlighted by Vigneron and Johnson (1999), whereas affordable luxury brands emphasise trendiness and affordability, which resonate with aspirational consumers (Dubois et al., 2001). The line between luxury fashion and premium fashion however has become increasingly blurred.

2. **Depending on the tiers, corporate structure, and financial backing, the starting point of the internationalisation process may vary.** Generally, executive decisions will always be made in the head office (corporate level), which then will be adapted at the company level (China branch) and eventually filtered down through in-store promotion and specific communication tactics in the flagship store or retail spaces (departmental/store level).
3. **Hong Kong remains the strategic hub for internationalisation of luxury brands, serving as the entry point and testing ground for Chinese expansion.** The findings further support Moore and Burt's (2007) analysis of the city as a gateway to the Chinese market. The findings reveal that Hong Kong's shared cultural characteristics and economic infrastructure continue to make it an ideal testing ground for luxury brands before expanding into mainland China. This insight builds on previous research by highlighting how the maturity of Tier-1 cities like Shanghai and Beijing is prompting brands to look beyond traditional hubs to Tier-2 and Tier-3 cities (Bain & Co., 2019).

Reflecting on the findings, the researcher concludes that the participants' view on luxury further strengthen his proposed definition of luxury as *"products whose price in excess of what their functional value commands, are held as symbols of the dreamed life of the riches, thus providing pleasure and distinction to their owners"*. Luxury products generally do not follow standard marketing principles and the pricing strategy does not always correspond with their functional purposes. Perhaps, the symbolic meaning will continue to remain as an intangible aspect that keeps luxury products desirable and attractive to their customers. The researcher is also satisfied with how industry experts uniformly agree on a 3-tier approach of luxury segments identified by the researcher: traditional luxury, luxury fashion and premium fashion branded as luxury. Although they come under slightly different names (for examples, traditional luxury is often referred as 'true luxury', 'heritage luxury', or "inaccessible luxury"; 'premium fashion' is referred as 'affordable luxury' or 'masstige'), their characteristics remain the same. It gives the researcher much needed confidence as it validates his research so far and indicates he is in the right direction of his investigation.

A sub-theme gathered through the interview process is that the Chinese market is the only one out of all the emerging markets has their *own version of luxury*. This is often referred as the **China strategy** or **Chinese Strategy**. Gathering the data insight expands the researcher's perspective of contributing factors making something luxury. The researcher feels that his proposed attributes of luxury collated through literature review might be idealistic characterised by theorists rather than industry experts.

Hence, they might not reflect the true dynamic of the industry which now has become increasingly marginalised as well as the contemporary awareness of luxury brand management in emerging markets. His original suggestion for attributes of luxury is compressed of 7 factors: Elitism (a product very few people can buy or it is very expensive), Creativity (a product with high craftsmanship), Uniqueness (something is rare or unique), Refinement (something is attractive and/or dazzling), Distinction (it is for refined people with good taste), Quality (superior products of top quality) and Power (Leading brand safeguarding trends). Answers from luxury experts clearly suggest that there is a great complexity in defining, refining and incorporating luxury attributes in all aspect of the branding process. Especially when a brand internationalises, some attributes might become less relevant as the consumers in other markets will respond differently. Findings also suggest that attribution of luxury goods are highly changeable and adaptable depending on what tier the brand is at. As discussed previously, craftsmanship is clearly very important a factor for traditional luxury retailers but is less so for affordable luxury brands whose lower price range remains a key competitive advantage. Therefore, he further updates and suggests a 3-tier approach to creating and maintaining attributes of luxury goods to address this gap of knowledge:

- 1) *For traditional ‘heritage’ luxury, contributing factors to a luxury good have been amended as: Elitism, Craftmanship, Uniqueness, Refinement, Distinction, Quality, Social Status Power and Timelessness.*
- 2) *For luxury fashion, the attributes are adapted to Elitism, Creativity, Innovation, Trendiness, Distinction, Quality and Social Status Power.*
- 3) *For premium fashion branded as luxury, the new attributes suggested for them are Affordability, Creativity, Trendiness and Social Status Power.*

As discussed extensively by the interviewees, social recognition is of extreme importance in China and the determining factor in the buying decision making process of the Chinese consumer, making “*Social Status Power*” the preferred and strongest attribute used and marketed by luxury brands when they internationalise into the Chinese market. The researcher proposes a new “3-tier” of luxury brands with updated classification, descriptors and their attributes.

Table 6.2. Three Tiers of Luxury and Their Characteristics

Luxury Tiers	Tier 1 Traditional Luxury	Tier 2 Luxury Fashion	Tier 3 Affordable Luxury
Classifications	The Dream	The Trend	The Aspiration
Represented By	French / Swiss Luxury Brands	Italian Luxury Brands	American Brands
Descriptors	Deeply rooted in tradition and the preservation of long-established brand values.	A blend of traditional luxury elements with contemporary fashion trends	Premium product at an accessible price point.
Attributes	Elitism, Craftmanship, Uniqueness, Refinement,	Elitism, Creativity, Innovation, Trendiness, Distinction, Quality	Affordability, Creativity, Trendiness and

	Distinction, Quality, Social Status and Power Timelessness	and Social Status Power	Social Power	Status
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Findings from this chapter also reveal a key aspect in which the researcher is able to locate starting point of internationalisation process, which still remains at corporate level. Depending on the luxury tiers, corporate structure and financial backing, the process may vary slightly however executive decisions will always be made in the head office (corporate level), which then will be adapted at company level (China branch) and eventually filtered down through in-store promotion and specific communications tactics in the flagship store or retail spaces (departmental level or in this context store level). This follows the standard corporate structure and validates corporate organisational theories previously studied by Pidun (2019) and Johnson et al (2012) where corporate leadership set its own ambition and capabilities, along with its strict vision for the corporate portfolio and identify corporate growth as well as portfolio strategy for different companies within the group. Then, at the company or country branch's level the growth and portfolio strategy will be determined by the country-specific management which be implemented across their business functions. At department level, they will then formulate strategies that address and respond accordingly.

Lastly, Hong Kong as the strategic hub for luxury's international expansion to China emerges as a key sub-theme throughout the interview. Hong Kong's importance in Chinese expansion of retailers has been mentioned in some studies (Bai et al, 2018) although it is argued the growth of middle class in China makes Hong Kong's role less relevant (p.854). Findings suggest that Hong Kong still remains as the strategic hub for internationalisation of luxury brands, serving as the entry point as well as testing ground for Chinese expansion. Interviews from luxury brand managers and strategists recommends that Hong Kong continue to act as strategic hub providing both market insight data, consumer understanding and business operation experience, preparing for the Chinese expansion of new international luxury brands. Perhaps it is thanks to the well-established organisational and financial infrastructure of Hong Kong's political and administrative system that is still preferred among luxury conglomerates. Additionally, due to shared cultural characteristics and spoken language (Cantonese), luxury brand managers find it easier to settle their roots in this market first before expanding to nearby Cantonese speaking regions and tiers 1 cities such as Shanghai and/or Beijing. A noteworthy element being discussed is that as many Chinese tier 1 cities increasingly become more matured, there is a need to further expand to tier 2 cities whose population might not share as many similarities in shopping patterns.

6.5. Chapter Summary

This chapter sets out to answer first research question, which is concerned with critically analysing and categorising luxury as a concept and a sector. Through interviewing 51 senior management experts, dwelling into their profession, management practices and expert opinion, the researcher is satisfied with the outcomes and judge that he has now completed what is required to address the first

research questions; subsequently completing the first research objective her sets out at the beginning of his research project:

Research Objective 1: To critically examine the defining characteristics and value creation mechanisms of luxury goods, and to analyse the initial strategic considerations that luxury fashion brands undertake when deciding to internationalise, thereby providing a comprehensive framework that can guide future research and strategic decision-making in the luxury sector.

Findings from this research have further extended the rich literature in luxury studies as well as the internationalisation strategy subject area. A new, more up-to-date understanding of luxury as a concept and sector is also discussed and suggested through the refined definitions of luxury and its attributes to luxury goods in accordance with its tiers. These have both theoretical and managerial implications that guide the researcher further into his investigation of internationalisation strategies of luxury brands in China.

In the next two chapters, the rest of the interview material will be discussed to address the next two research objectives. Firstly, it aims to evaluate the motives for the internationalisation of luxury brands, characteristics of emerging markets, and international marketing strategies used for entry into emerging markets (pre-market entry strategies). Secondly, it seeks to find out if there are any adjustments to marketing strategies after market penetration (post-market entry point) and investigate in which context localisation or standardisation of these strategies is appropriate and to what extent communication strategies can be localised to maintain brand consistency.

CHAPTER 7: INTERNATIONALISING LUXURY BRANDS IN CHINA: PRE-MARKET ENTRY STRATEGIES

7.1. Introduction:

This chapter addresses the second research question exploring the motives behind the internationalisation of luxury brands in the Chinese market, the strategic challenges when entering emerging markets, especially China, and the process of conducting international marketing strategies among luxury brand managers. Given that many participants started working in or for luxury brands after these brands had already established a presence in China, it would be unrealistic to expect them to factually report historical business events. Instead, the researcher assured the participants that he sought insights into the internationalisation process from their managerial perspectives. For example, he clarified to participants that although their organisations have a strong physical and online presence in China, there are always plans to expand or diversify the business—what motivates them in this context?

Furthermore, a fashion or luxury entity comprises four functions of design, manufacturing, marketing, and retailing (Leslie & Mullet, 2020). As found in the previous chapter, internationalisation strategies are formulated at the corporate level, then disseminated to the country brand level, and eventually filtered down to the store level. This raises questions about which functions of the business will be standardised, which will be localised, and what challenges arise in determining these factors during this process.

The findings collected through the second part of the interview correspond to the second aim of the research study and are summarised in three points:

1. *Internal and external factors motivating luxury brands to enter China.*
2. *Hong Kong as a strategic hub preparing for the Mainland China expansion (a sub-theme that emerged from the data collection).*
3. *The business process of conducting international marketing strategy.*

The participants' responses during this part of the interviews were particularly surprising to the researcher as he did not anticipate the significant role of the Hong Kong market for luxury brands. As the interviews progressed, he delved deeper into the importance of Hong Kong as a deciding factor in location, product, and staffing strategies for luxury brands' expansion into China. Despite the significant development of the Chinese luxury market over the last twenty years, it is striking that international luxury brands still choose to enter Hong Kong before Mainland China. Participants suggested that Hong Kong's established business system allows luxury brands to strengthen their brand identity, gain Chinese leadership experience, enhance financial power, and benefit from local stakeholders' know-how. With this experience, it becomes relatively straightforward for luxury brands to enter China.

Senior management participants provided much-needed clarity on design strategy (the first function of a luxury/fashion business) and product strategy (a key principle of the marketing function), addressing some confusion encountered during the literature review process. Findings indicate a strong distinction between design strategy and product strategy. According to luxury brand managers, a design strategy is the 'soul' of the brand identity, reflected in their aesthetic design concept and creative direction. Regardless of the luxury brand's tier, the 'design' aspect remains tightly controlled at the corporate level to safeguard the brand's creative direction, consistency, and overall image. In contrast, product strategy is a component of a specific marketing strategy, often customised to local tastes. Examples mentioned include seasonal product drops such as Chinese New Year-inspired capsule collections or Single's Day ring collections, which are often managed at the country level or sometimes at the store level. The following part will first present findings on internal and external (push and pull) factors motivating luxury brands to internationalise, with an extended commentary on the role of Hong Kong in this context. It will then be followed by an overall breakdown of methods of market entry.

7.2. Factors Motivating Luxury Brands to Internationalise to China

As the literature in Chapter 3 indicates, the luxury market in China is attractive but highly risky and very saturated. Yet its market attractiveness remains a key destination for international luxury brands wanting to enter. Earlier, the research identified 'push' and 'pull' motives for luxury brands' internationalisation. By way of reminder, push factors relate to phenomena in a company's domestic market that motivate it to enter new markets. These are usually external factors such as market saturation or regulatory changes affecting the brand's positioning. Pull factors are phenomena in other international markets that draw the company to them, such as a new market's growth potential (see Chapter 3.2.1). Using push and pull methods under the context of political, economic, social, cultural, and retail structure boundaries, the researcher asked the participants what motivated luxury brands to internationalise to emerging markets, especially to China as the focus of this study. The role of Hong Kong being a significant business factor in this process was also taken into consideration, and the participants were asked if they could link the company's strategic decisions to the Hong Kong operation. As a result, the researcher was able to put together an updated table for motives for internationalisation, incorporating findings from the literature as well as adding new motives truly unique to the China market.

Participants cited the increasing competitiveness of the international market as the biggest push factor for entering China. Fifty-one participants, including brand strategists, marketing consultants, and luxury brand managers from luxury retailers, agreed that European and North American markets became extremely competitive in the mid-90s, creating significant pressure for global luxury brands. Forty-eight out of fifty-one participants identified peer pressure as another main reason for internationalisation, noting that many brands chose to enter China simply because their primary competitors were already making their move at the time. Additionally, the saturation of luxury markets in Japan and Hong Kong (where many brands initially established their stores) forced them to make strategic business decisions. Nearly 100% of luxury brand managers from nine prominent luxury retailers identified the market potential and growth of Chinese luxury consumers as the primary pull factors motivating their entry into China. This trend was particularly pronounced following

1997 when Hong Kong reverted to Chinese control, ending its colonial ties with the British Empire.

All 15 luxury brand strategists and five marketing consultants emphasized that their business experiences in Hong Kong facilitated a seamless and efficient entry into the Mainland Chinese market. As stated by Luxury Brand Strategist 14, they were able to enter *"with ease very quickly and efficiently."* Eight out of nine luxury retailers reported that their operations in Hong Kong provided substantial advantages, using the city as a strategic springboard for their expansion into Mainland China. The phenomenon of cross-border shopping in geographically proximate markets significantly influences the internationalisation of global brands (Zentes et al., 2016).

However, as indicated by previous literature, the expansion into China often follows distinct pathways shaped by each brand's financial resources and strategic vision. Initially underestimating Hong Kong's critical role as a gateway to Mainland China, the researcher prompted participants to elaborate on this perspective. Another noteworthy finding was that combating counterfeits and preventing revenue loss were significant motivators for these luxury brands to enter the Chinese market. The insights gathered profoundly reshaped the researcher's understanding of luxury brand internationalisation in China, offering robust, original, and thought-provoking conclusions.

7.2.1. Hong Kong as a Motive for Luxury Brand Internationalisation to China

Hong Kong was repeatedly mentioned as a push and pull factor motivating luxury brands to internationalise to China. Hong Kong has always been considered the most important market for Chinese luxury consumers' cross-border shopping, especially after July 1997 when immigration policies between Mainland China and Hong Kong were eased (Li and Hu, 2011). The 1997 milestone (see Chapter 5, section 3) seemed to allow brands to determine the move as cross-border shopping soon turned into a business demand for inner-land shopping. Intrigued, the author asked the respondents to further comment on their view of Hong Kong as the motivation for their brand's internationalisation.

Luxury Brand Strategist 12 said:

"When we moved to Hong Kong in the 80s it was an easy decision. Hong Kong and Tokyo at the time were the two biggest luxury markets in East Asia. Slowly it became even more important as an intermediate market when we observed the Mainland Chinese customers crossed the border just for a day or two to shop in Hong Kong. The fact Hong Kong doesn't do VAT tax until this very day turns it into a shopping paradise. For the Mainlanders it is a desirable cross-border shopping hub."

Luxury Retailer 7 was one of the first international luxury brands to enter China in 1997, having previously built their customer profiles and a strong clientele from their stores in Hong Kong Island and Kowloon Island (two largest islands of Hong Kong). The Head of Business Development commented:

“Our experience running Hong Kong was essential to the success in Mainland China nowadays. When we entered Hong Kong it was relatively smooth. Hong Kong was and has always been an established market so there are a lot of options on what kinds of strategies we could do here. The electronic payment system was well built and well run, as expected of the most important financial capital in East Asia. Now that was a different story in China. At that time the Chinese retail market’s infrastructure was rather poor. There was an extreme lack of high-end department stores and premium shopping districts – And I am talking about the late 1990s. So the only option for us would be employing high-cost and high-control strategies... for example, creating standalone flagship stores in a high-end mall or a luxury hotel. It was a big risk as things could go wrong anytime. Therefore what we prepared was to have a database of our clients tracking their purchase preferences and frequencies, slowly building up our own client profiles and a strong rich market database tailored to our specific business. With this, by the time Hong Kong was returned to China we were ready to expand.” (Head of Business Development – Luxury Retailer 7)

Their Store Manager further added to the opinion:

“Although most of the new staff are Mandarin speakers, the original team was 100% from Hong Kong. A lot of good practices from business operations, store management, company know-hows – were directly shared and promoted by the Hong Kong team, creating a sort of framework for us and helping us train the next recruits.” (Store Manager – Luxury Retailer 7)

Affordable luxury retailers seemed to all agree that market saturation in Hong Kong as well as Japan created a big pressure motivating them to expand to China. Luxury Retailers 8 and 9 shared the same opinion on this matter. This factor was mentioned and discussed by Luxury Strategists 13 and 14, who credit market competitiveness in Hong Kong for encouraging their brands to seek better business opportunities in nearby regions.

Business Development Manager of Luxury Retailer 8 a brand under an American multinational conglomerate commented:

“To be honest with you I don’t think we were ready when we opened our first store in Shanghai. There was an existing licensing deal that we had with a local partner so it took a lot of negotiation on product range and exclusive lines to make it work. I think we went to China faster than we planned pretty much because sales projections in Hong Kong were not as good as they used to be. Especially after several political issues, our corporate confidence in Hong Kong’s market started to decrease. Around this time Japan’s luxury market started to get way more saturated. So moving to China seemed like the only sensible decision.” (Business Development Manager - Luxury Retailer 8)

Their Country Manager supports the opinion:

“Managing both Hong Kong and the Shanghai stores, I can tell demand for the luxury market in Hong Kong is still high but there is just simply too much competition in a crowded space. There’s only so much you can do [in terms of

sales] for more than 7 million people. The China market is vast and diverse. Yes, in some parts of the business, we have to license and parts are franchising but the core business – there is a lot we can do here in China.” (Country Manager - Luxury Retailer 8)

Luxury Strategist 13 shared their insight:

“Having developed the business links from Hong Kong to Shenzhen and Guangzhou myself, I can say the usual route I always recommend to clients and business partners is to have their first store in Hong Kong first. Get to know the Chinese clientele. Understand the complexity of the market. Then move on to the inner land (as in Mainland China). Although the market saturation was getting tougher in Hong Kong, the fact that there is no tax in Hong Kong remains a big competitive advantage despite growing issues in political restraint and public anxiety. All the shopping malls here have a system in place to operate making it so much easier for new foreign brands.”

Luxury Strategist 14 said:

“The business system in Hong Kong is super friendly to international investors in general. Let’s say you have a portfolio of brands at different tiers – when you enter Hong Kong, they already established a system ready for you: perhaps having a boutique store in Causeway Bay first then medium-sized malls in or near Central slowly expanding to Kowloon areas. A lot of luxury grand hotels are built within shopping malls making luxury retailing more accessible and convenient. Once you are there and informed, Shenzhen is just two hours drive away.”

When collecting data and analysing this new sub-theme, the researcher realised that it would have been impossible to analyse the findings without a contextual reference point. Particularly, some answers regarding Hong Kong as a strategic location incorporated various "push" and "pull" factors, adding complexity to the data analysis. Consequently, the research developed a coding system to categorise these factors:

- **Push Factors:** Any factors (comments, business examples, or recollections of business decisions) regarding Hong Kong operations that are deemed to have a negative impact on the business, compelling them to move or expand elsewhere.
- **Pull Factors:** Any factors (comments, business examples, or recollections of business decisions) regarding Hong Kong operations that are deemed to have a positive impact on their business expansion.

After verifying the participants' answers and their categorisations, the researcher was able to develop an informed analysis and draw conclusions. This following section will further expand the findings and subsequently introduce the refined motives for the internationalisation of luxury brands.

7.2.2. Motives for Entering China: Managerial Perspectives

Having understood the role of Hong Kong as a driving factor for internationalisation, the author proceeded to ask participants to provide an overview of their business motives for entering the Chinese market. As mentioned above; to facilitate this, the author first explained the terminologies of “push” and “pull” strategies, providing a clear point of reference and avoiding any confusion. A code book was also used to better facilitate the data collection and analysis process. During the interviews, several participants used terms such as “competitor factors,” “luxury industry factors,” and “internal market drivers” interchangeably to describe reactive motives, which the author categorised under “push” factors. Conversely, terms such as “market potential,” “market growth,” “favourable economic factors,” and “experience in local business” were categorised as “pull” factors. Their responses were compiled into the following tables detailing their experiences with the internationalisation process and the motivating factors for business expansion.

The next table summarises data collected from 31 luxury brand managers across 9 luxury retailers. The author asked these participants to share their opinions on why their brands decided to enter the Chinese market. In instances where they were unable to provide specific answers, the researcher provided an indicative list of “push” and “pull” factors and asked them to match their intended responses to these drivers. For 'push' factors, examples included the saturation and low growth potentials of established markets in the USA, the UK, Japan, and even Hong Kong. For “pull” factors, the researcher highlighted how China, since joining the WTO in 2001, has made efforts to create a pro-business environment attracting foreign investment. Another example was how the retailer’s long-established presence in Hong Kong prepared them for expansion into Mainland China through increased consumer understanding and business know-how. The researcher assured participants that no business data or financial information was needed to clarify their responses. This approach made the participants more comfortable, prompting them to share their views on luxury brands' motives for expanding into China.

Table 7.1. Summary of answers of Luxury brand strategists and marketing consultants’ view on motives on luxury brand internalisation

<i>Key informant type & descriptor</i>	<i>Key informant role</i>	<i>Luxury sector(s) dealt with</i>	<i>Push factors (including external business factors and reactive motives)</i>	<i>Pull factors (including internal business factors and proactive motives)</i>
Luxury brand strategist 1	Agency director (UK & China based)	Traditional luxury	<ol style="list-style-type: none"> 1. International luxury market has become increasingly competitive and difficult to hit sales target 2. The strategist reveals many luxury brands were struggling with market saturation in Hong Kong and Japan, motivating them to ‘test 	<ol style="list-style-type: none"> 1. Business know-hows in Hong Kong makes it easier to enter to other Cantonese speaking regions. 2. China has become important as an economic region

			the water' in China 1997 to 2001 and fully expand post-2001.	
Luxury brand strategist 2	Company partner (Mainland China based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	<ol style="list-style-type: none"> 1. Many brands they worked with moved to China because their competitors did so, creating a pressure to expand (me-too expansion) 2. Flagship store of current brand they worked with in Hong Kong at the time has become condensed with too many other competitors in the same district. 3. Space in Hong Kong is a huge issue as most businesses take place in Kowloon and Hong Kong Island, but rent has become unmanageable, resulting in cross-border expansion 	<ol style="list-style-type: none"> 1. Strong luxury shopping demand in China, especially those living in tier-1 cities 2. Market infrastructure in China as improved significantly. 3. Staff & business in Hong Kong are well run, giving corporate confidence for the expansion
Luxury brand strategist 3	PR Director (Hongkong based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	<ol style="list-style-type: none"> 1. Two luxury brands the Director worked for had moved to China simply because their primary competitors already moved. 2. Business in Hong Kong has stabilised with little to no growth. 	<ol style="list-style-type: none"> 1. Experience running the flagship store was so smooth and effective, making the decision to move to China much easier. 2. Luxury market in China is highly attractive with much less competition still.
Luxury brand strategist 4	Business Development Manager	Premium Fashion	<ol style="list-style-type: none"> 1. International markets especially in established ones became too competitive. There was very little growth. 2. Hong Kong and Japan luxury markets have become saturation. Demands for luxury 	<ol style="list-style-type: none"> 1. The strategist notes moving to China was the sensible next step thanks prior operation management experience in Hong Kong being so positive. 2. Market conditions in China have become

			<p>goods have decreased.</p> <p>3. The Business Development Manager also notes all the location where their Hong Kong boutique stores are located now have a high concentration of other luxury and affordable luxury brands (Central, Causeway Bay and two within hotel malls)</p>	<p>favourable to foreign business since 2001.</p>
Luxury brand strategist 5	Senior Partner	Fashion orientated luxury, Premium Fashion	<p>1. A “me-too” expansion following footsteps of other brands within the conglomerates.</p> <p>2. Market saturation in Hong Kong, making it impossible to grow the business portfolio.</p> <p>3. International luxury market landscape is challenging with increasing competition</p>	<p>1. Local know-hows from running Hong Kong stores gives confidence for the China expansion.</p> <p>2. Retail market infrastructure in China has significantly improved.</p> <p>3. Strong market potential</p>
Luxury brand strategist 6	Head of Division (China) UK based – regular visits to China	Traditional luxury, Fashion orientated luxury, Premium Fashion	<p>1. She represents personnel from head office, the Head of Division deals with pre-market entry activities hence she was able to provide insight on the move – it was largely motivated by the market saturation in Hong Kong, Macau and Japan. She also notes that space is a big issue in Hong Kong. Even if the retailer wanted to expand, limited space with high concentration of brands makes it impossible.</p> <p>2. Another issue being highlighted is luxury sector in established</p>	<p>1. She acknowledges the experience of running the Hong Kong business division provides great insights into Chinese shoppers especially their shopping patterns, product preferences and buying decision makers. A lot of local know-hows were developed and shared thanks to this experience.</p> <p>2. Luxury market in China is highly potential and the market conditions in China has become favourable to foreign investment.</p>

			markets becomes increasingly tough to compete.	
Luxury brand strategist 7	Business Manager UK & China based	Traditional luxury, Fashion orientated luxury, Premium Fashion	<ol style="list-style-type: none"> 1. The luxury strategist reveals the international luxury market has become very competitive and difficult for brands to grow further. 2. Their stores in Hong Kong department and shopping malls are doing well but high rent makes it impossible to expand. 	<ol style="list-style-type: none"> 1. China, on another hand has great potential with good market conditions. Cost of running the business is relatively low. 2. Additionally, staff from Hong Kong store could easily go and set up the business.
Luxury brand strategist 8	Creative Director (Hongkong based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	<ol style="list-style-type: none"> 1. The Creative Director mentions "Hong Kong factors" which include: demand for luxury goods has peaked, politics in Hong Kong affect local business operations, high concentration of luxury retailers in a very small space. 2. She also mentions international luxury market faces tough competition. 3. Many luxury brands move to China also because the pressure from their competitors who successfully set up their physical presence in tier-1 cities. 	<ol style="list-style-type: none"> 1. She agrees that store operation experience in Hong Kong helped her significantly when she entered Guangzhou as both regions speak the same language and most customers in the Hong Kong store would travel from Guangzhou and Shenzhen anyway. This makes the Chinese store opening much easier as they already have an established customer profile. 2. Since 2001, China has become one of the biggest economies in the world, their infrastructure has significantly improved.
Luxury brand strategist 9	Business Development Consultant	Traditional luxury, Fashion orientated luxury,	<ol style="list-style-type: none"> 1. As personnel from head office, she dealt directly with internationalisation process through 	<ol style="list-style-type: none"> 1. China on another hand is rapidly developing on many aspects: luxury and fashion markets are

		Premium Fashion	<p>Shenzhen & Guangzhou routes via Hong Kong. She recognises Hong Kong as the most important factor to drive interests for China expansion. For current business, the two reasons for internationalisation are that Hong Kong luxury market has reached the saturation point. Additionally, with several political incidents happening lately, it put pressure on business to look for a nearby alternative.</p> <p>2. She also adds that the global landscape of luxury has changed dramatically with so much competition going on in established markets.</p>	<p>highly attractive, infrastructures in China have become a lot more advanced in the last 20 years, market conditions in China allows foreign brands to set up businesses easily.</p> <p>2. The move to China was made easy thanks to local know-hows from Hong Kong stores' operation and management, especially in terms of product range and in-store activities.</p>
Luxury brand strategist 10	Journalist covering China & Business Insight Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	<p>As a Business Insight Manager, she is one of the most insightful participants as her answers are truly rich and detailed. She fully understands “push” and “pull” factors as she has been using the exact same dichotomy in her practice.</p> <p>1. The main “push” driver in her opinion is the increasing competition in terms of global luxury market.</p> <p>2. Another driving factor to her is that luxury market in Hong Kong has now matured. In addition, there is a drop in targeted consumer/population as many affluent</p>	<p>1. Experience of Hong Kong store operation provides rich local knowledge on the consumers, the business know-hows, the market trends.</p> <p>2. In terms of China, she notes various positive changes in terms of their politics and economy: the economy now has a relatively stable structure with relaxed regulatory environment for foreign business. There is a dominant pro-business culture.</p>

			<p>consumers have moved elsewhere after several political incidents.</p> <p>3. Lastly, 'me-too' expansion is another observation being picked up by the strategist.</p>	
Luxury brand strategist 11	CEO	Traditional luxury, Fashion orientated luxury, Premium Fashion	<p>The CEO credits Hong Kong as a strategic hub to get through to Mainland China. In her opinion, "push" factors are:</p> <ol style="list-style-type: none"> 1. Low growth potential with high operating costs in Hong Kong market. 2. Hong Kong has now become one of the mature markets. 3. Global luxury market has also become competitive affecting business growth. 	<ol style="list-style-type: none"> 1. Hong Kong experiences provide many benefits from familiar culture reference points, sharing homogeneous cultural environment with China. 2. China's market conditions get better. 3. China has a strong attractive cultural fabric. 4. Many tier-1 cities in China embraces innovative business and retail culture. 5. Business can easily run a low operating cost in China.
Luxury brand strategist 12	Executive Consultant and Director	Traditional luxury, Fashion orientated luxury, Premium Fashion	<p>The Executive Director similarly mentions market maturity in Hong Kong and Japan as well as competition in international luxury market as two big driving factors.</p>	<ol style="list-style-type: none"> 1. Hong Kong as a strategic hub providing valuable experience in running the stores. 2. Chinese luxury market is attractive with a lot of market potential.
Luxury brand strategist 13	Creative Director (Hongkong and Macau based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	<ol style="list-style-type: none"> 1. Me-too expansion. 2. Hong Kong, Macau and Japan luxury have now reached the market saturation point. 3. International luxury landscape is challenging with a rise in competition. 	<ol style="list-style-type: none"> 1. Hong Kong store operation gives a lot of good practices especially local knowledge. 2. Positive demographic trends and strong population growth in China with an

				<p>increase in middle class group.</p> <p>3. Good economic growth in China.</p>
Luxury brand strategist 14	Senior Branding Consultant	Traditional luxury, Fashion orientated luxury, Premium Fashion	<ol style="list-style-type: none"> 1. Market maturity in Hong Kong, making it difficult to grow the business. 2. High concentration of luxury brands especially in district Central (Hong Kong) 3. International luxury market is highly competitive. 	<ol style="list-style-type: none"> 1. Chinese economy has experience “miraculous growth” as quoted by the strategist. 2. She has run several stores in Hong Kong before and agrees Hong Kong provides a good understanding of local knowledge, market insight and business know-hows to enter China.
Luxury brand strategist 15	Strategy Consultant / Senior Partner	Traditional luxury, Fashion orientated luxury, Premium Fashion	<ol style="list-style-type: none"> 1. Hong Kong luxury stores have not been doing as well as they used to largely due to market saturation and also political situation. 2. Affluent Hong Kong consumers have now moved elsewhere affecting the targeted population of the luxury market. 3. Many luxury brands move to China because their direct competitors have done so resulting a ‘me-too’ expansion. 4. International luxury market becomes very difficult and competitive. 	<ol style="list-style-type: none"> 1. China, on another hand, is rapidly developing and establishing itself as a strong economy. 2. Retail market infrastructure in China has improved significantly. 3. Low operating cost in China is a big pull factor.
Marketing Consultant 1	Social Media Consultant (Mainland China based-Shanghai)	Traditional luxury, Fashion orientated luxury, Premium Fashion	<ol style="list-style-type: none"> 1. International competitiveness regarding luxury sector. 2. Hong Kong, Macau, Japan luxury markets have reached the maturity rate. 	<ol style="list-style-type: none"> 1. Strong economic growth in China. 2. Market conditions have advanced over the years. 3. Hong Kong as a strategic hub providing local know-hows

				especially consumer understanding.
Marketing Consultant 2	Digital Marketing Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	<ol style="list-style-type: none"> 1. Global luxury market is competitive nowadays, making it very difficult for businesses to grow. 2. Many affluent consumers in Hong Kong have moved elsewhere or decide to invest in property markets instead. 	<ol style="list-style-type: none"> 1. China provides better business growth potential. 2. Eager middle-class ready for luxury shopping experience. 3. Some luxury brands realise they can tackle counterfeits by providing high-quality product, personal shopping experience and premium in-store feel.
Marketing Consultant 3	Publicist	Traditional luxury, Fashion orientated luxury, Premium Fashion	<p>The publicist dealt with in-store PR activities & press events on behalf of luxury retailers. She recognised Hong Kong as the biggest driver for luxury brands to move to China. Many of her current brand ambassadors are either from Hong Kong or still Hong Kong based. Regarding “push” factors, there are two points:</p> <ol style="list-style-type: none"> 1. International market competition. 2. Hong Kong is limited in space – rent is expensive making it difficult to expand. Also, the market has now become saturated. 	<ol style="list-style-type: none"> 1. China is a big country with a big population. There is always room to grow. Since 2001, the government has welcome foreign investment to China with relaxed regulations and tax-relief scheme. 2. There is a strong market potential in China previous in tier-1 cities now business are looking into tier-2, even tier-3 cities.
Marketing Consultant 4	Marketing Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	<ol style="list-style-type: none"> 1. Market maturity in established luxury markets such as Hong Kong, Macau and Japan. 2. In Hong Kong, there is simply too much concentration of luxury retailers in a 	<ol style="list-style-type: none"> 1. Strong market potentials in China with a growing middle class there. 2. Previous Hong Kong experience provides a benchmark for businesses to

			condensed space of Hong Kong Island. 3. Some luxury brands they worked with also moved to China after realising their competitors made their way there.	operate within China.
Marketing Consultant 5	Senior Visual Merchandiser and Marketing Experience Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	The Senior Visual Merchandiser opened various stores in Mainland China and Hong Kong, he provides his observation. Generally, brands move to Mainland China after realising there is little to no business growth in Hong Kong. In order to significantly expand their brand portfolio, internationalising to China seems like the next logical step. Additional factor being mentioned in the global luxury sector has become increasingly tough.	China, according to his expert view, is in good economic conditions. It has a high growth potential, low operating costs. Brands that open their physical store there will also benefit from property investment potential.

The next table summarises data collected from 31 luxury brand managers across 9 luxury retailers. The author asked these participants to share their opinions on why their brands decided to enter the Chinese market. In instances where they were unable to provide specific answers, the researcher provided an indicative list of “push” and “pull” factors and asked them to match their intended responses to these drivers. For 'push' factors, examples included the saturation and low growth potentials of established markets in the USA, the UK, Japan, and even Hong Kong. For “pull” factors, the researcher highlighted how China, since joining the WTO in 2001, has made efforts to create a pro-business environment, attracting foreign investment. Another example was how the retailer’s long-established presence in Hong Kong prepared them for expansion into Mainland China through increased consumer understanding and business know-how. The researcher assured participants that no business data or financial information was needed to clarify their responses. This approach made the participants more comfortable, prompting them to share their views on luxury brands' motives for expanding into China. Some responses are grouped together, while others are presented as direct quotes, depending on the similarity, richness and insight of the information provided.

Table 7.2. Summary of answers of Luxury brand managers on motives on luxury brand internalisation

Luxury Retailer Descriptor	Types of Luxury	Key Informant Role	Motives for internationalisation	
			Push factors	Pull factors
Luxury Retailer 1	Traditional Luxury	<ul style="list-style-type: none"> • Director of Marketing (head office) • Merchandise Manager (head office) 	<ol style="list-style-type: none"> 1. Global and local (Hong Kong) market shows little to no growth potential. 2. Protests/political issues in Hong Kong affect corporate confidence in the long-term business situation. 	<p>Director of Marketing said: “We moved to China in 1999, making us one of the pioneers in China expansion. So if there is a ‘me-too’ phenomenon, I guess we are the OG” (the originator – notes from researcher). Other pull factors include:</p> <ol style="list-style-type: none"> 1. Market condition potential in China. 2. Improvement in China’s market retail infrastructure. 3. Hong Kong is credited as a knowledge hub providing insightful market data and shopping patterns for China.
		<ul style="list-style-type: none"> • Flagship store manager (China branch) • Operation manager (China branch) 		
Luxury Retailer 2	Fashion Oriented Luxury	<ul style="list-style-type: none"> • Head of Business Development (Head office) • Store Manager (China) 	<ol style="list-style-type: none"> 1. Sales in the original flagship store in Hong Kong started to slow down, signalling the market saturation point (1996). 2. Sales in other world capital cities showed very low growth potential (1997) <p>Both Head of Business Development and Store Manager agreed these were two biggest factors motivating them to be one of the first luxury retailers entering China.</p>	<p>Head of Business Development mentions the financial backing and corporate know-how, coupled with experience in running stores in Hong Kong encouraged them to try out Mainland China very early on. In 1997, China, the market retail landscape was not fully developed but showed strong potentials.</p> <p>Store Manager agrees that good practices in Hong Kong creates a business operation</p>

				benchmark and subsequently country-specific policies.
Luxury Retailer 3	Fashion Oriented Luxury	<ul style="list-style-type: none"> • Brand Manager (Head office) • Head of Merchandise (Head office) 	<ol style="list-style-type: none"> 1. Other branches of the business in big capitals then showed little to no growth, putting pressure on the business. 2. Although the flagship Shanghai store (2019) of the brand was opened before the Hong Kong one (2023), the retailer is part of a luxury conglomerate. Sale figures from other brand under the group indicated that Hong Kong market has saturated. 	<p>Store Manager of the China branch said: “We actually opened the Shanghai store first but before we did so, we received a lot of insight on Hong Kong store’s operation experience from other brands under our Group. We had one that opened in Hong Kong since the 80s so it was very insightful for us to cherry pick what would be relevant for the business here in Shanghai.”</p> <p>Head of Merchandise also highlighted the growing interest of the Group in Chinese luxury market as market conditions have improved and the growing middle class in China are eager to shop luxury.</p>
Luxury retailer 4	Fashion Oriented Luxury	<ul style="list-style-type: none"> • Head of Global Retail (Head office) • Head of Finance (Head office) 	The luxury retailer was one of the first luxury brands entering Hong Kong market (due to its British heritage allowing smooth business transition to former British colonies and dependencies at the time). Their first store was opened in the 70s. However, since early 2000s, the Hong Kong market has matured. <i>“We have already more than 10 stores in Hong Kong, making it difficult to expand in a condensed city like Hong Kong”</i> as quoted by the Global Retail Head.	Experience of running 10 stores (including flagships, boutiques and concessions) in Hong Kong provide a rich and diverse store management experience for the team to more across the border to Guangzhou, Shenzhen and later Shanghai. Another “push” factor mentioned by two luxury brand managers are the economic growth potential in China with relatively

			Head of Finance also pointed out sales in other established markets were disappointing at the time, forcing the brand to act quick. Hence, the move to China happened.	low operating cost and much higher rent compared to 'hot spots' in Hong Kong.
		<ul style="list-style-type: none"> Country Manager (China branch) Senior Store Manager (China branch) PR Manager (China branch) 		Senior Store Manager mentions the strong middle-class demographic in Mainland China has great potential. Also the brand is globally known, making it easier to expand. Another factor is the desire to combat counterfeits in Mainland China.
Luxury Retailer 5	Traditional Luxury	<ul style="list-style-type: none"> Chief Marketing Officer (head office) 	Chief Marketing Officer shares her insight: <i>"We opened our first Asian store in Hong Kong in 1980. Fifteen years later, we opened another one in Mainland China, Shanghai precisely. This is to say, I agree with you regarding Hong Kong as the driving factor for us. In early 1990s, business was still doing well there but we always knew Hong Kong would be returned to China in a few years. Cross-border shopping between China and Hong Kong were taking place already then, imagine we got the flagship store set up, we would have established ourselves at the only player in the emerging luxury market there. And we were right."</i>	The Chief Marketing Officer continues: <i>"Expanding our Hong Kong division to China was an easy choice - familiar culture reference points, similar language, the southern part of China (Cantonese speaking) and Hong Kong – all pretty much homogeneous cultural environment."</i>
		<ul style="list-style-type: none"> Country Manager (Marketing) (China branch) Chief of Campaigns 	Choosing not to provide specific brand's insight, both answered based on their general view on the phenomenon. 1. Crowded international luxury market.	<ol style="list-style-type: none"> 1. Good economic conditions in China. 2. High growth potential 3. Low operating costs 4. Luxury market in China is rapidly developing.

		(China branch)	<p>2. Many luxury brands are not doing as well as they used to in core markets such as Japan and Hong Kong.</p> <p>3. Some chose to move under pressure of their competitors already making their ways to China</p>	5. Wanting to address counterfeiters in China.
Luxury Retailer 6	Swiss luxury brand focusing on watches	<ul style="list-style-type: none"> 2 Senior Informants (Roles N/A) (head office) 	Similarly, the luxury retailer set up their Hong Kong store in 1994 and opened the Shanghai store in 1998. Both mentioned sales were slowed down in Hong Kong at the time, motivating the luxury brand to try the new market.	Both agreed that operation in Hong Kong was helpful for their the preparation to expand to Shanghai. They have a good customer relationship managing system to keep track of their clientele. This allows them to do even better in other Chinese cities.
		<ul style="list-style-type: none"> Flagship store manager (China branch) Operation manager (China branch) 	<p>The Flagship store manager provides general observation: <i>“I notice in recent years there have been a significant increase of luxury and fashion brands looking to either move into or expand within China. Largely I think because other established markets have slowed down and many of these retailers have set up business so successfully in China. The FOMO (fear-of-missing-out – noted by author) was probably a contributing factor.”</i> (push factors 1,2,5)</p> <p><i>“The me-too [expansion] is probably what is happening now with luxury brands. China at one point was the biggest luxury market so having seen your competitors do so well here while you’re here. It would be a bit of a pressure”,</i></p>	<p>Both generally agreed on three factors:</p> <ol style="list-style-type: none"> 1. The Chinese economy has rapidly increased both in size and impact. 2. Middle class demographic is rapidly expanding. 3. Parenting company’s financial backing and Hong Kong’s store operation provide solid support for the expansion. 4. Parenting company also wanted to have physical presence to combat counterfeiters in China.

			quoted the Operation Manager. (push factor 5)	
Luxury Retailer 7	Traditional luxury	<ul style="list-style-type: none"> • Head of Global (head office) • Country Division Head (China branch) 	<p>Having a strong financial background from the parenting company enabled the retailer to expand quickly in the Chinese market. It entered the mainland market in 1995 in cooperation with a large watch retailer in Asia. However, the Head of Global revealed that they opened the Hong Kong store even before that (in 1980s). The 1995 cooperation was a result of years of running the business in Hong Kong. <i>“We just simply can’t open any more stores in Hong Kong as it geographically impossible. The land is limited in space. Otherwise, it would be too much brand exposure, diluting the value of our brand. That’s just not how we do. So, moving to China was the next best step!”</i>, said Head of Global.</p> <p>Country Division Head said: <i>“More than fifteen years operating in Hong Kong gave us so much insight on the true rich in China in general. We managed to built up a strong understanding of the overall market, our clientele and market trends.”</i></p>	
Luxury Retailer 8	Premium fashion	<ul style="list-style-type: none"> • Chief Marketing Officer (head office) • Business Development Manager (head office) 	<p>The Chief Marketing Officer said: <i>“We expanded to Hong Kong and Mainland China technically at the same time due to our local partnership with a retail group here-between 1999 and 2012. But then we decided to take it back to gain better control of the business and our brand overall. It was thanks to the business insight in Hong Kong we were able to develop a strong market understanding. We knew there’s so much more potential in China that we can do.”</i> (push factor 1)</p> <p>Business Development Manager said: <i>“The economic growth in China attracted us the most and the growing middle class demographic was another contributing factor helping us to decide to take back our control and set up our presence there.”</i> (pull factor 2)</p>	
		<ul style="list-style-type: none"> • Country Manager (China branch) • Senior Store Manager (China branch) 	<ol style="list-style-type: none"> 1. Competitive global luxury market pressurising brands to look elsewhere. 2. Two other affordable luxury brands from the USA already opened two new stores in Shanghai and Guangzhou, generating tremendous income. 	<ol style="list-style-type: none"> 1. The growing middle class in tiers 2 and 3 cities who might not be able to afford higher tier luxury products but still want access to premium products. 2. Market conditions in China have

			This motivated the brand to formally enter the China market.	advanced over the years.
Luxury Retailer 9	Premium fashion	<ul style="list-style-type: none"> • Business Development Manager (head office) • Country Manager • Senior Store Manager 	<ol style="list-style-type: none"> 1. Sales in flagship stores in District Central (Hong Kong) have slowed down significantly since 2018. 2. Growth potential in Hong Kong has now reached its peak. 3. Their competitors (2 other American luxury brands) were doing so well in Mainland China, creating a pressure on parenting company. 	<ol style="list-style-type: none"> 1. Operating Hong Kong store provide useful local culture knowledge and a solid understanding of Chinese consumers. 2. Rent for premium spots in tiers 1 cities of China is relatively cheaper compared to China.

Based on the information collected from the participants, the author proceeded to evaluate these driving factors in comparison to the earlier version—the push and pull factors behind retailer internationalisation, as generated through the literature (Table 3.1). For the sake of clarity, he decided to simplify the political, economic, social, cultural, and retail structure boundaries, compiling a two-column table to better reflect the motives for internationalisation to China.

Table 7.3. Motives for Entering to China

Push Factors	Pull Factors
1. An increase in international market competition	1. Experience running Hong Kong stores
2. Market saturation in Hong Kong	2. Good economic conditions in China with high growth potential and low operating costs
3. Change in political landscape in Hong Kong	3. Market potential with strong shopping demand in Mainland China
4. High concentration level of luxury market in a condensed space of Hong Kong	4. Wanting to tackle counterfeits
5. “Me-too” expansion	5. Financial support with parenting company’s know-how

This updated table includes factors unique to the Chinese market, reflecting participants’ strong views on Hong Kong. In addition to Hong Kong’s factors, the participants highlighted the increasing competitiveness of the international market as another significant “push” factor motivating them to expand to China. They also admitted that moving to China was a ‘me-too’ expansion, driven by the rapid expansion of their primary competitors into the Chinese market, which forced them to make decisions quickly.

Regarding “pull” factors, the participants were highly positive about the market growth and potential of China. All participants agreed that they were impressed with China's favourable economic conditions, high growth potential, and relatively low operating costs. A few participants mentioned that although the rent for flagship or boutique stores might be high in tier-1 cities, operating costs are very competitive compared to neighbouring Hong Kong. All participants agreed that there is, and continues to be, strong market potential in China with a high demand for luxury products. Many of them, particularly those in traditional luxury and luxury fashion, indicated that part of their move to China was also an attempt to combat counterfeits and protect their incomes. Participants also said that the financial backing from their parenting company, along with corporate insight and know-how provides solid support as well as confidence for their Chinese expansion.

The researcher is extremely satisfied with the outcomes of the interviews with his participants, noting that many findings have not been previously discussed in the literature. The involvement of Hong Kong's business operations, along with the strategic timeline of internationalisation in China (6.3) adds greater depth to his thematic map of the research project. It also connects the literature on market entry methods, enhancing the researcher's understanding of the investigated phenomena.

7.3. Internationalisation in China Market: The Method of Entry

The final section of the second part of the interview aimed to understand the methods of internationalisation in the Chinese market. Specifically, the author sought to investigate the various methods of market entry for luxury brands and how these methods vary depending on their tier classification. This was identified as a significant gap in the literature review process, prompting the researcher to explore it further. Although previous studies (Bai et al., 2020a & Bai et al., 2020b) have examined luxury brands' expansion into China, they primarily provided an overview rather than delving into specific market entry methods. Bai et al. (2020a) noted that the preferred method for luxury brands to enter China is generally the high-cost, high-control approach (p.236), such as opening a flagship store in prestigious locations like The Peninsula Beijing Hotel. However, their study had a relatively small sample size and included luxury retailers of varying sizes, market levels, and corporate structures, making it difficult to generalise.

With this in mind, during the interview process, the researcher first introduced participants to popular market-entry methods backed by Moore and Burt (2007), explaining their meanings in the context of the participants' management practices and providing examples to illustrate these methods. The codebook proved extremely effective, enabling the researcher to quickly identify key words in participants' answers and compare them against the descriptors, thus facilitating the data analysis process. In summary, the methods of market entry for luxury brands into China can be categorised into three types:

Methods of market-entry	Descriptors	Examples of answers
High-cost High-control	A single-entry method requiring a high volume of	<i>“We got on a 10-year lease to open the first flagship store in</i>

	investment and a higher degree of operational control.	<i>Shanghai then planned our product drops accordingly” (Luxury Brand Strategist 10). “It is too risky to just open different concessions in malls or department stores as counterfeits here are an issue and we would like to have full control of the brand first before anything else. Our only option was to have a boutique store in an ideal location in Beijing” (Head of Global Retail – Luxury Retailer 4)</i>
Entry through local partnerships	A medium-risk method of market entry that allows luxury brands to work with host market’s multilevel retailers and benefit from their distribution network	<i>“For our eyewear, we did a deal with [name of a Chinese retail group] just so it can easily penetrate through big-scale malls to get the brand known, getting ready for our store opening later” (Head of Business Development – Luxury Retailer 2).</i>
Entry through Licensing	A low-risk method of entry with low level of control, extending the use of the brand for merchandise to a third party.	<i>“Our brand was originally not as well received in China. The only way to make it work is to license parts of the business and collaborate with local retailers here to raise brand profile and customer awareness.” (Country Manager – Luxury Retailer 9)</i>

Findings from the participants also indicate that the majority of Tier 1 traditional luxury brands opted for the single-entry method, which involves significant investment in establishing a physical retail presence in prominent Chinese cities. This strategic approach enables these brands to maintain complete or higher control over their brand identity and operations. One hundred percent of the participants from traditional luxury retailers (specifically luxury retailers 1, 5, 6, and 7), as well as luxury brand consultants working with this tier, concurred that this method is preferred. It offers a low-risk option that ensures the brand can act quickly and efficiently within a controlled space, thus preserving its prestige and reputation.

Additionally, participants from the four luxury retailers emphasised that without this method, psychic distance—the perceived gap between the home country and the foreign market—would have posed a significant challenge. They stressed the

importance of having an established physical presence as the initial point of contact to effectively connect the brand with Chinese consumers. This physical presence is crucial for fostering brand loyalty and ensuring a seamless consumer experience that aligns with the brand's global standards.

On the other hand, luxury fashion brands, categorised as Tier 2, appeared to favour a hybrid approach. They employed a combination of the high-cost, high-control method along with local partnerships. This dual strategy allows them to maintain the exclusivity and prestige of their brands while simultaneously leveraging the local partners' distribution networks to reach new market segments. This approach is particularly effective for some non-key product categories, where the brand can benefit from the local partner's market knowledge and established customer base without compromising its core identity and high-end appeal.

Lastly, the findings suggest that affordable luxury brands, classified as Tier 3, generally entered the Chinese luxury market through a different route. These brands heavily invested in local partnerships and supplemented this with licensing deals. This strategy is indicative of their need to balance market penetration with cost control. By partnering with local entities, these brands could quickly scale their operations and gain market traction. Licensing deals further extended their reach by allowing third parties to produce and sell branded merchandise, thereby increasing brand visibility and consumer access.

The method of market entry varies significantly across different tiers of luxury brands, reflecting their distinct strategic priorities and resource allocations. Tier 1 traditional luxury brands prioritise maintaining high control and brand integrity through direct investment in physical retail locations. Tier 2 luxury fashion brands adopt a more flexible approach, blending high control with strategic partnerships to maximise reach and maintain brand prestige. Tier 3 affordable luxury brands focus on cost-effective market entry strategies, leveraging local partnerships and licensing to establish a presence and grow their market share.

7.3.1. Tier-1 Luxury Brands' Market-Entry Internationalising Strategy

Now that the methods of market entry have been revealed, the researcher delves deeper to understand the specific business functions within the market-entry process where localisation or standardisation of strategy occurs, and to identify the types of strategies employed. Utilising the luxury management framework, which includes design, manufacturing, marketing, and retail, the researcher asked participants to link their strategic decisions to these four elements. Additionally, participants were asked to distinguish whether these decisions are standardised or individualised/localised where applicable. During the discussions, there was some confusion as certain participants used the terms "design strategy" and "product strategy" interchangeably. This confusion is reflective of a common phenomenon within the industry, where these terms are often conflated. Furthermore, participants frequently mentioned overall corporate marketing strategy or branding strategy as alternatives to company-specific or country-specific marketing strategies. To clear any misunderstanding the researcher proceeded to explain the overall corporate strategy framework which include corporate (parenting company), company (country level branch) and departmental level (store level) and within each level there will be four management

functions of design, manufacturing, marketing and retail that will be filtered through the three layers. Ultimately, the researcher wanted to investigate in this process of management where does the localised or standardised internationalising strategy will be taking place when the luxury brands enter the emerging markets.

As this question is tied with how familiar the participants with specific tier of luxury, thirty out of fifty-one participants (30/51) are currently working for or have done so traditional luxury brands and are comfortable in sharing their knowledge. All participants uniformly agreed that foreign direct investment (FDI) entry is ultimately the only choice. FDI is a single-entry method which requires a high-level investment (cost) and provides a high level of company control, especially in branding. In the context of luxury management, it means that the traditional luxury managers prefer investing in opening their first boutique or flagship store when they entered Mainland China, rather than working with local partners or conducting a joint venture. It is evidently a big risk of investment, admitted by several participants however, the results are that they are able to gain complete control within their store and are more proactive in their decision-making process - be it store layout, store display, stock management and staffing.

Senior Informant 1, luxury retailer 6, shares their view:

“When we came to China in 1998, we simply could not have done otherwise apart from opening the first store. The consumers then had absolutely no idea what a genuine watch from [name of the retailer] looked like. If you walked to even government-controlled shopping malls, you could see our dupes sold everywhere. We could not risk getting our reputation damaged by having a concession there. [There is] just absolutely no way.”

Senior Informant 2, luxury retailer 6, further supports view:

“Opening a new store on a prime location was a big investment and the leadership at the time was not even sure if it would turn over. But it proved itself. I think for the true rich in China, they needed that. They needed a place where they can go and know for sure it is a genuine [name of the retailer] watch. Whatever it is priced at, it is then no longer an issue to them. We are able to protect our brand name and at the same time build up the clientele.”

When asked about the localisation of their brand strategy, participants revealed that the design, manufacturing, and even corporate marketing strategies are tightly controlled, allowing little to no room for localisation. This is particularly true for brands in the watchmaking industry (luxury retailers 6 and 7), where design and manufacturing necessitate the selection of exceptional materials and the employment of processes that ensure superior durability and precision. Consequently, these processes are fully standardised across all markets. This also applies to retailers 1 and 5, whose production houses and workshops remain based in France.

The “Marketing Strategy” factor, on the other hand, occupies a delicate position. While brand marketing decisions adhere to a consistent global approach, product or country-specific marketing decisions are delegated to local management. Local teams interpret how the global brand messages will be disseminated in their respective markets. The “Retail Strategy” aspect elicited varied opinions from these senior informants, further

fuelling the debate on how much control corporate management should exert over the localisation process and how much impact local management decisions should have on the overall brand strategy. Notably, the result of Foreign Direct Investment (FDI) in this context is a physical retail environment. These flagship stores are typically divided into different floors, with the management offices often located within the stores themselves. Participants also noted that many store-level decisions at the retail level involve product-related decisions that intertwine with marketing strategies. This creates an interesting dynamic in the cross-country, cross-cultural internationalisation strategy process, which is continually evolving and perfecting itself.

Linking this back to the literature and case studies investigated earlier in the research, the findings strongly support and further validate the evidence of success from some Tier 1 luxury brands. However, potential issues might arise if any decision factors deviate from the intended path, disrupting the balance. This will be further discussed in the next chapter, which will explore the management challenges once the business has fully integrated into the local market and is looking to expand.

For now, the researcher aims to achieve a structural understanding of the process and theoretically frame this market-entry method for luxury brands based on the collected evidence. Figure 7.4 below summarises the pre-market entry method of tier-1 luxury brands, breaking down the levels of management where decisions are made, the methods of entry, strategic factors, and types of internationalisations accordingly.

Figure 7.4. Tier-1 luxury brands' pre-market entry

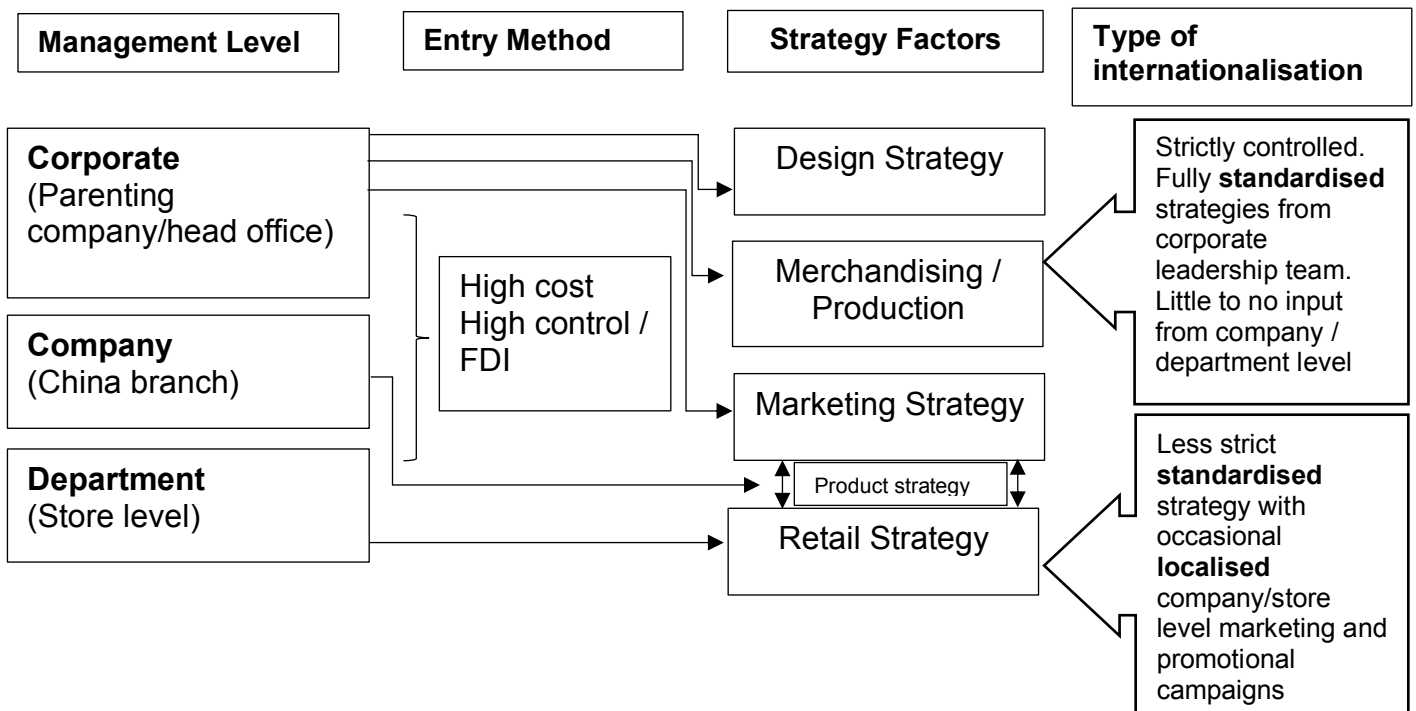


Figure 7.4 encapsulates the pre-market entry strategies of tier-1 luxury brands, highlighting the high degree of standardisation across key areas such as design, merchandising, and marketing. The tightly controlled strategies, particularly in design

and production, ensure that the brand's identity and quality remain consistent globally, reinforcing their prestigious image. However, there is a nuanced approach in marketing and retail strategies where some degree of localisation is permitted, allowing for tailored promotional campaigns and localised marketing efforts. This balance between standardisation and localisation not only preserves the brand's integrity but also enhances its resonance within the local market. As such, the successful integration of these strategies underscores the importance of strategic flexibility within a controlled framework, enabling tier-1 luxury brands to maintain their elite status while effectively penetrating new markets.

Having established a comprehensive understanding of the pre-market entry strategies employed by tier-1 luxury brands, the discussion now shifts to tier-2 luxury brands. Unlike their tier-1 counterparts, tier-2 luxury brands often adopt a blend of high-control methods and local partnerships, striking a balance between maintaining brand prestige and leveraging local distribution channels. This next section will delve into the specific market entry methods utilised by tier-2 luxury brands, exploring how these strategies are tailored to meet their unique market positioning and growth objectives.

7.3.2. Tier-2 Luxury Brands' Market-Entry Internationalising Strategy

For this market level of luxury, twenty-seven participants possessed specialist knowledge and were able to share their management experiences on the internationalisation process. Many of these luxury fashion brands originate from Europe, and most brand managers refer to the corporate head office as "the European team" or "European headquarters". During the interviews with these managers, particularly regarding their daily practices, a clear divide emerged concerning what constitutes good practice for internationalisation management.

All interviewed participants unanimously agreed on two primary market entry methods: establishing flagship stores in prime locations of tier-1 Chinese cities (Shanghai, Guangzhou, Shenzhen, and Beijing), and forming joint ventures with national and local Chinese retail distributors for non-key segments of their business portfolio, such as eyewear, cosmetics, and perfume, targeted at lower-tier cities in China. Luxury Brand Strategist 9 defended this decision, highlighting the flexibility of this business model, which allows brands to penetrate a broader market, introduce potential customers to the brand, and prepare them for future expansion opportunities.

Luxury Brand Strategist 14, currently heading a jewellery retailer—a joint venture between a European luxury fashion brand and a Shanghai-based retail group—explained:

"The brand I work with already has flagship stores in the main cities, but their accessories division is in partnership with [a Chinese retail group], which I am overseeing at the moment. Obviously, joint business ventures involve two parties contributing their own equity and resources to develop the partnership. What we were able to offer is a strong, established retail ecosystem in the country. A lot of the brand's customers' first purchases usually start here, then gradually progress to bigger purchases in the flagship store. So, in a way, this acts as a starting point for the client's shopping journey."

Luxury Brand Strategist 15 added:

"When I was hired by [a tier-2 luxury brand] in the early 2000s to set up the brand here, the ultimate decision was to have a store in the Peninsula Beijing Hotel no matter what. Being there equalled the unique status of having access to the world of luxury in China. But China is a vast country; people can't just drive for hours to the shop every weekend, regardless of how nice the in-store shopping experience is. Rent there is exorbitant! Also, to advertise our presence here, we would need substantial funds! To subsidise the business, we formed an alliance with a retail group here and distributed our accessories line through their department stores in Beijing and Shanghai. That allowed us to understand the market much better and helped drive traffic to the shop. Not all footfall is beneficial, but at least it solved the financial issues at the time."

When asked about the level of localisation within their internationalising strategies, participants unanimously agreed that, regardless of local partnerships or store management, the design and manufacturing elements remain strictly controlled by the European senior management. Even in local partnerships, the local partners are responsible for distribution and retailing, but the communication and promotion of the brand still adhere to corporate and company guidelines. However, there seemed to be some degree of localised marketing activities allowed, as noted by several participants. Luxury retailer 4, for instance, has three concession stores in local malls in Guangzhou and Shenzhen, and their Chief of Campaigns admitted that these concessions must participate in the local marketing strategies of the department stores and shopping malls where they are located. *"It is just part of the deal we agreed upon with our partners,"* quoted the Chief of Campaigns.

Another finding from the interviews indicated that, although standardisation is essential for design, production, and marketing management, there is room for dialogue between country-level management and their headquarters counterparts. This flexibility allows for some level of adaptation to local market conditions without deviating from the brand's core identity and standards. Figure 7.5 below summarises the pre-market entry method of tier-2 luxury brands, breaking down the levels of management where decisions are made, the methods of entry, strategic factors, and types of internationalisations accordingly.

Figure 7.5. Tier-2 luxury brands' pre-market entry

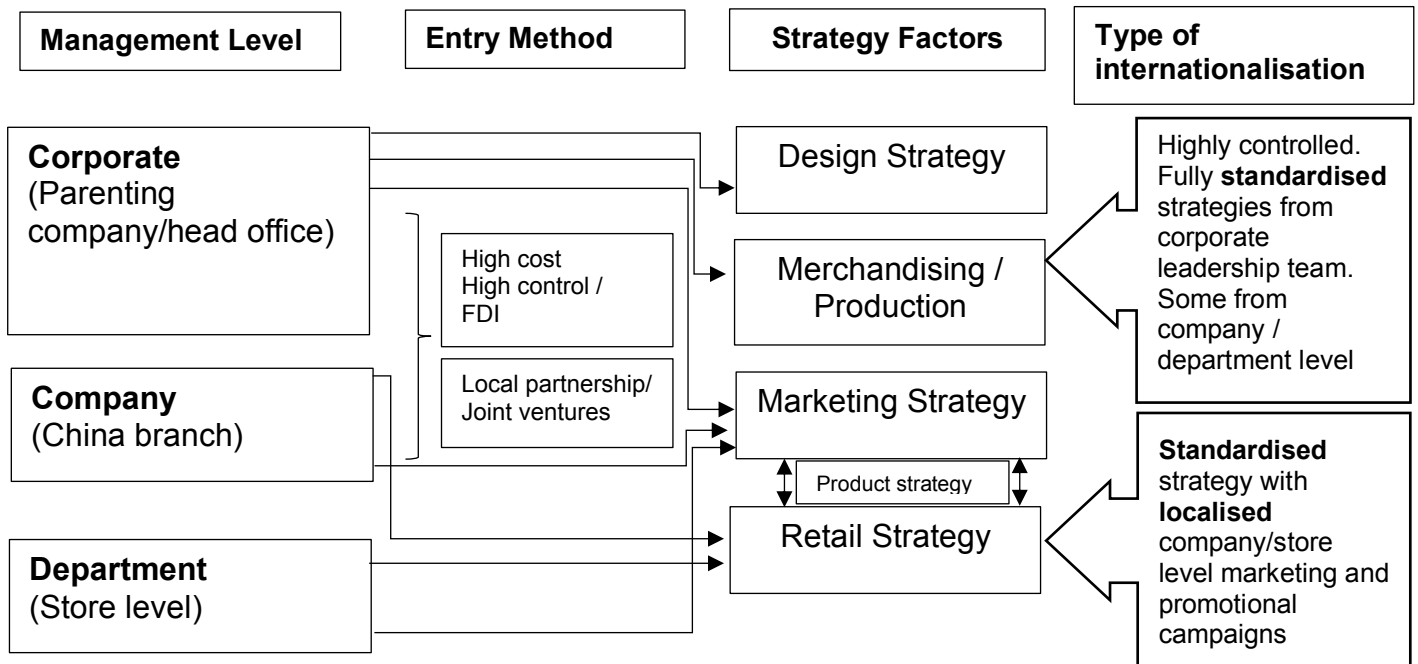


Figure 7.5 encapsulates the pre-market entry strategies of tier-2 luxury brands, highlighting a balanced approach between high-cost, high-control methods and strategic local partnerships. The findings illustrate that while design and manufacturing elements remain highly standardised and controlled by European headquarters, there is flexibility in marketing and retail strategies to allow for local adaptation. This dual approach enables tier-2 luxury brands to maintain their brand prestige while effectively reaching a broader market through local partnerships. The integration of localised marketing activities within a standardised framework ensures that the brands can resonate with local consumers without compromising their core identity. The ability to navigate and balance these strategies underscores the importance of strategic flexibility in achieving successful market penetration and growth.

With a comprehensive understanding of the pre-market entry strategies employed by tier-2 luxury brands, the discussion now shifts to tier-3 luxury brands. These brands typically adopt different strategies, focusing more on affordability and accessibility while maintaining an element of luxury appeal. The following section will explore the specific market entry methods utilised by tier-3 luxury brands, examining how these brands balance cost efficiency with market penetration and how their strategies differ from those of higher-tier luxury brands.

7.3.3. Tier-3 Luxury Brands' market-entry internationalising strategy

Twenty-five participants provided detailed insights into the market-entry methods of affordable luxury brands (tier-3). These senior informants offered extremely valuable perspectives, highlighting a preference for licensing as a key strategy in the internationalisation process for these premium retailers branded as luxury. The

advantages of licensing include the ability to localise through a Chinese retail partner, adherence to Chinese business regulations at much lower costs, and the capacity for rapid market entry. This strategy sparked significant discussion among American luxury retailers 8 and 9, who acknowledged that despite minor disadvantages such as loss of control, potential quality assurance issues in the foreign market, and lower returns due to reduced risk, the benefits outweigh these setbacks. Licensing enables brands to build strategic capabilities in preparation for future flagship store expansions. Another favoured method involves forming alliances with local and national retail distribution networks in China, further integrating into the market with an extensive product portfolio.

The Country Manager of luxury retailer 8 explained:

"Our brand is mostly known for bags, so for this division, we collaborated with local partners to establish concession stores in shopping malls across the country. This approach was advantageous as it was a very low-cost, low-risk method, and through sales records and marketing databases, we were able to build our knowledge of the consumer market. Our product design remains consistent globally, but we customised the range slightly based on the region and our partners' requirements."

Similarly, the Business Development Manager of luxury retailer 9 stated:

"The business in Hong Kong was established through a joint venture, but when entering Mainland China, licensing was our initial strategy. Our core business is shoes, but other segments could easily be licensed to reach a wider market without risking brand reputation. After ten years in the business, we recently set up our first flagship store. Initially, it would have been too risky to invest heavily in a store without certainty on returns. Corporate would not have allowed it otherwise."

These decisions facilitate a higher degree of localisation across four business functions: design, manufacturing, marketing, and retailing. Participants agreed that while core design remains standardised to maintain brand identity, other aspects like marketing and retail strategies are adapted to local markets to meet specific consumer needs and preferences. This flexibility allows tier-3 luxury brands to penetrate the market effectively and build a robust consumer base.

Figure 7.6 below summarises the pre-market entry methods of tier-3 luxury brands, detailing the levels of management where decisions are made, the methods of entry, strategic factors, and types of internationalisations accordingly.

Figure 7.6. Tier-3 luxury brands' pre-market entry

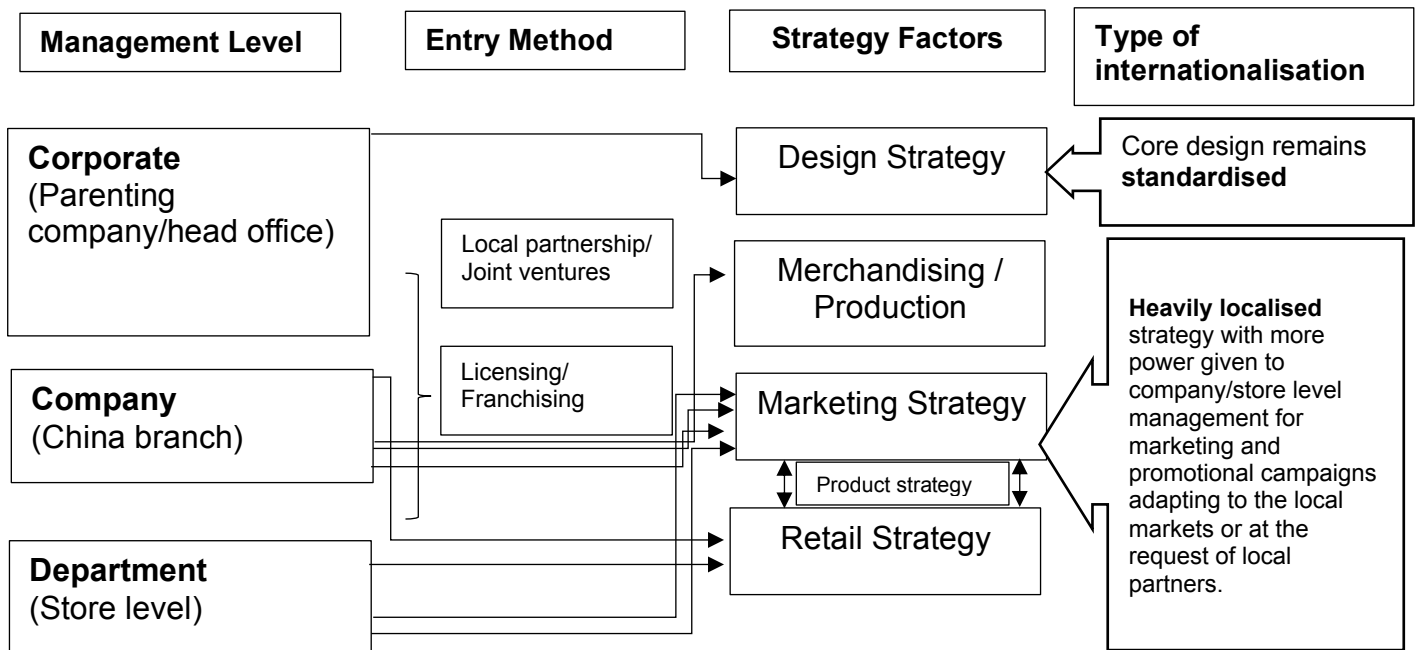


Figure 7.6 encapsulates the pre-market entry strategies of tier-3 luxury brands, highlighting a pragmatic approach that balances standardisation and localisation. Licensing and local partnerships enable these brands to quickly and efficiently enter the Chinese market, leveraging local expertise and distribution networks. This approach allows tier-3 luxury brands to maintain a strong brand identity while adapting to local consumer preferences and regulatory environments. The strategic flexibility evident in tier-3 brands' market entry methods underscores the importance of balancing global brand consistency with local market relevance.

7.4. Chapter Discussion & Summary

This chapter set out to address the second research question, which concerns the motives behind the internationalisation of luxury brands in China and their market entry methods. Through interviewing 51 senior management experts and delving into their experiences and insights, the researcher has gained substantial outcomes, particularly with the emergence of new sub-themes that provide greater depth and context to the study. The collected data is believed to effectively answer the second research question, thereby fulfilling the second research objective established at the beginning of the project:

Research Objective 2: *To evaluate the motives for the internationalisation of luxury brands and the methods used for entry into emerging markets (pre-market entry strategies).*

New findings from this study significantly expand its scope and further enrich the literature on the motives for luxury brand internationalisation, especially in the context

of emerging markets. The research highlights the pivotal role of Hong Kong as a strategic hub, serving as both a push and pull factor for expansion into Mainland China. This research is believed to be pioneering in academia in recognising the critical impact of Hong Kong on Chinese luxury brand management.

The methods of market entry for luxury brands into China were also revealed and categorised based on specific tiers of luxury, distinguishing between traditional luxury, luxury fashion, and premium fashion (affordable luxury). The findings indicate a clear distinction between design strategy, which is tightly controlled by corporate leadership, and product strategy, which can be either individualised or standardised in China as needed.

7.4.1. Key Findings:

- **Traditional Luxury (Tier 1) Brands:**
These brands employ a "high cost-high control" approach, meticulously managing the entire process of luxury management (design, merchandising, marketing, and retail). While the overall strategy is highly standardised, there is occasional localisation in retail aspects, such as store management, to better connect with local consumers.
- **Luxury Fashion (Tier 2) Brands:**
These brands adopt a hybrid approach, combining "high cost-high control" with local partnerships. They establish flagship stores in major cities and collaborate with key local retail groups to expedite expansion into smaller cities at a lower cost. This strategy is particularly effective for certain product categories, such as perfumes and cosmetics.
- **Affordable Luxury (Tier 3) Brands:**
These brands typically enter the market through local partnerships with large and medium-sized retailers, establishing their presence in smaller cities. They also engage in several licensing deals for specific business segments (fragrances, watches, cosmetics). However, there is a risk of over-localisation and overexposure, which can negatively impact brand reputation.

7.4.2. Critical Analysis

Figure 7.7. summarise the pre-market entry strategies of tier-1, tier-2, and tier-3 luxury brands. This figure illustrates the levels of management where decisions are made, the methods of entry, strategic factors, and types of internationalisations for each tier. The combined figure will provide a clear visual comparison of the different strategies employed across the three tiers of luxury brands.

The research underscores several critical implications for future strategies in the internationalisation of luxury brands. A balanced approach between standardisation and localisation is essential for maintaining a consistent global brand image while enhancing consumer resonance and market penetration through local adaptations. This balance allows luxury brands to preserve their core identity and appeal universally, yet remain relevant and attractive to local consumers.

The strategic role of Hong Kong as a preparatory hub for entering Mainland China highlights the importance of establishing regional hubs in the internationalisation

process. These intermediary markets serve as testing grounds where brands can refine their strategies, build local expertise, and mitigate risks before fully committing to larger, more complex markets like Mainland China. This approach not only facilitates smoother market entry but also ensures that the brand can adapt more effectively to local nuances and consumer preferences.

Additionally, while licensing and local partnerships offer advantages such as quick market entry and cost savings, they also present potential risks that must be carefully managed. The research indicates that these partnerships can lead to brand dilution and quality control issues if not monitored closely. It is crucial for luxury brands to prioritise long-term brand integrity over short-term gains. Maintaining stringent quality standards and ensuring that partners uphold the brand's values and reputation is essential for preserving the brand's exclusivity and prestige.

7.4.3. Market Entry Strategies and Associated Risks

- ***High Cost-High Control Approach of Tier-1 Brands***

Tier-1 luxury brands often employ a high cost-high control approach to maintain their brand prestige. This strategy involves substantial investment in flagship stores, direct ownership, and comprehensive control over operations and marketing. While effective in upholding brand exclusivity and ensuring a consistent consumer experience, this approach carries significant financial risks. The substantial investment required can be a barrier to entry in volatile or emerging markets, where return on investment may be uncertain.

From the literature, the high control approach aligns with Dunning's (1988) Eclectic Paradigm, which suggests that firms with high ownership advantages prefer high control modes of entry to protect their brand and intellectual property. However, this strategy necessitates a deep understanding of the local market and significant financial resources.

- ***Hybrid Approach of Tier-2 Brands***

Tier-2 luxury brands often adopt a hybrid approach, combining elements of direct control with local partnerships. This strategy offers flexibility and allows brands to leverage local expertise while maintaining a degree of control over brand presentation and operations. However, it requires careful coordination between corporate headquarters and local partners to ensure brand consistency and effective market adaptation.

The hybrid approach can be compared to Bartlett and Ghoshal's (1989) Transnational Strategy, which seeks to balance global integration and local responsiveness. Effective implementation of this strategy requires robust communication channels and a shared understanding of brand values and objectives between corporate and local teams.

- ***Licensing and Partnerships by Tier-3 Brands***

Tier-3 luxury brands often rely on licensing agreements and partnerships for market entry. This approach allows for rapid expansion and reduces the financial burden on the brand. However, it also introduces risks related to quality control and brand dilution. Over-localisation, where the local partner exerts too much influence, can erode the brand's global identity and lead to inconsistencies in brand perception.

The literature on licensing (e.g., Anderson and Gatignon, 1986) highlights that while this strategy offers low commitment and flexibility, it also requires stringent oversight mechanisms to ensure compliance with brand standards. Regular audits, clear contractual agreements, and strong relationships with local partners are essential to mitigate these risks.

7.4.4. Integrating Market Entry Strategy Literature

Integrating perspectives from the market entry strategy literature enriches the analysis and provides a theoretical framework for understanding the strategic decisions of luxury brands. By aligning the empirical findings with established theories, the research offers a comprehensive view of the complexities and considerations involved in the internationalisation of luxury brands.

Overall, the findings suggest that luxury brands must adopt a strategic and thoughtful approach to internationalisation, one that balances global consistency with local relevance, leverages regional hubs for market entry, and carefully manages partnerships to protect brand integrity. These strategies will not only enhance market penetration and consumer engagement but also ensure sustained growth and success in the global luxury market.

7.4.5. Implications for Future Strategies

The findings of this research underscore several critical implications for the internationalisation strategies of luxury brands. A balanced approach between standardisation and localisation is pivotal for sustaining a consistent global brand image while enhancing consumer resonance and market penetration through tailored local adaptations. This balance allows luxury brands to preserve their core identity and universal appeal while ensuring relevance and attractiveness to local consumers, as noted in Kapferer and Bastien's (2012) work on global luxury branding.

The strategic role of Hong Kong as a preparatory hub for entering Mainland China highlights the broader importance of establishing regional hubs in the internationalisation process. Consistent with Moore and Burt's (2007) findings, these intermediary markets serve as invaluable testing grounds where brands can refine their strategies, develop local expertise, and mitigate risks before fully committing to larger, more complex markets like Mainland China. This approach not only facilitates smoother market entry but also ensures that the brand can adapt effectively to local nuances and consumer preferences.

Additionally, while licensing and local partnerships offer advantages such as quick market entry and reduced financial risks, they also present potential challenges that must be carefully managed. As Anderson and Gatignon (1986) suggest in their licensing literature, insufficient oversight of local partnerships can lead to brand dilution

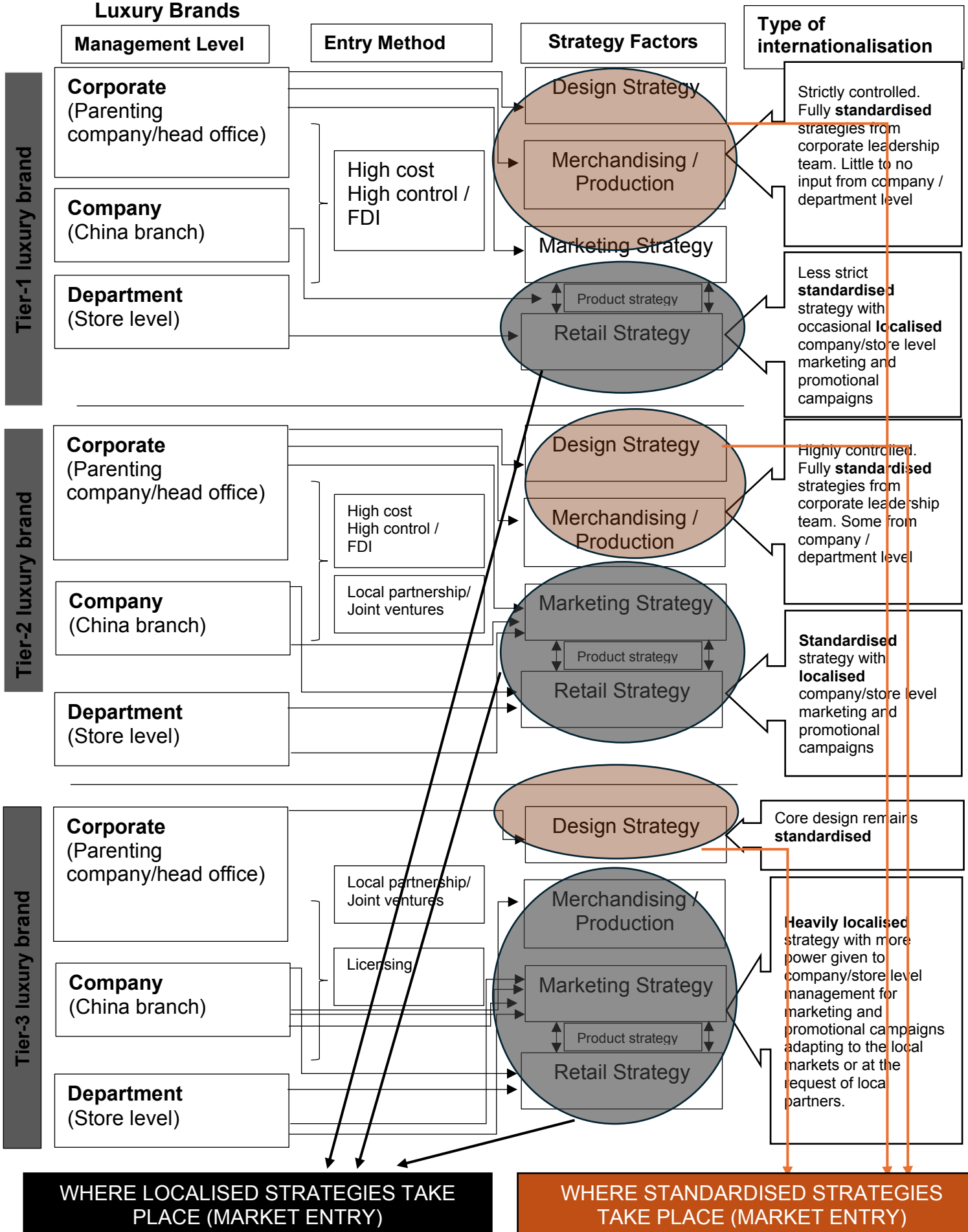
and quality control issues, jeopardising long-term brand equity. The findings indicate that luxury brands must prioritise long-term brand integrity over short-term gains by maintaining stringent quality standards and ensuring that partners uphold the brand's values and reputation. Clear contractual agreements, regular audits, and close collaboration with local partners are essential measures to mitigate these risks.

Overall, this research highlights that luxury brands must adopt a strategic and thoughtful approach to internationalisation - one that carefully balances global consistency with local relevance, leverages regional hubs as stepping stones into complex markets, and manages partnerships rigorously to protect brand integrity. These strategies will not only enhance market penetration and consumer engagement but also ensure sustained growth and success in the increasingly competitive global luxury market.

7.4.6. Context for the Next Chapter

In the next part, which covers the final section of the interviews, the researcher will explore the last point outlined in the thematic map: the internationalising strategies and their adaptations once luxury brands have entered the Chinese market. The findings presented in this chapter provide a crucial foundation and context for understanding the post-entry phase. This will help the researcher to address the third and final research objective comprehensively.

Figure 7.7: Combined Pre-Market Entry Strategies of Tier-1, Tier-2, and Tier-3 Luxury Brands



CHAPTER 8: INTERNATIONALISING LUXURY BRANDS IN CHINA: POST-MARKET ENTRY STRATEGIES

8.1. Introduction

This chapter addresses the third research question (RQ3) of the study, focusing on the adjustments in marketing strategies after market penetration (post-market entry) and the contexts in which localisation or standardisation of these strategies are appropriate to maintain brand consistency. Specifically, RQ3 aims to explore:

RQ3: What adjustments are made to marketing strategies following market penetration, what factors influence these adjustments, and what strategic recommendations can be provided to effectively address these influences?

To explore this, the researcher asked participants to identify factors influencing their ongoing internationalisation efforts post-market entry. Theories from Bai et al. (2017), Liu (2016), and Moore (2007) on post-market entry of internationalising luxury retailers provided valuable context for this process. The focus was on understanding how luxury brand managers overcome challenges and what recommendations they have for future international luxury retailers expanding to China.

The chapter is structured into four main parts:

1. *Adjustments of Internationalising Marketing Strategies Post-Market Entry*
2. *Trickle-Up Effect of Local Management on Corporate Strategies*
3. *Strategic Challenges Affecting Internationalisation Process Post-Market Expansion & Ways to Overcome Them*
4. *Strategic Recommendations for Future Luxury Brands' Expansions*

Key findings reveal that governmental politics significantly impact business operations post-market entry, more so than customer preferences. Three strategic decision influences were identified: Geopolitics (particularly China vs. Hong Kong and China vs. Taiwan), Psychic Distance, and Culture and Values. These factors necessitate careful adjustment of marketing strategies to navigate the complex political and cultural landscape.

Additionally, the "trickle-up" effect of local management on corporate strategies emerged as a significant finding. Insights and feedback from local store management influence overall corporate strategies, particularly in design direction and market adaptation. This chapter delves into these findings, providing a comprehensive analysis of post-market entry strategies and their implications for luxury brand internationalisation in China.

8.2. Business Directions Post-Market Entry for Luxury Brands

The post-market entry phase presents a unique set of challenges and opportunities for luxury brands in China. In order to fully understand them, the author started this

final part by asking the participants to discuss the strategic direction of luxury brands in China, provide comment on the current “*China strategies*” (either of their brands or luxury brands in general) being used and then identify challenges they came across throughout this process.

For tier-1 and tier-2 luxury brands, the biggest priority post-market entry is to further expand to untapped markets in Tier 2 and Tier 3 cities in China. Another one is to further intergrade the brands in Tier 1 cities where businesses have now been fully established. A higher level of localised marketing strategies is now increasingly used, reflecting a growing importance of China. This forms a sub-theme that will be discussed in section 8.3. For tier-3 luxury brands, the participants reveal, as localised marketing efforts are already heavily used, there is now an ongoing attempt in balancing out localisation and standardisation of luxury internationalisation, with some tier-3 luxury brands now managed to gain full control of the brands from their local licensees.

8.2.1. Adjustments of Internationalising Strategies for Tier-1 and Tier-2 luxury brands

For tier-1 and tier-2 luxury brands, the biggest priority post-market entry is to further expand to untapped markets in Tier 2 cities of China such as Xi’an, Qingdao, Dalian, Zhengzhou, Tianjin, Chengdu, Chongqing, Wuhan, Nanjing, Hangzhou, Suzhou, consider as promising cities. Other cities are currently under the radar include, but are not limited to, 2nd tier Harbin, Changchun, Shenyang, Jinan, Taiyuan, Lanzhou, Nantong, Hefei, Changzhou, Nanchang, Wenzhou, Fuzhou, Xiamen, Dongguan, Kunming, Guiyang, Nanning. These cities have population ranging from 3 to 15 million people. According to the participants, these Tier 2 cities have growing economies with a strong potential for growth. Statistics from National Bureau of Statistics of China (2022) support the findings with Tianjin's GDP for examples being around \$242 billion in 2021, Chongqing's approximately \$300 billion, Wuhan's about \$220 billion, and Chengdu's around \$237 billion. According to the strategists, luxury brands in China prefer a high-cost high-control approach to minimise risk although more decisions power will be disseminated to the China management.

Another priority is to strengthen the brand positions in Tier 1 cities the brands already have firmly established. A greater degree of localisation of marketing strategies, interestingly, are now introduced and tailored to the markets’ needs. Thanks to the growing importance of China in the businesses, these strategies take place at a high level of management (corporate level) rather than at local level (business level) or in a controlled space such as the flagship store (departmental level). By way of reminder, one difficulty during the literature review processes the researcher came across is that when he examined marketing strategies of international luxury brands, most recorded case studies or business examples discussed in greater depth localised strategies taking place in the store (departmental level) or how luxury brands adapted their digital campaigns to Chinese social networks, which is just an alternative as mainstream ones are blocked in China. These cases undoubtedly provide a valuable insight, enabling the author to gain an initial understanding of the phenomenon. However, these “marketing” activities being studied are just a small fragment within the “Retail Strategy” (departmental) of the business, which makes it difficult to generalise or conceptualise.

The author, on another hand, wanted to study the internationalisation process for strategic marketing at the highest level and how these transcend across different business levels (corporate, business, departmental), business stages (design, production, marketing and retail) from pre- to post-market entry points; subsequently develop a full strategic map of internationalising luxury brands in China. With this in mind, the author first shared his findings from the literature to the participants, so that they are informed of what the author would like to find and achieve. The author then proceeded to ask the participants to comment on how these adjustments (be it localised or standardised) of internationalising strategies are calculated and managed, whether there is a “formula” being used or can be generalised. Ultimately, the author wants his project to have both theoretical and managerial values. Tier-1 luxury strategists and managers (38/51) were able to fully participate in this part of the interview. The participants all agreed that at this stage of the business, there is no doubt adjustment of strategies is essential to further adapt to the local market and integrate to overall Chinese business environment. To what extent the adjustment takes place truly, according to these luxury brand managers, depends on two factors:

1. *how integrated the business in China is and,*
2. *how financially important China as a market is to the brand*

Tier-1 and tier-2 luxury brands, due to having a higher degree of control of strategies originally pre-market entry, now tends to slowly decrease standardised one-dimensional management approach, delegating more power towards China management offices. This frees up more flexibility for the Chinese management side in localising their marketing management. Usually this takes place when a luxury brand has fully been established in all main Tier 1 cities, which compresses of 4 cities Beijing, Shanghai, Guangzhou and Shenzhen. The Chinese head office will then be created in one of the four branches, leading the business direction of the brand in the Chinese market. Another indicator is how much the Chinese company division contributes to the annual gross revenue, which 10% to 20% being considered by the luxury brand managers as a strong number to start “*taking Chinese business side seriously*”, quoted by Operation Manager luxury retailer 1. When asked what kind of localised marketing strategies will then be put in place, the participants said these strategies range greatly but can be categorised into three marketing channels:

8.2.1.1. Localised Paid Marketing:

This includes greater autonomy in customising the budget on advertising channels (mentioned by 38 participants). Participants also mentioned choosing appropriate key products for the Chinese market to feature instead of following corporate advertising strategy (38/38). Participants discussed choosing models (local or international) for key campaigns, making decisions (38/38) on Chinese Key Opinion Leaders (KOLs) to work with, and having executive decision on the length (seasonal, annual, or multi-season) and breadth (medium of platforms) of advertising campaigns.

Operation Manager (China Branch) of Luxury Retailer 1 said:

“After establishing a strong presence in Tier-1 cities like Beijing and Shanghai, our primary focus shifted to expanding into Tier-2 cities such as Chengdu and Hangzhou. These markets are growing rapidly and offer significant

opportunities. Our strategy involves a high-cost, high-control approach to minimize risk. We maintain direct ownership of flagship stores in these cities to ensure consistency in brand presentation. Additionally, we have delegated more decision-making power to our Chinese management team, allowing for greater flexibility in localising our marketing efforts.”

Digital Marketing Manager (Marketing Consultant 2) said:

“For Tier-1 cities, we have enhanced our digital presence by integrating local influencers and leveraging platforms like WeChat and Tmall. Our campaigns are highly tailored, focusing on local festivals and events to engage consumers. In Tier-2 cities, we’ve adopted a more localised approach by collaborating with regional influencers – even local artists – and creating content that resonates with local culture and values. This has included using local dialects in our advertisements and incorporating regional traditions into our campaigns. These strategies have helped us build a stronger connection with consumers in these emerging markets within China.”

8.2.1.2. Localised Earned Marketing

This includes greater autonomy in choosing appropriate PR tactics for media relations campaigns (what press to work closely with) or in-store PR campaigns, although the author noted that PR goes beyond media relations purposes and extends to the crisis management aspect, which many participants reveal is still a grey line.

Publicist (Marketing Consultant 3) said:

“PR is crucial in maintaining our brand’s image and adapting to local market dynamics. In Tier-1 cities, we focus on high-profile events and collaborations with prominent local personalities to boost brand visibility. For Tier-2 cities, our strategy involves more grassroots PR efforts. We engage with local media and organise community events to foster a closer relationship with our consumers. Additionally, we’ve increased our efforts in crisis management to address any potential issues swiftly and maintain our brand reputation. These localized PR strategies ensure that our brand remains relevant and respected across different regions.”

8.2.1.3. Localised Owned Marketing:

Adjustments being made include localising Chinese websites of the brands (landing pages adapted to local taste) as well as brand website architecture redesigned to make it more user-friendly to the Chinese customers. Within the store level (which also comes under “Owned” channel), Chinese characteristics that are deemed favourably by the Chinese public (red as a lucky colour or number 9 as a number for good fortune) are extensively incorporated in the store brand identity and product localisation, which eventually creates business trends categorised by the author as the “trickle up effect”. This will be discussed in section 8.3.

Chief of Campaigns (China Branch) Luxury Retailer 5 reflected on the brand’s effort in localising their online branding:

"To better align with the local market, we undertook a comprehensive overhaul of our Chinese website. This included incorporating culturally relevant design elements and ensuring that the user experience was seamless for our local customers. We added features that are particularly favoured in China, such as simplified navigation and mobile-first design, considering the high mobile usage among our target audience. In-store, we embraced local cultural symbols extensively. For example, during the Lunar New Year, our stores featured elaborate decorations in red and gold, and we launched exclusive products that incorporated these auspicious colours. Additionally, we organized traditional calligraphy sessions and tea tastings, which not only attracted customers but also deepened their connection with our brand."

Operation Manager (China Branch) Luxury Retailer 6 on another hand highlighted the importance of both online and offline brand identity:

"We focused on creating a strong localized presence both online and offline. Our Chinese website was revamped with local aesthetics in mind, featuring culturally relevant content and easy navigation to cater to the preferences of Chinese consumers. In our physical stores, we integrated elements that resonate with local traditions. For instance, we used red extensively in our store decor, as it is considered a lucky colour, and incorporated the number 9 in various forms, symbolizing good fortune. To engage the community, we hosted cultural events such as dragon dance performances and traditional music shows during significant festivals. These initiatives not only enhanced the shopping experience but also reinforced our brand's commitment to celebrating local culture."

While Tier-1 and Tier-2 luxury brands have successfully leveraged localized marketing strategies to solidify their presence in both major and emerging markets within China, Tier-3 luxury brands face a distinct set of challenges. The initial entry strategies for Tier-3 brands often result in over-brand exposure and loss of control, making it imperative to adopt different post-market entry adjustments to regain brand integrity and market position. The next section delves into the specific strategies employed by Tier-3 luxury brands to navigate these complexities, focusing on how they re-establish control and effectively localize their marketing efforts to resonate with the Chinese consumer base.

8.2.2. Adjustments of Internationalising Strategies for Tier-3 luxury brands

For Tier 3 luxury brands, the situation is a bit more complex as their preferred method of market entry gives away too much control of their brand, making over-brand exposure being a potential issue. Hence, the priority post-market entry is to gain back control of the brand and re-establish itself in the market. Both luxury retailers 8 and 9 experienced similar issues and fully bought back the use of their brands between 2019 and 2022. Three localised marketing strategies also reflect similarly to tier 1 and tier 2 luxury brands.

When asked what kind of localised marketing strategies will then be put in place, the participants said these strategies range greatly but can be categorised into three marketing channels:

8.2.2.1. Localised Paid Marketing

For Tier 3 luxury brands, localised paid marketing involves a more distinct approach tailored to their specific market positioning and resource constraints. While Tier 1 and Tier 2 brands might have the flexibility to adopt a broader and more integrated strategy, Tier 3 brands must leverage highly targeted and cost-effective methods to resonate with the local market and achieve maximum impact.

Unlike their higher-tier counterparts, Tier 3 luxury brands often need to focus on a select few key products that have the highest potential for local appeal. This focus allows them to allocate their limited resources effectively, ensuring that each campaign can achieve the greatest possible impact. Customising campaigns to feature these key products prominently can help build a strong local presence and consumer interest.

Tier 3 brands may not have the same access to globally recognised models as Tier 1 and Tier 2 brands. Instead, they can differentiate themselves by selecting models who are rising stars in the local market or who have a strong local following. This strategy can enhance cultural relevance and relatability, positioning the brand as more attuned to local tastes and preferences.

For example, a Tier 3 luxury brand manager said that his brand features a popular Cantonese singer with a national impact rather than A listers; and micro social media influencer in campaigns to create a more relatable and appealing image for the brand, fostering a deeper connection with local consumers.

8.2.2.2. Localised Earned Marketing:

Localised earned marketing strategies play a crucial role in enhancing the brand presence of luxury retailers in the Chinese market. These strategies allow brands to have greater autonomy in selecting appropriate PR tactics and focus on building strong relationships with local media outlets and influencers.

One of the key components of localised earned marketing is the emphasis on cultivating robust relationships with local journalists, bloggers, and influencers. By engaging with these key opinion leaders, brands can ensure that their messaging resonates well within the local market and garners positive media coverage. For instance, organising exclusive in-store events that attract significant media attention is a common tactic. These events provide an opportunity for local press to experience the brand firsthand, creating a buzz around new product launches and special events. The Senior Store Manager of the China Branch at Luxury Retailer 9 noted, *"Our earned marketing strategy involved organising exclusive in-store events that attracted significant media attention. We built strong relationships with local journalists and bloggers, ensuring they were invited to all our major events. This approach helped us generate positive word-of-mouth and maintain a strong brand presence in the market."*

In addition to traditional media relations, localised earned marketing strategies extend to crisis management. Ensuring quick and effective responses to any potential PR issues is essential in maintaining the brand's reputation. In a fast-paced and highly connected market like China, the ability to manage crises promptly and efficiently can

prevent minor issues from escalating into major reputational damage. Brands must be prepared with contingency plans and trained spokespeople who can address the media confidently and transparently.

8.2.2.3. Localised Owned Marketing

Localised owned marketing is a critical strategy for luxury brands seeking to establish a strong presence in the Chinese market. This approach involves making significant adjustments to the brand's digital and physical touchpoints to resonate with local consumers and reflect cultural nuances.

One key aspect of localised owned marketing is the adaptation of the brand's Chinese websites. This involves not only translating content into Mandarin but also tailoring the website's design and functionality to meet local preferences. For example, landing pages can be adapted to feature products and promotions that are particularly appealing to Chinese consumers. Additionally, the website architecture might be redesigned to ensure a seamless and user-friendly experience, incorporating popular local payment methods and social media integrations. These adjustments are essential for enhancing user engagement and driving online sales.

Incorporating Chinese cultural elements into the store's brand identity and product localisation is another crucial strategy. The use of culturally significant symbols and colours, such as red for luck and the number nine for good fortune, can significantly enhance the brand's appeal. These elements can be integrated into product designs, packaging, and in-store decorations, creating a sense of familiarity and cultural resonance. For instance, a luxury brand might release a special edition product line for the Chinese New Year, featuring traditional motifs and auspicious colours. This approach not only caters to local tastes but also demonstrates respect and appreciation for Chinese culture.

Moreover, hosting cultural events and workshops in-store serves as an effective way to engage with the community and build a deeper connection with the brand. These events can range from calligraphy workshops and tea ceremonies to fashion shows and art exhibitions that celebrate Chinese heritage. By offering immersive and culturally relevant experiences, luxury brands can foster a sense of belonging and loyalty among local consumers. Such initiatives help to position the brand as not just a seller of luxury goods, but as an active and respectful participant in the local cultural landscape.

Country Manager (China Branch) Luxury Retailer 8 said:

"We revamped our Chinese website to better serve our local customers, incorporating local language options and culturally relevant design elements. In-store, we hosted events that celebrated Chinese traditions, such as calligraphy workshops and tea ceremonies, which helped us connect with our customers on a deeper level."

Senior Store Manager (China Branch) Luxury Retailer 9 said:

"In our stores, we made sure to incorporate design elements that resonated with local cultural preferences. For example, during Chinese New Year, our stores were decorated with traditional symbols, and we offered special limited-edition products to celebrate the occasion. This not only attracted customers but also strengthened our brand's cultural relevance."

Overall, localised owned marketing strategies enable luxury brands to create a more personalised and culturally attuned brand experience. By making thoughtful adjustments to digital platforms, incorporating local cultural elements, and engaging with the community through in-store events, brands can strengthen their connection with Chinese consumers and enhance their market presence. This approach ensures that the brand remains relevant and appealing in a competitive and culturally diverse market.

Key Takeaways:

This section explores the various strategic adjustments luxury brands have made post-market entry into the Chinese market, focusing on Tier-1, Tier-2, and Tier-3 cities. The analysis categorises these strategies into three main channels: Localised Paid Marketing, Localised Earned Marketing, and Localised Owned Marketing in the table as below

Table 8.1: Paid, Owned and Earned Marketing Adopted by Three Tiers of Luxury Brands

Marketing Channels	Tier 1 Luxury Brand	Tier 2 Luxury Brand	Tier 3 Luxury Brand
Localised Paid Marketing	Tier-1 luxury brands have substantial budgets and greater flexibility, allowing for highly sophisticated and integrated marketing campaigns. They grant significant autonomy to local managers to customise advertising budgets and choose products that appeal to high-end consumers. These brands often select internationally recognised models and collaborate with top-tier Chinese Key Opinion Leaders (KOLs) to ensure high visibility and engagement.	Tier-2 luxury brands adopt a more balanced approach, blending international appeal with local relevance. They focus on selecting culturally relevant models and mid-tier KOLs who resonate with regional audiences. Advertising campaigns highlight the brand's luxury attributes while ensuring relatability to the	Tier-3 luxury brands focus on cost-effective and targeted marketing strategies. They primarily leverage local influencers and micro-KOLs with strong regional followings. Marketing budgets are smaller, and campaigns are highly localised to resonate with the unique preferences of consumers in these areas. The emphasis is on achieving high

		local consumer base.	impact through carefully selected local channels.
Localised Earned Marketing	Tier-1 luxury brands build strong relationships with top-tier media outlets and high-profile influencers. They organise grand in-store PR events and collaborate with luxury lifestyle magazines. Their crisis management strategies are well-developed to protect the brand's image in highly competitive markets.	Tier-2 luxury brands engage with a mix of national and regional media. Their in-store events are more modest but still aim to generate significant local buzz. They maintain collaborative relationships with influencers, often involving long-term partnerships. Localised approaches are used in crisis management to address specific regional issues.	Tier-3 luxury brands rely heavily on grassroots efforts for earned marketing. They build relationships with local bloggers and regional media, focusing on community-focused PR campaigns to create organic word-of-mouth. Their crisis management is adaptive, leveraging local knowledge to address issues quickly and effectively.
Localised Owned Marketing	Tier-1 luxury brands design sophisticated websites with advanced user interfaces and personalised shopping experiences for Chinese consumers. Their in-store strategies include integrating high-end Chinese cultural elements and offering exclusive events targeting high-net-worth individuals. Workshops and cultural events are grand and align with the luxury lifestyle.	Tier-2 luxury brands focus on user-friendly website designs with cultural relevance. Their in-store strategies moderately integrate local cultural elements, ensuring the brand remains aspirational yet accessible. Events and workshops educate consumers about the brand's heritage and quality.	Tier-3 luxury brands emphasise functionality and ease of use in their website designs. Their in-store strategies heavily incorporate local cultural elements to make the brand relatable. They host small-scale community events and workshops to build deeper connections with local consumers and foster brand loyalty.

Overall, these strategies highlight the importance of “*glocalisation*”- localising marketing efforts to resonate with Chinese consumers while maintaining brand consistency and integrity. The next section will delve into the trickle-up effect of local

management on corporate strategies, examining how local insights and feedback influence broader corporate decisions.

8.3. Trickle-Up Effect of Local Management on Corporate Strategies

One of the key findings is the "trickle up" effect, where observations and feedback from local store management influence overall corporate strategies, especially in terms of design direction. This bottom-up approach, observed in all tiers of luxury brands, allows internationalising luxury brands to adapt their strategies based on real-time insights from the Chinese market. Participants mention local insights, which includes records of sales, feedback from Very Important Clients (VICs), store managers' feedback, have led to drastic change in the corporate management style. Key insights obtained from participants can be structured into three main points as follows:

- Local store managers play a crucial role in gathering and analysing consumer feedback, which is then communicated to Chinese management office and eventually corporate headquarters. This feedback loop enables brands to make data-driven adjustments to their product offerings and marketing strategies.
- Over time, local insights have led to broader changes in corporate strategies, including the introduction of new product lines and adjustments to design directions to better meet local consumer preferences.
- The increased localisation of extended product lines, while maintaining core production in Europe, reflects a strategic balance between global brand consistency and local market relevance.

Luxury retailer 4 is known as one of the first luxury brands in China that utilised feedback from its local store managers in China to introduce a new line of accessories tailored to local tastes. According to insights from their Country Manager, jade is a colour and material representing good fortune in China. She said:

"After being asked repeatedly in our four flagship stores if there is a jade version or if there ever will be a jade limited edition collection for our best seller charms, necklaces and rings, we knew it would be a shame to miss this opportunity. Corporate approved our suggestions and re-imagined our core jewellery collections with a Chinese touch - the traditional stone was replaced with the green gemstones that take a high polish; the actual technical design remains the same. We launched this collection originally as a Chinese New Year seasonal collection, but it did so well - in fact sales overdid every single line in the entire store that year - we have since then made it a permanent in our global offering, targeting Chinese overseas or customers who simply just admire the jade gemstone." (Country Manager, Luxury retailer 4)

The success of this line, noted by the manager, prompted the brand to incorporate similar approaches in other emerging markets, showcasing the impact of the trickle-up effect.

Luxury Brand Strategist 6 revealed that their brand's sales experienced a downturn in 2019, prompting them to rethink their strategy. Recognising the importance of digital and social media platforms in China, they launched an exclusive online shop, making

it the only place where the products were available online in the country. To maintain a sense of exclusivity and avoid issues with counterfeiting, they decided against using popular e-commerce platforms, opting instead to develop unique digital engagement tools.

"We created interactive mini programmes on [a leading social media] platform to allow customers to digitally engage with our brand. These included a main page reflecting our high-end style, a section for users to personalise photos with our design elements, and an area for purchasing gift cards to enhance spending. Additionally, we partnered with several influential Chinese figures to promote our brand. These collaborations proved highly successful, with one holiday collection selling out in just five days. Our approach of featuring Chinese models and celebrities in our Western social media campaigns further reinforced our presence and appeal in the Chinese market. These strategic moves significantly boosted our brand's visibility and engagement, leading to an increase in sales from the Chinese market, which now constitutes 20% of our revenue. This experience underscored the importance of culturally sensitive and market-specific strategies in maintaining and growing our brand's presence in China." (Luxury Brand Strategist 6)

The researcher reflects this and realise if the loop is smoothly run, product suggestion or design strategy suggestion from local management is well received with a good understanding of culture is great but a design team makes up for a creative director, several designers and assistant designers who will interprets the design concepts and then the merchandiser who will then create the product range in the commercial context – the trickle up effect seems to stop there as products are rarely checked against local team as *"there's no such things existed in the corporate structure of the company"*, quoted by luxury retailer 6. Perhaps, this is the reason why occasionally there are product overhaul or brand protests due to distasteful design or simply offensive to the local culture.

The researcher asked Luxury Brand Strategist 2 if she could discuss any challenges the team had faced with the trickle-up effect of local management insights on corporate strategies. Her answer was insightful:

"One of the major challenges we encounter is that while local management provides valuable feedback and suggestions based on their deep understanding of the local market, this feedback often gets diluted as it moves up the corporate ladder. Our design team, which includes the creative director, several designers, and assistant designers, typically interprets these suggestions based on their own understanding and creative vision. This interpretation sometimes leads to designs that, although creatively impressive, may not fully align with local cultural nuances. As a result, we've had instances where products were not well received, even leading protests on social media or the need for a complete product overhaul." (Luxury Brand Strategist 2)

Also familiar with these experiences, Luxury Brand Strategist 3 shared her insight on the effectiveness of local management's suggestions in incorporating into the final product designs.

"While we do have a system in place for collecting and evaluating feedback from our local teams, there is a significant gap in how these insights are implemented in the final designs. The creative process is heavily centralised, and although the design team tries to incorporate local suggestions, they often lack the granular understanding of the cultural context that our local managers possess. This disconnect sometimes results in products that miss the mark culturally, which could have been avoided if there was a mechanism to re-evaluate the final designs with the local teams before going to market." (Luxury Brand Strategist 3)

The interviewer asked the Luxury Brand Strategist 4 to provide an example where the lack of local input in the final design phase led to a negative outcome.

"A few years ago, we launched a collection inspired by traditional Chinese motifs. Despite extensive input from our local managers, the final designs, which were approved by our central design team, included elements that were misinterpreted and considered offensive by some segments of our Chinese customer base. The backlash was swift and severe, leading to a recall of the collection. This incident highlighted a critical flaw in our process – the absence of a final review by the local team before the product launch. If we had a system to check the final designs against local feedback, we could have avoided this costly mistake." (Luxury Brand Strategist 4)

Comments from Luxury Strategists 2, 3, and 4 further highlight these challenges and underscore the need for a more integrated approach to incorporating local insights into final product designs.

8.4. Strategic Decision Influences Affecting Post-Market Expansion

In the post-market expansion phase, three primary strategic decision influences have been identified as critical: psychic distance, culture and values, and geopolitics. Hofstede's cultural dimensions, particularly those relating to power distance, individualism versus collectivism, and uncertainty avoidance, provide a relevant framework for understanding how these influences impact strategic decisions in different markets (Hofstede, 2001). Psychic distance refers to the perceived cultural and business differences between the home country and the Chinese market that impact strategic decisions. Understanding and bridging these differences is crucial for effective market adaptation. Culture and values highlight the importance of aligning brand values with local cultural norms and expectations to ensure relevance and acceptance in the Chinese market. Lastly, geopolitics, particularly the political relations between China and regions such as Hong Kong and Taiwan, significantly impact business strategies. Navigating these political sensitivities is essential to maintaining a positive brand image and avoiding controversies. These influences necessitate a nuanced approach to marketing strategies, balancing the need for localisation with the overarching goal of maintaining brand consistency. The following sections will explore each of these strategic decision influences in detail.

8.4.1. Psychic Distance

Psychic distance refers to the perceived differences in culture, language, business practices, and consumer behaviour between the home country of the luxury brand and the Chinese market. This concept plays a crucial role in shaping post-market entry strategies as brands seek to bridge these gaps to better connect with local consumers.

Luxury Brand Strategist 8 recalled an incident on a Chinese characters-inspired collection that is labelled for “old grannies”:

"One significant incident we encountered was with a collection inspired by Chinese characters. The designs aimed to celebrate traditional Chinese calligraphy by incorporating popular characters and phrases into our apparel. Unfortunately, the execution missed the mark. The characters we chose were perceived as old-fashioned and out of touch with contemporary trends. Consumers labelled the designs as suited for 'old grannies,' which led to a significant backlash on social media and in the press. This misstep resulted in a rapid decline in sales for the collection and forced us to pull the products from the market prematurely. The incident underscored a critical gap in our understanding of local cultural nuances and consumer perceptions. Our intention was to honour Chinese heritage, but without adequate local insight, the result was a collection that felt patronising and irrelevant to modern Chinese consumers. Following this experience, we realised the necessity of involving local experts more deeply in our design process. We established a local advisory board comprising cultural scholars, fashion influencers, and consumer behaviour specialists to guide our future projects. Additionally, we initiated comprehensive market research efforts to better understand the evolving tastes and preferences of our Chinese audience. By integrating these local insights into our strategy, we aim to create products that resonate more authentically and respectfully with our target market, thereby avoiding similar missteps in the future." (Luxury Brand Strategist 8)

Luxury Brand Strategist 14 recalled an incident one of the branded they worked with thought it was a good idea to serve bubble tea in store to connect with local customers. It however was not well received. The detailed experience was shared:

"I recall an incident where one of the brands I worked with decided to serve bubble tea in-store as a way to connect with local customers. The idea was to create a casual, inviting atmosphere that would attract younger consumers who enjoy bubble tea. However, the initiative backfired. Instead of enhancing the store's appeal, it made the store look cheap and inconsistent with the luxurious image we sought to maintain. Customers perceived the presence of bubble tea as a gimmick rather than a thoughtful addition to their shopping experience. This perception was exacerbated by the fact that bubble tea, while popular, is associated with casual dining rather than high-end luxury. As a result, the effort to localise our brand felt forced and out of place, leading to negative feedback and a decline in store traffic. This incident highlighted the critical importance of aligning localisation efforts with the core values and image of the brand. It became clear that we needed to better understand local consumer expectations and cultural contexts before implementing such strategies. We realised that maintaining the exclusivity and sophistication of our brand while incorporating

local elements required a more nuanced approach.” (Luxury Brand Strategist 14)

Marketing Consultant 1 recalled the experience with a luxury fashion brand finding out that European-centric marketing campaigns did not resonate well with Chinese consumers. By conducting in-depth market research and leveraging insights from local experts, the brand was able to adjust its campaigns to better reflect local tastes and preferences, resulting in improved brand perception and sales performance.

“I worked with a luxury fashion brand that initially launched European-centric marketing campaigns in China. The campaigns were visually stunning and had been highly successful in Western markets, featuring iconic European landmarks and a minimalist aesthetic. However, these elements did not resonate well with Chinese consumers, who found the campaigns to be distant and unrelatable. Sales figures reflected this disconnect, and it became evident that we needed to rethink our approach. To address this issue, we conducted in-depth market research to understand the preferences and expectations of Chinese consumers better. We utilised focus groups, surveys, and insights from local market experts to gather detailed feedback. Through this research, we discovered that Chinese consumers preferred more vibrant and culturally relevant visuals that incorporated local elements and told stories they could relate to. Armed with these insights, we restructured our campaigns to highlight themes that resonated with the Chinese market. We featured popular local landmarks, incorporated traditional Chinese motifs in a modern context, and collaborated with well-known local influencers to create a stronger connection with our target audience. One particular campaign that stood out was our Lunar New Year collection. We designed a range of products inspired by traditional Chinese art but with a contemporary twist. The campaign included vibrant visuals, stories that celebrated Chinese heritage, and events that engaged local communities. This approach significantly improved our brand perception and sales performance. The lesson we learned was clear: understanding and bridging psychic distance is crucial for success in the Chinese market. By leveraging local insights and tailoring our strategies to meet the specific tastes and preferences of Chinese consumers, we were able to transform our marketing efforts and achieve a much stronger market presence.” (Marketing Consultant 1)

These examples underscore the significant impact of psychic distance on the strategic decisions of luxury brands entering the Chinese market. They highlight the challenges of understanding and bridging cultural, linguistic, and behavioural differences to better connect with local Chinese consumers. Despite initial efforts, brands often find that managing these differences is a continuous process that requires ongoing adaptation and refinement. The following findings and insights from the participants further elaborate on the complexities and approaches to effectively manage psychic distance in the context of luxury brand internationalisation in China.

Findings and Insights:

- Participants noted that despite the initial market entry, understanding and effectively managing psychic distance remains a continuous challenge.

Differences in consumer preferences, purchasing behaviours, and communication styles require ongoing adaptation.

- Senior management highlighted the importance of investing in local market research and hiring local talent to reduce psychic distance. This approach helps in gaining deeper insights into local consumer behaviour and preferences, facilitating more effective localisation of marketing strategies.
- Several luxury brands have established local advisory boards consisting of cultural and industry experts to provide guidance on market-specific issues and help navigate the complexities of the Chinese market.

8.4.2. Culture and Values

Aligning brand values with local cultural norms and expectations is essential for maintaining brand relevance and authenticity in the Chinese market. This alignment involves understanding and respecting local traditions, social norms, and consumer expectations. Key local festivals according to participants at any luxury or fashion brand must remember are: Chinese New Year (Spring Festival), Qingming Festival (清明节), Dragon Boat Festival, Mid-Autumn Festival, Lantern Festival, Labour Day and National Day. Recently there are new consumer-led events being utilised such as Singles' Day (双11) and of course Valentine's Day and Christmas.

The Swiss luxury watchmaker, Luxury Retailer 6, introduced a limited-edition collection (only 100 were ever made) featuring designs inspired by traditional Chinese art. The collection was well-received, showcasing the brand's respect for Chinese culture and its commitment to creating culturally relevant products. Their Operation Manager said:

"In our efforts to better align our brand with local Chinese culture, we introduced a limited-edition collection inspired by traditional Chinese art, mainly around Ming Dynasty. The collection featured watch designs that incorporated elements of traditional Chinese motifs, such as dragon and phoenix engravings, and the use of jade, which holds significant cultural value in China as a symbol of purity and protection. We also utilised red and gold in our designs, colours that are traditionally associated with good fortune and prosperity in Chinese culture. To launch the collection, we organised a series of exclusive events around the Chinese New Year, the most important festival in China. These events included traditional Chinese performances, such as dragon dances and calligraphy demonstrations, and were held at our flagship stores in Beijing and Shanghai. We invited key opinion leaders (KOLs), local celebrities, and our most loyal customers to these events, ensuring extensive media coverage and social media buzz. The response was overwhelmingly positive. Our customers appreciated the thoughtful incorporation of their cultural heritage into our products. Although the main focus actually was not about sales, the limited collection received significant media attention, further enhancing our brand's reputation in the market. This success reinforced our commitment to creating culturally relevant products and highlighted the importance of cultural sensitivity in our marketing strategies. We have continued to build on this approach by collaborating with local artists for subsequent collections and by integrating local cultural elements into our ongoing product designs. This strategy not only helps us connect more deeply with our Chinese customers but also

demonstrates our respect for their culture and traditions." (Operation Manager Retailer 6)

Luxury Retailer 1 on another hand fully integrate themselves in the local traditions. For each region that brand has their flagship, there will be different local based events making their marketing activities truly unique. For examples, in the Guangzhou flagship store, the brand align their store promotions with the local festivities Huacheng Square Light Show, Huangpu Flower Fair alongside main events such as Spring Festival, Lantern Festival, Double Ninth Festival. The Shanghai store align with events truly unique to the city such as Cherry Blossom Fair Shanghai International, Arts Festival. What makes it more special is that the majority of the brands' events are open for public to engage with the local community and strengthen the brand image rather than using them as an opportunity to sell. Their Flagship Store Manager said:

"Our approach to integrating local traditions into our marketing activities is comprehensive and region-specific. Each of our flagship stores across China tailors its promotions and events to align with local festivities and cultural nuances, creating a unique and engaging experience for our customers. For instance, in our Guangzhou flagship store, we synchronise our store promotions with major local events such as the Huacheng Square Light Show and the Huangpu Flower Fair. These events draw significant local attention and participation, providing an excellent opportunity for us to engage with the community. During the Spring Festival and the Lantern Festival, we organise special in-store events that celebrate these occasions, such as traditional lantern-making workshops and lion dance performances. These activities not only attract customers but also allow them to experience our brand in a culturally relevant context. In our Shanghai flagship store, we align our marketing activities with events unique to the city, such as the Cherry Blossom Fair and the Shanghai International Arts Festival. We host art exhibitions and cultural performances in collaboration with local artists, making our store a hub of cultural exchange. During these events, we offer limited-edition products inspired by the themes of the festivals, which resonate well with our customers and drive sales. What makes our approach particularly special is our commitment to making these events open to the public. We see these as opportunities not just to promote our products but to strengthen our brand's image as a culturally sensitive and community-engaged entity. By opening our events to the wider community, we build a deeper connection with our audience and foster a sense of inclusivity and respect for local traditions. For example, during the Dragon Boat Festival, we collaborated with local artisans to create a special collection of dragon boat-themed accessories. We also organised a dragon boat racing event on the Huangpu River, inviting our VIP customers and local influencers to participate. This event generated extensive media coverage and social media engagement, significantly enhancing our brand visibility and customer loyalty. By fully integrating ourselves into the local traditions and cultural landscape, we not only enhance our brand's relevance but also build a strong emotional connection with our customers. This strategy has proven to be highly effective in maintaining our brand's prestige and appeal in the competitive Chinese luxury market." (Flagship Store Manager, Luxury Retailer 1)

The examples provided by our participants underscore the critical role that cultural alignment plays in the success of luxury brands in China. By deeply integrating local traditions, values, and preferences into their marketing strategies, these brands have managed to create a strong and resonant presence in the market. The emphasis on cultural relevance not only helps in connecting with consumers on a deeper level but also in differentiating the brand from competitors. This section summarises the key findings and insights gathered from the participants, highlighting the essential aspects of cultural sensitivity, successful integration of local cultural elements, and the valuable feedback loop created by the "trickle up" effect of local management on corporate strategies.

Findings and Insights:

- Participants emphasised the importance of cultural sensitivity in marketing strategies. Missteps, such as inappropriate use of cultural symbols or insensitive messaging, can lead to backlash and damage to brand reputation. Cultural value alignment is necessary for brand authenticity, as noted by Beverland (2009).
- Successful luxury brands in China have incorporated elements of Chinese culture into their product designs and marketing campaigns. This includes creating special collections for local festivals, such as Chinese New Year, and collaborating with local artists and influencers.
- The "trickle up" effect has been observed, where insights and feedback from local store management and sales teams influence corporate strategies. This feedback loop allows brands to adapt their offerings to better meet local consumer needs and preferences.

8.4.3. Geopolitics

Geopolitical factors play a pivotal role in shaping the marketing strategies of luxury brands in China. The relationships between China and regions such as Hong Kong and Taiwan, as well as broader international political dynamics, can significantly impact consumer sentiment and brand perception of luxury brands. Navigating these political sensitivities is crucial for maintaining a positive brand image and avoiding controversies that could lead to consumer boycotts or negative publicity. Brands must be acutely aware of the political landscape and ensure that their marketing strategies are carefully crafted to align with national sentiments and avoid inadvertent missteps (Christopher et al., 2004; Cuervo-Cazurra et al., 2007). This section will explore how luxury brands manage these geopolitical challenges, the strategies they employ to stay informed and responsive, and the implications of geopolitical events on their operations and marketing efforts.

8.4.3.1 Geopolitical Issues with Hong Kong and Taiwan

Several luxury retailers faced significant backlash after releasing collections that depicted Hong Kong as an independent country. The brands quickly issued an apology and withdrew the product lines, but the incident underscored the need for greater geopolitical awareness in marketing strategies.

Luxury Brand Strategist 9 worked for an emerging “quirky, playful and slightly inappropriate luxury brand”, quoted by her, and made the same mistake. Despite being called out on social media, they still decided to make the products visible in their stores. Immediately the local authorities withdrew their license, the lease of the concession was terminated overnight, and the brand was completely blacklisted indefinitely in China ever since. Below is Luxury Brand Strategist 9’s account of the event:

“One significant geopolitical challenge we, or the brand I worked for, faced involved a misstep regarding the sensitive political status of Hong Kong. Our brand released a collection that inadvertently depicted Hong Kong as an independent country. This error was due to a lack of thorough vetting and understanding of the political sensitivities involved. Initially, the collection received some positive attention for its unique designs. However, as soon as consumers noticed the geopolitical implications, there was an immediate and severe backlash on social media. Chinese consumers expressed outrage, and the issue quickly escalated, drawing negative media coverage. The controversy resulted in a significant drop in sales and damaged the brand's reputation in China. Despite efforts to rectify the situation, including a public apology and withdrawing the controversial products, the damage was done. The Chinese government took notice, and the brand faced further repercussions. The company's license to operate in several major cities was revoked, and they were effectively blacklisted from participating in future trade events. This geopolitical misstep highlighted the critical importance of cultural and political awareness in international markets.” (Luxury Brand Strategist 9)

The author is aware of the brand and its crisis. In response to this crisis, the brand implemented several key changes to prevent future incidents. They established a dedicated team to oversee geopolitical risk assessment and cultural sensitivity training for all employees. Additionally, they formed a local advisory board comprising political analysts, cultural experts, and market strategists to provide ongoing guidance on navigating the complex geopolitical landscape. They attempted to enter China several times again, but the desirability was nowhere near the level pre-crisis. This experience was a stark reminder of the far-reaching impact geopolitical factors can have on a brand's strategy and operations. It underscored the need for luxury brands to stay informed about political developments and to integrate this awareness into their marketing and product development processes to avoid costly missteps.

Luxury Brand Strategist 7 recalled her experience working with a luxury brand whose CEO was very vocal about Chinese involvement in the South China Sea and “labelled China as the ugly bully on social media and Taiwan is a better China than China itself”, quoted by the strategist. She shared:

“One significant example involves a well-known luxury brand I consulted for, which faced substantial challenges due to geopolitical factors. The brand had been expanding its footprint in China and had established a strong presence with several flagship stores in major cities. However, geopolitical tensions between China and other countries in the region intensified, leading to a sudden and drastic shift in consumer sentiment. During a high-profile trade dispute, nationalist sentiments in China surged, and there was a widespread call for

boycotts of foreign brands perceived as unsupportive of China's political stance. Unfortunately, our brand was caught in the crossfire. Sales plummeted, and we experienced a wave of negative publicity, both online and offline. The situation worsened when a senior executive made a public statement that was interpreted as critical of Chinese policies, further inflaming the situation. In response to this crisis, we had to implement a multi-faceted strategy to mitigate the damage and rebuild our brand image. It has been 5 years now!" (Luxury Brand Strategist 7)

This experience underscored the critical importance of being attuned to geopolitical factors and the need for proactive and culturally sensitive strategies in international markets. It highlighted the potential risks and the significant impact that geopolitical dynamics can have on brand perception and consumer loyalty.

8.4.3.2 Navigating Local Politics

In China, operating a luxury brand involves navigating a complex landscape where the line between what is considered creative and what is acceptable by the ruling party is often blurred. Unlike other markets where regulatory frameworks are more transparent, in China, there are no explicit guidelines detailing what is permissible. This lack of clarity means that brands must constantly gauge the political climate and anticipate potential pitfalls, often feeling like they are 'walking in the dark.'

Luxury Brand Strategist 10 shared the insight:

"One particular incident I recall involved a brand that launched an art-inspired collection featuring abstract designs. While the collection was artistically acclaimed internationally, it included motifs that inadvertently resembled symbols associated with political movements deemed sensitive by the Chinese government. This oversight led to swift backlash from both the public and authorities, culminating in a demand for the brand to withdraw the collection and issue a public apology." (Luxury Brand Strategist 10)

The absence of clear rules makes it imperative for brands to have a nuanced understanding of local political sensitivities. Successful brands are those that manage to strike a balance between innovation and cultural-political awareness. *"For example, we worked with a luxury fashion brand that incorporated traditional Chinese cultural elements into their designs but did so with a modern twist. They collaborated with local historians and cultural experts to ensure their interpretations were respectful and aligned with cultural norms, avoiding any political connotations."* shared Luxury Brand Strategist 11.

Navigating this environment requires brands to be incredibly agile and culturally astute. Findings suggest that the majority of luxury brands now implement a strategy where every major creative decision underwent a thorough review process involving local advisors who were well-versed in the political and cultural landscape. Additionally, there is a rising number of luxury brands that invest heavily in continuous market research to stay ahead of any emerging trends or shifts in political sentiment. However, the reality remains that even with these measures, there is always an element of uncertainty. Brands must be prepared to adapt quickly and have robust

crisis management plans in place. Those who can navigate this 'fine line' successfully will flourish, while those who fail to understand the intricacies of this unique market risk significant setbacks.

Marketing Consultant 2 said:

“The brand I used to work in 2019 had initially launched a campaign featuring models and settings that were well-received in other parts of the world but sparked controversy in China due to unintended political implications. For instance, the campaign included imagery and slogans that were interpreted as supporting political movements viewed unfavourably by the Chinese government. The backlash was immediate, with widespread criticism on social media platforms like Weibo and WeChat. The brand faced calls for boycotts, and its products were pulled from shelves by major Chinese retailers. This incident underscored the importance of thoroughly understanding and navigating the geopolitical sensitivities unique to the Chinese market.”

One critical political factor that significantly impacts luxury brand operations in China is the ownership of shopping malls and department stores. Many of these properties are secretly owned or controlled by high-ranking government officials. Over the past two decades, there have been several high-profile anti-corruption campaigns aimed at removing government officials who have fallen out of political favour. This creates a precarious situation for luxury brands. *“If you are unfortunate enough to have your store located in a property owned by a government official who becomes the target of an investigation, the property can be frozen or seized as part of the government's efforts. This means that your store could be forcibly closed, and you might lose significant revenue without any prior warning or recourse”,* revealed Marketing Consultant 3.

Luxury Brand Strategist 8 added:

“I recall an incident involving a luxury brand that had a flagship store in a prominent shopping mall in Beijing. The mall was implicated in an anti-corruption investigation because it was owned by a high-profile official who was accused of money laundry and buying a foreign citizenship somewhere. As a result, the mall was temporarily shut down, and all businesses operating within it, including the luxury brand's store, were forced to close. This unexpected closure led to substantial financial losses and disrupted the brand's operations in the region.”

These luxury brand consultants generally agreed that, to mitigate such risks, they advise luxury brands to conduct thorough due diligence before selecting store locations. This includes *understanding the ownership structure of the properties and assessing potential geopolitical risks*. Additionally, they recommend diversifying store locations to avoid over-reliance on any single property or mall. The strategists also encourage brands to maintain strong relationships with local authorities and to stay informed about the political climate. This helps in anticipating potential issues and preparing contingency plans. For instance, having a robust online presence can serve as a buffer against physical store closures, ensuring that the brand can continue to reach its customers even in the face of geopolitical disruptions. These experiences

highlight the complex interplay between politics and business in China and underscores the importance of being vigilant and prepared for sudden changes in the geopolitical landscape. Brands that are proactive in managing these risks can better navigate the uncertainties and maintain their operations more effectively.

Findings and Insights:

- Participants noted that geopolitical issues often influence consumer sentiment and can lead to boycotts or negative publicity if not handled carefully. Brands must be mindful of political sensitivities and ensure their marketing strategies do not inadvertently offend local sensibilities.
- Instances of geopolitical missteps, such as branding Hong Kong as an independent country, highlight the importance of thorough vetting and cultural competence in marketing campaigns.
- Luxury brands have adopted various strategies to navigate these challenges, including working closely with local government authorities, staying informed about political developments, and ensuring that their marketing messages align with national sentiments.

8.5. Strategic Recommendations for Future Luxury Brands' Expansions

As luxury brands continue to expand their presence in the Chinese market, they must navigate a complex landscape characterised by dynamic consumer preferences, cultural nuances, and geopolitical sensitivities. The insights gathered in the preceding sections highlight the critical factors influencing luxury brand strategies, from managing psychic distance to aligning with local culture and navigating political uncertainties. This section synthesises these findings to provide strategic recommendations for future expansions. By striking the right balance between standardisation and localisation, and developing robust strategies to handle political and cultural uncertainties, luxury brands can enhance their resilience and achieve sustained success in China. The following subsections will delve into specific strategies for achieving this balance and navigating the intricate market dynamics.

8.5.1. Adjustment for Standardisation and Localisation: Where is the Balance?

Balancing standardisation and localisation is crucial for luxury brands seeking to expand successfully into the Chinese market. While standardisation ensures a consistent brand image and global recognition, localisation is key to making the brand relevant and resonant with the local market. This balance is particularly significant in a diverse and culturally rich market like China, where consumer preferences and cultural norms can vary widely from those in Western markets.

8.5.1.1. Importance of Standardisation

Brand Consistency: Standardisation helps maintain a consistent brand image and message across different markets, which is essential for brand identity and recognition. For luxury brands, maintaining a uniform brand image is critical as it reinforces the brand's core values and prestige globally. For example, luxury brands like Chanel and Dior ensure their brand aesthetics, store designs, and customer experiences are consistent worldwide, reinforcing their high-end image and ensuring

that consumers have the same brand experience regardless of location (Fionda & Moore, 2009).

Economies of Scale: Standardisation can lead to cost efficiencies in production, marketing, and logistics. By using the same marketing materials and product designs across multiple markets, brands can achieve significant savings. This approach also simplifies the supply chain and inventory management, allowing for more streamlined operations and better resource utilisation (Christopher et al., 2004).

8.5.1.2. Need for Localisation

Cultural Relevance: Adapting products, marketing strategies, and customer service to meet local cultural norms and consumer preferences is crucial for success in the Chinese market. Localisation allows brands to connect with consumers on a deeper level, making the brand more relatable and appealing. For instance, adapting product designs to incorporate elements of Chinese culture, such as using the colour red for good luck or creating limited-edition collections for Chinese New Year, can significantly enhance brand appeal (Chevalier & Lu, 2010).

Consumer Engagement: Localisation enhances consumer engagement and loyalty by making the brand more relatable to the local audience. Engaging with local influencers, using local dialects in advertisements, and participating in local festivals and events are effective strategies for building strong connections with consumers. For example, Louis Vuitton's localised product lines and Gucci's culturally tailored marketing campaigns have successfully resonated with Chinese consumers, leading to increased brand loyalty and market share (Dauriz et al., 2014).

8.5.1.3. Finding the Balance: Adopting a Hybrid Approach

Adopting a hybrid strategy where core brand elements remain standardised, while aspects like product offerings, marketing campaigns, and customer interactions are localised, can help brands achieve the right balance. Almost 100% participants said that this approach allows brands to maintain their global identity while being flexible enough to adapt to local market conditions. For instance, Burberry maintains its iconic trench coat design globally but adapts its marketing campaigns and product lines to suit local tastes and preferences (Kapferer & Bastien, 2012).

Regarding implementation strategies, various strategic recommendations were provided as seen below.

- **Local Teams and Insights:**
 - Hiring local teams and leveraging their insights to inform localisation efforts is crucial. Local teams have a deeper understanding of the cultural nuances and consumer preferences, which can guide more effective localisation strategies. Brands like Starbucks have successfully utilised local insights to adapt their product offerings and store designs in China which can also be adapted to both fashion and luxury.
- **Flexible Frameworks:**
 - Developing flexible brand guidelines that allow for local adaptations while maintaining overall brand coherence is essential. This flexibility

enables brands to adapt quickly to changing market conditions and consumer preferences without compromising their core identity (Kapferer & Bastien, 2012).

- **Continuous Feedback Loop:**

- Establishing a continuous feedback loop with local markets to monitor effectiveness and make adjustments as needed is important for long-term success. Regularly gathering and analysing feedback from local consumers can help brands stay relevant and responsive to market changes (Chevalier & Lu, 2010).

Balancing standardisation and localisation is vital for successful brand expansion in China. By maintaining a consistent brand image globally while adapting to local cultural norms and consumer preferences, luxury brands can enhance their relevance and appeal in the Chinese market. Implementing a hybrid approach, leveraging local insights, and maintaining flexibility in brand guidelines are key strategies for achieving this balance. Continuous engagement with local markets and a proactive approach to cultural adaptation will ensure sustained success in this dynamic and complex market.

8.5.2. Navigating Political and Cultural Uncertainty in China

China presents a unique and challenging environment for luxury brands due to its dynamic political landscape and complex cultural fabric. Navigating political and cultural uncertainties is crucial for maintaining a positive brand image and ensuring sustained success in the market. This section explores the strategies luxury brands can employ to effectively manage these uncertainties, drawing on insights and examples from previous analyses and case studies.

8.5.2.1. Understanding Political Risks

- **Regulatory Environment:**

The regulatory environment in China is highly dynamic, with frequent changes that can impact business operations. Luxury brands must stay informed about current regulations and anticipate potential changes. Marketing Consultant 3 highlighted the risk of stores being closed down if located in properties owned by politically exposed individuals, emphasizing the need for thorough due diligence in property selection to avoid unexpected disruptions.

An incident involving a major luxury brand from the interview illustrates this point. The brand had established several flagship stores in high-profile shopping malls in major Chinese cities. However, when one of the mall owners, a prominent government official, was implicated in a corruption scandal, the entire mall was temporarily closed for investigation. This resulted in significant financial losses and disrupted the brand's operations. By ensuring comprehensive background checks and diversifying store locations, the brand could have mitigated such risks.

- **Geopolitical Tensions:**

Geopolitical tensions, particularly involving regions like Hong Kong and Taiwan, can influence consumer sentiment and brand perception. Brands must monitor these

tensions closely and adjust their strategies accordingly. Luxury Brand Strategist 9 shared an experience where a brand faced backlash for depicting Hong Kong as an independent entity in its marketing materials, underscoring the importance of geopolitical awareness.

As covered in the previous section, a luxury brand released a global campaign that featured a map excluding Taiwan as part of China. The campaign received severe backlash in the Chinese market, leading to widespread calls for boycotts. The brand had to issue a public apology and withdraw the campaign, highlighting the need for careful vetting of all marketing content to avoid geopolitical sensitivities.

8.5.2.2. Cultural Sensitivity

- **Respect for Local Culture:**

Understanding and respecting local cultural norms is essential to avoid missteps that could damage the brand's reputation. This includes being mindful of cultural symbols, holidays, and traditions. Luxury Retailer 6 successfully integrated traditional Chinese art into product designs, demonstrating the positive impact of cultural sensitivity. An example, as mentioned, during the Chinese New Year, a luxury brand launched a special collection that featured traditional Chinese motifs, such as dragons and phoenixes, which are symbols of power and prosperity. The collection was well-received, boosting the brand's image and sales. This success underscores the importance of aligning product designs with local cultural values.

- **Cultural Competence Training:**

Implementing cultural competence training for staff ensures they are aware of and sensitive to local cultural nuances. This training should cover aspects such as language, symbols, and consumer behaviour. For instance, training sessions that educate employees about the significance of certain colours, numbers, and motifs in Chinese culture can prevent inadvertent cultural missteps. As discussed, many luxury brands nowadays conduct extensive cultural training for their staff, highlighting the importance of colours like red and gold in Chinese culture. This knowledge helped the brand create marketing materials and store displays that resonated with local consumers, enhancing their cultural relevance and appeal.

8.5.2.3. Proactive Strategies:

Developing comprehensive crisis management plans is crucial for addressing potential political and cultural crises swiftly and effectively. These plans should include strategies for communication, damage control, and operational adjustments. Several case studies illustrate the effectiveness of immediate withdrawal of controversial products and public apologies in mitigating the impact of cultural missteps. Findings suggest that when a luxury brand faced backlash for a culturally insensitive advertisement, the immediate action should always be to quickly issue a public apology, withdraw the ad, and launch a new campaign that celebrated Chinese heritage. This swift response repairs the brand's image and will slowly regain consumer trust.

8.5.2.4 Engagement with Local Authorities

Building strong relationships with local government authorities can help brands stay informed and gain support in navigating political uncertainties. Regular communication and collaboration with authorities can also provide early warnings of potential regulatory changes. Brands that actively engage with local authorities, such as through sponsorship of cultural events or charitable initiatives, can foster goodwill and support.

8.5.2.5 Community Engagement

Involvement in local community initiatives helps build goodwill and demonstrates a brand's commitment to the local market. This can include sponsoring local events, supporting local artists, or contributing to community projects. Luxury Retailer 1's involvement in community events and celebrations, as mentioned by their Flagship Store Manager, strengthens their connection with local consumers and enhances brand loyalty. Navigating political and cultural uncertainty in China requires a proactive and culturally sensitive approach. By understanding political risks, respecting local culture, and implementing robust crisis management and community engagement strategies, luxury brands can mitigate the impact of uncertainties and maintain a positive brand image. These strategies, informed by case studies and expert insights, provide a roadmap for successfully operating in the complex and dynamic Chinese market.

8.6. Chapter Summary

Chapter 8 has provided a comprehensive analysis of the strategic adjustments necessary for luxury brands seeking to expand their presence in the Chinese market. This chapter has underscored the importance of understanding and navigating the unique cultural, political, and market dynamics of China.

Key Highlights:

1. Strategic Decision Influences:

- **Psychic Distance:** The chapter explored the challenges posed by the perceived differences in culture, language, business practices, and consumer behaviour between the home country of luxury brands and China. Effective management of these differences requires continuous adaptation and a deep understanding of the local market, as illustrated by various interview insights and case studies.
- **Culture and Values:** The necessity of aligning brand values with local cultural norms was highlighted. Successful examples included integrating Chinese cultural elements into product designs and marketing campaigns, which enhanced brand relevance and consumer engagement.
- **Geopolitics:** The significant impact of political relations on luxury brand strategies was discussed. Geopolitical missteps can lead to severe consequences, underscoring the importance of geopolitical awareness and proactive crisis management strategies.

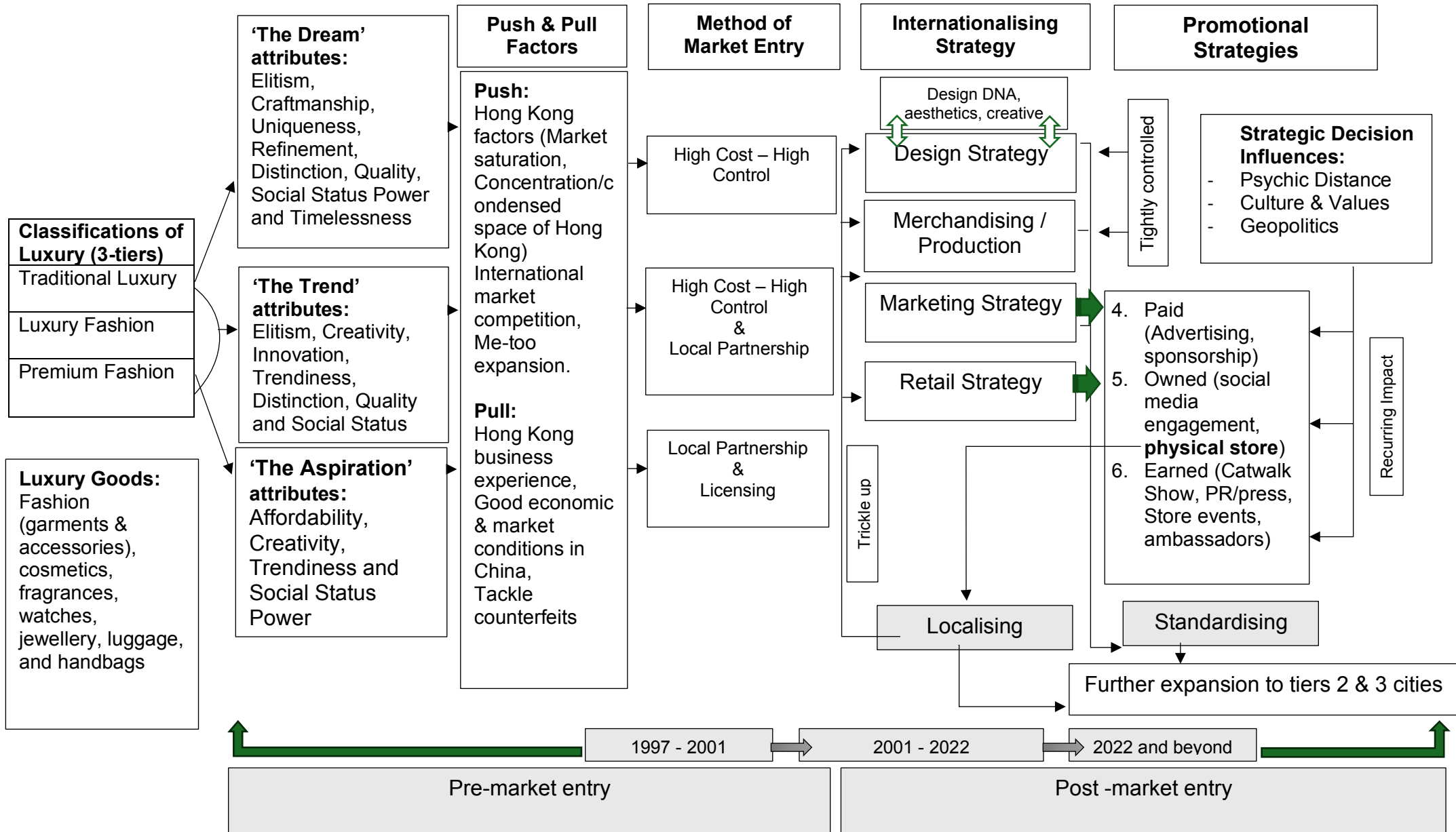
2. Trickle-Up Effect: The chapter detailed how local management insights influence broader corporate strategies. This feedback loop allows brands to adapt their offerings to better meet local consumer needs, demonstrating the value of integrating local perspectives into global decision-making processes.

3. Strategic Recommendations: The chapter provided strategic recommendations for future luxury brand expansions in China, focusing on balancing standardisation and localisation, and navigating political and cultural uncertainties.

- **Standardisation vs Localisation:** A hybrid approach was recommended, maintaining core brand elements while adapting product offerings, marketing campaigns, and customer interactions to fit local cultural contexts.
- **Navigating Uncertainties:** The importance of understanding political risks, cultural sensitivity, and proactive strategies such as crisis management plans and community engagement was emphasised. Building strong relationships with local authorities and maintaining a continuous feedback loop with local markets were also highlighted as critical strategies.

Chapter 8 has offered a detailed roadmap for luxury brands aiming to achieve sustained success in the Chinese market. By understanding and addressing the unique challenges posed by psychic distance, cultural values, and geopolitical factors, luxury brands can effectively navigate the complexities of the Chinese market. The strategic recommendations provided in this chapter are designed to help brands balance standardisation and localisation, while proactively managing political and cultural uncertainties to maintain a positive brand image and enhance consumer engagement. Reflecting on valuable insights from the senior management participants, the author has now managed to refine and create the final road map of internationalisation of luxury brands in China (Figure 8.1)

Figure 8.1. Internationalising Strategies of Luxury Brands in Emerging Markets: A China Perspective



CHAPTER 9: DISCUSSION, SUMMARY AND THEORETICAL & MANAGERIAL IMPLICATIONS

9.1. Introduction

This chapter synthesises the findings from the preceding chapters, linking them to theoretical frameworks and providing managerial implications. The goal is to highlight the contributions of this research to both theory and practice in the context of luxury brand internationalisation in China. By addressing the main research questions, this chapter provides a comprehensive understanding of how luxury brands adapt their strategies in the Chinese market and offers practical recommendations for managers.

By way of reminder, the overarching research question of the investigated project is: *"How do luxury fashion brands develop and implement internationalisation strategies in emerging markets, and what are the key factors influencing their marketing and operational decisions from pre-market entry to post-market entry?"*

To address this, the research explores the following specific questions:

- *RQ1: What are the defining characteristics and value creation mechanisms of luxury goods that influence the initial strategic considerations for internationalisation?*
- *RQ2: What are the primary motives behind the internationalisation of luxury brands, and what methods are used for market entry into emerging markets?*
- *RQ3: How do luxury brands adjust their strategies post-market entry, and in what contexts are localisation or standardisation of these strategies most appropriate?*

By exploring these questions, the study aims to bridge the gap between theory and practice, offering insights that are both academically rigorous and practically relevant. This chapter will summarise the key findings, discuss their theoretical implications, and provide actionable recommendations for managers.

9.2. Summary of Findings

9.2.1 Redefining Luxury: Managerial Perspectives

The concept of luxury is multifaceted and varies significantly across different tiers of the luxury market. The interviews revealed that luxury is characterised by high-end craftsmanship, heritage, exceptional customer experience, and continuous innovation. The definition of luxury also adapts to cultural contexts, particularly in the Chinese market, where attributes such as social status and power are emphasised.

Luxury products must exhibit high-end craftsmanship, which is essential for maintaining the perceived value of luxury items. This focus on quality ensures that

products not only meet but exceed consumer expectations, thereby reinforcing the brand's reputation for excellence. Heritage and legacy are also crucial, as they provide a narrative that connects consumers to the brand's history and values, creating a deeper emotional bond. Additionally, providing an exceptional customer experience through personalised services and bespoke experiences is vital. This approach aligns with the findings of Kapferer and Bastien (2012), who highlight the importance of creating unique and memorable customer interactions to reinforce the luxury status of a brand.

Innovation and creativity are necessary to balance tradition with modernity. Luxury brands must continuously evolve to remain relevant, which involves introducing innovative designs and technologies while respecting their heritage. This dynamic is evident in the strategies of luxury brands that blend traditional craftsmanship with contemporary aesthetics to appeal to both longstanding and new customers.

Cultural adaptation is another significant aspect, especially in the Chinese market. The need to adjust the luxury concept to align with local values and consumer preferences is critical. In China, attributes such as social status and power are emphasised more than in Western markets. This adaptation process is crucial for luxury brands to resonate with Chinese consumers, who often associate luxury with social prestige and recognition. Holt (2004) supports this view, highlighting that cultural capital and social distinction are key drivers of luxury consumption. Therefore, luxury brands must strategically incorporate elements that signify social status and power to appeal to the Chinese market effectively.

These insights are consistent with the literature, which emphasises the importance of both tangible and intangible elements in defining luxury. According to Wiedmann et al. (2007), luxury encompasses functional, individual, and social value. The findings align with this model, highlighting the role of craftsmanship (functional value), heritage (individual value), and social status (social value).

The findings reinforce the integrated model proposed by Wiedmann et al. (2007), which identifies four dimensions of luxury value: financial, functional, individual, and social. The emphasis on craftsmanship and heritage corresponds to the functional and individual dimensions, while the focus on social status aligns with the social dimension. The concept of cultural adaptation in China extends Wiedmann et al.'s model by demonstrating the importance of contextual factors in luxury value perception.

9.2.2 Internationalisation Process of Luxury Brands

The internationalisation process of luxury brands is structured and systematic, often starting at the corporate level and filtering down through the company and store levels. This hierarchical approach ensures that strategic decisions align with the overall brand vision while allowing for local adaptation to meet specific market needs.

At the **corporate level**, initial strategic decisions are made. These decisions include identifying target markets, setting internationalisation objectives, and developing overarching strategies for market entry and expansion. This top-down approach ensures that the brand maintains its core values and identity across different markets. However, it also requires flexibility to adapt to local conditions.

Local adaptation is crucial for the success of internationalisation strategies. **Local management teams** are given autonomy to adapt corporate strategies to their specific market conditions. This decentralised approach allows for a more responsive and tailored strategy that considers local consumer preferences, cultural nuances, and market dynamics. This strategy is in line with Bartlett and Ghoshal's (1989) transnational strategy, which advocates for a balance between global integration and local responsiveness.

Hong Kong as a Strategic Hub serves as an entry point and testing ground for expansion into Mainland China. Hong Kong's unique position, with its blend of Eastern and Western influences and its established luxury market, makes it an ideal location for testing new strategies before implementing them in Mainland China. This strategic use of Hong Kong provides valuable market insights, consumer understanding, and business know-how, which are crucial for successful expansion into the broader Chinese market.

These findings align with existing literature on international business, which underscores the importance of strategic planning and local adaptation in successful internationalisation. According to Bartlett and Ghoshal (1989) and Bai et al (2019) multinational corporations must balance global integration and local responsiveness. The role of Hong Kong as a strategic hub illustrates this balance, providing a bridge between global strategies and local market needs.

The concept of using a regional hub for internationalisation aligns with Bartlett and Ghoshal's (1989) transnational strategy, which advocates for a balance between global efficiency and local responsiveness. Hong Kong's role as a testing ground and entry point into China demonstrates how luxury brands implement this strategy, leveraging regional insights to inform broader market expansion.

9.2.3 Pre-Market Entry Strategies

The motives for entering the Chinese market include push factors such as market saturation in established markets and pull factors like the growth potential in China. Understanding these motives is crucial for developing effective pre-market entry strategies that align with the brand's objectives and market conditions.

Push Factors include market saturation in established markets, competitive pressure, and the need for growth. As luxury brands face saturation in mature markets like Europe and North America, expanding into emerging markets like China becomes a strategic necessity. Competitive pressure also drives brands to seek new opportunities to maintain their market position and achieve sustainable growth.

Pull Factors include market potential, improved infrastructure, and economic growth in China. The Chinese market offers significant growth potential due to its large and increasingly affluent consumer base. Improved infrastructure, such as better retail environments and logistics networks, facilitates the entry and expansion of luxury brands. China's rapid economic growth further enhances its attractiveness as a target market.

Hong Kong's Role in preparing for Mainland China expansion cannot be overstated. As a gateway to China, Hong Kong provides valuable market insights, consumer understanding, and business know-how. This strategic use of Hong Kong allows luxury brands to test their strategies, products, and marketing approaches in a less complex but culturally similar market before fully committing to the Mainland China market.

These findings are consistent with Dunning's (1988) eclectic paradigm, which identifies ownership, location, and internalisation advantages as key factors driving internationalisation. The push and pull factors identified in the research correspond to location advantages, highlighting China's market potential and improved infrastructure. The push-pull framework identified in the findings aligns with Dunning's (1988) eclectic paradigm, which emphasises location advantages in the decision to internationalise. The emphasis on market potential and infrastructure in China highlights the strategic importance of location-specific factors in luxury brand expansion.

9.2.4 Post-Market Entry Strategies

Post-market entry strategies involve continuous adaptation to local market conditions, balancing standardisation with localisation, and addressing geopolitical and cultural factors. These strategies are crucial for maintaining relevance and competitiveness in the dynamic Chinese market.

Psychic Distance refers to the perceived differences between the home country and the host country. Managing these cultural and business differences is essential for successful internationalisation. Luxury brands must develop strategies to bridge these gaps, such as employing local managers who understand the cultural nuances and consumer behaviour of the Chinese market.

Culture and Values play a significant role in shaping consumer preferences and brand perceptions. Aligning brand values with local cultural norms is crucial for maintaining brand consistency and relevance. This involves adapting marketing messages, product offerings, and customer experiences to resonate with local consumers while preserving the brand's core identity.

Geopolitics can significantly impact internationalisation strategies. Navigating political sensitivities and maintaining a positive brand image are essential for long-term success. Luxury brands must be aware of the geopolitical landscape and develop strategies to mitigate risks and respond to political changes.

Local Insights from store management and frontline employees provide valuable feedback that can influence corporate strategies. This trickle-up effect ensures that the brand remains responsive to local market conditions and consumer needs. By incorporating local insights into decision-making processes, luxury brands can develop more effective and tailored strategies.

These findings support the notion of psychic distance, as proposed by Johanson and Vahlne (1977), which refers to the perceived differences between home and host countries that can impact internationalisation strategies. The emphasis on cultural

adaptation and local feedback aligns with the Uppsala model, which advocates for gradual market entry and learning.

The concept of psychic distance and the importance of cultural adaptation align with Johanson and Vahlne's (1977) Uppsala model, which emphasises the need for gradual market entry and experiential learning. The findings highlight how luxury brands manage these factors to maintain brand consistency and relevance in the Chinese market.

9.3 Theoretical Implications

The findings extend Wiedmann et al.'s (2007) luxury value model by highlighting additional dimensions pertinent to the Chinese market. In particular, the importance of cultural resonance and social recognition emerged as critical factors influencing luxury consumption. Incorporating these dimensions into the existing model can provide a more comprehensive understanding of luxury value in diverse cultural contexts.

This research also reinforces Bartlett and Ghoshal's (1989) transnational strategy framework, illustrating the need for a balance between global integration and local responsiveness. Luxury brands that adopt a hybrid approach, combining standardisation of core brand elements with localisation of marketing and product strategies, tend to achieve greater success in China. This finding underscores the relevance of the transnational strategy in managing the complexities of internationalisation in culturally diverse markets.

Moreover, the research contributes to the broader theoretical discourse on international marketing and luxury brand management by demonstrating the necessity of cultural sensitivity and geopolitical awareness. Future theoretical models should incorporate dynamic elements that account for the fluid nature of consumer preferences and political environments, thus providing a more robust framework for understanding luxury brand strategies in different contexts. There are several key theoretical contributions drawn from the study:

- **Refined Definitions of Luxury:** The research provides updated definitions of luxury, incorporating insights from different tiers of the market.
- **Internationalisation Framework:** A comprehensive framework for understanding the internationalisation process of luxury brands, including pre- and post-market entry strategies.
- **Cultural Adaptation:** Emphasises the role of cultural adaptation in maintaining brand consistency and relevance in emerging markets.

9.3.1 Expanding the Definition of Luxury

The research has revealed that luxury cannot be confined to a single definition. Instead, it is a complex, evolving concept that varies across different market segments and cultural contexts. By incorporating perspectives from various stakeholders in the luxury sector, the study offers a more nuanced understanding of what constitutes luxury today.

This expanded definition aligns with the multidimensional approach proposed by Wiedmann et al. (2007), which considers financial, functional, individual, and social dimensions. The research extends this model by highlighting the importance of cultural and contextual factors in defining luxury. Some key contributions are as follows:

- **Multidimensional Approach:** Confirms and expands the multidimensional nature of luxury.
- **Contextual Factors:** Highlights the role of cultural and market-specific factors in shaping luxury perceptions.

The expanded definition of luxury acknowledges that what is considered luxurious in one market may not hold the same value in another. This perspective aligns with Vickers and Renand's (2003) view that luxury is context-dependent and varies according to socio-cultural factors. The emphasis on cultural adaptation further supports this notion, highlighting the need for luxury brands to tailor their offerings to meet local expectations.

9.3.2 Framework for Luxury Internationalisation

The study proposes a structured framework for the internationalisation of luxury brands, emphasising the importance of strategic planning and local adaptation. This framework can serve as a guide for future research and practical application in the field of international business. The framework aligns with existing models of internationalisation, such as Bartlett and Ghoshal's (1989) transnational strategy and Dunning's (1988) eclectic paradigm. It provides a detailed roadmap for luxury brands, outlining the stages of internationalisation and the key considerations at each stage. Key contributions of the study are:

- **Structured Process:** Provides a clear roadmap for the internationalisation of luxury brands.
- **Integration of Models:** Combines elements of transnational strategy, eclectic paradigm, and Uppsala model.

The proposed framework emphasizes the need for a balanced approach that integrates global efficiency with local responsiveness. This approach is consistent with Ghemawat's (2001) concept of "AAA" strategies—adaptation, aggregation, and arbitrage—which suggest that firms must adapt their strategies to local conditions, aggregate operations to achieve economies of scale, and exploit differences across markets.

9.3.3 Cultural and Geopolitical Sensitivity

Understanding the cultural and geopolitical landscape is crucial for the successful internationalisation of luxury brands. The research underscores the need for brands to be culturally sensitive and politically aware, particularly when entering complex markets like China. The emphasis on cultural adaptation and geopolitical awareness aligns with the concept of psychic distance and the Uppsala model. The findings highlight the importance of managing these factors to maintain brand integrity and ensure long-term success. Key Contributions are as follows:

- Cultural Adaptation: Reinforces the importance of aligning brand strategies with local cultural norms.
- Geopolitical Awareness: Emphasises the need for brands to navigate political sensitivities carefully.

This emphasis on cultural and geopolitical sensitivity is supported by the work of Douglas and Craig (2011), who argue that international marketing strategies must consider the socio-political environment of the target market. By incorporating these elements into their strategies, luxury brands can better navigate the complexities of international markets and build stronger, more resilient brands.

9.4 Managerial Implications

Balancing standardisation and localisation is crucial for luxury brands operating in China. Standardisation ensures brand consistency and global recognition, preserving core brand values and messages across different markets. However, localisation is equally important, as it adapts products, marketing strategies, and customer service to meet local cultural norms and consumer preferences. This dual approach enhances consumer engagement and loyalty by making the brand more relatable to the local audience.

A hybrid strategy, or “*glocal*”, where core brand elements remain standardised while aspects like product offerings, marketing campaigns, and customer interactions are localised, is recommended. For instance, luxury brands like Louis Vuitton and Gucci have successfully balanced standardisation and localisation by tailoring their product lines and marketing campaigns to fit local cultural contexts. Implementing this strategy requires hiring local teams and leveraging their insights to inform localisation efforts. Developing flexible brand guidelines that allow for local adaptations while maintaining overall brand coherence is also essential. Establishing a continuous feedback loop with local markets ensures that brands can monitor the effectiveness of their strategies and adjust as needed.

Navigating political and cultural uncertainty in China requires a proactive and culturally sensitive approach. Understanding the regulatory environment and anticipating potential changes are critical for mitigating risks. For example, due diligence in property selection is crucial to avoid unexpected disruptions, as highlighted by Marketing Consultant 3. Geopolitical tensions, particularly involving regions like Hong Kong and Taiwan, can influence consumer sentiment and brand perception. Brands must monitor these tensions closely and adjust their strategies accordingly.

Cultural sensitivity is paramount for maintaining a positive brand image. Understanding and respecting local cultural norms can prevent missteps that could damage the brand’s reputation. Incorporating traditional Chinese motifs in product designs, for instance, can enhance cultural resonance. Implementing cultural competence training for staff ensures they are aware of and sensitive to local cultural nuances, further strengthening the brand’s connection with the local market.

Developing comprehensive crisis management plans is crucial for addressing potential political and cultural crises swiftly and effectively. Building strong relationships with local government authorities can help brands stay informed and gain

support in navigating political uncertainties. Regular communication and collaboration with authorities can provide early warnings of potential regulatory changes, allowing brands to adapt their strategies proactively. Involvement in local community initiatives helps build goodwill and demonstrates a brand's commitment to the local market. This can include sponsoring local events, supporting local artists, or contributing to community projects, as illustrated by Luxury Retailer 1's involvement in community events and celebrations.

Case studies of luxury brands navigating regulatory changes, addressing cultural missteps, and adapting to geopolitical tensions provide practical insights for managers. For instance, a luxury brand that adapted its business model to comply with new e-commerce regulations in China ensured continued market access and customer satisfaction. Similarly, brands that swiftly addressed cultural missteps through public apologies and culturally sensitive campaigns successfully mitigated the impact on their reputation. Adjusting marketing strategies in response to geopolitical tensions, such as emphasising commitment to Chinese culture and heritage in campaigns, helped maintain consumer loyalty and brand reputation. There are some key managerial recommendations that can be suggested:

- **Strategic Planning:** Develop a structured internationalisation strategy, starting at the corporate level and adapting to local markets.
- **Cultural Sensitivity:** Ensure marketing strategies align with local cultural norms and values.
- **Local Autonomy:** Empower local management teams to adapt strategies to specific market conditions.
- **Continuous Adaptation:** Regularly review and adjust strategies based on local insights and market feedback.
- **Geopolitical Awareness:** Stay informed about political developments and navigate geopolitical sensitivities carefully.

9.4.1 Strategic Planning and Execution

Effective strategic planning and execution are critical for the success of internationalisation efforts. The research highlights the need for a clear and structured approach, involving all levels of the organisation. Managers should develop comprehensive internationalisation strategies that incorporate both global and local considerations. This involves setting clear objectives, identifying target markets, and developing detailed plans for market entry and expansion. This strategic approach aligns with the recommendations of Doz and Prahalad (1991), who advocate for a balance between global integration and local responsiveness. Some practical steps are recommended as below:

- **Set Clear Objectives:** Define the goals and desired outcomes of internationalisation
- **Identify Target Markets:** Conduct thorough market research to identify promising markets.
- **Develop Detailed Plans:** Create comprehensive plans for market entry and expansion, considering both global and local factors.

By setting clear objectives and identifying target markets, luxury brands can ensure that their internationalisation efforts are focused and aligned with their overall business strategy. Developing detailed plans that consider both global and local factors will help brands navigate the complexities of international markets and achieve sustainable growth.

9.4.2 Cultural Adaptation and Localisation

Cultural adaptation and localisation are essential for maintaining brand relevance and authenticity in new markets. The study provides practical insights into how brands can balance standardisation with localisation to achieve this. Managers should conduct thorough cultural analyses to understand local consumer behaviour, preferences, and values. This information can then be used to tailor marketing strategies, product offerings, and customer experiences to align with local expectations. This approach is consistent with the findings of Levitt (1983), who emphasises the importance of understanding local markets to develop effective global strategies. Practical steps are recommended as below:

- **Conduct Cultural Analyses:** Understand Chinese consumer behaviour, preferences, and values.
- **Tailor Marketing Strategies:** Adapt marketing campaigns to resonate with local Chinese audiences.
- **Customise Product Offerings:** Develop products that meet local needs and preferences.

By conducting cultural analyses and tailoring their strategies to local markets, luxury brands can enhance their relevance and appeal to local consumers. This approach not only helps brands build stronger relationships with their customers but also supports long-term brand growth and sustainability.

9.4.3 Managing Geopolitical/Political Risks

Geopolitical risks can significantly impact the internationalisation of luxury brands. Managers need to be proactive in understanding and navigating these risks to protect their brand image and ensure long-term success. This involves staying informed about political developments, assessing potential risks, and developing contingency plans. Managers should also engage with local stakeholders to build strong relationships and gain insights into the political landscape. This proactive approach aligns with the recommendations of Henisz (2003), who emphasises the importance of managing political risks in international business. Practical steps are suggested as follows:

- **Stay Informed:** Keep up-to-date with political developments in target markets.
- **Assess Risks:** Evaluate potential geopolitical risks and their impact on the business.
- **Develop Contingency Plans:** Create strategies to mitigate risks and respond to political changes.
- **Engage with Stakeholders:** Build relationships with local stakeholders to gain insights and support.

By staying informed and proactive in managing geopolitical risks, luxury brands can better navigate the complexities of international markets and protect their brand reputation. Developing contingency plans and engaging with local stakeholders will help brands respond effectively to political changes and ensure long-term success.

9.5 Limitations of the Study

In any research project, it is essential to acknowledge the limitations that may have impacted the study's findings and their generalisability. Recognising these limitations helps provide context for interpreting the results and highlights areas for future research. This section outlines the primary limitations encountered in this study.

9.5.1 Sample Size and Diversity

One of the significant limitations of this research is the sample size and diversity of participants. Although the study involved interviews with 51 senior managers and strategists from various luxury brands, the sample may not fully represent the broader industry. The participants were primarily from well-established brands with substantial resources, potentially overlooking smaller or emerging luxury brands that might have different experiences and strategies. Future research should aim to include a more diverse range of participants to capture a broader spectrum of perspectives within the luxury sector.

9.5.2 Geographic Focus

The study focused predominantly on the Chinese market, including the strategic role of Hong Kong as a gateway to Mainland China. While this focus provides in-depth insights into the internationalisation strategies within this specific context, the findings may not be directly applicable to other emerging markets with different cultural, economic, and political landscapes. Comparative studies across multiple regions would be valuable to understand how internationalisation strategies vary in different contexts and to identify universal principles and region-specific adaptations.

9.5.3 Qualitative Methodology

This research utilised qualitative methods, primarily in-depth interviews, to gather rich, detailed data about the internationalisation strategies of luxury brands. While qualitative research provides deep insights into participants' experiences and perspectives, it may lack generalisability and may be influenced by the researcher's interpretations. Additionally, the findings from qualitative studies are not easily generalisable to the broader population. Future studies could complement qualitative approaches with quantitative methods to validate the findings and enhance their generalisability.

9.5.4 Potential Biases

Several potential biases may have influenced the study's findings. Firstly, there is a possibility of selection bias, as participants who agreed to be interviewed may have specific characteristics or viewpoints that differ from those who did not participate. Secondly, response bias could occur if participants provided socially desirable

answers or downplayed challenges to present their brands in a positive light. To mitigate these biases, future research could employ anonymous surveys or include a wider range of data collection methods.

9.5.5 Evolving Market Dynamics

The luxury market, particularly in emerging economies like China, is dynamic and rapidly evolving. The findings of this study are based on data collected at a specific point in time and may not fully capture recent developments or future trends. Continuous research is necessary to keep pace with the changing market conditions, consumer preferences, and geopolitical factors that influence the internationalisation strategies of luxury brands.

9.5.6 Cultural Nuances and Interpretation

Interpreting qualitative data across different cultural contexts can be challenging. The cultural nuances and local idioms that emerged during interviews may have been subject to interpretation bias. While efforts were made to ensure accurate interpretation, the researcher's cultural background and understanding might have influenced the analysis. Engaging researchers or collaborators from the local context could enhance the cultural accuracy of future studies. Acknowledging these limitations provides a more nuanced understanding of the research findings and underscores the importance of context in interpreting the results. While the study offers valuable insights into the internationalisation strategies of luxury brands in China, these limitations highlight areas where further research is needed to build on the current knowledge and address gaps. Future studies should aim to broaden the sample size, include diverse geographic contexts, and incorporate mixed methods to enhance the robustness and applicability of the findings.

9.6 Recommendations for Future Research

The research recommends that future research further explores the dynamic relationship between global brand strategies and local market adaptation, particularly in the context of emerging markets. Additionally, investigating the long-term impact of geopolitical factors on luxury brand internationalisation could provide valuable insights. Some of the research directions are suggested as follows:

- **Longitudinal Studies:** Conduct longitudinal studies to examine the long-term effects of internationalisation strategies on brand performance.
- **Comparative Studies:** Compare the internationalisation strategies of luxury brands in different emerging markets.
- **Geopolitical Impact:** Investigate the impact of geopolitical factors on luxury brand management and marketing strategies.

9.6.1 Longitudinal Studies

Longitudinal studies would provide deeper insights into the long-term impact of internationalisation strategies on luxury brands. These studies could track the evolution of brands over time, offering valuable data on the effectiveness of various strategies. By examining the long-term outcomes of internationalisation efforts,

researchers can identify best practices and potential pitfalls. This information can inform future strategies and contribute to the development of more effective internationalisation models.

The author recommends some potential areas of focus:

- **Brand Performance:** Track key performance indicators (KPIs) to measure the success of internationalisation strategies.
- **Market Adaptation:** Examine how brands adapt to changing market conditions over time.
- **Consumer Perception:** Investigate how consumer perceptions of luxury brands evolve with international expansion.

Longitudinal studies can provide valuable insights into the sustainability of internationalisation strategies and help brands develop more effective approaches to global expansion. By tracking brand performance and market adaptation over time, researchers can identify trends and patterns that can inform future strategies.

9.6.2 Comparative Studies Across Markets

Comparative studies across different emerging markets would help identify common challenges and best practices. By examining how different markets respond to internationalisation strategies, researchers can develop more generalisable theories and recommendations. These studies can provide valuable insights into the unique characteristics of each market and how they influence the success of internationalisation efforts. This information can help brands tailor their strategies to better meet the needs of diverse markets.

The author recommends some potential areas of focus:

- **Market Characteristics:** Compare the economic, cultural, and political environments of different markets.
- **Strategy Effectiveness:** Assess the effectiveness of various internationalisation strategies in different contexts.
- **Best Practices:** Identify best practices and common challenges across markets.

Comparative studies can help brands understand the nuances of different markets and develop more targeted strategies for international expansion. By identifying common challenges and best practices, researchers can provide valuable insights that can inform future internationalisation efforts.

9.6.3 Impact of Geopolitical Factors

Geopolitical factors play a significant role in shaping the success of internationalisation efforts. Future research should focus on understanding how these factors influence brand strategies and performance, providing insights that can help managers navigate complex political landscapes. By examining the impact of geopolitical events and trends on luxury brands, researchers can identify potential risks and develop strategies to mitigate them. This information can help brands anticipate and respond to political changes, ensuring long-term success.

The author recommends some potential areas of focus:

- **Political Stability:** Assess the impact of political stability on brand performance.
- **Regulatory Environment:** Examine how changes in regulations affect internationalisation strategies.
- **Geopolitical Trends:** Investigate the influence of geopolitical trends on market dynamics and consumer behaviour.

Understanding the impact of geopolitical factors on internationalisation strategies is crucial for luxury brands operating in complex markets. By examining these factors, researchers can provide valuable insights that can help brands develop more resilient and adaptable strategies for global expansion.

9.7 Conclusion

In conclusion, this research provides a comprehensive understanding of the strategic adjustments luxury brands must make to succeed in the Chinese market. By balancing standardisation and localisation, navigating political and cultural uncertainties, and integrating local insights into global strategies, luxury brands can enhance their relevance and resilience.

This study makes several unique contributions to the field of luxury brand internationalisation. It extends Wiedmann et al.'s (2007) luxury value model by incorporating cultural resonance and social recognition as critical factors in the Chinese market. Additionally, it reinforces Bartlett and Ghoshal's (1989) transnational strategy framework, highlighting the efficacy of a hybrid approach that combines global integration with local responsiveness. The research also introduces the concept of using Hong Kong as a strategic hub for testing and adapting strategies before full-scale implementation in Mainland China, providing a novel insight into the internationalisation process.

The implications of this research are far-reaching. For the luxury industry, it underscores the importance of cultural sensitivity and geopolitical awareness in navigating complex and dynamic markets. Luxury brands must be adept at balancing their global brand identity with the need to resonate locally, which involves understanding and integrating local cultural nuances and consumer behaviours into their strategies.

For international marketing, this research highlights the necessity of a flexible and adaptive approach. The findings suggest that successful internationalisation requires not only strategic planning at the corporate level but also significant local autonomy to tailor strategies to specific market conditions. This approach can enhance brand loyalty and consumer engagement by ensuring that marketing messages and product offerings are culturally relevant and appealing.

Another significant contribution of this research is its methodological focus on the managerial perspective. By centring the voices of luxury brand managers, this study provides a nuanced understanding of internationalisation strategies that are directly applicable to industry practice, filling a critical gap in the existing literature.

Overall, this research demonstrates that the key to successful internationalisation lies in understanding and adapting to the unique cultural and political contexts of each market. By embracing this approach, luxury brands can achieve greater market penetration and build stronger, more lasting relationships with their customers. The findings contribute to both theoretical and managerial discourses, offering valuable insights for academics and practitioners alike. This study not only advances the academic understanding of luxury brand internationalisation but also provides practical recommendations for managers seeking to navigate the complexities of the Chinese market.

CHAPTER 10: CONCLUSION

10.1 Introduction

The final chapter of this research aims to encapsulate the study's primary findings, reflecting on the initial research objectives and evaluating how well they have been met. This chapter also discusses the contributions of the study to the fields of international marketing and luxury brand management. By summarising the key insights and implications, this chapter underscores the significance of the research and suggests directions for future studies.

10.2 Summary of Key Findings

This research has explored the internationalisation strategies of luxury brands, focusing particularly on their expansion into the Chinese market. The study was guided by three primary research questions, each addressed through a comprehensive analysis of interview data and existing literature.

10.2.1 Understanding the Concept of Luxury

The research began by redefining the concept of luxury from a managerial perspective. Through interviews with senior managers and strategists, it became evident that luxury is characterised by high-end craftsmanship, heritage, exceptional customer experiences, and continuous innovation. These elements are critical in maintaining the perceived value and exclusivity of luxury brands. The study also highlighted the importance of cultural adaptation in defining luxury, particularly in the Chinese context where social status and power play significant roles.

10.2.2 Organisational Structure and Pre-Market Entry Strategies

The second research question focused on the organisational structure and strategies employed by luxury brands in their internationalisation efforts. The study found that the process is highly structured, starting at the corporate level and filtering down through the company and store levels. Hong Kong emerged as a strategic hub, providing valuable insights and a gateway to Mainland China. The research also identified key push and pull factors driving the internationalisation, including market saturation in established markets and the growth potential in China.

10.2.3 Post-Market Entry Strategies and Adaptations

The third research question examined the post-market entry strategies and the adjustments made by luxury brands to maintain brand consistency and relevance. The study highlighted the importance of cultural adaptation, local insights, and geopolitical awareness in shaping these strategies. The findings underscored the dynamic nature of the Chinese market and the need for continuous adaptation to local conditions.

10.3 Author's Reflection on Research Objectives

The study successfully addressed the research objectives set at the beginning of the project. By redefining the concept of luxury, exploring the internationalisation process, and examining post-market entry strategies, the research provided a comprehensive understanding of how luxury brands navigate the complexities of entering and expanding in the Chinese market.

Research Objective 1: *To critically examine the defining characteristics and value creation mechanisms of luxury goods, and to analyse the initial strategic considerations that luxury fashion brands undertake when deciding to internationalise, thereby providing a comprehensive framework that can guide future research and strategic decision-making in the luxury sector.*

The research achieved this objective by identifying key elements that define luxury, including craftsmanship, heritage, customer experience, and innovation. The study also emphasised the importance of cultural adaptation in maintaining the relevance and value of luxury brands.

Research Objective 2: *To assess the motivations behind the internationalisation of luxury brands and the strategies employed for market entry into emerging markets (pre-market entry strategies).*

The study addressed this objective by identifying push and pull factors driving internationalisation and outlining the structured approach taken by luxury brands. The role of Hong Kong as a strategic hub was also highlighted, providing a deeper understanding of the entry strategies employed by luxury brands.

Research Objective 3: *To examine the adjustments in marketing strategies following market penetration (post-market entry phase) and determine the contexts in which localisation or standardisation of these strategies is most appropriate.*

The research met this objective by exploring the post-market entry adaptations made by luxury brands, focusing on cultural and geopolitical considerations. The findings underscored the importance of continuous adaptation and local insights in maintaining brand consistency and relevance.

10.4 Contributions to the Field

This research makes several contributions to the fields of international marketing and luxury brand management:

1. Theoretical Contributions:

- The study expands the existing literature on luxury brand internationalisation by providing a nuanced understanding of the concept of luxury and its cultural adaptation.
- The research introduces a comprehensive framework for understanding the internationalisation process of luxury brands, integrating elements of strategic planning, local adaptation, and geopolitical awareness.

2. Managerial Contributions:

- The findings offer practical guidance for luxury brand managers on navigating the complexities of internationalisation, particularly in emerging markets like China.
- The study highlights the importance of cultural sensitivity, strategic planning, and local autonomy in developing effective internationalisation strategies.

10.5 Future Research Directions

While this study provides valuable insights, it also opens up several avenues for future research:

1. **Broader Geographic Focus:** Future studies could explore the internationalisation strategies of luxury brands in other emerging markets to compare and contrast with the Chinese market.
2. **Longitudinal Studies:** Conducting longitudinal studies would provide a deeper understanding of how internationalisation strategies evolve over time and in response to changing market conditions.
3. **Quantitative Validation:** Complementing qualitative findings with quantitative research would enhance the generalisability of the results and provide a more robust understanding of the internationalisation process.

10.6 Limitations of the Study

This researcher acknowledges several limitations, including the sample size and diversity, geographic focus, qualitative methodology, potential biases, evolving market dynamics, and cultural nuances. These limitations highlight the need for ongoing research to build on the current findings and address the identified gaps.

10.7 Closing Remarks

In conclusion, this research has provided a comprehensive exploration of the internationalisation strategies of luxury brands, with a particular focus on the Chinese market. By redefining the concept of luxury, evaluating pre-market entry strategies, and examining post-market entry adaptations, the study offers valuable theoretical and managerial insights. The findings underscore the importance of strategic planning, cultural sensitivity, and continuous adaptation in navigating the complexities of internationalisation. This research not only contributes to the academic literature but also provides practical guidance for luxury brand managers seeking to expand into emerging markets.

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APPENDICES

APPENDIX 1

FINAL Semi-Structured Interviews (Luxury Brand Managers)

Candidate's Professional Information and Involvement in International Strategic Decision-Making Process

1. Current Role and Background

- What is your current job role? Please elaborate, including job duration, job titles, any changes in titles since you started, and your office location.
- Can you describe your primary responsibilities as a luxury brand manager?

2. Scope of Responsibilities

- What division of the company are you specifically responsible for (e.g., Gucci Group has various labels such as Alexander McQueen, Gucci, Balenciaga, Bottega Veneta, Yves Saint Laurent)?
- Are you responsible for the entire division or just a part of the product range?
- How long have you been in your current role, and what are your day-to-day responsibilities?
- How do you collaborate with both head office management teams and local management teams?

3. Concept of Luxury

- In your professional opinion, what is considered luxury?
- How do you define a luxury product?
- What attributes make a product luxurious?
- Are these attributes integrated into the product strategy or marketing strategy?

4. Development of International Strategy

- How does your company develop its international strategy? Can you briefly explain the process?
- For example, if a new diffusion line or collaboration campaign is launched in Europe, how long does it take to launch in emerging markets?
- Is it always planned as part of the main marketing strategy, or does it depend on market response? What kind of decisions are made in this process?
- Do you replicate creative campaigns with similar messages, or modify them depending on the market? Are there specific protocols or strategies in place for this decision-making process?

5. Involvement in International Strategy

- Were you involved specifically in the international strategy of the company (e.g., international marketing, product strategy, marcomm)?

- Can you further elaborate on your involvement? I am particularly interested in market entrance strategies used by your company – what were they and how were they executed?

Market Entrance Strategies

6. Decision-Making Process

- Were most decisions about international expansion made in Europe from the head office or elsewhere? Which head office exactly?
- For example, Gucci's main office is in Florence, but international direction decisions often come from the London head office.

7. Insight on International Strategies

- Can you provide insights into the international strategies your company has employed in emerging markets?
- How was the market entrance process structured, and how long did it take?
- Were there other parties involved, and if so, who were they?
- Can you share a successful market entrance campaign conducted by your brand, particularly in the Chinese market?

8. Challenges and Obstacles

- What obstacles did you encounter when entering new markets, and how were they addressed?

9. Measuring Success

- In your opinion, what KPIs are used to measure the success of internationalisation strategies?
- Can you provide examples of how success is measured?

Post-Market Entrance Strategies

10. Maximising Profit Post-Market Entry

- Once a brand has entered a market, how do you maximise profit with existing strategies?
- Can you provide a recent example of this?

11. Maintaining Competitive Advantage

- What challenges do luxury brands face in maintaining their competitive advantage after entering a market?
- Can you discuss recent marketing or advertising campaigns in China, particularly around local holidays such as Chinese Singles Day, Christmas, Chinese New Year, Qingming Festival, Labour Day, Mid-Autumn Festival, and National Day?

12. Challenges in Emerging Markets

- What are the main challenges of internationalisation strategies for luxury brands in emerging markets?
- For China specifically, are there unique factors that luxury brand managers need to be aware of?

13. Reflecting on Experience

- Reflecting on your experience, were there any strategic decisions that you wish had been made differently?
- What strategies or decisions would you recommend to avoid similar mistakes?

14. Recommendations for New Brands

- For new luxury fashion brands looking to internationalise, what recommendations would you provide?

APPENDIX 2

FINAL Semi-Structured Interviews (Luxury Brand Consultants)

Candidate's Professional Information and Involvement in International Strategic Decision-Making Process

1. Current Role and Background

- What is your current job role (please elaborate i.e. job duration, job titles or changes of titles since, office location)?
- Can you describe your primary responsibilities as a luxury brand consultant?

2. Scope of Consultancy Work

- What divisions or aspects of luxury brands have you been involved with (e.g., fashion, accessories, fragrances)?
- Were or are you responsible for consulting on the entire brand or specific product lines?
- How long have you been in your role, and what are your day-to-day responsibilities?
- How do you collaborate with both head office management teams and local management teams?

3. Concept of Luxury

- In your professional opinion, what is considered luxury?
- How do you define a luxury product?
- What attributes make a product luxurious?
- Are these attributes integrated into the product strategy or marketing strategy?

4. Development of International Strategy

- How do you approach the development of international strategies for luxury brands?
- Can you provide an example of a recent project or campaign?
- Are international strategies planned as part of the main marketing strategy or adapted based on market response?
- How do you decide whether to replicate creative campaigns or modify them for different markets?

5. Role in International Strategy

- Can you elaborate on your involvement in the international strategies of the brands you consult for?
- What market entrance strategies do you typically recommend, and how are they implemented?

Market Entrance Strategies

6. Decision-Making Process

- Where are most international expansion decisions made (e.g., head office in Europe or elsewhere)?
 - Can you provide an example of how these decisions are coordinated across different offices?
- 7. Insight on International Strategies**
- Can you provide insights into the international strategies you have recommended for emerging markets?
 - How was the market entrance process structured, and how long did it take?
 - Were there other parties involved, and if so, who were they?
 - Can you share a successful market entrance campaign, particularly in the Chinese market?
- 8. Challenges and Obstacles**
- What obstacles have you encountered when entering new markets, and how were they addressed?
- 9. Measuring Success**
- In your opinion, what KPIs are used to measure the success of internationalisation strategies?
 - Can you provide examples of how success is measured?

Post-Market Entrance Strategies

- 10. Maximising Profit Post-Market Entry**
- Once a brand has entered a market, how do you advise on maximising profit with existing strategies?
 - Can you provide a recent example of this?
- 11. Maintaining Competitive Advantage**
- What challenges do luxury brands face in maintaining their competitive advantage after entering a market?
 - Can you discuss recent marketing or advertising campaigns in China, particularly around local holidays?
- 12. Challenges in Emerging Markets**
- What are the main challenges of internationalisation strategies for luxury brands in emerging markets?
 - For China specifically, are there unique factors that luxury brand managers need to be aware of?
- 13. Reflecting on Experience**
- Reflecting on your experience, were there any strategic decisions that you wish had been made differently?
 - What strategies or decisions would you recommend to avoid similar mistakes?
- 14. Recommendations for New Brands**
- For new luxury fashion brands looking to internationalise, what recommendations would you provide?

Thank you so much for your participation.

APPENDIX 3 PARTICIPANT INFORMATION SHEET

Annexe 1

Participant Information Sheet

University of East London

4-6 University Way, London E16 2RD

Research Integrity

The University adheres to its responsibility to promote and support the highest standard of rigour and integrity in all aspects of research, observing the appropriate ethical, legal and professional frameworks, obligations and standards.

The University is committed to preserving your dignity, rights, safety and well-being and, as such, it is a mandatory requirement of the University that formal ethical approval, from the appropriate Research Ethics Committee, is granted before research with human participants, human data, human material, personal and/or sensitive data, or non-human animal commences.

The purpose of this Participant Information Sheet is to provide you with the information that you need to consider in deciding whether to participate in this research project.

The Principal Investigator/Director of Studies

- Name(s) Dr Sarahleigh Castelyn
- 4-6 University Way, London E16 2RD
- UEL telephone/email s.castelyn@uel.ac.uk

Student researcher

- Name(s) Mr Khuong Le
- 4-6 University Way, London E16 2RD
- UEL telephone/email u1538805@uel.ac.uk

The purpose of this Participant Information Sheet is to provide you with the information that you need to consider in deciding whether to participate in this research project.

Project Title

Examining marketing strategies of international luxury brands in emerging markets

Project Description

You are being invited to take part in a doctoral research study conducted by myself, Khuong (Kent) Le at the University of East London. The aim of the research is study how luxury brands internationalise in an Asian market context. The objectives of the study are:

- 1) Study the perceptions of Luxury among luxury brand managers.

- 2) Investigate strategic challenges of managing luxury brands in the Asian market.
- 3) Identify opportunities for growth of international luxury brands within the context of Asian market.

Please ask if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part. Thank you for taking the time to read this.

- *Who will conduct the research?*

Khuong Minh Le, PhD Researcher at Department of Fashion, School of Arts and Creative Industries, University of East London.

- *What is the purpose of the research?*

As mentioned above, the researcher is keen to understand how luxury brand managers perceive the concept of luxury in their profession. Through the research project, he also wants to identify what are the challenges, at strategic level, that these managers face in their management practice within the Asian market. Last but not least, he would like to also identify if there any future opportunities for business growth in the context of Asian market for international luxury brands.

- *Why have I been chosen?*

The researcher would like to interview you as part of his research, as you represent a key informant for the topic in question due to your position within the luxury sector. Other participants will be involved, including luxury consultant, luxury brand managers and international business managers in fashion and/or luxury industries.

- *What would I be asked to do if I took part?*

You will be invited to take part to an interview, which would ideally be conducted in the form of an online discussion.

- *What happens to the data collected?*

The data will be used for the present PhD research and thesis and possibly in academic conferences or for academic journal papers or book chapters. Some examples are Qualitative Market Research, Journal of Fashion Marketing and Management.

Confidentiality of the Data

Your identity will remain confidential and sufficiently disguised in any future publications arising from the study. Any information you provide will be used for academic research purposes only and not shared beyond my immediate supervision team. Additionally, data generated during the research will be retained in accordance with the University's Data Protection Policy.

Data Protection statement



In compliance with the General Data Protection Regulation (GDPR) the University's lawful basis for the processing of personal data collected, used and retained for research

purposes is the 'public task' condition. Therefore, the University does not rely on consent to process your personal data. However, the University will seek your consent to participate in this research project. Please see the following link for more information: [Data protection – University of East London \(UEL\)](#)

Location

Interviews will be conducted online via MS Teams. A Teams invite will be sent to you on the date agreeable between us.

Remuneration

In exchange for your time and help, I am happy to give you a summary of my research findings, which can help you assess international business solutions and make informed decisions, as well as providing implications and future directions for international business strategies.

Disclaimer

Your participation in this study is voluntary, and you are free to withdraw at any time during the research. Should you choose to withdraw from the project you may do so without disadvantage to yourself and without an obligation to give a reason. Please note that your data can be withdrawn up to the point of data analysis – after this point it may not be possible if your data is pseudonymized.

Ethical approval for the research project has been granted by the Ethics and Integrity Sub-Committee (EISC).

If you have any concerns regarding the conduct of the research in which you are being asked to participate, please contact:

Catherine Hitchens, Ethics, Integrity and Compliance Manager, Office for Postgraduates, Research and Engagement, University of East London, Docklands Campus, London, E16 2RD. Telephone: 020 8223 6683. Email: researchethics@uel.ac.uk

For general enquiries about the research, please contact the Principal Investigator on the contact details at the top of this sheet.



Annexe 2

Consent Form

Project title: Examining marketing strategies of internationalising luxury brands in emerging markets

Name(s) of researcher(s): Khuong Minh Le

Please tick as appropriate:

	YES	NO
I have read the information leaflet relating to the above research project in which I have been asked to participate and have been given a copy to keep. The nature and purposes of the research project have been explained to me, and I have had the opportunity to discuss the details and ask questions about this information. I understand what is being proposed and the procedures in which I will be involved have been explained to me.		
I understand that the interviews will be recorded.		
I understand that my involvement in the research project, and particular data from this research, will remain strictly confidential as far as possible. Only the researchers involved in the research project will have access to the data. (Please see below)		
I understand that maintaining strict confidentiality is subject to the following limitations: If the sample size is small, or focus groups are used state that that this may have implications for confidentiality / anonymity, if applicable.		
I agree to the use of anonymous quotes.		
I agree to my data being retained indefinitely for further research related to the discussed topic (e.g. academic conferences, academic journal papers, book chapters).		
I understand that the data collected for the research project will be pseudonymised before it is published.		
I understand that the University's lawful basis for processing my personal data collected, used and retained for research purposes is the 'public task' condition and the University does not rely on consent to process my personal data.		
I understand that the published results of the research project will be accessible in the public domain and may be deposited in an open access data repository.		
I understand that the published results of the research project will be accessible in the public domain and may be re-used, republished or reanalysed by others in future research.		
I give my permission for the research team to use the data that I have provided in future research projects which may be made publicly available.		



It has been explained to me what will happen once the research project has been completed.

Pioneering Futures

Since 1898

I understand that my participation in this study is entirely voluntary, and I am free to withdraw at any time during the research without disadvantage to myself and without being obliged to give any reason. I understand that my data can be withdrawn up to the point of data analysis, and that after this point it may not be possible if the data is pseudonymised.

I hereby freely and fully consent to participate in the study which has been fully explained to me and for the information obtained to be used in relevant research publications.

Participant's Name (BLOCK CAPITALS)

.....

Participant's Signature

.....

Investigator's Name (BLOCK CAPITALS)

.....

Investigator's Signature

.....

Date:



Annexe 3

Ethics and Integrity Sub-Committee Privacy Notice

Pioneering Futures Since 1898

The University of East London adheres to Data Protection Act 2018 (DPA) and UK General Data Protection Regulation (GDPR) 2018.

UK GDPR states that personal data is any information that can be used to identify a living person directly or as result of combinations of data relating to or being about a person. As a participant in a research project the University has a responsibility to inform you how we are collecting, using and managing your personal data. Fully anonymised data is not governed by UK GDPR, however data that has had identifiers removed or replaced to pseudonymise the data is classed as personal data for the purposes of UK GDPR.

The Data Protection Act 2018 is based around seven principles which grants a person specific rights in relation to their personal information and places certain obligations on those organisations that are responsible for processing the information. The seven principles govern the collection, use, retention, transfer, disclosure and destruction of personal data. These principles are followed by the University of East London when processing personal data:

- **Lawfulness, Fairness and Transparency** – Personal data shall be processed lawfully, fairly and in a transparent manner;
- **Purpose Limitation** – Personal data shall be collected for specified, explicit and legitimate purposes and not used for other purposes where such use would be incompatible with the initial purpose;
- **Data minimisation** – Personal data shall be adequate, relevant and limited to what is necessary for the purpose it was collected;
- **Accuracy** – Personal data shall be accurate and, where necessary, kept up to data;
- **Storage Limitation** – Personal data shall be kept in a form which permits identification of data subjects for no longer than is necessary;
- **Integrity & Confidentiality** – Personal data shall be processed in a manner that ensures appropriate securing including protection against unauthorised or unlawful processing, and against accidental loss, destruction or damage to that data;
- **Accountability** – The University must be able to demonstrate how we comply with the law by ensuring that we have documented process, procedures and policies in place.

Further guidance on data protection can be found on the University's website: [Data Protection | University of East London \(uel.ac.uk\)](https://www.uel.ac.uk/data-protection)

Information Rights

Every participant in a research project has rights associated with how their personal data is used and managed. Where an individual makes a request related to any of

their information rights the University will consider each request in accordance with all applicable laws and regulations.

The Data Protection Act, 2018 gives you more control over your personal data by strengthening your information rights. These are:

- The right to be informed;
- The right of access;
- The right to rectification;
- The right to erasure (aka. The right to be forgotten);
- The right to restrict processing;
- The right to data portability;
- The right to object;
- Rights in relation to automated decision making and profiling.

More information about each of these rights is provided on the Information Commissioner's Office website: [Home | ICO](#)

You can submit an Information Rights request to the University quickly, easily and free of charge by completing an [Information Rights Request form](#) and emailing the form to dpo@uel.ac.uk.

Should you have any concerns about the conduct of the research project or management of your personal data please contact the Ethics, Integrity and Compliance Manager, Catherine Hitchens: researchethics@uel.ac.uk or the Data Protection Officer, Jordan Hall: dpo@uel.ac.uk

University of East London website: [Data Protection | University of East London \(uel.ac.uk\)](#). Accessed 30th March 2022

ICO website: [Home | ICO](#). Accessed on 30th March 2022

APPENDIX 4

Ethics and Integrity Sub-Committee (EISC) Risk Assessment – Debriefing Protocol

The title of the research project: Examining marketing strategies of international luxury brands in emerging markets.

Introduction and what is the purpose of the study/project?

My name is Khuong Le (Kent Le), I am a doctoral candidate at the University of East London and I am carrying out this research for my dissertation.

The aim of the research is study how luxury brands internationalise in an Asian market context. The objectives of the study are:

- 1) Study the perceptions of Luxury among luxury brand managers.
- 2) Investigate strategic challenges of managing luxury brands in the Asian market.
- 3) Identify opportunities for growth of international luxury brands within the context of Asian market.

Confidentiality of the Data

Any personal information concerning the participants and anything the participants want to retain confidential and/ or anonymised will be maintained that way. In compliance with GDPR principles, the researcher will only use data for the purposes it was obtained, retain only for as long as necessary, store within the EU on UEL OneDrive, and gain written consent from participants for collection, storage, archiving, and sharing of pseudonymised data. Any identifiers (direct or indirect) in the interview dataset (i.e. transcripts) will be pseudonymised (i.e. using numbers or made-up names rather than real names of institutions and persons) so that data can no longer be attributed to a specific person or organization. The researcher will create a codebook and for the data to be rendered pseudonymized, the codebook will be deleted as soon as the researcher finish the PhD dissertation.

How data will be stored?

Pseudonymised transcripts and consent forms will be stored on the principal investigator (PI)'s UEL OneDrive for 5 years and backed up on SharePoint, after which they will be reviewed for further retention or deletion. Consent forms will be retained for one year after the project end to allow the PI to share results with participants as outlined in the Participant Information Sheet.

In case PI leaves UEL and the data remains on the institutional server, the dataset will be transferred to the director of studies.

What if a participant wants to withdraw?

Interview participation in this study is voluntary, and the participants are free to withdraw at any time during the research. Should they choose to withdraw from the project they may do so without disadvantage to themselves and without an obligation to give a reason. Participants will be informed that data can be withdrawn up to the point of data analysis (1st May 2024) – after this point it may not be possible if your data is pseudonymised.

What happens to the data collected?

The data will be used for the present PhD research and thesis and possibly in academic conferences or for academic journal papers or book chapters.



What to do if the participant feels that they have been adversely affected by the project?

In this unlikely event that the participant feels they have been adversely affected by the project, the first point of contact should always be the researcher and his supervisors. Our contact details are as follow:

Director of Studies

- Name Dr Sarahleigh Castelyn
- 4-6 University Way, London E16 2RD
- UEL telephone/email s.castelyn@uel.ac.uk

Doctoral researcher

- Name Mr Khuong Le
- 4-6 University Way, London E16 2RD
- UEL telephone/email u1538805@uel.ac.uk

We hope it will be then dealt with and managed within local levels. However, should participant feel that they can further benefit from external help or assistance, there are a wide range of services available free of charge:

Samaritans <https://www.samaritans.org/> Call: 116123

Email: jo@samaritans.org.uk

Mind <https://www.mind.org.uk/> Call: 0300 123 3393

Email: info@mind.org.uk

APPENDIX 5 ETHICS APPROVAL



University of
East London

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Dear Khuong,

Application ID: ETH2324-0280

Original application ID: ETH2223-0197

Project title: Global Business Strategies and Cultural Adaptation: Investigating the Internationalisation of Luxury Brands in China

Lead researcher: Mr Khuong Le

Your application to Ethics and Integrity Sub-Committee (EISC) was considered on the 3rd July 2024.

The decision is: **Approved**

The Committee's response is based on the protocol described in the application form and supporting documentation.

Your project has received ethical approval for 4 years from the approval date.

If you have any questions regarding this application please contact your supervisor or the administrator for the Ethics and Integrity Sub-Committee.

Approval has been given for the submitted application only and the research must be conducted accordingly.

Should you wish to make any changes in connection with this research/consultancy project you must complete 'An application for approval of an amendment to an existing application'.

The approval of the proposed research/consultancy project applies to the following site.

Project site: **Online via Teams**

Principal Investigator / Local Collaborator: Mr Khuong Le

Approval is given on the understanding that the [UEL Code of Practice for Research](#) and the [Code of Practice for Research Ethics](#) is adhered to. □□

Any adverse events or reactions that occur in connection with this research/consultancy project should be reported using the University's form for [Reporting an Adverse/Serious Adverse Event/Reaction](#).

The University will periodically audit a random sample of approved applications for ethical approval, to ensure that the projects are conducted in compliance with the consent given by the Ethics and Integrity Sub-Committee and to the highest standards of rigour and integrity.

Please note, it is your responsibility to retain this letter for your records.

With the Committee's best wishes for the success of the project.

For further guidance and resources please check our [Research Ethics Handbook](#).

Yours sincerely,

Fernanda Da Silva Hendriks

Docklands Campus
University Way
London E16 2RD

Stratford Campus
Water Lane
London E15 4LZ

University Square Stratford
Salway Road
London E15 1NF

+44 (0)20 8223 3000
srm@uel.ac.uk
uel.ac.uk



Dear Khuong,

Application ID: ETH2223-0197

Project title: Examining marketing strategies of internationalising luxury brands in emerging markets

Lead researcher: Mr Khuong Le

Your application to Ethics and Integrity Sub-Committee (EISC) was considered on the 2nd May 2024.

The decision is: **Approved**

The Committee's response is based on the protocol described in the application form and supporting documentation.

Your project has received ethical approval for 4 years from the approval date.

If you have any questions regarding this application please contact your supervisor or the administrator for the Ethics and Integrity Sub-Committee.

Approval has been given for the submitted application only and the research must be conducted accordingly.

Should you wish to make any changes in connection with this research/consultancy project you must complete 'An application for approval of an amendment to an existing application'.

The approval of the proposed research/consultancy project applies to the following site.

Project site: **Online via Teams**

Principal Investigator / Local Collaborator: Mr Khuong Le

Approval is given on the understanding that the [UEL Code of Practice for Research](#) and the [Code of Practice for Research Ethics](#) is adhered to. □□

Any adverse events or reactions that occur in connection with this research/consultancy project should be reported using the University's form for [Reporting an Adverse/Serious Adverse Event/Reaction](#).

The University will periodically audit a random sample of approved applications for ethical approval, to ensure that the projects are conducted in compliance with the consent given by the Ethics and Integrity Sub-Committee and to the highest standards of rigour and integrity.

Please note, it is your responsibility to retain this letter for your records.

With the Committee's best wishes for the success of the project.

For further guidance and resources please check our [UEL Code of Practice for Research](#).

Yours sincerely,

Fernanda Da Silva Hendriks

Research Ethics Support Officer

APPENDIX 6

The following table provides a summary of data collected in the first part of the interview with five columns being key informants' descriptor, their role in the business and the location it is based, the tier (or tiers) of luxury the company operates within (some luxury brands cover more than one tiers), their industry-expert views on luxury and attributes of luxury. Names of participants as seen below have been replaced with pseudonymisation (luxury brand strategist / marketing consultant). During the interviews, the participants tended to merge their answers for definitions of luxury and attributes of luxury which the researcher refined the first question to how they define, view or perceive luxury. It then became clearer, and the answers were rich and diverse. Many of were brief and precise while other were able to delve into the concept of luxury and how this concept adapts itself over the year in various markets, especially in China. Hence, some answers were shortened and summarised with key points whereas others were more thorough with quotes.

Luxury brand strategists and marketing consultants' view on luxury

<i>Key informant type & descriptor</i>	<i>Key informant role</i>	<i>Luxury sector(s) dealt with</i>	<i>Views on luxury and luxury products</i>	<i>Attributes of luxury</i>
Luxury brand strategist 1	Agency director (UK & China based)	Traditional luxury	Luxury is all about taste and sense. Good taste, good sense of style, luxury is not defined by trends and will never ever follow the rules of fashion.	Elitism is a key factor. Craftmanship and timelessness as well. As the strategist mainly works in traditional luxury, she believes not focusing on the product or trend is the right approach.
Luxury brand strategist 2	Company partner (Mainland China based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	Luxury to the strategist is an ever changing, constantly evolving concept. As she has worked with countless brands from different market segments, luxury concept constantly adapts depending on what target market it aims to. However, there're generally some common rules here:	Craftmanship is key. A sense of elitism is also important. The higher rank of the brand is the more important these two elements are.

			For traditional luxury, luxury is all about heritage, maintaining the sense of style and timelessness. Affordable or more fashion forwarded luxury brands gear towards trends and generally focus a lot on the 'fashion' side than the luxury side.	
Luxury brand strategist 3	PR Director (Hongkong based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	Generally, luxury is seen as a state of great comfort or elegance. During to her experience working across all segments of luxury, the PR director's answer covers most aspects previously studied in academia. <i>"Luxury [items] provide additional value consumers above the mere necessities by symbolising various factors but for the Asian market most importantly social status"</i> – very similar in views from Cui et al (2011, p.290).	For luxury brands, attributes of what makes something luxury are social status, high price, exceptional quality, aesthetics, craftsmanship, rarity
Luxury brand strategist 4	Business Development Manager	Premium Fashion	Due to the strategist's nature of profession which involves teaching luxury as well as helping brands in terms of market-entrance strategies (new store location, hiring local staff, working with local government, launch events) for premium fashion brands, her definition of luxury is broad but intriguing. To her, luxury and the act of buying luxury product is to satisfy as well as increase someone's both individual and social values. This view closely matches theory from Wiedmann et al (2009) which he argues luxury consumption refers to individual value (i.e., self-identity value, hedonic value, materialistic value) and social value (i.e., conspicuousness value and prestige value)	A way of self expression & social classification symbol (she noted that her view is influenced by Brian & Forsythe (2012) study on luxury consumption.

Luxury brand strategist 5	Senior Partner	Fashion orientated luxury, Premium Fashion	As a senior HR partner, the strategist Is the personnel from head office travelling regularly to China to help with store opening and associated legalities. He notes the definition of luxury in China market has evolved significantly. "When we first opened our store in 1999, our handbag was the IT item. It was the status symbol of 'you've made it' [to the middle class crowd].	As the company is split into 2 segments (market), attributes vary. For actual luxury fashion division, these are craftsmanship, exclusivity, price, status. For the diffusion line (premium fashion), concepts of luxury are applied loosely. Discounts apply.
Luxury brand strategist 6	Head of Division (China) UK based – regular visits to China	Traditional luxury, Fashion orientated luxury, Premium Fashion	As she represents personnel from head office, the Head of Division deals with pre-market entry activities and ongoing support post-market entry. This provides an interesting viewpoints as various participants usually only involve in pre-market entry. Having worked in both China and the UK and covered all luxury segments, she outlines one clear difference in terms of perception of luxury among Chinese consumer – it is more about social benefits than actual functional benefits.	A way of self expression & social classification symbol. Her view is similar to what has been found in Brian & Forsythe (2012) and Zhan & He, (2012) which will be come relevant for discussion in later parts.
Luxury brand strategist 7	Business Manager UK & China based	Traditional luxury, Fashion orientated luxury, Premium Fashion	The business manager's view on luxury is thorough and extensive in which she argues " <i>luxury is all about sense of self. It's all about refined enjoyment, of elegance, of things desirable</i> " and " <i>it goes beyond the material aspects. The concept of luxury is even more important to the middle</i>	She discusses that luxury is far more than the material and its Attributes. To her, to sell luxury successfully a manager needs to understand it also contains

			<i>class in China where the more exclusive the luxury item is, the higher social status its owner will be perceived."</i>	social meanings (similar view points with Berthon at al, 2009)
Luxury brand strategist 8	Creative Director (Hongkong based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	Interestingly, as someone who worked mainly in Hong Kong developing links for luxury brands to Mainland China via Hong Kong through to Shenzhen & Guangzhou, the Creative Director said how luxury is defined really depends on what market it is aiming to. "For examples, the brand I have recently worked for have at least 5 sub-brands covering everything from haute couture to licensing our accessories to various third parties. To restrict 'luxury' to one definition is simple minded and bad for business."	Based on her view point on luxury, each of the three levels of luxury (accessible, Intermediate, inaccessible) will accordingly have different attributes which will vary but they share some aspects together which include exceptional design, strong brand communications. For accessible, others include trendiness, fashion-forwards, affordable. For intermediate, to add premium design, limited availability. For inaccessible, high level of craftsmanship and highly exclusive.
Luxury brand strategist 9	Business Development Consultant	Traditional luxury, Fashion orientated luxury, Premium Fashion	The strategist also personnel from head office, dealing directly with internationalisation process through Shenzhen & Guangzhou routes via Hongkong. She perceives luxury (products) are those products whose prices in	Heritage, quality commitment, symbolic meaning (in Chinese context, social status)

			<p>excess of what their functional commands and with a symbolic meaning. Luxury however means and carry slightly different purpose and meaning between European market and their Chinese counter part. She mentioned the Hongkong market, due to its colonial British past and influence, still share similar consumer behaviour characteristics with the West yet closely link to Mainland Chinese shopping patterns. Once the brands have entered this market, they need to adapt, either expand the definition or set their own rule, as in “Chinese strategy” which determines what kind of luxury and what level of luxury is applicable and available to Chinese consumers</p>	
Luxury brand strategist 10	Journalist covering China & Business Insight Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	<p>Fashion journalist-turned-marketing researcher/strategist. This is the interview the research felt the richest in data and insight as she has covered this phenomenon in a 20-year long career in media. She later became market insights manager for brands looking to internationalise into China. To provide context she said, luxury and luxury consumption in China are very interesting to observe and report as luxury goods are fraught with a mixed bags of sentiments in our (Chinese) culture. It is called “shē chǐ” (奢侈) literally means extravagant (“shē”) and wasteful (“chǐ”) – that is how it has always been defined in the Chinese society. Also, since China became the one-state nation, showing status of</p>	<p>The luxury brand strategies argues that there are two sets of attributes reflecting the 2 groups of Chinese markets however common traits will usually be heritage, craftsmanship and sense of style of status</p>

			<p>wealth was never seen as a good thing or even encouraged. It was not until very lately when political restrictions were lifted off and economic reforms were carried out that a new found so-called middle class had the opportunity to purchase luxurious items to showcase the social status recognition. I always advise clients (luxury brands) when they enter this market, replicating the brand's DNA and values expecting people to just get it is simple minded and very short-sighted. Luxury brands tend to define luxury based on who they would like to target which is this middle class market. For them it's always about social status recognition. However, the real rich in China are the older tradition have lived through political hardships, sanctions, economic reforms, cultural revolutions and are not splashing money to prove something. They are a lot more quiet – they do shop and shop a lot but how they define and perceive luxury are very different. It's all about craftsmanship, high quality, less brand exposure and more about durability.</p>	
Luxury brand strategist 11	CEO	Traditional luxury, Fashion orientated luxury, Premium Fashion	<p>This is the CEO of the China branch of the brand that covers all segments of luxury. When asked about how to define luxury in the contemporary context, she argues that there's a vast difference between how luxury is defined in textbooks and how it is perceived in business.</p>	<p>craftmanship, quality to commitment, timelessness and status although the latter is more applicable to the slightly older generation within the</p>

		<p>“As a former CEO of a few luxury brands and also visiting professor on various luxury programmes globally, it is very interesting to teach theories on luxury brand management and then see how it pans out in practice. You see, luxury itself is so subjective, vague and pretty much mouldable and selling something like that needs specific strategies. This is why we have something called anti-laws of marketing for luxury simply because there’re no generic marketing principles or techniques as such for brands to learn. When I used to work for [a luxury shoes brand] in 1995 we went to Asia for the first time. Ignorant and eager, we chose Japan and Hongkong the first as established market and the latter as a strategic hub to get through to Mainland China. The two markets were relatively easier as the rich there define luxury similarly to what we see it here. But in 1997, when Hongkong was returned to China, amidst political uncertainty at the time, we entered China wanting to be the one of the first [luxury brands]. However, it was incredibly difficult to replicate the same success. We quickly needed to shift from a value-orientated approach to a more product-orientated approach along marketing campaigns specifically targeting the Chinese market. It was a lot easier now for luxury brands to manage because the new generation here grew up gaining exposure to brands and brand awareness.”</p>	<p>middle class market.</p>
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Luxury brand strategist 12	Executive Consultant and Director	Traditional luxury, Fashion orientated luxury, Premium Fashion	The executive has worked in all segments of luxury who now is Chief Marketing Officer for an Italian luxury brand. Indeed, there's a 'guideline' on how to differentiate something luxury from non-luxury which it must adhere to the three elements: conspicuousness, uniqueness and quality. He also adds heritage is extremely important for inaccessible traditional luxury brands. This is in line with what was proposed in Brand Luxury Index which will be discussed and further expanded in later parts.	Four attributes include: conspicuousness, uniqueness, quality and heritage (traditional luxury brands)
Luxury brand strategist 13	Creative Director (Hongkong and Macau based)	Traditional luxury, Fashion orientated luxury, Premium Fashion	She defines luxury which compresses of such attributes high quality (functional value), authentic value, prestigious image (symbolic value), high price and an emotional attachment / resonance with the customers. She also highlight that the 'symbolic value' is more significant to the Mainland Chinese market and often used as the marketing message.	high quality (functional value), authentic value, prestigious image (symbolic value), high price and an emotional attachment / resonance with the customers. To Chinese market, symbolic value is of highest importance order.
Luxury brand strategist 14	Senior Branding Consultant	Traditional luxury, Fashion orientated luxury, Premium Fashion	She views luxury <i>"as a status symbol, especially in Tier 2 cities with an emergence of wealthy middle class who don't necessary have access to luxury product or exposure to luxurious lifestyle."</i>	Exceptional quality with a strong functional value as well as symbolic value – in China, it is used as a 'you've made it' to the middle class world.

Luxury brand strategist 15	Strategy Consultant / Senior Partner	Traditional luxury, Fashion orientated luxury, Premium Fashion	She defines luxury similarly to her peers stressing the importance of 'social class upgrade' upon purchasing a luxury item and luxury is perceived very 'materialistically' in China, although the Tier 1 cities have now become a lot more established and these continue to expand in tier 2 and tier 3 cities.	A strong focus on social status recognition in China.
Marketing Consultant 1	Social Media Consultant (Mainland China based-Shanghai)	Traditional luxury, Fashion orientated luxury, Premium Fashion	To him, luxury brands have now redefine themselves as they further evolves in Chinese market. In fact, brands such as Gucci and Burberry have permanent product lines for the Chinese markets, not just seasonal products. Although as the consumers have now become more sophisticated, there's a demand for them to be seen as the global consumers rather than an isolated group.	There are various luxury attributes but they vary depending on the 'rank' they are on. The highest rank will focus on brand heritage and don't often advertise products, usually they will focus on brand values, history of the brand and the artistic journey. These brands often avoid over-localised strategies. The latter ones focus on status, quality, craftsmanship.
Marketing Consultant 2	Digital Marketing Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	Luxury to him is often used by the new-money rich in the country as a social status symbol.	Artistic elements, heritage, tradition as well as craftsmanship but nothing is as effective as making sure that the product is highly inaccessible as

				to indicate the wealth and influence of the individuals (who buy them).
Marketing Consultant 3	Publicist	Traditional luxury, Fashion orientated luxury, Premium Fashion	The publicist dealt with in-store PR activities & press events on behalf of luxury retailers. She also dealt with local celebrities and localised head office's brand strategies in China context. With this PR experience, she views luxury as "form of comfort, exclusivity, highly inaccessible and has highest form of craftsmanship although now that many premium brands from overseas trying to enter the Chinese market, craftsmanship has become slightly less important as 'conspicuousness' keeps the brands relevant and stay on top of digital searches.	Comfort, craftsmanship, conspicuousness, inaccessibility.
Marketing Consultant 4	Marketing Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	A very interesting view on luxury – "if it is something truly luxury, there will be no jobs for people like us." The concept of 'anti-laws of luxury' is mentioned as that many luxury brands now adapt their luxury values to specific markets. For Chinese market, luxury is seen mainly as something of highest quality, highest craftsmanship and 'class' status.	The marketing manager work on assignments/contracts to implement and adapt global marketing campaigns to Chinese consumers for luxury. He notes brands' efforts in communicating the brand DNA is not effective as product-based advertising approach and the status symbol is always key to

				make a [luxury] campaign successful
Marketing Consultant 5	Senior Visual Merchandiser and Marketing Experience Manager	Traditional luxury, Fashion orientated luxury, Premium Fashion	The consultant leads and implements various visual merchandise projects, window displays, in-store promotion strategies for luxury brands in Chinese market. Although what he does is not technically classified as 'senior management', what he does on a daily practice is overseeing the realisation of luxury marketing and management in practice which will provide a fruitful insight into the localisation-standardisation of luxury brands (which will later be discussed further in the later parts). With that in mind, it is very important to understand how luxury is viewed from the top to the floor level. He views luxury as "something truly inspiring and aspirational which brings both functional (highest quality) and symbolic (status) values to the purchasers.	Something inspiring and aspirational with symbolic and functional values.

APPENDIX 7

The following table illustrates the perceptions of luxury from luxury retailers' perspectives. Originally, the researcher approached and recruited key informants in the head offices (UK-based) for the interviews but eventually were introduced to their counterparts in the Chinese office which further expanded the scope of the studies and provided a rare yet very compelling opportunity to gain a deep understanding of how luxury management practice is perceived and adapted across the continents. This is crucial, especially later when the researcher investigates the internationalisation process of luxury brands in China, revealing complex issues yet to be reported. As a result, the table is specifically created as an emerging sub-theme showcasing stimulating yet contrasting views on luxury brand management among luxury retailers between the home offices and its Chinese counterparts.

Luxury retailer's definition of luxury and their practice

Luxury Retailer Descriptor	Types of Luxury	Key Informant Role	Perception of luxury	
			Definitions of luxury	Attributes of luxury
Luxury Retailer 1	Traditional Luxury	<ul style="list-style-type: none"> • Director of Marketing (head office) • Merchandise Manager (head office) 	<ul style="list-style-type: none"> • Luxury is a concept – generally not attached to a specific product or material aspect but needs to signify great comfort and a sense of exclusivity. 	<ul style="list-style-type: none"> • Craftmanship, sense of belonging, sense of status, way of life, aspirational, dream, exceptional quality, timelessness
		<ul style="list-style-type: none"> • Flagship store manager (China branch) • Operation manager (China branch) 	<ul style="list-style-type: none"> • Luxury is a concept generally refer to exceptional high-quality products with a symbolic status. Each brand will have their signature luxury product/DNA. 	
Luxury Retailer 2	Fashion Oriented Luxury	<ul style="list-style-type: none"> • Head of Business Development (Head office) • Store Manager (China) 	<ul style="list-style-type: none"> • Both of them share very similar views on luxury being high quality as well as functional. 	<ul style="list-style-type: none"> • Elitism, aspirational, inaccessible, expensive, and long lasting
Luxury Retailer 3	Fashion Oriented Luxury	<ul style="list-style-type: none"> • Brand Manager (Head office) • Head of Merchandise (Head office) 	<ul style="list-style-type: none"> • Although both are from two opposite spectrum of luxury, there's a strong consistence on how luxury is defined at corporate level: a sense 	<ul style="list-style-type: none"> • Exclusivity, visionary, innovation, timelessness, craftsmanship

			of exclusivity, visionary, products need to be innovative and timeless	
		<ul style="list-style-type: none"> • Store Manager (China branch) • PR Manager (China branch) 	<ul style="list-style-type: none"> • Filtered through store level on the other side of the world, luxury product is defined also as trendy, eye catchy and recognisable. PR manager also highlighted brand DNA needs to reflect through product strategy 	<ul style="list-style-type: none"> • Exclusivity, visionary, innovation, timelessness, trendy, attractive/eye catchy, luxurious product branding
Luxury retailer 4	Fashion Oriented Luxury	<ul style="list-style-type: none"> • Head of Global Retail (Head office) • Head of Finance (Head office) 	<ul style="list-style-type: none"> • Luxury goes beyond functional purposes and communicate a sense of superiority. However, due to financial pressure and increasing competition the definition needs to adapt to current climate and focus now more on products / branding. 	<ul style="list-style-type: none"> • Craftmanship, innovation, timelessness, sense of exclusivity, sense of status, inaccessibility
		<ul style="list-style-type: none"> • Country Manager (China branch) • Senior Store Manager (China branch) • PR Manager (China branch) 	<ul style="list-style-type: none"> • Acknowledge “luxury” is defined very different in Chinese context where social status is a biggest factor and any luxury item is a status of wealth. • All agree an obvious fact to make something luxurious is price. 	<ul style="list-style-type: none"> • All the above plus expensive
Luxury Retailer 5	Traditional Luxury	<ul style="list-style-type: none"> • Chief Marketing Officer (head office) 	<ul style="list-style-type: none"> • Although their job title has “Marketing” in it, the CMO insists that true luxury applies “anti-laws of marketing”, it is the highest form of comfort, exclusivity, highly inaccessible and has highest form of craftsmanship. Luxury products need no 	<ul style="list-style-type: none"> • Craftmanship, sense of belonging, sense of status, way of life, aspirational, dream, exceptional quality, timeless.

			marketing – rather its values are communicated via mass media.	
		<ul style="list-style-type: none"> Country Manager (Marketing) (China branch) Chief of Campaigns (China branch) 	<ul style="list-style-type: none"> Both Country Manager and Chief of Campaigns agree luxury is an intangible concept and but in Chinese market the concept needs to materialise in products showcasing the brand's DNA. "It's a very product orientated market" 	<ul style="list-style-type: none"> Craftmanship, sense of belonging, sense of status, way of life, aspirational, dream, exceptional quality, timeless, social status recognition
Luxury Retailer 6	Swiss luxury brand focusing on watches	<ul style="list-style-type: none"> 2 Senior Informants (Roles N/A) (head office) 	<ul style="list-style-type: none"> Both senior managers perceive luxury as something with a strong heritage & pedigree and will last for a long time. <i>"If it doesn't lose value after the purchase, it is true luxury". Senior Informant 1</i> <i>"It is luxury if it then becomes an investment piece" Senior Informant 2 added</i> 	<ul style="list-style-type: none"> Answers to what are the attributes of luxury closely match with Beverland (2005) six attributes of a luxury product: <i>heritage and pedigree, stylistic consistency, quality commitment, relationships to place, unique method of production, and downplaying commercial motives (close to art).</i>
		<ul style="list-style-type: none"> Flagship store manager (China branch) Operation manager (China branch) 	<ul style="list-style-type: none"> Even at store level, both managers in the China branch remain very similar viewpoints of luxury as of their counterparts in the head office. 	<ul style="list-style-type: none"> Piece of art, heritage, quality, craftsmanship / production
Luxury Retailer 7	Traditional luxury	<ul style="list-style-type: none"> Head of Global (head office) 	<ul style="list-style-type: none"> Luxury is heritage and craftsmanship. Follows 'anti-laws of marketing', if 	<ul style="list-style-type: none"> Piece of art, heritage, quality,

			a brand spends big money on their product marketing campaigns, it's no luxury.	craftmanship / production
		<ul style="list-style-type: none"> Country Division Head (China branch) 	<ul style="list-style-type: none"> Similar viewpoints with the counterpart in head office. Even though there's a high demand for products here, a very limited number of watches are available at times. 	<ul style="list-style-type: none"> Inaccessibility, piece of art, investment piece, craftsmanship, heritage.
Luxury Retailer 8	Premium fashion	<ul style="list-style-type: none"> Chief Marketing Officer (head office) Business Development Manager (head office) 	<ul style="list-style-type: none"> A very relaxed viewpoints on luxury – Chief Marketing Officer explained: “The American mentality taught us that luxury can be created, replicated and mass produced if it feels luxurious, premium and good marketing behind it. It will sell”. Business Development Manager added: “We are an affordable luxury brand so price is important. It should be well produced but the price should not be too ridiculous” 	<ul style="list-style-type: none"> Premium feel, good quality, trendiness
		<ul style="list-style-type: none"> Country Manager (China branch) Senior Store Manager (China branch) 	<ul style="list-style-type: none"> Both country manager and senior store manager agree “luxury” needs to be understood a bit more loosely as the brand is branded luxury but very affordable. It is stylish follow seasonal trends – apart from signature lines the rest is affordable and discounted frequently. It is a different kind of luxury. 	<ul style="list-style-type: none"> Premium feel, good quality, stylish and trendy
Luxury Retailer 9	Premium fashion	<ul style="list-style-type: none"> Business Development Manager (head office) 	<ul style="list-style-type: none"> Luxury first of all should feel premium and a luxury brand needs to have clear brand guideline with good price architecture. It is a business at the end of the 	<ul style="list-style-type: none"> Premium feel also luxury or not still needs to follow 4 Ps principles.

			<p>day, any business needs to make profit. True principles have always been right product marketed at the right price in the right place with the right promotions. This allows quick expansion (including licensing) in other markets.</p>	
		<ul style="list-style-type: none"> • Country Manager (China branch) • Senior Store Manager (China branch) 	<ul style="list-style-type: none"> • Clear brand guideline to adhere to the luxury brand's values. However, in store environment products don't live up to it. Luxury should feel luxurious, products should be long lasting and hold the value over a long time. 	<ul style="list-style-type: none"> • Follow brand guideline- believe something truly luxurious should be long lasting and an investment piece although current workplace the products are not necessarily reflecting these.

APPENDIX 9

Pilot Interview Questions

Candidate's Professional Background

1. Current Role and Responsibilities

- Can you tell me about your current job role and your main responsibilities?
- How long have you been in this role?

Defining Luxury

2. Understanding Luxury

- How do you define a luxury product?
- What key attributes make a product luxurious?

International Strategy Development

3. Strategy Development

- How does your company develop its international strategy?
- Can you describe the process for launching new products or campaigns in international markets?

Market Entry Strategies

4. Entering New Markets

- What strategies does your company use to enter new markets?
- Can you share an example of a successful market entry, particularly in an emerging market like China?

5. Challenges in Market Entry

- What challenges have you faced when entering new markets?
- How did you address these challenges?

Post-Market Entry Strategies

6. Maintaining Market Presence

- Once a brand has entered a market, how do you ensure it remains competitive?
- Can you provide an example of a strategy used to maintain your brand's presence in an international market?

Measuring Success

7. Key Performance Indicators

- How do you measure the success of your internationalisation strategies?
- What metrics are most important in your evaluations?

Reflecting on Experience

8. Lessons Learned

- Looking back on your experience, is there anything you would have done differently?
- What advice would you give to new luxury brands looking to internationalise?

Final Thoughts

9. Recommendations

- Do you have any additional thoughts or recommendations on internationalising luxury brands?

Thank you for your participation.