

# iscte

INSTITUTO  
UNIVERSITÁRIO  
DE LISBOA

---

**STRATEGY FOR SELLING DREAMS - THE PORTUGUESE LUXURY WORLD**

Ana Sofia Faustino Marques de Sousa

Master's in business administration

Advisor:

Doctor Generosa do Nascimento, Assistant Professor, Human Resources and  
Organizational Behavior Department  
ISCTE

June, 2021

# iscte

BUSINESS  
SCHOOL

---

Marketing, Operations and General Management Department

**STRATEGY FOR SELLING DREAMS - THE PORTUGUESE LUXURY WORLD**

Ana Sofia Faustino Marques de Sousa

Master's in business administration

Advisor:

Doctor Generosa do Nascimento, Assistant Professor, Human Resources and Organizational Behavior Department

ISCTE

June, 2021

*In lovely memory of my grandmother Alice.*



## ACKNOWLEDGEMENTS

To the fantastic Professor Doctor Generosa do Nascimento for being a constant source of motivation and encouragement, which kept me focused and on the right track during this journey, I thank you for your precious guidance.

To Professor Doctor Nuno Vinhas da Silva, because he decided to honor me with his support and networking, a huge thank you.

To my parents, Carlos, and Ana, who have always supported me in my dreams and in this 34-year journey of constant search for knowledge. And to my sister who always believed in me and forced me to live up to her expectations.

To my little children Guilherme (5) and Leonor (1), who I love unconditionally and hope to compensate from now on the hours of attention and play I owe you.

To my wonderful husband, Ricardo, for his love and absolute support, I thank him for his enormous understanding, joy, and humor which he constantly offered me even in the most adverse situations. All of us, my love.

*“Always aim high, work hard, and care deeply about what you believe in. And, when you stumble, keep faith. And, when you are knocked down, get right back up and never listen to anyone who says you can’t or shouldn’t go on.”*

— Hillary Rodham Clinton



## RESUMO

O crescimento do mercado de luxo nas últimas décadas e a globalização, através da digitalização, levou ao aparecimento em Portugal de mais marcas de luxo que trouxeram consigo novos modelos de negócio intimamente ligados ao digital. Fez ainda que as marcas de luxo instituídas repensassem os seus modelos de negócio, levando assim a um profundo repensar dos modelos de negócio de luxo portugueses.

O objetivo desta dissertação é caracterização da estratégia das marcas de luxo portuguesas, através do seu modelo de negócio de luxo. E partindo dessa premissa estabelecer um modelo comparativo de Portugal com outras geografias e utilizar este modelo de negócio de luxo português para fornecer recomendações e sugestões para otimizar estes modelos, considerando as novas tendências do mercado de luxo internacional.

Esta investigação apresenta e discute os dados levantados para várias marcas de luxo portuguesas, enquadradas no segmento de bens pessoais, tais como, Pé de Chumbo, Josefinas e Carlos Santos Shoes. As principais características do modelo de negócio identificadas são a exposição internacional da marca, o ambiente corporativo e a estratégia da marca em termos de produtos, distribuição e comunicação.

Entre os resultados encontrados durante esta investigação destacar-se que as marcas de luxo portuguesas se diferenciam essencialmente no *craftmanship* e *savoir-faire* e esta característica enquadra-as na escassez e consequentemente na exclusividade, uma das principais características procuradas pelos consumidores de luxo. Por outro lado, a utilização das redes sociais e de lojas online para comunicação e distribuição, respetivamente, permite-lhes flexibilidade e maior facilidade de internacionalização.

**Palavras-Chave:** luxo, marcas de luxo, estratégia, exclusividade

M13 – New Firms; Startups

M31 – Marketing and Advertising: Marketing





## ABSTRACT

The growth of the luxury market in the last decades and the globalization, through digitization, has led to the emerge of more luxury brands in Portugal, that have brought with them new business models thoroughly connected with the digital. It also led the established portuguese luxury brands to rethink their business models, thus leading to a profound rethinking of Portuguese luxury business models.

The objective of this dissertation is to characterize the portuguese luxury strategy, via his luxury business model. Through that luxury business model establish a comparative model for Portugal with other geographies and use it to provide recommendations and suggestions for the most favorable luxury business models, attending to the new trends on the matter.

This investigation presents and discusses the data collected for several portuguese luxury brands, in the segment of personal goods, such as Pé de Chumbo, Josefinas and Carlos Santos Shoes. The main characteristics of the business model identified are the international exposure of the brand, the corporate environment, and the brand strategy in terms of products, distribution and communication.

Among the results found during this investigation, it is noteworthy that portuguese luxury brands differ essentially in *craftmanship* and *savoir-faire* and that this characteristic adds them in scarcity and consequently in exclusivity, one of the main attributes pursued by luxury consumers. On the other hand, the use of social media and online stores for communication and distribution, respectively, allows them flexibility and facilitate the internationalization.

**Keywords:** luxury, luxury brands, strategy, exclusivity,

M13 – New Firms; Startups

M31 – Marketing and Advertising: Marketing



# INDEX

<b>INTRODUCTION .....</b>	<b>1</b>
<b>Chapter 1 - Literature Review .....</b>	<b>5</b>
1.1. Strategic Management .....	5
1.2. Business Model .....	6
1.3. Brand Management .....	8
1.4. Luxury Brands.....	9
1.5. Luxury Strategy and Business Models .....	10
1.6. Luxury Strategy Trends .....	12
1.7. Luxury Brand Management Framework.....	14
1.7.1 Brand history .....	16
1.7.2 Country of Origin Effect .....	17
1.7.3 Brand Portfolio .....	17
<b>Chapter 2 - Methodology.....</b>	<b>19</b>
2.1. Method.....	19
2.2. Data collection .....	21
2.3. Data Treatment.....	24
<b>Chapter 3 - Results and Discussion.....</b>	<b>27</b>
3.1. Results .....	27
3.1.1. Portuguese luxury brands selection .....	27
3.1.2. Portuguese luxury brands evaluation .....	30
3.1.3. Market survey analysis.....	36
3.2. Discussion.....	38
3.2.1. Portuguese luxury business model.....	39
3.2.2. International luxury business models benchmarking.....	42
3.2.3. Strategies and recommendations .....	43
<b>CONCLUSIONS.....</b>	<b>45</b>
<b>REFERENCES .....</b>	<b>47</b>
<b>ANNEX A .....</b>	<b>51</b>
<b>ANNEX B.....</b>	<b>57</b>
<b>ANNEX C .....</b>	<b>59</b>

**ANNEX D .....71**  
**ANNEX E.....75**

## INDEX OF FIGURES

Figure 1.1- Business model Canvas (Osterwalder & Pigneur, 2010).....	7
Figure 1.2 – STOF business model (Bouwman et al., 2008).....	8
Figure 1.3 – Luxury, Fashion and Premium strategy positioning triangle (Kapferer & Bastien, 2012).....	11
Figure 1.4 – Luxury Pyramid Business Model (Kapferer, 2008).....	11
Figure 1.5 – The constellation/galaxy Business Model of luxury – Ralph Lauren example (Kapferer, 2008).....	12
Figure 1.6 - Luxury Brand Management (LBM) framework (Cavender & Kincade, 2015)....	15
Figure 2.1 – Defined procedure to determine results. ....	20
Figure 2.2 – Selection of Portuguese brands for the study. ....	21
Figure 2.3 – Model define for the characterization of the Luxury business model. ....	23
Figure 3.1 – Characterization of the portuguese luxury business model.....	41



## INDEX OF TABLES

Table 2.1 – Adaptation of the Brand Luxury Index (BLI) (Vigneron & Johnson, 2004). .....	22
Table 3.1 – Selection of the portuguese luxury brands relevant for the investigation. ....	28
Table 3.2 – Evaluation of brands to determine the luxury brands. ....	29
Table 3.3 – Brands considered for the investigation. ....	30
Table 3.4 – Content interview’s analysis. ....	33
Table 3.5 – Comparison of business models operating on the luxury market (Kapferer, 2015). .....	42
Table 3.6 – Business model for the portuguese luxury market. ....	43





## INTRODUCTION

The attractiveness for the Luxury Industry comes from the different ways of seeing the lead topics of Management, Marketing and Strategy, and even more for its financial outcomes. As Bernard Arnault, Chairman and CEO of LVMH Moët Hennessy – Louis Vuitton said, “*Luxury is the only Sector that can provide luxurious margins*” (Kapferer & Tabatoni, 2011). As former CEO of the ex-Gucci Group, Robert Polet, defended in Fortune issue of September 2007, “*We are in the business of selling dreams*”. To be in the luxury business is important to understand the boundaries of the luxury market, as the word ‘luxury’, which derives from the Latin *luxatio*, meaning distance: luxury is an enormous distance. (Kapferer, 2008). “*Luxury is a culture, which means you have to understand it to be able to practice it with flair and spontaneity.* (Kapferer & Bastien, 2012)”.

The Luxury Industry is large, complex and very competitive, in the last decades it continued to grow worldwide, “Overall, the luxury market grew by 4% in 2019, to an estimated €1.3 trillion globally, with positive performance across most.”(D’Arpizio et al., 2020). The Bain and Company report on luxury market divide the luxury market in nine segments: luxury cars, personal luxury goods, luxury hospitality, fine wines and spirits, gourmet food and fine dining, high-end furniture and housewares, fine art, private jets and yachts and luxury cruises (D’Arpizio et al., 2020).

What is the strategy behind selling the dream, for the Portuguese’s brands in the luxury business is rather what empower this study, for that it was chosen to use the segment of personal luxury because it represents 22% of the total market and in 2019 and had a 4% growth, only beat by the luxury cars segment that dominate the market, representing 43% of total market and as 7% growth in 2019 (an accelerated growth rate vs. 2018), but as Portugal does not operate in the luxury car market and the characterization will have Portugal as country of origin for luxury brands presents in the study, it wouldn’t make sense to use this segment. And more interesting, the apparel and beauty represent almost 50% of total Personal Goods market, shoes and jewelry were the fastest-growing product categories, with a growth of 12% in 2019. (D’Arpizio et al., 2020) so it presents itself as a perfect segment to work with.

In the beginning of 2020 Bain & Company reported “expect market fundamentals to remain favorable for the personal luxury goods segment, resulting in a continued growth trajectory of 3% to 5% per year through 2025, for a total market value of €335 billion to €375 billion.”

However, because of the health crises of Covid-19 there is a high degree of uncertainty about this forecast, sales could fall up to 35% this year. But we must remember “Hermès being able to post a 15% increase in sales in 2009, right in the middle of the crisis. (Kapferer & Tabatoni, 2011)”.

According to the FutureBrand Country Index, ranked 25th in the 2019 Index, Portugal moves up a staggering 2 positions compared to five years ago, making it to the TOP 25 developed countries in the world in terms of country brand, strength and perception (FutureBrand Country Index, 2019), so, we can say Portugal is making its way to the TOP in terms of brand. In the Global Powers of Luxury Goods 2019, France was the best performing market, with 18.7% increase in luxury goods sales, while Italy is the country with the highest number of companies in the ranking (Deloitte, 2019) so this will be countries of origin to benchmark during our study.

In the second decade of the twenty-first century, the business environment of the luxury goods industry is characterized by high growth in emerging markets (e.g. BRIC) that has resulted in increasingly heterogeneous luxury companies, the lowering of entry barriers and the increase of digital communication and channels led to “new” luxury and heritage luxury brands competing for market share (Cavender & Kincade, 2015) and Portugal has a word to say in this new luxury market. Taking in consideration the “luxurious margins” of the Luxury Industry and the actual position of Portugal in the Luxury Business, Portuguese CEOs are impelled in positioning their luxury brands on the international radar.

Based on the situation outlined above, the aim of this dissertation is to respond the core question: what is the Portuguese luxury brands strategy and how this strategy compares with other countries luxury brands strategy? The general objective of this investigation is to establish a characterization model of the Portuguese Luxury Strategy, through his luxury business model and establishing a comparative model for Portugal with other geographies through a benchmarking analysis. The business model will permit to provide recommendations and suggestions for the most favorable luxury business models, attending to the new trends on the matter. For that purpose, it is mean to respond to the following questions: What is the Portuguese luxury business model for personal goods brands in the luxury segment? How does the Portuguese luxury business model compare to other geographies business models and what is the comparative business model for Portugal? and How to develop a Portuguese luxury brand considering the actual business model and the new transformational trends, like the online luxury shopping?

This dissertation consists of six chapters that compose the research. The first chapter introduces the main topics of the luxury business and has the aim to identify and clarify the main research problem. In chapter two, a literature review will initially be conducted. Subsequently, giving a comprehensive exploration of the subject in question. Our focus will be on luxury strategies, luxury business models and new trends on that matter.

Subsequently, the methodology will be approached in chapter three through an identification of the appropriate research methods. To truly apprehend the Portuguese companies' luxury business models, and ensure reliable results, a qualitative method will be applied.

The results, which include the descriptive statistical analysis of all the data gathered previously are presented in chapter four. Chapter five will deal with the results discussion in terms of the Literature Review approached in Chapter two.

Finally, managerial implications will be outlined, limitations of the study clarified, and suggestions for further research proposed in chapter six.



# CHAPTER 1 - LITERATURE REVIEW

## 1.1. Strategic Management

Since the COVID-19 struck, companies from almost all sectors around the world have seen their incomes drop abruptly. Organizations have taken reactive steps to prevent major losses, such as establishing remote work arrangements, securing supply chains, reducing employee workload, cutting costs, and applying for government support. *“Coronavirus has exposed the vulnerabilities of companies whose competitive advantage is based on the ownership of unique physical assets — such as airlines and cruise lines, but also manufacturing and traditional retail.”* (Greeven & Yu, 2020). When a change in the environment like the coronavirus pandemic hits a company, its essential to assess the impact on the business model, both immediately and over the long term (Pedersen, 2020).

Strategy is strongly focused on positioning the firm in the competitive environment and achieving a sustainable competitive advantage by articulating a vision, defining a mission, setting objectives, analyzing internal and external environments, selecting generic strategies, generating, evaluating, and selecting strategic alternatives, implementing the strategy, and controlling its realization (Hambrick, D. Fredrickson, 2005). It considers the resources and capabilities necessary to achieve this superior position and assesses which of these are already available and which need to be developed or acquired. The strategy is therefore future oriented and usually applies a long-term perspective. Capabilities and assets require time to develop, and a strategic position requires continuity to gain credibility among customers, employees, and other stakeholders to ensure the viability of a firm's business (Haslam et al., 2015).

Strategy was considered the deliberated or undeliberated actions taken to integrate the organization in the environment (Mintzberg, 1994) or yet as an arbitrating force between the company and its surroundings.

This relationship between the company and the external environment occurs through decisions on technologies and products to be developed and from where and to whom the products will be sold, through the conquest of some advantage over competitors (Ansoff & McDonnell, 1990). Strategy consists of managing the activities for the quest of a position in the industry that secures the achievement of a sustainable competitive advantage in the long run, while being molded by the five forces that shape the industry (Porter, 1996). A business strategy is a set of higher order choices about how to position a firm in an industry. It describes a formula

for how a business competes and what policies are needed to ensure that all elements of the business fit together and reinforce each other (Porter, 1996).

Strategy is strongly focused on positioning the firm in the competitive environment and achieving a sustainable competitive advantage by articulating a vision, defining a mission, setting objectives, analyzing internal and external environments, selecting generic strategies, generating, evaluating, and selecting strategic alternatives, implementing the strategy, and controlling its realization (Hambrick, D. Fredrickson, 2005). It considers the resources and capabilities necessary to achieve this superior position and assesses which of these are already available and which need to be developed or acquired. The strategy is therefore future oriented and usually applies a long-term perspective. Capabilities and assets require time to develop, and a strategic position requires continuity to gain credibility among customers, employees, and other stakeholders to ensure the viability of a firm's business (Haslam et al., 2015).

## **1.2. Business Model**

Strategy and business model are clearly different concepts, even though many people use the terms interchangeably. The business models describe how the pieces of a business fit together, but it does not have in consideration the fact of competition as does strategy. The business model can be considered a concept between the strategy and the tactical and operational level (Magretta, 2002).

The business model details the specific transactions with customers and other value network partners (Zott et al., 2011) and coordinates the necessary resources and capabilities. The business model is centered on the exchange with customers regarding value proposition and value capture, and it considers the mechanisms and interactions within the organization and with external partners to create and deliver that value (Lüttgens & Diener, 2016).

Even with the growing importance of the business model concept, the literature on the topic shows the absence of a generally accepted definition of what a business model is and it is now fragmented and heterogeneous (Guercini & Milanese, 2017).

Literature proposes that a business model translates the strategy into an operative definition and represents the firm's realized strategy (Casadesus-Masanell & Ricart, 2011), so business model implementation should be an integrated part of formal strategic planning. Most companies still neglect to formalize their business model because they think that changes in the business model are just sporadic occurrences (Bucherer et al., 2012). In the formal planning process companies tend to determine most parts of their business models at the end of the formal

planning process, which suggests an operational rather than a strategic approach toward business model development (Cortimiglia et al., 2016).

A business model articulates the logic and provides data and other evidence that demonstrate how a business creates and delivers value to customers. It also outlines the architecture of revenues, costs, and profits associated with the business enterprise delivering that value. It thus reflects management's hypothesis about what customers want, how they want it, and how the enterprise can organize to best meet those needs, get paid for doing so, and make a profit (Teece, 2010).

For some authors, the value proposition “describes the bundle of products and services that create value for a specific customer segment” (Osterwalder & Pigneur, 2010).

Through the literature several authors have tried to define elements that constitute the business model, the business model Canvas, one of the most learned in management courses, Figure 1.1, (Osterwalder & Pigneur, 2010) define the business model as a conceptual tool that contains a set of elements and their relationships, articulate the business logic of a specific company and identifies the main elements in terms of value proposition.

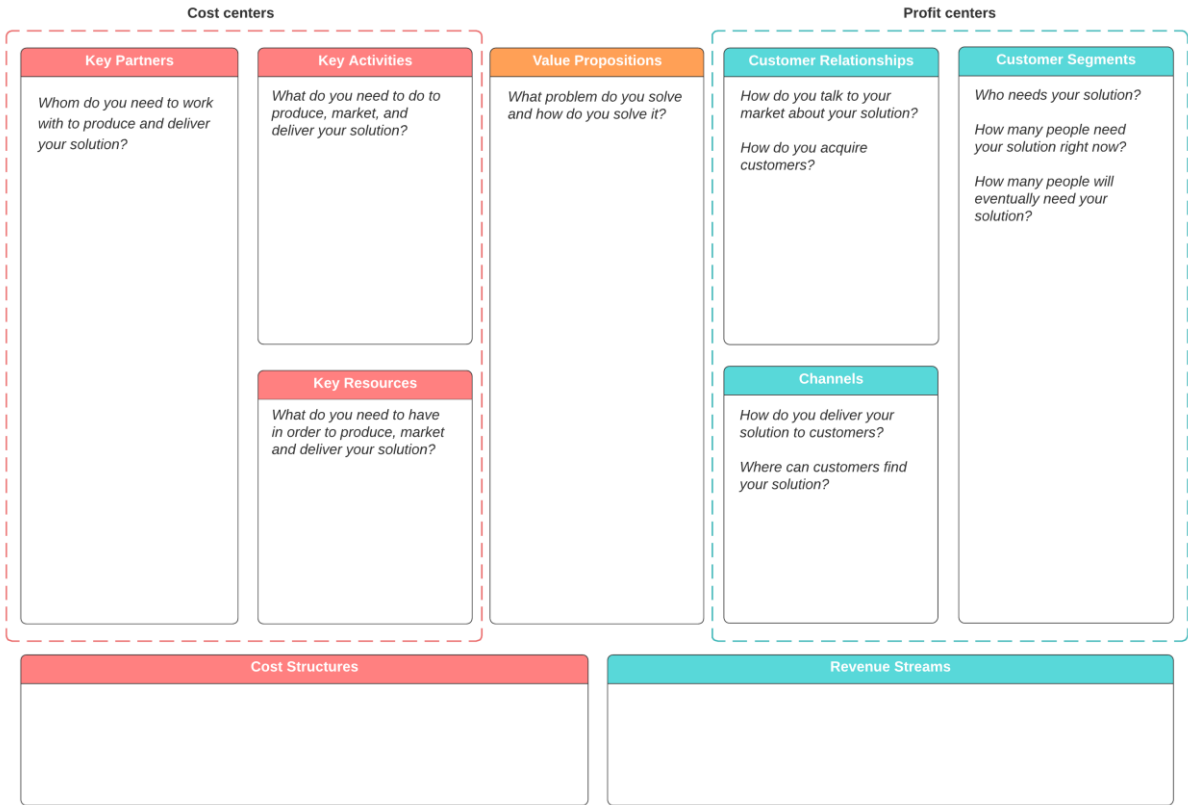


Figure 1.1- Business model Canvas (Osterwalder & Pigneur, 2010).

Another business model is the STOF, Figure 1.2, (Bouwman et al., 2008) this model considers partners as a key component of a business model. Also, the business model innovation literature underlines the importance of a networked approach in the concepts of open business model innovation, value networks and resources and capabilities within and across organizational boundaries (Bouwman et al., 2008).

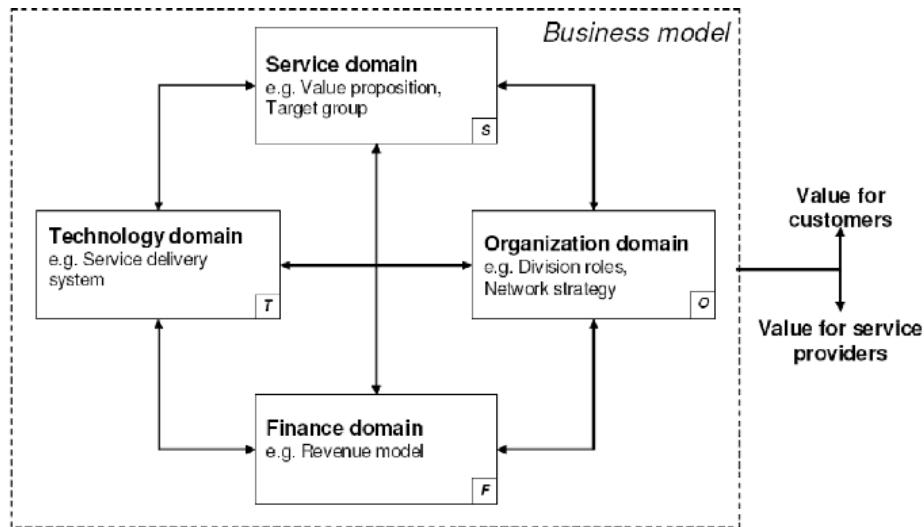


Figure 1.2 – STOF business model (Bouwman et al., 2008).

### 1.3. Brand Management

According to the American Marketing Association's a "brand is a name, term, sign, symbol, or design which intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors." (Keller, 2013). Therefore, product differentiation is encapsulated in brand concept, a distinct array of characteristics, both tangible and intangible, that compose value proposition of the brand (Kapferer, 2008).

In the luxury brand management, we need to consider the anti-laws of marketing (Kapferer & Bastien, 2012):

- The production should not be delocalized, because luxury is all about country of origin.
- If in any brand you must advertise, advertise, luxury should communicate the dream and not need to advertise to sell.
- Most of the value of owning a luxury good is the quality craftsmanship of the product and the recognition by non-owners, so the brand should communicate to non-targets.
- Very important is to maintain full control of the value chain to guarantee luxury quality.
- To keep the experience exclusive the brand, must maintain full control of the distribution.



- Luxury promises exceptional quality and experience, so issuing a license increases the risk of consumers having a bad experience because it loses control over the sell.
- Always increase the average price.
- Luxury means treating all clients as VIPs with direct, personalized, one-on-one interactions, ideally in exclusive stores.

#### **1.4. Luxury Brands**

In the last years luxury concept has gained different connotation due to the change and expansion of the market. Economic factors such as increasing size of disposable incomes, lower unemployment rates, and growing numbers of wealthy consumers in emerging countries have led to a more favorable environment for luxury consumption (Truong et al., 2008). In addition, high entry barriers “guarded for centuries [have] been lowered due to advancement in business and management practices, driven by globalization and the Internet” (Okonkwo, 2007). Luxury brands have increased their availability by established wider distribution networks, through online shops and price reductions (Kapferer, 2015).

Luxury brands that once enjoyed superior status among privileged elite consumers (Kapferer & Bastien, 2012) and had simple and clear boundaries between luxury and non-luxury are now facing some game changers as one of the most important factors of luxury, the “rarity principle” (Phau & Prendergast, 2000), has been buried under the so-called democratization of luxury.

Luxury is associated with products, brands and services that share a set of unique characteristics, such as excellent quality, high price, exclusivity and rarity, history and heritage, aesthetics (Dubois et al., 2001), (Vigneron & Johnson, 2004), (Phau & Prendergast, 2000) and (Kapferer & Bastien, 2012). For the research is important to determine if the brands in analysis really are fashion brands, so these five dimensions will be the foundation for that.

- i) excellent quality, is a very important dimension of a luxury brand and principal difference between a fashion brand, because fashion does not worship quality like luxury does (Kapferer & Tabatoni, 2012), luxury implies the highest material quality, such that it needs to last and be a good long-term investment, unlike mass market or fashion products that become obsolete fast (Kapferer & Valette-Florence, 2019).
- ii) high price, if a brand is perceived as expensive it can increase its desirability and be alleged as luxury (Vigneron & Johnson, 2004), but nowadays analyzing things from

the one-dimensional aspect of price isn't total correct, because there is a zone of price overlap between premium and luxury, which may be found in many sectors, for instance, Lexus vs BMW in cars (Kapferer & Bastien, 2012).

- iii) exclusivity and rarity, perceptions of exclusivity and rarity enhance the desire for a brand. A luxury brand that would be difficult to find because of its uniqueness would be even more valuable (Vigneron & Johnson, 2004). However physical rarity is not welcomed by luxury brands because it prevents fast growth, so now we talk about virtual rarity, where rarity is artificially induced by some techniques like regularly launching limited editions, or define retail locations for creating an aura of privilege is selective (Kapferer & Tabatoni, 2012).
- iv) history and heritage, an examination of luxury brand strategies clearly shows two brand construction models, one based on product quality taken to the extreme, the cult of product, heritage and history. And the other is American in origin, and lacking such a history of its own, does not hesitate to create one (Kapferer & Bastien, 2012). So, one can say that history and heritage accelerate a luxury brand, for instance, *"in Japan Lexus is not perceived as a luxury brand: it lacks the necessary dimension of prestige. This local brand has no pedigree, no history, no culture: it is only the upper end of Toyota's range"* (Kapferer & Bastien, 2012).
- v) aesthetics,

Navigating the intricacies of this dynamic, high growth industry to successfully manage a luxury brand is a meticulous process requiring more strategic than tactical decisions (Cavender & Kincade, 2014).

## **1.5. Luxury Strategy and Business Models**

Luxury is a business model that has been empirically fine-tuned over time by luxury brands that dominate worldwide, such as Louis Vuitton, Chanel, Gucci, Hermes, Ferrari, and Rolex. Companies, many of which are still family owned, have crafted a common, yet unique, business model: a pillar of their resilience and profitability. This business model runs opposing to most present business models in any sector. It rests on strict principles that maintain the uniqueness of luxury and preserve the non-comparability of those luxury brands that adhere to its guidelines.

If we talk about luxury strategy, we need to differentiate a luxury strategy, a fashion strategy, and a premium strategy (Kapferer & Bastien, 2012), as shown in the positioning triangle in Figure 1.3.

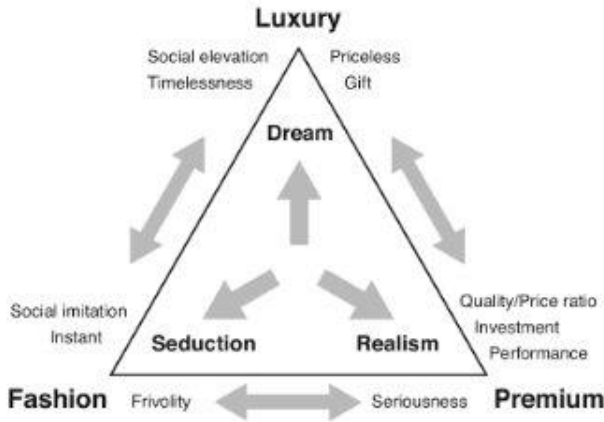


Figure 1.3 – Luxury, Fashion and Premium strategy positioning triangle (Kapferer & Bastien, 2012).

Kapferer makes a distinction between two different business models for luxury brands. The first are brands with a ‘history’ behind them, this business model may be represented by the luxury pyramid in Figure 1.4. The luxury brands move between the first three levels of the pyramid, where aura and money are related given that as more money a luxury brand makes more aura (the griffe) it must create, because consumers can’t stop dreaming about it (Kapferer, 2008).

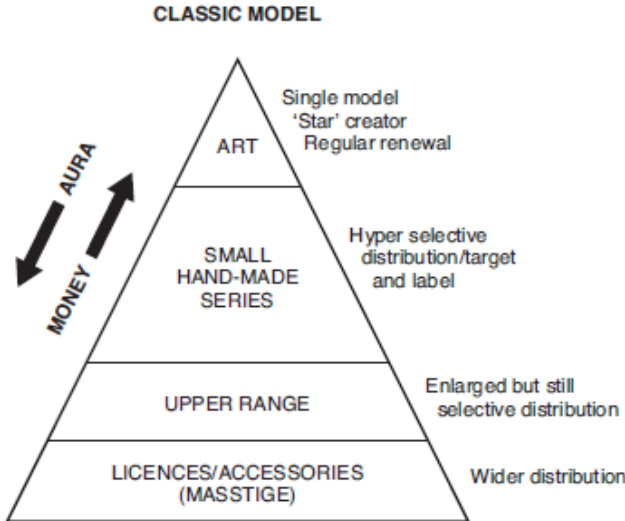


Figure 1.4 – Luxury Pyramid Business Model (Kapferer, 2008).

The second are brands that, lacking such a history of their own, have invented a ‘story’ for themselves. The luxury business model is characterized by its flat, circular, constellation-like

model. At the center is the brand ideal, while all manifestations of the brand are around the edge, at an equal distance from the center. Consequently, these extensions are all treated with equal care since each of them brings its own individual expression of this ideal to its target market. That illustrates well the United States luxury business model, brands like Ralph Lauren, Michael Kors and Coach use this model, because “it is an economic necessity for any brand which continues to be sold at an accessible price point” (Kapferer, 2008).

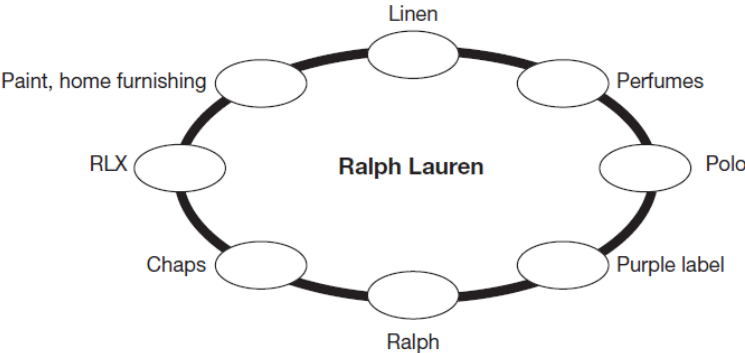


Figure 1.5 – The constellation/galaxy Business Model of luxury – Ralph Lauren example (Kapferer, 2008).

After lots of studies made there still are blurring of frontiers between luxury, fashion, premium and masstige (mass prestige) brands (Kapferer, 2015).

Only few academic study specific business models for luxury firms, such as fast fashion companies (Runfola & Guercini, 2013), fashion brands offering a more accessible luxury (Moore & Birtwistle, 2004) and characteristics of the Extreme Luxury Fashion Business Model (ELFBM) that placed internationalization as element with significant value for the special relationship between product characteristics and specificities of the country of origin and market niches of destination (Guercini & Milanesi, 2017).

**1.6. Luxury Strategy Trends**

Luxury Institute conducted a crowdsourcing project with its Global Luxury Expert Network at the end of 2019 with the objective to generate the trends likely to affect the luxury industry in 2020 (York et al., 2020). The principal key trends that were predict will reshape the luxury industry in 2020:

- i) Chinese affluent consumers determine global luxury goods brand winners and losers. For 2020 is expected that Chinese, that already demand respect in terms of

luxury brands, will determine which brands deserve the loyalty of the global luxury consumer.

- ii) Luxury retail recognizes that technology alone is not effective without emotional intelligence education and enhancing the employee experience to retain their best talent.
- iii) Luxury health and wellness evolve into luxury medicine
- iv) Online luxury marketplaces face their moment of truth. The top brands will realize that they must control the customer relationship, optimize supply chains, and control pricing and distribution. Most online luxury marketplaces will have to come up with new and profitable growth opportunities, or face irrelevance.
- v) Luxury goods consolidation becomes more surgical as the number of great acquisition targets dwindle. The brilliant acquisition of Tiffany&Co by LVMH has inspired the speculation that the luxury goods industry will continue to consolidate rapidly. However, this acquisition is a unique event and few stellar luxury goods brands remain, so the diversification of investments in new categories will be a way of luxury brand to grow, just look how LVMH has diversified into hospitality with Belmond and Cheval Blanc.
- vi) The business of fashion confronts irrelevancy head on. Fashion has always seen itself at the vanguard of all luxury goods and services categories. That has been the case until recently. However, fashion is still self-focused and product-centric, not customer-centric. In 2020, other luxury experiences such as technology, beauty, travel, gastronomy, wines and spirits, health and wellness are deemed by all generations, and especially the wealthy, as far more important to invest their precious time and formidable purchasing power.

Given BCG/Altagamma's six-year perspective on the true-luxury market (Boston Consulting Group, 2019), the report identifies six previously transformational trends that have stabilized. They are well established in the market and will remain part of the luxury business model: i) notably omnichannel distribution; ii) mono-brand stores; iii) made-in/country-of-origin authenticity; iv) high-low/mix-and-match flexibility; v) customization; vi) shopper tourism.

Further, four other trends are on the rise and will continue to drive demand, including the: vii) luxury of casualwear; viii) the influence of "influencers" on consumer preferences; ix) social media engagement; x) online sales, which has reached over 20% penetration as the "place" of consumers' last purchase.

It's important to recognize that the luxury sector was already facing enormous changes and challenges who asked for new strategies and business models (Gutsatz & Heine, 2018) and now the Covid-19 pandemic just come to accelerate that needs.

### **1.7. Luxury Brand Management Framework**

Through the combination of both knowledge areas, brand management and strategic management, a Luxury Brand Management (LBM) framework as show in Figure 1.6 was developed. LBM is a framework set within the new luxury business environment and environmental phenomena unique to the fashion industry (Cavender & Kincade, 2015). The model consists of three major components: i) the macro-environmental dimension; ii) the micro-environmental dimension; and iii) the strategic management response. For many of the variables within these dimensions, indicators and sub-variables were identified and labeled using specific language for the luxury goods industry (Cavender & Kincade, 2014).

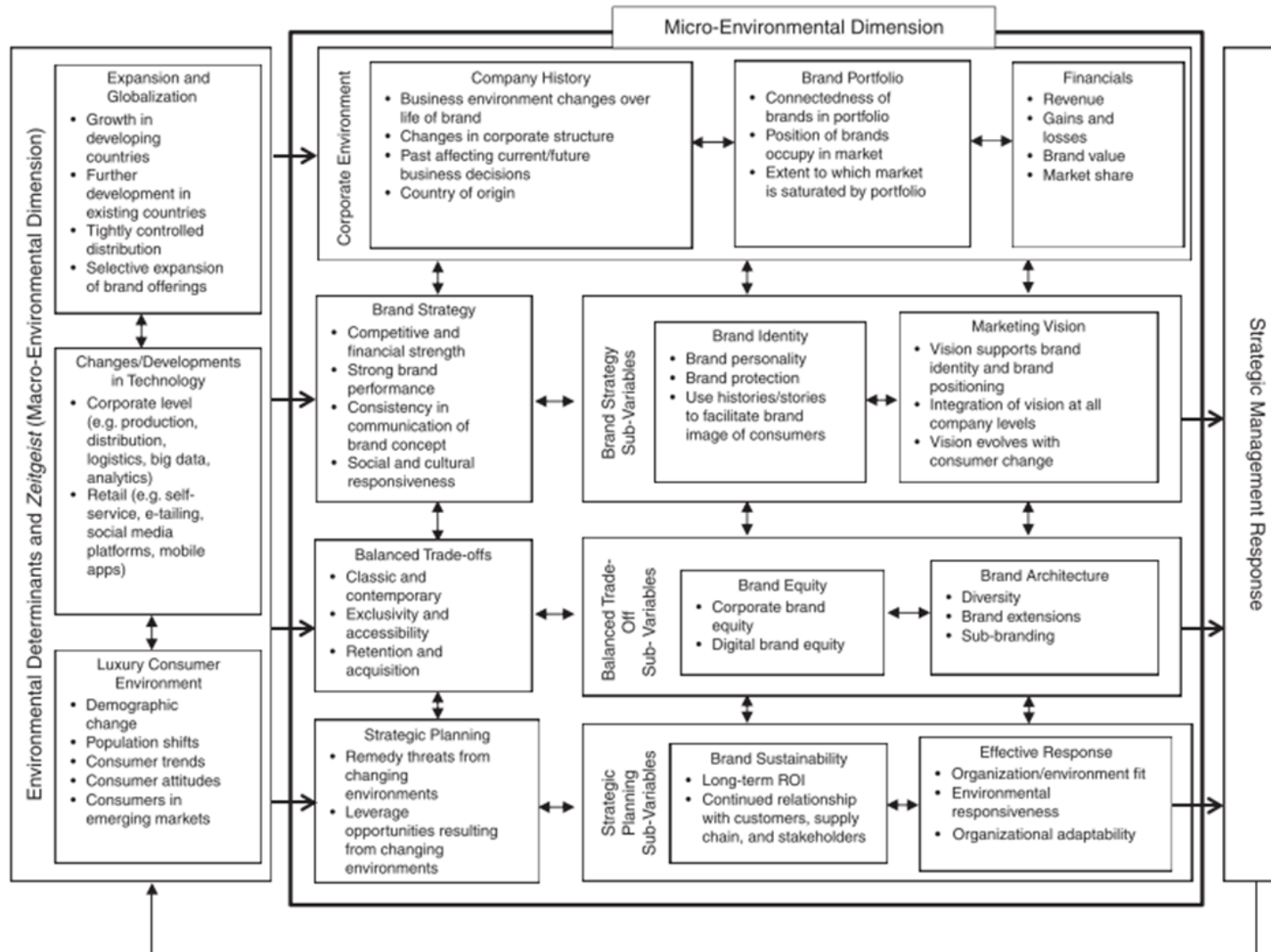


Figure 1.6 - Luxury Brand Management (LBM) framework (Cavender & Kincade, 2015).

### **1.7.1 Brand history**

There can be no luxury brand without roots, without a history to provide the brand with a non-commercial aspect: it constitutes a fabulous treasure through the mythologization that it enables, by creating a sanctum of uniqueness, of non-comparability, while being the origin of an authentic lineage to which each new product can lay claim (Kapferer & Bastien, 2012).

Although no replacement exists for actual aging of a brand over time, newer companies, through clever marketing strategies, can find ways to link themselves to past time periods and create an artificial heritage for their brands (Cavender & Kincade, 2015).

The European brands, born with history, draw great self-confidence from it, a great uniqueness and a cult of inherited values that translate into products that religiously respect these values. Note that what is important is not simply the history, but the myth that can be created around it, the source of the brand's social idealization. Writing 'Established 1884' does not make you luxury: it makes you old. You must still signal some additional qualities about both objects and people. (Kapferer & Bastien, 2012).

The history need not necessarily be a long one: new genuine luxury brands will be born tomorrow. History alone is not enough: it is necessary to create a myth, a legendary discourse that gives birth to the dream. This is what distinguishes luxury from the brand, even from the upper-premium brand (Kapferer & Bastien, 2012).

If there is no history, it must be invented. This is what modern American or Italian brands do, since history inverts the relationship with the object and with the client: it is not a case of immediacy, but of lineage, of inheritance. Visiting any Ralph Lauren shop, you are struck by all the black-and-white photos outlining the American way of life of the 1950s.

At this stage we should however distinguish three types of history, all levels of the imaginary:

- True history, authentic so long as it is capable of engendering modern myth, just claiming that a brand was founded in 1886 is not enough, it must evoke the myth.
- The reappropriation of true historical elements in the service of a recent brand.
- The creation of a new, contemporary legend, like Ralph Lauren plays at being the modern incarnation of The Great Gatsby, his shops designed like homes giving life to an imaginary of English aristocracy and its accompanying lifestyle. But the history does not always need to be that of the brand itself; it may be the history of



its universe of expression, that is the way China is doing it (Kapferer & Bastien, 2012).

### **1.7.2 Country of Origin Effect**

As with all strong global brands, the country brand encapsulates a myth, a stereotype that boosts its own attractiveness through an emotive resonance (Kapferer, 2008).

The country brand combines information at all levels: from political to social to cultural to economic to tourist, from the past to the present, real, and imaginary, in complete syncretism. Managing the country brand entails working specifically on the salience of these different facets, burying some and making others more visible. With globalization, we learn snippets of information and glean impressions of the whole world, even the most distant countries. These perceptions are malleable when they are not anchored as stereotypes or based on striking personal experience (Kapferer, 2008).

To create a perception of value, it is necessary to give content to the perception profile that will be unique to this country, that can be attributed to it and that will drive behavior both internally and externally (Kapferer, 2008).

Country-of-origin has numerous implications on brand image perception, being an important positioning element (Kapferer, 2008).

### **1.7.3 Brand Portfolio**

Fashion/luxury groups may be monobrand or multi-brand, the monobrand situations can refer to unique brands or brands whose brand endorsements are designed to address specific collections to different or new consumer targets. Multi-brand groups operate different brands, owned and under license. Licenses can be relevant in the brand portfolio and are very common in the industry (Cavender & Kincade, 2015). The crucial feature is the strategic intent behind the acquisition.

Multi-brand groups are created mainly to acquire know-how, to increase market presence with a proposal targeted to different specific segments and to work on synergies that recognize the need for financial support (Capello & Ravasi, 2009).

The brand portfolio sub-variable is also indicated through the historical and case study data review by the many luxury companies that have undergone structural changes over the last few decades.

The Luxury Brand Management (LBM) framework will be the framework used in the present investigation because during the literature analysis carried out it was noticed that it

is very adapted to the objective of the study, as it has a large focus on the luxury business model, concentrating its approach essentially on the strands of Communication, Distribution, Made in (country-of-origin), Price Level and Level of control (Kapferer, 2015).

The variables approached in the LBM will help to establish the characterization model of the Portuguese Luxury Strategy, through his luxury business model and determine the comparative model for Portugal with other geographies. The blend between the portuguese luxury business model, the comparative model with other geographies luxury business models, and the market survey will support suggestions and recommendations to make a valuable contribution to the industry in terms of understanding the best possible strategy towards a luxury brand developing or launching, to reposition and generate alternative models for the achievement of business success.

As mentioned in the introduction, the following research objectives were proposed in this investigation, define a characterization model of the Portuguese Luxury Strategy, through his luxury business model, establishing a comparative model for Portugal with other geographies through a benchmarking analysis and use this portuguese luxury business model to provide recommendations and suggestions for the most favorable luxury business models, attending to the new trends on the matter.

## CHAPTER 2 - METHODOLOGY

### 2.1. Method

Given the purpose of this investigation it was applied the qualitative research method that offers insights into a problem, focusing on understanding fundamental reasons and motivations and on understanding trends and patterns in thought and opinion (Park & Park, 2016). This is also a method to develop a theory, that is the main goal of this research, in further studies we could apply the quantitative method to test the theory of this research. It will be presented two types of data: primary data, which are collected by a researcher with the purpose of responding to a particular problem, and secondary data, which have already been previously collected for other purposes (Malhotra, 2007).

Considering the characteristics of this dissertation, and to reach the proposed objectives, both secondary data as well as primary data are used. Primary data may be more qualitative or quantitative, meaning one can pursue a more quantitative research approach, which focuses on the quantification and statistical analyses of data, or a more qualitative research approach, which focuses on understanding a particular problem situation (Park & Park, 2016). For the primary data our work proposal for methodology was based on a qualitative approach, anchored on the assumptions of the action-investigation (Yin & K.Yin, 2011). To complete the study, a secondary method was also used, using company documents, brand sites and specialty blogs.

In Figure 2.1 is present the schematic of the methodology divided in three topics:

- i. the Portuguese Luxury Business Model, this topic will have four kinds of study for the characterization of the business model, the luxury brands selection, the luxury brand documents analysis, the in-depth interviews and a market survey,
- ii. the comparative model, in this topic it will be investigated the international benchmarking for brands that relate with the Portuguese brands, by sector and geography, the actual luxury trends and conduct a comparative analysis with the Portuguese luxury business model.
- iii. Finally, and optimistically, it will present a list of suggestions for the Portuguese luxury brand, news and experienced, for development of the brands.

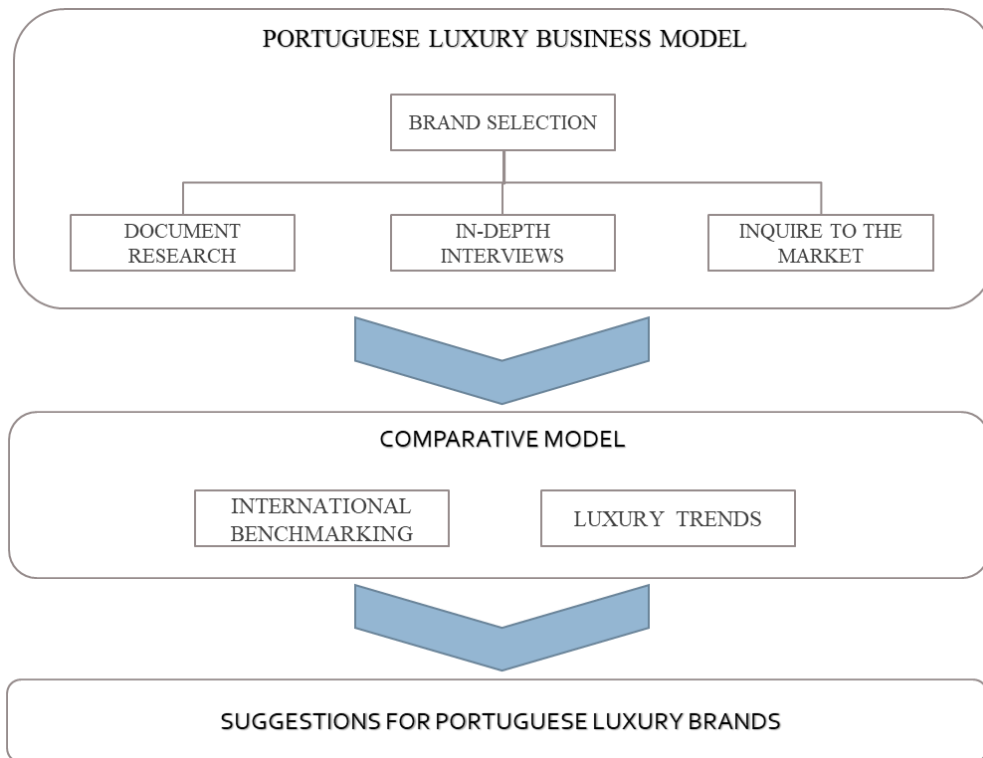


Figure 2.1 – Defined procedure to determine results.

The qualitative research method usually uses a small number of non-representative cases respondents selected to fulfill a given quota (Park & Park, 2016). The sample size will not be determined *a priori* because is inherently problematic in qualitative research, given that sample size is often adaptive and emergent, and adopts the principle of saturation (Sim et al., 2018). The determination of the sample size of Portuguese brands used in the study was by data saturation, that is reached when there is enough information to replicate the study (O’Reilly & Parker, 2013) and when the ability to obtain additional new information has been attained (Guest & Johnson, 2006).

Initially, we started with a list of eleven Portuguese brands, from segment of personal good, that in the mind of the author has the possibility of being a luxury brand, as shown in Annex A, those brands are mostly from the footwear sector mainly because this sector is the most develop one in the segment of personal goods in Portugal (APICCAPS, 2019).

After thorough analysis there were selected eight Portuguese luxury brands, Table 3.1, for to be part of the investigation using the following criteria: i) is a luxury brand; ii) “Portuguese origin”; iii) relevant awareness in the international market; iv) accessible contacts inside the company and v) brand evolution.

To determine point i) is a luxury brand, we will focus on investigating the following aspects of the brand: i) excellent quality, ii) high price, iii) exclusivity and rarity, iv) history and

heritage, v) aesthetics (Dubois et al., 2001), (Vigneron & Johnson, 2004) and (Kapferer & Bastien, 2012), as show in Figure 2.2.

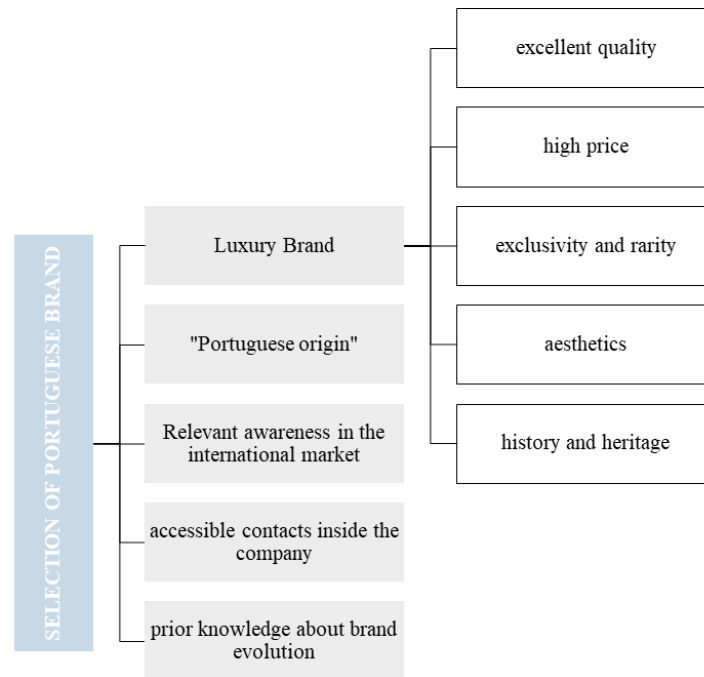


Figure 2.2 – Selection of Portuguese brands for the study.

After the brand documents research and search for possible interviews there were some brands not available for content analysis because of the external and internal conditions, so the sample was reduced to six portuguese luxury brands that will be used in the investigation.

After an assessment and analyses of the scientific domains from the journals used in this dissertation, we could notice that accordingly to the SCImago Journal & Country Rank, 12 of the articles are ranked in the Q1 quartile, the highest of the scale, and 7 articles are ranked in the Q2 quartile.

## 2.2. Data collection

In this qualitative approach, different techniques and instruments of data collection were used for further data treatment.

For the luxury brands selection, it was used the Brand Luxury Index (BLI) (Vigneron & Johnson, 2004) as show in Figure 2.2. The index will be used only with extreme measurements attending to what the owner says about the brand in company documents, for the history and heritage factor it will only be state Yes or No, have history and/or heritage or do not have history and/or heritage.

Table 2.1 – Adaptation of the Brand Luxury Index (BLI) (Vigneron & Johnson, 2004).

	LUXURY FACTORS	FACTORS IN ANALYSIS	BRAND LUXURY INDEX (BLI)
NON-PERSONAL-ORIENTED PERCEPTIONS	QUALITY	excellent quality	Good Quality /Manufactured → Best Quality /Crafted
	UNIQUENESS	exclusivity and rarity	Fairly exclusive / Uncommon → Very exclusive /Rare
	CONSPICUOUSNESS	high price	Affordable → Extremely expensive
PERSONAL-ORIENTED PERCEPTIONS	HEDONISM	aesthetics	Tasteful /Memorable → Exquisite /Stunning
ITEMS WITHOUT APPARENT COMMUNALITIES		history and heritage	New brand/No storytelling → True history/Sto rytelling

For the analysis of the brands it was used the Luxury Brand Management (LBM) framework combine with specific business models identify (Moore & Birtwistle, 2004). The LBM was reviewed for this investigation and was determined to mostly focus on the micro-environmental dimension, with some context of the actual macro-environment in terms of brand international exposure, changes and/or developments in technology and luxury consumer trends and attitudes. Regarding to the micro-environmental dimension although the LBM consider several variables, the investigation is focused on the corporate environment for the brand history, brand portfolio and financial variables and in the brand strategy namely the brand identity variable.

Taking in consideration the study on Burberry business model (Moore & Birtwistle, 2004) we will focus on investigating the following aspects of the business model i) products; ii) distribution channels and iii) marketing communications, so the brand communication and

distribution variables were added to the model with the intent of most clear characterization of the business model, Figure 2.1.

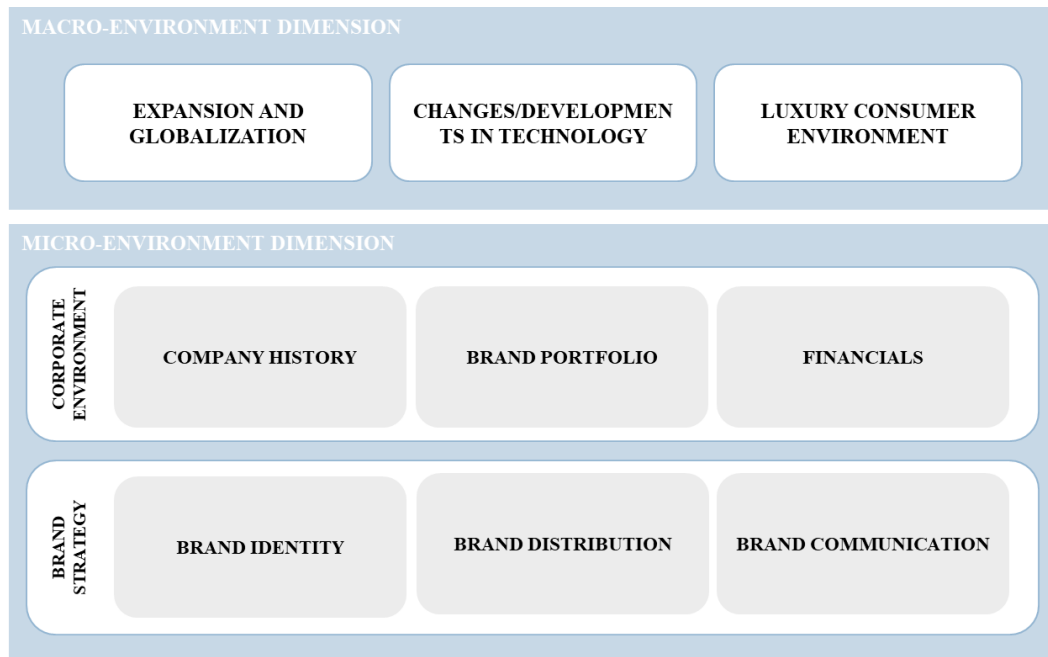


Figure 2.3 – Model define for the characterization of the Luxury business model.

To establish the Portuguese Luxury Business Model for the industry and understand the comparative business model for Portugal with other geographies the methodology intended to be followed will be based on a research model primarily based on: i) interviews with Board of Directors of selected Portuguese brands and ii) documentary research and content analysis.

As already mentioned for data collection it was used:

- i) documentary research and content analysis: a good research should always start with secondary data (Churchill & Iacobucci, 2005). Secondary external data was hence approached through a literature review, contributing to a portraying of the situation alleged by researchers. In the secondary data collection this research evaluates two lines: i) analysis of the company documents; ii) benchmarking from other luxury brands from France, Italy and US for the same industry and iv) analyses on the luxury market to provide recommendations and suggestions for the most favorable luxury business models, attending to the new trends on the matter.

To define the luxury brands from other countries it was used the following criteria's: i) country representative luxury brand; ii) most valuable luxury brand;

- iii) available and accessible information and iv) proximity to the portuguese luxury brand.
- ii) in-depht interviews with Board of Directors of selected Portuguese brands: interview questions where structured to facilitate asking multiple participants the same questions to achieve data saturation (Guest & Johnson, 2006). The interviews where scheduled with the participants, normally luxury brand CEO or Brand Manager, with about 30 minutes duration through Zoom Platform, because of the confinement due to the Covid-19 situation, and where recorded with the participants consent, interview script in ANNEX B.

Almost all interviews were solicited to the luxury brand through social media and/or email, 75% of the contacted luxury brands answered. Among the luxury brands that answered us, we observed that about 30% of them are too busy either rebranding or considering new strategies to deal with the pandemic situation in the world, so they had no opening to conduct the interview.

- iii) Market survey to analyze to characterize the luxury consumer environment, Figure 2.1, in terms of consumer habits and trends and to get some insights about the portuguese luxury brands. The survey script is in ANNEX C.

### **2.3. Data Treatment**

The treatment of the collected data was made using different techniques due to the type of data collected.

- i) For the documentary research and analysis consisted of the collection and analysis of documents for an understanding of the portuguese luxury brands that are part of the investigation based on the information made available online, blogs, news, papers and other sources, identifying relevant information as a source of information to complete and validate evidence from other sources (Bardin, 2016);
- ii) For the in-depht interviews with Board of Directors of selected Portuguese brands the interpretation of the results obtained was made through inference, which is a type of controlled interpretation. The inference may be based on the constituent elements of the classic communication mechanism: the message and the channel, and the sender and the receiver (Bardin, 2016). For this investigation purpose, the



data of each communication, within the scope of the interviews carried out with Portuguese luxury brands, will be presented as a result with the following information: the sender of the message, the recipient of the message, the content of the message and the channel where it was transmitted.

- iii) For the market survey it was used a descriptive survey for data gathering and analyzing about prevailing conditions, practices, beliefs, processes, trends and so on, and to assess social-demographic profile, such as age, education, gender, income, and country of birth. These responses were statistical analyzed with the data requirements of the study, it was considered results as frequency count, mean, percent and rank.



## **CHAPTER 3 - RESULTS AND DISCUSSION**

### **3.1. Results**

#### **3.1.1. Portuguese luxury brands selection**

The study started with eleven brands, ANNEX A, and after careful analysis it was reduce to eight brands, Table 3.1, that were considered for the investigation and determine as luxury brands. For the evaluation of which brands to determine as luxury brands it was use the Brand Luxury Index (BLI) (Vigneron & Johnson, 2004) and analyzed the sources present in

ANNEX A for each of the brands. As showed in Table 3.2, for instance, the brand Alameda Turquesa was determined as a luxury brand because it comply with all the BLI analyzed, as it craft, very expensive and exquisite. On the other hand the brand Fly London was verified as a non-luxury brand essentially as it doesn't fulfill all the BLI, namely, very expensive and exclusive because is a true fashion brand.

Table 3.1 – Selection of the portuguese luxury brands relevant for the investigation.

ID	BRAND	IS A LUXURY BRAND? (Table 3.2)	“PORTUGUESE ORIGIN”	RELEVANT AWARENESS IN THE INTERNATIONAL MARKET	ACCESSIBLE CONTACTS INSIDE THE COMPANY	RESULTS*
1	Alameda Turquesa	✓	✓	✓	-	①
2	Amé Moi	✓	✓	✓	-	②
3	Catarina Barbosa Skincare	✓	✓	✓	✓	③
4	Carlos Santos	✓	✓	✓	-	④
5	Flylondon	-	✓	✓	-	
6	Josefinas	✓	✓	✓	✓	⑤
7	Latitid	-	✓	-	✓	
8	Luís Onofre	✓	✓	✓	-	⑥
9	Pé de Chumbo	✓	✓	✓	-	⑦
10	Sienna	-	✓	-	✓	
11	SUL	✓	✓	✓	✓	⑧

\* eight chosen portuguese luxury brands.

Table 3.2 – Evaluation of brands to determine the luxury brands.

VARIABLES	BLI	ALAMEDA TURQUESA	AMÉ MOI	CB SKINCA RE	CARLOS SANTOS	FLYLOND ON	JOSEFIN AS	LATITID	LUÍS ONOFRE	PÉ DE CHUMBO	SIEN NA	SUL
Excellent Quality	Manufactured											
	Best Quality /Crafted	<i>“Every single piece is handmade”</i>		<i>“the finest quality green products”</i>	<i>“Quality our main focus”</i>	<i>“high quality materials”</i>	<i>“very comfortable and soft”</i>		<i>“piece is manually inspected”</i>	<i>“using unique handmade”</i>		
High Price	Affordable			Around 75€		Around 150€		Around 100€			Around 100€	
	Extremely expensive	Between 300€ - 500€	Between 600€ - 900€.		Between 500€ - 750€		<i>“World’s most expensive Ballet flats for \$3820”</i>		Around 500€	Around 500€		Between 200€ - 500€
Exclusivity, Rarity	Fairly exclusive					<i>“Bound for the fashion market”</i>						
	Very exclusive /Rare	<i>“These signature trims are hand-applied”</i>		<i>“products are individually handmad”</i>	<i>“luxury to be craftsmanship”</i>		<i>“special and unique piece by hand”</i>		<i>“Our craftsmen most talented in the world”</i>	<i>“‘fabric’ is made”</i>	<i>“the uniqueness”</i>	<i>“carefully handcrafted”</i>
Aesthetics	Tasteful /Memorable					<i>“create original fashion products”</i>					<i>“pieces stand out”</i>	
	Exquisite /Stunning	<i>“one of the most iconic sandals ever”.</i>	<i>“The red lining, is âme moi’s identity”</i>	<i>“by hand in elegant glass ware”</i>	<i>“most beautiful pair of shoes”</i>		<i>“It’s absolutely beautiful”</i>	<i>“exclusive design and unique concept”</i>	<i>“sexy and decadent”</i>	<i>“using unique handmade process”</i>		<i>“pieces that endure over time”</i>
History/ Heritage	History											
	Heritage/Sto rytelling	<i>“shoe luxury craftsmanship in the world.”</i>	<i>“promoting the cultural heritage”</i>	<i>“inspired by Great Portuguese Women”</i>	<i>“centuries-old know-how”</i>		<i>“In Portugal, the savoir-faire of craftsmen”</i>		<i>“shoemaking tradition”</i>			
		<b>Is Luxury</b>	<b>Is Luxury</b>	<b>Is Luxury</b>	<b>Is Luxury</b>		<b>Is Luxury</b>		<b>Is Luxury</b>	<b>Is Luxury</b>		<b>Is Luxury</b>

### 3.1.2. Portuguese luxury brands evaluation

In this section, are analyzed the portuguese luxury brands combining the insights from the literature review, with the information collected through the primary data and complemented with the secondary data about the brands in study.

Some of the luxury brands identified for the study are undergoing a rebranding, like Amé Moi, or did not have the conditions or availability to participate, like Alameda Turquesa that state that “*are very reserved in our brand strategy*”, so the sample was reduced to six luxury brands, Table 3.3. Luís Onofre, despite not having been possible to conduct an interview with the brand it was considered that the brand was too relevant in the segment of the portuguese luxury products and that the documentation information available online was enough, so it was considered for the investigation.

Table 3.3 – Brands considered for the investigation.

ID	BRAND	SEGMENT	CONTACT IN THE BRAND	FUNCTION
1	Catarina Barbosa Skincare	Beauty	Catarina Barbosa	CEO
2	Carlos Santos Shoes	Shoes	Ana Santos	Marketing & Sales Director
3	Josefinas	Shoes	Carolina Nelas	Brand Manager
4	Luís Onofre	Shoes	NA	NA
5	Pé de Chumbo	Apparel	Alexandra Oliveira	CEO
6	SUL	Leather Goods	Dora Osório	CEO

As shown in Figure 2.3 the characterization of the Luxury business model will address the following main dimensions: i) Expansion and globalization; ii) Changes/developments in technology; ii) Luxury consumer environment; iv) Corporate environment (company history, brand portfolio and financials); and v) Brand strategy (brand identity, distribution and communication) (Cavender & Kincade, 2015).

For these main dimensions were defined variables as presented in Table 3.4, for production and content evaluation of the in-depth interviews, for instance, the category Expansion and globalization was divided into four sub-categories: Key strategic challenges in the COVID-19 pandemic, Internationalization countries, Domestic brand development and Controlled distribution. For each of these sub-categories it was determined an analyze unit, based on the

interview's responses of each brand, and calculated the weight of that analyze unit for the sample interviewed.

Is also important to say that Table 3.4 is a sub-set of content analysis made in this investigation, the full analyze is present in ANNEX C.

All luxury brands chosen for the investigation have a documentary analysis in

ANNEX A, so this information is the foundation for the creation of our business model, Figure 2.3, for each brand that will be complemented with the results of the interviews, Table 3.4.



Table 3.4 – Content interview’s analysis.

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%
Expansion and globalization	Key strategic challenges in the COVID-19 pandemic		<i>“with the COVID-19 pandemic sales almost stopped”</i>	<i>“... pandemic turned out to be favorable”</i>		<i>“... pandemic caused cancellation of orders”</i>	Impact of Covid-19 on sales (1 positive and 2 negative)	3	60%
		<i>“online shopping”</i>	<i>“increase of online shopping”</i>	<i>“people lost their fear of online shopping”</i>		<i>“online sales platforms don’t work”</i>	Online shopping as a key challenge in pandemic times	4	80%
	Internationalization countries	<i>“Holland, UK, France, Poland, Sweden”</i>	<i>“France, USA, Australia, Taiwan”</i>	<i>“UK, Russia, Italy, Spain”</i>	<i>“... Czech Republic, Polan and Spain.”</i>	<i>“Italy, UK and Turkey”</i>	Exporting to Europe	5	100%
		<i>“... USA”</i>	<i>“... USA”</i>	<i>“NY, Mexico ...”</i>		<i>“... USA”</i>	Exporting to USA	4	80%
			<i>“Taiwan ...”</i>	<i>“... Hong Kong”</i>	<i>“Hong Kong”</i>		Exporting to Asia	3	60%
		<i>“... some local agents ... and directly with retailers for others”</i>	<i>“we have some retail stores internationally”</i>		<i>“retail through partners with exclusivity in the country”</i>	<i>“we do three international fairs annually ...”</i>	Internationalization is achieved through export to retailers	4	80%
	Domestic brand development		<i>“... betting on the portuguese market ...”</i>	<i>“we never neglect Portugal ...”</i>	<i>“increase sales in the Portuguese market”</i>	<i>“... retake the Portuguese market ...”</i>	Wagering the portuguese market	4	80%
Controlled distribution	<i>“controlled distribution too much bureaucratic...”</i>		<i>“... we do not do many advertising campaigns for some countries”</i>	<i>“... UK requires local agent”</i>		Tightly controlled distribution is a cause for the difficulty in internationalization	3	60%	
Changes/developments in technology	Production methods		<i>“... we do only craftsmanship”</i>	<i>“... they are all made by artisans.”</i>	<i>“... mostly an handmade process”</i>	<i>“we created a manufacturing process, craftsmanship...”</i>	Craftmanship, artisan, handmade and savoir faire	4	80%
	Marketplaces as an online point of sale	<i>“... are not our segment”</i>	<i>“we don’t use them”</i>	<i>“... we don’t believe that this is our way”</i>	<i>“will greatly lower margins”</i>	<i>“... not work in the marketplaces”</i>	Marketplaces are not seen as a	5	100%

	for the brand products						possibility for online shopping		
	Brand site as an online point of sale for the brand products	Yes, responsive for mobile	Yes, responsive for mobile	"an app to replace the site is not provided ..."	Yes, responsive for mobile	"we sell more on our site"	Use of brand site for online shopping	5	100%
	Digital marketing – Social Media	"our brand is present in Instagram, Facebook and Twitter."	"For marketing we use Instagram and Facebook"	"... has to be Instagram ..., we use facebook ..."	"facebook and Instagram"	"Instagram, we use a lot"	Principal mean of digital marketing is Instagram and Facebook	5	100%
Luxury consumer environment	Handmade and craftsmanship as a trend		"handmand pieces"	"the fact that it's handmade ..."		"... handmade fabrics our pieces are produce"	Craftmanship and handmade of luxury products	3	60%
	Sustainability as a trend		"luxury passes through sustainable materials ..."	"... have launched some vegan collections ... market is growing"		"sustainability is the future ... we transform garbage into haute couture"	Sustainability of luxury products	3	60%
Corporate environment - Company history	History of the brand		"newly brand with less then 10 year, started online"	"... started in 2013, 100% digital from the beginning"	"... started in 2019 ..."		Young luxury brand, very connect to the online selling	3	60%
	Country of origin effect and made in projected trough luxury brands itself	"Still, companies have also to do themselves some marketing work."		"...lose the fear of communicating the country of origin ..."		"sometimes it is worth a marketing program ..."	Luxury brand should invest in marketing and projection of country of origin	3	60%
Corporate environment - Brand Portfolio	Icon product or "the griffe"	"We have some best-sellers that are our brand image."	"the Almada bag, that is our bestseller"	"the pink fragile ballerinas of the first collection ..."	"The Amalia oil, is our icon and bestseller."		Icon product is the bestseller	4	80%
			"Our products are not seasonal..."	"our basic idea is to create timeless products that can be used for years"	"100% continuity, products are not seasonal"		No seasonal products, long lifespan	3	60%

Corporate environment - Financials	Price influence	<i>"... balance between high quality and fair price."</i>	<i>"... price must follow quality"</i>		<i>"... price and quality influences ..."</i>		High quality as an influencer on price	3	60%
Brand strategy – Brand identity	Brand differentiation	<i>"Quality/price very competitive..."</i>	<i>"...high quality of the products"</i>	<i>"The savoir fare ..."</i>	<i>"all the products ... tested and have scientific proof ..."</i>	<i>"we are aligned with haute couture - with craftsmanship."</i>	More quality than other brands in the same segment	5	100%
	Storytelling	<i>"We work a lot on storytelling when creating collections."</i>		<i>"all of our collections have an associated history..."</i>	<i>"... convey to customers the story of who was this great woman to be inspired"</i>	<i>"All collections have a history - always accompanies a theme."</i>	Storytelling associated to products and/or collections	4	80%
Brand strategy – Brand distribution	Role of retail on the distribution of the products	<i>"Local agents do the retail business"</i>	<i>"Some retail business"</i>		<i>"we work with retail stores"</i>	<i>"Multi-brand stores"</i>	Use of retail business to brand distribution	4	80%
	Experience and personalization			<i>"... sent in a luxurious package and soon after produced and it has a special smell"</i>	<i>"...orders are all customized, ... as if it were a gift to open"</i>	<i>"Personalized service, personalized design, and body adaptations"</i>	Concern with creating an experience to the customer associated with the purchase	3	60%
Brand strategy – Brand communication	Communication streams to public	<i>"e-commerce, intagram, facebook, retail, newsletter"</i>	<i>"Facebook, Instagram"</i>	<i>"instagram, facebook, pinterest"</i>	<i>"strategy goes more through our instagram, ..."</i>	<i>"Instagram and fairs"</i>	Digital communication	5	100%
	Communication with establish customers	<i>"very close relation. We know almost of them..."</i>	<i>"Very close relation"</i>	<i>"... ensure the same experience for each customer"</i>	<i>"... they saw the brand as something achievable ..."</i>	<i>"Proximity"</i>	Proximity relationship	5	100%
	Strengthen the aura		<i>"We are looking for an influencer"</i>	<i>"...some celebrities like Chiarra Ferrani..."</i>	<i>"we haven't found an influencer yet"</i>	<i>"We work with influencers and artists."</i>	Use influencers to strengthen the aura	4	80%
			<i>"we can't mention"</i>			<i>"... partnership with a French jewelry store."</i>	<i>"Partnerships with shoe brands."</i>	Partnerships with other brands	3

### 3.1.3. Market survey analysis

Through the demographic characterization of the sample, it is possible to verify, ANNEX , that 76,13% of the respondents are women and 23,87% are men. The most representative age group is 36-45 years old with 45,81%, followed by 25-35 years old with 26,45%, the least representative group in the sample are the <25 years old that only represents 5,81% of the sample. Regarding the sample's net monthly salary, the largest share of 56,77% belongs to the range of under 2,000€ and the least representative is a monthly net salary greater than 10,000€ that only represents 3,23% of the sample. Regarding the level of education, most respondents (82,58%) are licensed, where 45,81% have a Master's / MBA or similar, 34,84% have a bachelor and 1,94% have a PhD. The nationality of the sample is mostly Portuguese, 97%.

The objective of the survey was to understand:

- the type of luxury consumer, through the frequency of purchase of luxury products, the most preferred purchase segments, and preferred purchase location.

Based on the sample, it was observed that 16.77% of the respondents acknowledge that they do not buy luxury products/services, while the remaining 83.23% say that they are consumers of luxury products/services. Among respondents who report consuming luxury 16% purchase luxury products/services every month, the rest (67%) are considered sporadic consumers of luxury products / services.

Analyzing the respondents with monthly net income lower then 2000, it was concluded that 100% of those under 25 buy luxury at least annually, that shows a trend of young people, despite the lower wages, having an eager appetite for luxury products.

The survey reveals that 54% of respondents buy products/services distributed in the segments of luxury hospitality, gourmet food and fine dining and luxury wine, while 37% of respondents assumed buying luxury products in the personal luxury segment, being the single segment with more respondents and the core of this study. Focusing on the personal luxury segment 32% of the respondents acquire luxury apparel, 27% luxury shoes and leather goods and 20% luxury beauty, the remaining 21% acquire mostly jewelry and watches.

Regarding purchase location 74% of respondents prefer to make purchases of luxury products in physical stores, with special focus on brand stores (18%) or outlet stores (20%). Of the 26% of respondents who report shopping for luxury products online, 87% of them belong to the age group under 45 and 73% of online purchases are made at the brand's online store.

- consumers of luxury products perceive luxury, there were raised two inquiries: in the first, a list of aspects of the brand based on the definitions of luxury (Dubois & Czellar, 2002) was presented and respondents were asked to choose the term that best defined the Luxury Product and the aspects that are most relevant at the time of purchase. In the second, the objective was to understand the trends based on the luxury purchase reasons.

For the respondents, the concept most associated with luxury is excellent quality (49,61%) and the least associated with luxury is history and heritage, about 2.33%. The age group of more than 46 years associates more luxury with excellent quality, giving it a relevance in some group of 25pp above the average of the sample. In other point it is the younger generations that bring the concept of exclusivity and rarity, as a concept to be considered when analyzing luxury products/services with values of 9pp above the average of the sample. About the concept of history and heritage is largely perceived as a luxury concept only for respondents over 46 years old, about 5 to 8%. For further studies is yet important to underline that almost the totality of the sample is composed by respondents with portuguese nationality, 97%.

It is still important to notice that respondents under the age of 25 years old highlight the experience in the purchasing of luxury products, with values of 9pp above the average of the sample. Only 5% of the respondents look for experience, while in respondents under 25 years old this percentage increases to 14%. Quality is once again highlighted in this aspect, with 33% of respondents mentioning it as what they are mainly looking for. For trends we can distinguish experience and exclusivity, based on the survey.

- perception of the Portuguese luxury brands, with the objective to understand the brand awareness and perception for some portuguese brands and the purchase intention. It was questioned about the concepts that make the portuguese luxury brand a luxury brand and the missing concepts for being a luxury brand.

58% of respondents have a perception that the Portuguese luxury market exists essentially for the footwear and apparel segments. The most well-known brand of the respondents is Luís Onofre, 20% of respondents indicated that they know the brand, followed by FlyLondon and Josefinas with 20% and 17% correspondingly. The remaining brands have a very low brand awareness, under 9% of the respondent indicated that know the brands.

However, it was concluded that most respondents agree with the analysis made by the author about the perception of the brand as a luxury brand, that is, most of the luxury brands used in this study have a perception of luxury brand above 50%.

About the concepts of what makes a luxury brand 27% of respondents refer to the excellent quality of products, followed by design and exclusivity, 23% and 16% respectively. The history and heritage are the least relevant factor in perceiving the brand as luxury. On other side, the concepts missing the brands to be perceived as a luxury brand, 19% of respondents reported the lack of brand awareness with one of the main reasons almost equally with extreme quality (19%) and exclusivity and rarity (18%).

Another interesting survey analysis is that 71% of the respondents as already bought portuguese luxury brands, mostly shoes (37%) and apparel (35%). And about 72% are certain, that if a portuguese luxury brand associated to another portuguese luxury brand, they would try their products.

Resuming the principal trends from the survey:

1. Young people, despite the lower wages, having an eager appetite for luxury products
2. In Portugal, the segments of luxury hospitality, gourmet food and fine dining and luxury wine have a big relevance in luxury purchases but is still the personal goods segment the one that is the most desirable to the costumer.
3. The portuguese segments more associated with luxury are shoes and apparel.
4. In the personal goods segment the most desirable products are in luxury apparel, luxury beauty and luxury shoes.
5. Online purchases represent a large slice of the total purchase, with special emphasis in the group ages under 45 years old and female buyers. Being the online brand site the most common location for the online purchase of luxury products.
6. Despite excellent quality is in the top concepts associated to luxury brands the concepts of experience and exclusivity are gaining ground in the mind of the consumers, especially the younger ones.
7. Luxury brands association are well accepted by consumers.

## **3.2. Discussion**

### 3.2.1. Portuguese luxury business model

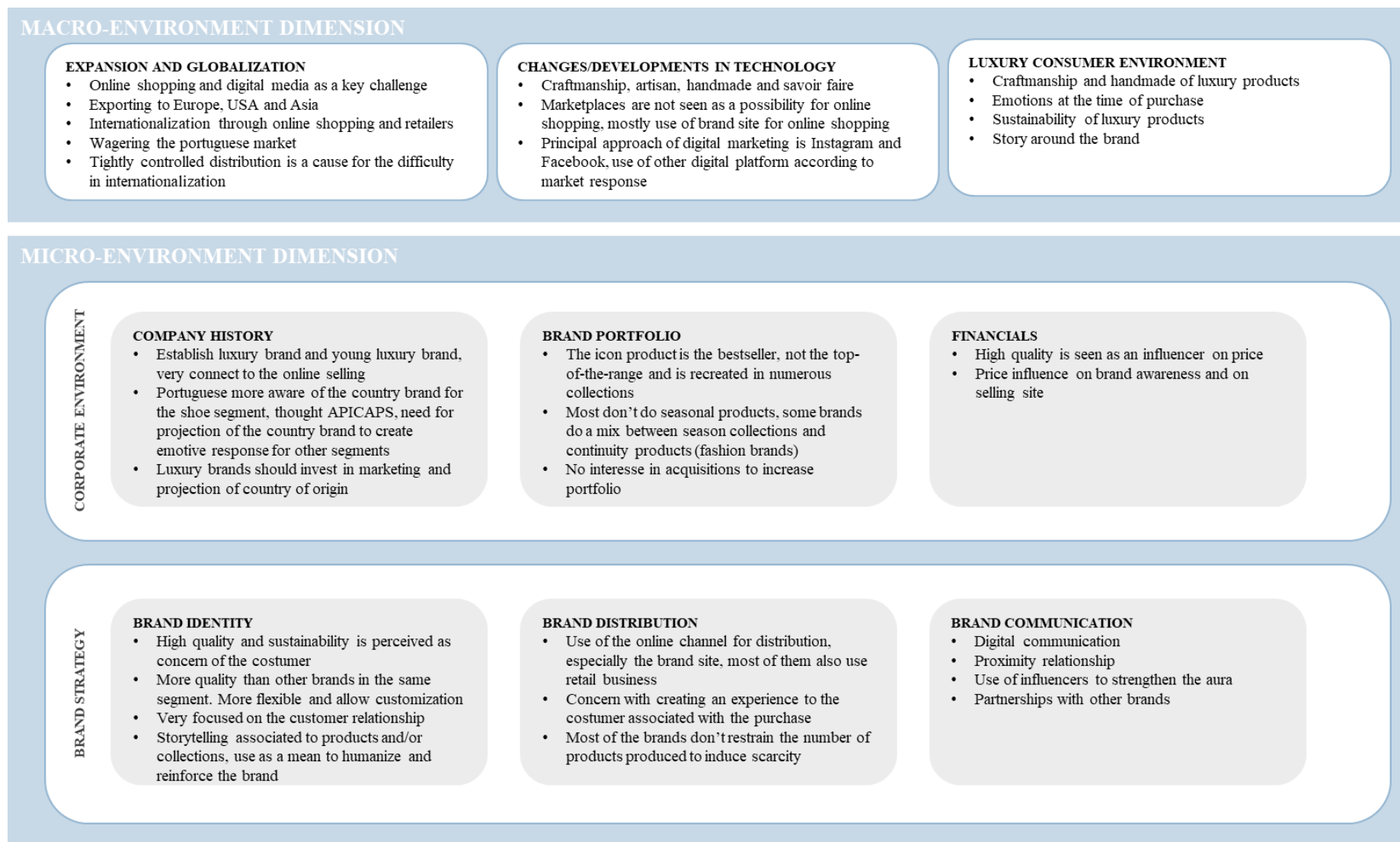
The use of the LBM framework (Cavender & Kincade, 2015) as expected assisted to establish the characterization model of the Portuguese Luxury Strategy and therefore give some insights to answer the proposed question: “What is the Portuguese luxury business model for personal goods brands in the luxury segment?” as observed in Figure 3.1 the results demonstrate that the portuguese luxury brands analyze:

- Are internationalized, and have mostly international customers, but Covid-19 has increased the number of Portuguese customers in 2020 so most portuguese luxury brands are considering on wagering the portuguese market.
- Sell mostly to Europe. The USA, Asia and Russia are markets highly desired by portuguese luxury brands, but with huge barriers to entry, due to tightly controlled distribution.
- Two distinct realities were observed in terms of the brand's history, but all of them have an history of best quality and craftsmanship, with deep roots to family.
  - Brands with a history of more than 30 years, that operate in the shoes segment. These brands evolved from factories that made shoes for other brands and created their own brand supported on best quality and craftsmanship, nowadays they use country of origin effect for international brand recognition supported by the Portuguese Association of Shoes (APICAPS). Through the years they also incorporated changes in technology, like the online selling, but still consider retail the primary choice of selling.
  - On the other hand, brands that were born less than 10 years ago. All the *new* portuguese luxury brands incorporate a brand history using mostly family values and country assets for creating a storytelling to *humanize the brand*. These brands favor online selling over retail, nevertheless they valor the concept of *pop up* stores for exploit the brand internationally.
- Have a huge conscience that there is more awareness of the country-of-origin brand for the shoe segment because the association APICAPS has done a lot for brand recognition internationally. For other segments they consider that there is a huge delay from Portugal as a country-of-origin regarding the portuguese brands awareness. This result is confirmed by Guercini and Milanese (2017) when the ELFBM (Extreme Luxury Fashion Business Model) refer a strong perception of made-in, country-of-origin and luxury positioning.

- Their identity is most associated to high quality and sustainable products, with a huge focus on customer relationship. They use storytelling associated to products and/or collections, use as a mean to humanize and reinforce the brand.
- The craftsmanship and the savoir-faire are what most distinguish them from other players in the market, it can even be said that is what they excelled in. According to luxury pyramid business model presented by Kapferer (2008) as small handmade series is the way to strengthen the aura of the luxury brand.
- The strategy of selling is mostly through online shopping in the brand website, local agents for some countries and directly with retailers for other countries. The online shopping, with the Covid-19, has revealed to be a key strategic challenge and is being greatly enhanced by the luxury brands, but marketplaces like Farfetch are not seen as a possibility for the online shopping of this luxury brands. As assessed in the market survey conduct in this investigation the online purchases represent a large slice of the total purchase, being the online brand site the most common location for the online purchase of luxury products.
- Are totally dependent of social media to get to the public, the most used social media are Instagram and Facebook platforms. None of the brands thought of use augmented reality although they all concluded that it would be an asset.



Figure 3.1 – Characterization of the portuguese luxury business model.



### 3.2.2. International luxury business models benchmarking

Another proposed question of this work is, how does the Portuguese luxury business model compare to other geographies business models and what is the comparative business model for Portugal? Through the luxury business model of other international brands, it was establishing a comparative model for Portugal with other geographies via a benchmarking analysis. The business models introduced by Kapferer (2015) seems to attract different countries, as shown in Table 3.5. Most Italian luxury brands behave as fashion brands, whereas USA brands act as masstige brands. French luxury brands apply the principles of a luxury strategy, they abandon traditional marketing rules to build their luxury brands, such that they follow the anti-laws of marketing (Kapferer & Bastien, 2012).

Table 3.5 – Comparison of business models operating on the luxury market (Kapferer, 2015).

	<b>FRENCH BUSINESS MODEL</b>	<b>ITALIAN BUSINESS MODEL</b>	<b>AMERICAN BUSINESS MODEL</b>
<b>Typical brand</b>	Luis Vuitton, Chanel	Prada, Armani	Ralph Lauren, Coach
<b>Value versus volume</b>	The dream	The trend	The lifestyle
<b>Excellence in</b>	Creativity	Fashion	Marketing
<b>Communication</b>	Heritage, creativity	Fashion	Stores as storytellers
<b>Distribution</b>	Exclusive	Selective	Mass Prestige, Factory outlets and Online
<b>Production</b>	Craftmanship	Materials and craft	Mass produced, emphasis on design
<b>Made in (country-of-origin)</b>	Made in France	Made in Italy (some made in China)	Brand USA, made in China
<b>Price Level</b>	Expensive No sub-brands	Segmented with sub-brands	From accessible to expensive trading-up
<b>Level of control</b>	No licenses	Ok for licenses	Ok for licenses

The analysis of different business models in different countries revealed that most Italian brands, like Armani, Prada, Versace, Dolce & Gabbana, follow a fashion business model. Hermès is following a typical luxury strategy: full control of the value chain, own stores, no licenses, no delocalization of production, worship of the product, products partly hand-made, importance of creation, capitalization on heritage and history, (Kapferer & Bastien, 2012). It is no surprise that this company was the only one to see its sales increase in 2009, right during the

recession: its revenues grew by 8.5% (4.1% at constant exchange rates) (Kapferer & Tabatoni, 2011).

Finally, the United States developed a worldwide masstige model, offering ‘luxury for the masses’ (Silverstein & Fiske, 2003), with brands such as Ralph Lauren, Coach and Victoria’s Secret. These brands gained a high-end image, despite being mass-produced and distributed widely rather than exclusively in moderately selective channels (Kapferer, 2015).

Considering the portuguese luxury business model presented in Figure 3.1 and using the model adopted in Table 3.5 theTable 3.5 – Comparison of business models operating on the luxury market (Kapferer, 2015). comparison of business models operating on the luxury market is defined as a mix between the French and the American luxury business model in terms of Excellence, Production and Country-of-origin effect and Communication, Price and Control of the brand respectively, see Table 3.6.

Table 3.6 – Business model for the portuguese luxury market.

<b>PORTUGUESE BUSINESS MODEL</b>	
<b>Typical brand</b>	Luís Onofre, Josefinas, Pé de Chumbo
<b>Value versus volume</b>	The savoir fair
<b>Excellence in</b>	Craftmanship and exclusivity
<b>Communication</b>	Extreme quality, creativity, and exclusivity
<b>Distribution</b>	Selective and Online
<b>Production</b>	Craftmanship
<b>Made in (country-of-origin)</b>	Made in Portugal (nothing is made in China)
<b>Price Level</b>	From accessible to expensive trading-up
<b>Level of control</b>	Ok for licenses

### 3.2.3. Strategies and recommendations

The final goal of this dissertation was to provide recommendations and suggestions for the most favorable luxury business models, attending to the new trends on the matter. Considering this objective, and after all the analysis carried out on the subject, the recommendations go through 3 strands:

1. Omnichannel distribution (Boston Consulting Group, 2019), a totally integrated experience for the sales and customer channels coordinating multiple touchpoints into a single customer experience. Most portuguese luxury brands that are mostly using social media for communication purposes will beneficiate being more selective in their communications and deliver them in a way that is personally relevant to the audiences

they are targeting. In the selling field the online purchases represent a large slice of the total purchase but is still the online brand site the most common location for the online purchase of luxury products. So, it is important for a luxury brand that the customer can do an online purchase, do a brand store return, with the best customer experience, and communicate with the brand in Facebook, for instance.

2. Enhance the brand aura, as more money the brand is making the more they need to invest on the aura (the griffe), because consumers can't stop dreaming about it (Kapferer, 2008). The use of the made-in/country-of-origin authenticity, that most brands are already using specially on the shoes segment, and partnerships with influencers to use the influence of "influencers" on consumer preferences (Boston Consulting Group, 2019).
3. Bet on exclusivity and rarity, supported by "rarity principle" of Phau and Prendergast (2000), despite excellent quality is in the top concepts associated to luxury brands for the portuguese customer and for the portuguese luxury brands, the concepts of experience and exclusivity are gaining ground in the mind of the consumers, especially the younger ones. So, luxury products associated to sustainability, that allow customization and are handmade/craft are an asset for a luxury brand.

## CONCLUSIONS

The aim of this study was to characterize the portuguese luxury strategy, via his luxury business model. Through that luxury business model establish a comparative model for Portugal with other geographies and use it to provide recommendations and suggestions for the most favorable luxury business models, attending to the new trends on the matter

The results for the luxury business model for portuguese luxury brands was based on the data collect during the investigation through in-depth interviews and brand documentation analyze. The portuguese luxury business model characterizes the macro-environment dimension in terms of expansion and globalization, developments in technology and luxury environment. In this dimension the investigation told us that most portuguese luxury brands are internationalized all around the world, mostly through technology like social media and online shopping. The luxury consumer environment perceived by luxury brands have a strong alignment with the luxury trends of the Boston Consulting Group (2019), with emphasis on craftsmanship, sustainability and customer experience.

For the micro-environment dimension, it was evaluated the corporate environment and the brand strategy. For those dimensions, the main results of the business model were an enormous awareness by luxury brands present in the study of the country-of-origin effect and the need to enhance this concept thought marketing, to achieve international brand recognition. Craftmanship and the savoir-faire are what most distinguish them in the market, there identity is most associated to high quality and sustainable products, with a big focus on customer relationship and experience. As a mean to humanize and reinforce the brand this luxury brands use storytelling associated to products and/or collections.

In terms of distribution there is a separation between the so call *new* luxury brands, that mostly bet on the online shopping, while the establish luxury brands still consider retail the primary choice of selling. Communication is mostly done using social media, influencers, and partnerships with other brands to strengthen the aura of the brand.

That lead us to our final goal, understand the best possible strategy towards a luxury brand developing or launching, to reposition and generate alternative models for the achievement of business success and this study point for digitalization as a cross tool between all recommendations.

Online selling, social media brand communication and marketing, client relationship in store or online through augmented reality or artificial intelligent is the hit words that portuguese luxury brands should focus. We can see the case of Josefinas that have made her path with a big focus on the digital tools without leaving the savoir-fair and craftsmanship that so greatly characterize the portuguese luxury market. If the portuguese luxury brands have the open mind to invest in digital tools that could be the leverage that this market needs to get even more recognized.

In other hand we evaluate, through our market survey, that young people, despite the lower wages, having an eager appetite for luxury products and most of them favor the online shopping. Another trend that young people seek when buying luxury goods, despite excellent quality, is the experience and exclusivity of the product acquired. So, signs of perceived exclusivity like not sold everywhere, sold in limited quantities, expensive so that it is not available to everyone are some of the techniques that could be adopted in the business model (Kapferer & Valette-Florence, 2019). Additionally, pleasure cannot coexist with guilt, so sustainability is also a trend to consider in the luxury brands business model, if buyers discover that a luxury brand fails to respect sustainability standards, they tend to boycott it.

Luxury is a sector like no other, it is an expression of the dynamics of open societies, in which people seek to climb the social ladder and let it be known (Kapferer, 2009). The business model for the portuguese luxury brands as to embrace all this characteristics, communicate not for sell but to refuel the dream, communicate with non-buyers because if the luxury brand is not known beyond the core target market, it cannot create status value and finally if a product sells too much or too fast, discontinue it, you do not want to become a fashion brand (Kapferer, 2009).

## REFERENCES

- Ansoff, H., & McDonnell, E. 1990. Implanting Strategic Management. *Implanting Strategic Management*. <https://doi.org/10.1007/978-3-319-99599-1>.
- APICCAPS. 2019. *Facts & Numbers 2019 - Portuguese Shoes*.
- Bardin, L. 2016. Análise de Conteúdo. São Paulo: Edições 70. *São Paulo: Edições 70*.
- Boston Consulting Group. 2019. *True-Luxury Global Consumer Insight, 6 th Edition*.
- Bouwman, H., Faber, E., Haaker, T., Kijl, B., & De Reuver, M. 2008. Conceptualizing the STOF model. *Mobile Service Innovation and Business Models*. [https://doi.org/10.1007/978-3-540-79238-3\\_2](https://doi.org/10.1007/978-3-540-79238-3_2).
- Bucherer, E., Eisert, U., & Gassmann, O. 2012. Towards Systematic Business Model Innovation: Lessons from Product Innovation Management. *Creativity and Innovation Management*, 21(2). <https://doi.org/10.1111/j.1467-8691.2012.00637.x>.
- Capello, P. V., & Ravasi, D. 2009. The Variety and the Evolution of Business Models and Organizational Forms in the Italian Fashion Industry. *Business History Conference. Business and Economic History On-Line : Papers Presented at the BHC Annual Meeting*, 7(May): 1–19.
- Casadesus-Masanell, R., & Ricart, J. E. 2011. How to design a winning business model. *Harvard Business Review*, 89(1–2).
- Cavender, R. C., & Kincade, D. H. 2014. Management of a luxury brand: Dimensions and sub-variables from a case study of LVMH. *Journal of Fashion Marketing and Management*, 18(2): 231–248.
- Cavender, R. C., & Kincade, D. H. 2015. A luxury brand management framework built from historical review and case study analysis. *International Journal of Retail and Distribution Management*, 43(10–11): 1083–1100.
- Churchill, G. A., & Iacobucci, D. 2005. Marketing Research: Methodological Foundations. *Journal of Marketing*.
- Cortimiglia, M. N., Ghezzi, A., & Frank, A. G. 2016. Business model innovation and strategy making nexus: Evidence from a cross-industry mixed-methods study. *R and D Management*, 46(3). <https://doi.org/10.1111/radm.12113>.
- D'Arpizio, C., Levato, F., Prete, F., Fabbro, E. Del, & Montgolfi, J. de. 2020. Luxury Goods Worldwide Market Study, Fall–Winter 2019. *Bain & Company Inc.*, 36.
- Deloit. 2019. *Global Powers of Luxury Goods 2019 Bridging the gap between the old and the new*.
- Dubois, B., & Czellar, S. 2002. Prestige Brands or Luxury Brands? An Exploratory Inquire on Consumer Perceptions. *European Marketing Academy*.
- Dubois, B., Laurent, G., & Czellar, S. 2001. Consumer Rapport to Luxury : Analyzing Complex and Ambivalent Attitudes. *Les Cahiers de Recherche Groupe HEC. FutureBrand Country Index 2019*. n.d. .
- Greeven, M. J., & Yu, H. 2020. *In a Crisis , Ecosystem Businesses Have a Competitive Advantage*, 2–6.
- Guercini, S., & Milanese, M. 2017. Extreme luxury fashion: business model and internationalization process. *International Marketing Review*, 34(3): 403–424.
- Guest, G., & Johnson, L. 2006. *How Many Interviews Are Enough ? An Experiment with Data Saturation and Variability*, 18(1): 59–82.
- Gutsatz, M., & Heine, K. 2018. Is luxury expensive? *Journal of Brand Management*, 25(5). <https://doi.org/10.1057/s41262-018-0089-1>.

- Hambrick, D. Fredrickson, J. 2005. Are you sure you have a strategy? *Academy of Management Perspectives*, 19(4).
- Haslam, C., Tsitsianis, N., Andersson, T., & Gleadle, P. 2015. Accounting for Business Models: Increasing the Visibility of Stakeholders. *Journal of Business Models*, 3(1). <https://doi.org/10.5278/ojs.jbm.v3i1.1066>.
- Kapferer, J.-N. 2008. *The New Strategic Brand Management: Creating and Sustaining Brand Equity Long Term* (4th ed.). London: Kogan Page.
- Kapferer, J.-N. 2015. *How Luxury Brands Can Grow Yet Remain Rare*. Kogan Page.
- Kapferer, J.-N., & Tabatoni, O. 2011. Are Luxury Brands Really a Financial Dream? *Journal of Strategic Management Education*, 7(4): 271–286.
- Kapferer, J.-N., & Tabatoni, O. 2012. Abundant rarity: The key to luxury growth. *Business Horizons*, 55(5): 453–462.
- Kapferer, J. 2009. The challenges of luxury branding. *The Routledge Companion to Contemporary Brand Management*, (December): 505–523.
- Kapferer, J. N., & Bastien, V. 2012. The luxury strategy: break the rules of marketing to build luxury brands. *Choice Reviews Online*, vol. 50. London and Philadelphia: Kogan Page. <https://doi.org/10.5860/choice.50-3944>.
- Kapferer, J. N., & Valette-Florence, P. 2019. How self-success drives luxury demand: An integrated model of luxury growth and country comparisons. *Journal of Business Research*, 102(January): 273–287.
- Keller, K. L. 2013. Strategic-Brand-Management-4th-edition. *Pearson Education Limited*.
- Lüttgens, D., & Diener, K. 2016. Business Model Patterns Used as a Tool for Creating (new) Innovative Business Models (Porter’s 5 Forces). *Journal of Business Models*, 4(3): 19–36.
- Magretta, J. 2002. Why business models matter. *Harvard Business Review*, (May): 33–68.
- Malhotra, N. K. 2007. Marketing Research: An Applied Orientation, 5th Edition. *Prentice-Hall, Inc, New Jersey, USA*.
- Mintzberg, H. 1994. Patterns in Strategy Formation. *Management Science*. <https://doi.org/10.1287/mnsc.24.9.934>.
- Moore, C. M., & Birtwistle, G. 2004. The Burberry business model: Creating an international luxury fashion brand. *International Journal of Retail & Distribution Management*, 32(8): 412–422.
- O’Reilly, M., & Parker, N. 2013. “Unsatisfactory Saturation”: A critical exploration of the notion of saturated sample sizes in qualitative research. *Qualitative Research*. <https://doi.org/10.1177/1468794112446106>.
- Okonkwo, U. 2007. Luxury Fashion Branding. *Luxury Fashion Branding*. <https://doi.org/10.1057/9780230590885>.
- Osterwalder, A., & Pigneur, Y. 2010. Business Model Generation - A handbook for visionaries, Game Changers and challengers striving to defy outmoded business models and design tomorrow’s enterprises. *The Medieval Ous: Imitation, Rewriting, and Transmission in the French Tradition*.
- Park, J., & Park, M. 2016. *Qualitative versus Quantitative Research Methods: Discovery or Justification?*, 3(1): 1–7.
- Pedersen, C. L. 2020. *Assessing Coronavirus ’s Impact on Your Business Model*, 2–5.
- Phau, I., & Prendergast, G. 2000. Consuming luxury brands: The relevance of the ‘Rarity Principle.’ *Journal of Brand Management*, 8(2). <https://doi.org/10.1057/palgrave.bm.2540013>.
- Porter, M. E. 1996. What Is Strategy? *Harvard Business Review*, 74(6).
- Runfola, A., & Guercini, S. 2013. Fast fashion companies coping with internationalization:



- Driving the change or changing the model? *Journal of Fashion Marketing and Management*, 17(2). <https://doi.org/10.1108/JFMM-10-2011-0075>.
- Silverstein, M. J., & Fiske, N. 2003. Luxury for the Masses. *Harvard Business Review*. <https://doi.org/10.3917/eh.046.0056>.
- Sim, J., Saunders, B., Waterfield, J., Kingstone, T., Sim, J., et al. 2018. Can sample size in qualitative research be determined a priori ? *International Journal of Social Research Methodology*, 5579: 1–16.
- Teece, D. J. 2010. Business models, business strategy and innovation. *Long Range Planning*, 43(2–3). <https://doi.org/10.1016/j.lrp.2009.07.003>.
- Truong, Y., Simmons, G., McColl, R., & Kitchen, P. J. 2008. Status and conspicuousness - Are they related? strategic marketing implications for luxury brands. *Journal of Strategic Marketing*, 16(3). <https://doi.org/10.1080/09652540802117124>.
- Vigneron, F., & Johnson, L. W. 2004. Measuring perceptions of brand luxury. *Journal of Brand Management*. <https://doi.org/10.1057/palgrave.bm.2540194>.
- Yin, R. K., & K. Yin, R. 2011. Qualitative Research from Start to Finish. *The Guilford Press*. <https://doi.org/10.1017/CBO9781107415324.004>.
- York, N. E. W., Luxury, G., Network, E., Global, T., Expert, L., et al. 2020. *Luxury Institute 's 2020 Luxury Trends From The Global Luxury Expert Network ( GLEN )*, 1–5.
- Zott, C., Amit, R., & Massa, L. 2011. The business model: Recent developments and future research. *Journal of Management*. <https://doi.org/10.1177/0149206311406265>.
- Katz, R 1970. Cases and Concepts in Corporate Strategy. Prentice-Hall, Englewood Cliffs, NJ.



## ANNEX A

*Carlos Santos*

CARLOS SANTOS

### About the brand

*“With more than 70 years of history, Carlos Santos Shoes is one of the biggest luxury brands of men's shoes. Made in Portugal, the birthplace of the brand and its founder, Carlos Santos Shoes exports most of its products and is recognized worldwide. Spending our waking hours thinking of unique “gems” to produce has been, more than a life motto, a way of being. Carlos Santos boasts 70 years of history and savoir faire, marked by the dedication of a united and cohesive team that is proud to spread the name of a country that is gaining recognition throughout the world, in various sectors.”*

### Products



2021 collection by Carlos Santos



Carlos Santos, the man behind the brand.

### Sources

Brand Website	<a href="https://www.santosshoes.com/">https://www.santosshoes.com/</a>
Facebook	<a href="https://www.facebook.com/CarlosSantosShoes">https://www.facebook.com/CarlosSantosShoes</a>
Instagram	<a href="https://www.instagram.com/carlossantosshoes/?hl=pt">https://www.instagram.com/carlossantosshoes/?hl=pt</a>
Portuguese Media, Blogs, or other Websites	<a href="https://www.misiuacademy.com/carlos-santos-boots-review-coimbra-patina/">https://www.misiuacademy.com/carlos-santos-boots-review-coimbra-patina/</a> <a href="https://fromsqualortoballer.com/carlos-santos-jumper-boot-review/">https://fromsqualortoballer.com/carlos-santos-jumper-boot-review/</a> <a href="https://www.portugueseshoes.pt/en/portuguese-brands/carlos-santos/">https://www.portugueseshoes.pt/en/portuguese-brands/carlos-santos/</a>

### Segment

Personal Luxury – Shoes

### Established

1942

### About the brand

““Catarina Barbosa Skincare” originates from a beautiful coastal town called Vila Nova De Milfontes in the Vicentine Coastline in Odemira-Portugal. Named for its unique tradition, Vila Nova de Milfontes is in existence well over a century. Vila Nova de Milfontes is popular not only for its coastal beauty but, also for its moderate weather with abundant sun all around the year. Europe’s cleanest river with an estuary is pure bliss to witness and to top it all, an impeccable gastronomic culture with fresh seafood in abundance. At “Catarina Barbosa Skincare”, we use the finest quality green products that are developed to improve your skin. Ingredients are decided for all our beauty lines by spending several hours of research on the elements that are a perfect blend to its premium products. In our state-of-the-art laboratory at Vila Nova de Milfontes in Portugal, we combine purely natural ingredients with advanced science to harness the true power of nature.”

### Products



Product line



Ingredients of the Amália oil in an art poster

### Sources

Brand Website	<a href="https://www.catarinabarbosaskincare.com/">https://www.catarinabarbosaskincare.com/</a>
Facebook	<a href="https://www.facebook.com/catarinabarbosaskincare">https://www.facebook.com/catarinabarbosaskincare</a>
Instagram	<a href="https://www.instagram.com/catarinabarbosaskincare/?hl=pt">https://www.instagram.com/catarinabarbosaskincare/?hl=pt</a>
Portuguese Media, Blogs, or other Websites	<a href="https://www.maxima.pt/beleza/detalhe/uma-marca-de-cosmetica-inspirada-em-mulheres-portuguesas?ref=HP_DestaquesPrincipais&amp;fbclid=IwAR22PeOwzCbAsQjl859ghHf0oll9dt7DIVX_2dYUa_qiS6jewtOOnmw6EDXQ">https://www.maxima.pt/beleza/detalhe/uma-marca-de-cosmetica-inspirada-em-mulheres-portuguesas?ref=HP_DestaquesPrincipais&amp;fbclid=IwAR22PeOwzCbAsQjl859ghHf0oll9dt7DIVX_2dYUa_qiS6jewtOOnmw6EDXQ</a> <a href="https://oespacodaspequenascoisas.blogs.sapo.pt/o-que-o-traz-ca-catarina-barbosa-4327">https://oespacodaspequenascoisas.blogs.sapo.pt/o-que-o-traz-ca-catarina-barbosa-4327</a> <a href="http://styleitup.sapo.pt/beleza-madeinportugal-1650843/">http://styleitup.sapo.pt/beleza-madeinportugal-1650843/</a>

### Segment

Personal Luxury - Beauty

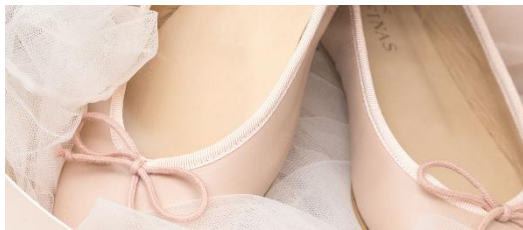
### Established

2019

**About the brand**

*“One day a woman had a dream, others joined her, and Josefinas were born. Josefinas is a Portuguese brand born from a dream. In a country in crisis, where there was little room for dreams, making handmade shoes had a new name: Josefinas. In Portugal, there is something that has never died: the savoir faire of craftsmen and the passion for an idea. 'Never give up' has always defined Josefinas' path. The name Josefinas was born in honor of Filipa Júlio's grandmother, the brand's co-founder. We hope that the Josefinas story inspires the path of many other women, straight to the realization of their dreams, just as it inspires us daily!”*

**Products**



Collection N°1 - “the griffe”



2021 New collection “Confidence”

**Sources**

Brand Website	<a href="https://josefinas.com/">https://josefinas.com/</a>
Facebook	<a href="https://www.facebook.com/JosefinasPT">https://www.facebook.com/JosefinasPT</a>
Instagram	<a href="https://www.instagram.com/josefinasportugal/?hl=pt">https://www.instagram.com/josefinasportugal/?hl=pt</a>
Portuguese Media, Blogs, or other Websites	<a href="https://luxurylaunches.com/fashion/worlds-most-expensive-ballet-flats-fashioned-by-josefinas.php">https://luxurylaunches.com/fashion/worlds-most-expensive-ballet-flats-fashioned-by-josefinas.php</a>
	<a href="https://eluxemagazine.com/fashion/9-lovely-vegan-flats-for-any-occasion/">https://eluxemagazine.com/fashion/9-lovely-vegan-flats-for-any-occasion/</a>
	<a href="https://www.computerworld.com.pt/2021/02/05/marca-portuguesa-de-moda-a-proteger-a-sua-propriedade-intelectual-em-blockchain/">https://www.computerworld.com.pt/2021/02/05/marca-portuguesa-de-moda-a-proteger-a-sua-propriedade-intelectual-em-blockchain/</a>

**Segment**

Personal Luxury - Shoes

**Established**

2013

**About the brand**

*“As a brand that empowers women: by making them taller, even more beautiful, confident, stylish, comfortable.*

*Every day the whole team try to ensure that each pair of shoes is produced with the highest standards of quality, made with the best materials and executed with extreme care by highly talented and dedicated workers.”*

**Products**



SS21 FREEDOM collection the “most exclusive release yet”



SS21 FREEDOM campaign

**Sources**

Brand Website	<a href="https://luisonofre.com/">https://luisonofre.com/</a>
Facebook	<a href="https://www.facebook.com/luisonofreshoes">https://www.facebook.com/luisonofreshoes</a>
Instagram	<a href="https://www.instagram.com/luisonofreofficial/?hl=pt">https://www.instagram.com/luisonofreofficial/?hl=pt</a>
Portuguese Media, Blogs, or other Websites	<a href="https://www.vogue.pt/luis-onofre-entrevista">https://www.vogue.pt/luis-onofre-entrevista</a>
	<a href="https://www.bbc.com/news/business-52823940">https://www.bbc.com/news/business-52823940</a>
	<a href="https://www.distribuicao hoje.com/insights/luis-onofre-ceo-da-luis-onofre-o-nosso-cliente-ainda-privilegia-a-visita-a-loja/">https://www.distribuicao hoje.com/insights/luis-onofre-ceo-da-luis-onofre-o-nosso-cliente-ainda-privilegia-a-visita-a-loja/</a>

**Segment**

Personal Luxury - Shoes

**Established**

1937

**About the brand**

““*pé de chumbo*” is a women's clothing brand, designed by fashion designer Alexandra Oliveira, present in multi-brand stores in more than 30 countries.  
The brand has been imposing her characteristics, in designing and manufacturing of woven and knitted fabrics, using unique handmade processes.  
Mixing fabrics, yarns, and transparencies with different textures, creates contrasts of materials and colors, highlighting the details of each piece, is the aim of the designer.”

**Products**



2019 Pé de Chumbo Collection, fabric created by Pé de Chumbo



cristiano About last night! 🌟 🎆

Claúdia Dinis New Year party in Pé de Chumbo dress.

**Sources**

Brand Website	<a href="https://www.pedechumbo.pt/">https://www.pedechumbo.pt/</a>
Facebook	<a href="https://www.facebook.com/pedechumboclothes">https://www.facebook.com/pedechumboclothes</a>
Instagram	<a href="https://www.instagram.com/pedechumbo_oficial/?hl=pt">https://www.instagram.com/pedechumbo_oficial/?hl=pt</a>
Portuguese Media, Blogs, or other Websites	<a href="https://www.elle.pt/moda/pe-de-chumbo-entrevista/">https://www.elle.pt/moda/pe-de-chumbo-entrevista/</a> <a href="https://luxiders.com/sustainable-fashion-porto/?fbclid=IwAR27OzDrsJOiBCTaSfdEPe4UB7c4hufwIP2beUtxq_KvuKYhn4oWke7lkOs">https://luxiders.com/sustainable-fashion-porto/?fbclid=IwAR27OzDrsJOiBCTaSfdEPe4UB7c4hufwIP2beUtxq_KvuKYhn4oWke7lkOs</a> <a href="https://www.luxwoman.pt/com-a-carina-caldeira-no-portugal-fashion-entrevista/">https://www.luxwoman.pt/com-a-carina-caldeira-no-portugal-fashion-entrevista/</a>

**Segment**

Personal Luxury - Apparel

**Established**

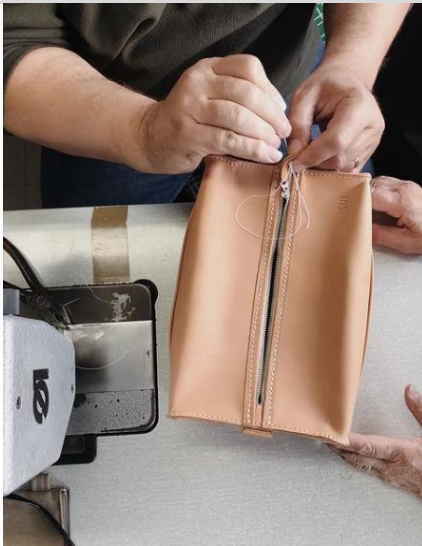
### About the brand

*“Each SUL article is carefully handcrafted as a single piece until it becomes what we have dreamt it to be. Created in very small-scale editions, SUL pieces are made only with leathers that inspire us. If we come across an exquisite leather that fulfils our design standards, we will use it even if it means making only ONE bag [or leather goods].*

*As we use leathers tanned in a natural way [acacia] some may present slight imperfections or light scars. They are not defects but characteristics of the same that carry the history of the animal. We like them to stay that way without polishing or chemical treatments that remove them. That is just how we want them to be.*

*We have no specific models for each season of the year, as well as no collections. Our brand wants consumption to be responsible..”*

### Products



SUL bag handcrafted by artisan



Chiado bag

### Sources

Brand Website	<a href="https://sulstories.com/">https://sulstories.com/</a>
Facebook	<a href="https://www.facebook.com/sul.brand">https://www.facebook.com/sul.brand</a>
Instagram	<a href="https://www.instagram.com/sulstories/?hl=pt">https://www.instagram.com/sulstories/?hl=pt</a>
Portuguese Media, Blogs, or other Websites	<a href="https://visao.sapo.pt/visaose7e/2019-12-04-nas-malas-da-sul-sentem-se-as-brisas-mornas-da-praia/">https://visao.sapo.pt/visaose7e/2019-12-04-nas-malas-da-sul-sentem-se-as-brisas-mornas-da-praia/</a> <a href="http://avidaportuguesa.blogspot.com/2015/02/levar-saudade-na-mala.html">http://avidaportuguesa.blogspot.com/2015/02/levar-saudade-na-mala.html</a> <a href="https://acidadenapontadosdedos.com/2015/02/13/a-cidade-na-ponta-dos-dedos-33/">https://acidadenapontadosdedos.com/2015/02/13/a-cidade-na-ponta-dos-dedos-33/</a>

### Segment

Personal Luxury – Leather goods

### Established

2013



## ANNEX B

### Interview script

DIMENSION	VARIABLE	ID	QUESTIONS
Expansion and globalization		1	Identify the key strategic challenges that faced your business before the pandemic crisis and now?
		2	In which countries are you already selling and how is the strategy?
		3	Do you want to focus on the Portuguese market or grow internationally?
		4	How do you see tightly Controlled distribution (outsider EU/Brexit/Asia)?
Changes/developments in technology		5	Can you tell me about technologies associate to the brand?
		6	What are your thoughts about online marketplaces?
		7	How are you using social media?
		8	Does the brand as mobile app?
Luxury consumer environment		9	In your opinion what are the consumer trends and attitudes?
Corporate environment	Company history	10	Can you tell me how the brand was born?
		11	Does Portugal, for the brand sector, embraces a country brand that encapsulates a myth, a stereotype that boosts its own attractiveness through an emotive resonance?
		12	In your opinion, what could be done more for project the portuguese country brand for create that emotive response from the market?
	Brand Portfolio	13	Do you have any icon product that would represent the brand? Why that product?
14		Do the brand products have a long lifespan, are sold year after year, or there is a specific collection each season? Is	

			there a high proportion of continuity products? (Define the exposure to changes in consumer preferences and fashion trends)
		15	Do you acquired or think on acquire promising luxury brands to grow? And before the pandemic crises?
	Financials	16	What is the annual revenue for the company?
		17	How does the price influence the purchase of your products?
Brand strategy	Brand Identity	18	What type of consumers would be your ideal customer?
		19	What differentiates your brand?
		20	How do you want your consumers to feel when buying / using your brand?
		21	Do you use storytelling to facilitate brand image for the consumers?
	Brand Distribution	22	Where and how do you sell your products? What are your criteria when choosing the places?
		23	Do you care about providing a multisensory experience to the buyer? How?
		24	Do you restrain somehow the number of products produced and sold? Why?
	Brand Communication	25	How do you communicate your brand? Which message and through which channels?
		26	Can you tell me more about the partnerships you have developed with other brands / artists?
		27	What kind of relationship do you want to have with your customers?

## ANNEX C

### Content interview's analysis

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%
Expansion and globalization	Key strategic challenges in the COVID-19 pandemic		<i>"with the COVID-19 pandemic sales almost stopped"</i>	<i>"the COVID-19 pandemic turned out to be favorable for the brand, as it increased purchases of shoes online"</i>		<i>"the COVID-19 pandemic caused cancellation of orders and sales reduced for a 1/3 of normal"</i>	Impact of Covid-19 on sales (1 positive and 2 negative)	3	60%
		<i>"online shopping"</i>	<i>"increase of online shopping"</i>	<i>"people lost their fear of online shopping"</i>		<i>"online sales platforms don't work; we only sell to old customers in the b2b business"</i>	Online shopping as a key challenge in pandemic times	4	80%
		<i>"digital and social media content"</i>			<i>"reach more public through digital marketing"</i>		Digital media as a key challenge	2	40%
	Internationalization countries	<i>"Holland, UK, France, USA, Poland, Sweden"</i>	<i>"France, USA, Australia, Taiwan"</i>	<i>"exports to more than 100 countries, namely NY, UK, Russia, Italy, Spain, Mexico e Hong Kong"</i>	<i>"we export to Hong Kong, Czech Republic, Belgium, Poland, Germany and Spain."</i>	<i>"All over the world, with the largest selling points in Italy, USA, UK and Turkey"</i>	Exporting to Europe	5	100%
		<i>"Holland, UK, France, USA, Poland, Sweden"</i>	<i>"France, USA, Australia, Taiwan"</i>	<i>"exports to more than 100 countries, namely NY, UK, Russia, Italy, Spain, Mexico e Hong Kong"</i>		<i>"All over the world, with the largest selling points in Italy, USA, UK and Turkey"</i>	Exporting to USA	4	80%
			<i>"France, USA, Australia, Taiwan"</i>	<i>"exports to more than 100 countries, namely NY, UK, Russia, Italy, Spain, Mexico e Hong Kong"</i>	<i>"we export to Hong Kong, Czech Republic, Belgium, Poland, Germany and Spain."</i>		Exporting to Asia	3	60%

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%
				<i>Mexico e Hong Kong</i>	<i>Belgium, Poland, Germany and Spain.</i>				
	Internationalization strategy		<i>“Mostly online selling”</i>	<i>“internationalization is organic because we are online”</i>			Internationalization mostly through online shopping	2	40%
		<i>“we work with some local agents for a few countries and directly with retailers for others”</i>	<i>“we have some retail stores internationally that sells our products”</i>		<i>“retail through partners with exclusivity in the country”</i>	<i>“we do three international fairs annually, Milan, NY and Paris with the aim of exporting to stores in those countries”</i>	Internationalization is achieved through export to retailers	4	80%
						<i>“there are pieces adapted to the market, for example in the USA we have a dress more oriented to Jews”</i>	Small adjustments to adjust to international markets	1	20%
				<i>“we had a pop-up store in NY”</i>			Pop-up store	1	20%
	Domestic brand development		<i>“we are currently betting on the portuguese market, but without losing focus on the international”</i>	<i>“we never neglect Portugal, our entire site is in portuguese and a large volume of our clients are portuguese.”</i>	<i>“increase sales in the Portuguese market”</i>	<i>“doing Portugal Fashion this year aimed to retake the Portuguese market. We conquered 2 or 3 stores, but it is a very difficult market for luxury products.”</i>	Wagering the portuguese market	4	80%
	Controlled distribution	<i>“controlled distribution too much bureaucratic. Struggles the business due the inflexible system”</i>		<i>“due to tightly controlled distribution, we do not do many advertising campaigns for some countries”</i>	<i>“Despite the EU is equally regulated for cosmetics. The UK requires local agent, and the</i>		Tightly controlled distribution is a cause for the difficulty in internationalization	3	60%

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%	
					<i>brand has actually no dimension to do so.</i>					
Changes/developments in technology	Production methods		<i>"in our production process we do only craftsmanship"</i>	<i>"each pair of our shoes is different because they are all made by artisans. We really are all about the savoir faire"</i>	<i>"in the process we do not have much technology, does not involve much equipment is mostly an handmade process"</i>	<i>"we created a manufacturing process, craftsmanship. I started to try to create pieces of fabrics and apply in fabrics, was what I sold most that year (2007)"</i>	Craftmanship, artisan, handmade and savoir faire	4	80%	
	Marketplaces as an online point of sale for the brand products	<i>"marketplaces are not our segment"</i>	<i>"we don't use them; they ask hugest margins"</i>	<i>"the children's collection is in mintysquare marketplace, it was an experience, but we don't believe that this is our way"</i>	<i>"will greatly lower margins, many request margins above 80%"</i>	<i>"It did not work in the marketplaces"</i>	Marketplaces are not seen as a possibility for online shopping	5	100%	
	Mobile app as an online point of sale for the brand products	<i>"Yes, we have an app for IOS and Android to potentiate online shopping"</i>						Developed a mobile app for online shopping	1	20%
	Brand site as an online point of sale for the brand products	Yes, responsive for mobile	Yes, responsive for mobile	<i>"an app to replace the site is not provided, because the site is responsive, and most purchases are even made on the phone"</i>	Yes, responsive for mobile	<i>"we sell more on our site, mainly outside the country - Italy and Arab countries"</i>	Use of brand site for online shopping	5	100%	
	Digital marketing – Social Media	<i>"our brand is present in Instagram, Facebook and</i>	<i>"For marketing we use Instagram</i>	<i>"the main digital mean of communication has to be instagram</i>	<i>"facebook and Instagram"</i>	<i>"Instagram, we use a lot"</i>	Principal mean of digital marketing is Instagram and Facebook	5	100%	

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%
		<i>Twitter. We have a blog."</i>	<i>and Facebook"</i>	<i>without a doubt, we use facebook and we always have the pinteress updated"</i>					
	Digital marketing for specific markets			<i>"we have twitter but we used it more when we had the store in New York because the market asked for it"</i>			Use of digital platform according to market response	1	20%
Luxury consumer environment	Handmade and craftsmanship as a trend		<i>"handmand pieces"</i>	<i>"the fact that it's handmade was a winning bet, because people are being more aware of their shopping"</i>		<i>"everyone in the fair pass in the Pé Chumbo stand to see the handmade fabrics our pieces are produce"</i>	Craftmanship and handmade of luxury products	3	60%
	Emotions in the purchase as a trend	<i>"looking for emotions when buying online"</i>					Emotions at the time of purchase	1	20%
	Sustainability as a trend		<i>"luxury passes through sustainable materials, and the consumer begins to have this notion"</i>	<i>"Josefinas is not a vegan brand, but we have launched some vegan collections that have had a good acceptance and is a market that has been growing"</i>		<i>"sustainability is the future, our idea of sustainability is the environment of our company, it is reuse, we reuse a lot, we transform garbage into haute couture"</i>	Sustainability of luxury products	3	60%
	Storytelling as a trend					<i>"we're doing a gabardine and a jacket with the plastic coming out of the cutting machines and we're going to make a video with all the story because the stories sell a lot"</i>	Story around the brand is very important for the consumer	1	20%

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%
Corporate environment - Company history	History of the brand	<i>"35 years ago, after being already producing for other foreign brands, we decided to create our own brand, since we already had the needed know-how"</i>				<i>"the brand as 30 years old it started with me as a designer and another employ, but in 2007 Pé de Chumbo made the starlight with the internationalization"</i>	Establish luxury brand with more than 30 years	2	40%
			<i>"newly brand with less than 10 year, started online"</i>	<i>" the brand started in 2013, 100% digital from the beginning"</i>	<i>"we are a very new brand, we started in 2019 with our online shopping"</i>		Young luxury brand, very connect to the online selling	3	60%
	Country of origin effect and made in projected through corporate associations in the country	<i>"Portugal has a huge delay regarding Portuguese brands awareness. "</i>		<i>"a few years ago, there was a greater appreciation of Portuguese footwear internationally than internally in Portugal, where Italian footwear was preferable, but that is changing"</i>			Portuguese more aware of the country brand for the shoe segment	2	40%
					<i>"it would be an added value to have an international projection of Portugal's beauty sector"</i>	<i>"there is no one working this sector unfortunately"</i>	Need for projection of the portuguese country brand to create that emotive response for textile and beauty segments	2	40%

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%
		<i>"The Association of Shoes (APICAPS) has been doing a lot already to improve our brand recognition."</i>				<i>"in textile there are lots of associations directed towards the promotion, but each one pulls to his side. In the shoes (APICAPS) we have one voice, in the textile are many voices, there is no alignment for the purposes of making the boot of international attractiveness"</i>	APICAPS have done a lot for brand recognition internationally in the shoe segment	2	40%
	Country of origin effect and made in luxury brands itself	<i>"Still, companies have also to do themselves some marketing work."</i>		<i>"brands have to lose the fear of communicating the country of origin because it is a very small country"</i>		<i>"sometimes it is worth a marketing program with communication of brands, because the Fashion Weeks only give us photographs and images to communicate"</i>	Luxury brand should invest in marketing and projection of country of origin	3	60%
Corporate environment - Brand Portfolio	Icon product or "the griffe"	<i>"We have some best-sellers that are our brand image."</i>	<i>"the Almada bag, that is our bestseller"</i>	<i>"the pink fragile ballerinas of the first collection are an iconic product and it has been a lot of success"</i>	<i>"The Amalia oil, is our icon and bestseller."</i>		Icon product is the bestseller	4	80%
		<i>"we work more on those, recreating them often."</i>				<i>"we have a classic dress that is present in all seasons/collections with different materials"</i>	Recreation of the icon in several collections	2	40%



CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%	
	Exposure to changes in consumer preferences and fashion trends	<i>"We do seasonable collections (twice a year). We have a stock program collection that we have during all year and during many years (bestsellers)"</i>					<i>"Normally seasonal, we only maintain a few basic forms along every collection"</i>	Mix between season collections and continuity products"	2	40%
			<i>"Our products are not seasonal, most of these remain available the only thing that can change are the leathers."</i>	<i>"our basic idea is to create timeless products that can be used for years. We do not discontinue products"</i>	<i>"100% continuity, products are not seasonal"</i>		No seasonal products, long lifespan	3	60%	
	Partnerships or acquisitions		<i>no</i>	<i>no</i>	<i>no</i>	<i>no</i>	No	4	80%	
Corporate environment - Financials	Price influence	<i>"There must be a balance between high quality and fair price."</i>	<i>"The cost of quality raw material is high, so price must follow quality"</i>		<i>"we work for the luxury niche and price and quality influences the purchase"</i>		High quality as an influencer on price	3	60%	
				<i>"having the most expensive flats in the world have served for wider communication"</i>			Price influence on brand awareness	1	20%	
						<i>"We are a luxury brand, so we have</i>	Price influence on selling site	1	20%	

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%
						<i>high prices, our price is high for fairs, but showrooms are almost impossible to enter"</i>			
Brand strategy – Brand identity	Positioning – ideal consumer	<i>“those that really have know-how about quality parameters.”</i>		<i>"demanding customer who cares about the quality and timelessness of the products, who recognizes that he is making an investment"</i>			High quality as concern of the costumer	2	40%
				<i>"does not buy on impulse and concerned with environmental, social and sustainability issues"</i>			Sustainability as concern of the costumer	1	20%
	Brand differentiation	<i>“Quality/price very competitive is what really differentiates us.”</i>	<i>“what differentiates our brand is high quality of the products”</i>	<i>“The savoir fare, the fact that it is produced for each person, we only work on demand”</i>	<i>"all the products we use have been tested and have scientific proof that works on the skin is there that I want to differentiate myself"</i>	<i>"we are aligned with haute couture - with craftsmanship.”</i>	More quality than other brands in the same segment	5	100%
		<i>“Our flexibility”</i>		<i>"Josefinas works a lot in customization, it is possible to create a new flat on request for each person"</i>			More flexible and allow customization	2	40%

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%
			<i>"Customer relationship"</i>	<i>"customer wow, the goal is always to exceed customer expectations"</i>			Very focused on the customer relationship	2	40%
	Storytelling	<i>"We work a lot on storytelling when creating collections."</i>		<i>"all of our collections have an associated history. We develop the concept while developing the product."</i>	<i>"when I chose the name of the products, of great Portuguese women, I wanted to convey to customers the story of who was this great woman to be inspired"</i>	<i>"All collections have a history - always accompanies a theme."</i>	Storytelling associated to products and/or collections	4	80%
				<i>"storytelling it helps us reinforce the value of the brand and alert to some causes we want to grasp"</i>	<i>"we think storytelling it is very important to humanize the brand"</i>		Storytelling as a mean to humanize and reinforce the brand	2	40%
Brand strategy – Brand distribution	Role of retail on the distribution of the products	<i>"Local agents do the retail business"</i>	<i>"Some retail business"</i>		<i>"we work with retail stores; they are stores associated with indie beauty brand"</i>	<i>"Multi-brand stores"</i>	Use of retail business to brand distribution	4	80%
				<i>"we are considering having some boutiques in the luxury segment that sell multiband to sell Josefinas a little all over the world,</i>			Not using retail yet - considering	1	20%

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%
				<i>especially for customers who do not know or prefer to try before buying"</i>					
	Experience and personalization			<i>"receiving some Josefinas is a different experience, they end up being sent in a luxurious package and soon after produced and it has a special smell"</i>	<i>"when we ship our orders are all customized, we have gifts and samples, as if it were a gift to open"</i>	<i>"Personalized service, personalized design, and body adaptations"</i>	Concern with creating an experience to the customer associated with the purchase	3	60%
	Exclusivity and rarity			<i>"we have some limited editions, for example when they are very strong products and with much higher production costs" "it makes sense to maintain exclusivity due to the price and the striking design"</i>			Restrain the number of products produced	1	20%
Brand strategy – Brand communication	Communication streams to public	<i>"e-commerce, intagram, facebook, retail, newsletter"</i>	<i>"Facebook, Instagram"</i>	<i>"instagram, facebook, pinterest"</i>	<i>"our capture strategy goes more through our instagram, we also have a newsletter strategic customers"</i>	<i>"Instagram and fairs"</i>	Digital communication	5	100%
	Communication with establish customers	<i>"very close relation. We know almost of them. We visit them or"</i>	<i>"Very close relation"</i>	<i>"people who shop over the phone, follow-up pos sale is done by phone and we spend as much"</i>	<i>"I really like the relationship I have with my customers,"</i>	<i>"Proximity"</i>	Proximity relationship	5	100%

CATEGORY	SUB CATEGORY	CARLOS SANTOS SHOES	SUL	JOSEFINAS	CATARINA BARBOSA SKINCARE	PÉ DE CHUMBO	ANALYZE UNIT	# TOTAL	%
		<i>they visit us often."</i>		<i>time as necessary to ensure the same experience for each customer"</i>	<i>they saw the brand as something achievable and that's very good"</i>				
	Strengthen the aura		<i>"We are looking for an influencer, but have not found the right person yet"</i>	<i>" started to be present at the feet of some celebrities like Chiarra Ferrani, which was a boom of new customers who began to know the brand. Since then we have worked with several celebrities. "</i>	<i>"we haven't found an influencer yet that speaks to our audience"</i>	<i>"We work with influencers and artists."</i>	Use influencers to strengthen the aura	4	80%
		<i>"we can't mention the brands with whom we work"</i>			<i>"we had a partnership with a French jewelry store. But we would like to partner with a Portuguese footwear brand, like Josefinas"</i>	<i>"Partnerships with shoe brands."</i>	Partnerships with other brands	3	60%



## ANNEX D

### Market Survey

ID	QUESTION	POSSIBLE ANSWERS
<b>DEMOGRAPHIC DATA (choose one of the above)</b>		
1	What is your age?	<25 25-35 36-45 46-55 >56
2	What is your gender?	Female Male Undefined / Don't want to say
3	What is your monthly net income?	<2 000€ 2001- 5 000 € 5 001- 10 000 € >10 000 €
4	What is your scholarship?	High school or below Bachelor Master/MBA Doctor
5	What is your nationality?	Portuguese Other (open field)
<b>THE LUXURY CONSUMER AND TRENDS</b>		
6	How frequently do you buy luxury products? (choose one of the above)	Never (stop the survey) Once a month Every three months Every six months Once a year
7	What type of luxury products do you buy? (choose the three answers that are most accurate)	Personal luxury (like shoes, apparel) Luxury cars Luxury hospitality Luxury cruises Fine wines & spirits Gourmet food and fine dining Fine art High end furniture & housewares Private jets and yachts
8	In the personal luxury segment, what type of luxury products do you buy? (choose the three answers that are most accurate)	Apparel Beauty Leather goods

		Watches
		Shoes
		Jewelry
9	Where do you usually buy luxury products? (choose the three answers that are most accurate)	Airport
		Online
		Off-price stores
		Department stores
		Specialty stores
		Monobrand stores
10	When you buy luxury products online where you do it?? (choose one of the above)	Brand website
		Online luxury marketplaces (Farfetch, others)
		Secondhand marketplaces
		Other
11	How do you research luxury products? (choose the three answers that are most accurate)	Brand stores
		Personal shopper
		Brand online website
		Online luxury marketplaces (Farfetch, others)
		“influencers”/blogs
		Social media (facebook, Instagram, twitter)
12	From the following terms, choose the one you associate most with luxury products. (choose one of the above)	Excellent Quality
		High Price
		Exclusivity / Rarity
		History / Heritage
		Aesthetics
13	What do you value the most in luxury products? (choose the three answers that are most accurate)	Brand notoriety
		Made-in/country-of-origin authenticity
		Aesthetics/Design
		Excellent quality
		Exclusive / Rare
		Sustainability
		Brand heritage
14	Why do you buy luxury products? (choose the three answers that are most accurate)	It is an investment
		More quality
		More beautiful
		For the experience
		They are rare and exclusive
		Feel accomplished
		For Personal status
		My family and friends also buy them



		Other reason (open field)
<b>THE PORTUGUESE LUXURY MARKET</b>		
15	For which of these sectors do you identify that there is a luxury market in Portugal?	Apparel Beauty Leather goods Shoes Jewelry
16	Which portuguese brands do you know?	Alameda Turquesa Amé Moi Catarina Barbosa Skincare Carlos Santos Flylondon Josefinas Latitid Luís Onofre Pé de Chumbo Sienna Sul
17	Which of the portuguese brands do you consider a luxury brand?	Alameda Turquesa Amé Moi Catarina Barbosa Skincare Carlos Santos Flylondon Josefinas Latitid Luís Onofre Pé de Chumbo Sienna Sul Other (open field)
18	Think in one of the preview brand, that you identify as luxury brand, and pinpoint what in your opinion makes it a luxury brand? (choose the three answers that are most accurate)	Excellent Quality High Price Brand notoriety Made-in/country-of-origin authenticity Aesthetics/Design Exclusive / Rare Sustainability Brand heritage Other (open field)
19	Think in one of the preview brand, that you DON'T identify as luxury brand, and pinpoint what in your opinion that brand need to be positioned as a luxury brand? (choose the three answers that are most accurate)	Excellent Quality High Price Brand notoriety Made-in/country-of-origin authenticity Aesthetics/Design

		Exclusive / Rare
		Sustainability
		Brand heritage/story of the brand
		Other (open field)
20	Do you ever buy a portuguese luxury product?	Yes
		No
21	For which segment?	Personal luxury (like shoes, apparel)
		Luxury hospitality
		Fine wines & spirits
		Gourmet food and fine dining
		Fine art
		High end furniture & housewares
		Private jets and yachts
22	For which sector?	Apparel
		Beauty
		Leather goods
		Shoes
		Jewelry
23	If one of those luxury brands, that you purchase, associate with another luxury brand from other sector, will that make you what to try products from that luxury brand to?	Yes
		No

# ANNEX E

## Survey Results

### DEMOGRAPHIC RESULTS

		Frequency (N=156)	Percentage
Age	<25	9	5,81%
	25-35	41	26,45%
	36-45	71	45,81%
	46-55	22	14,19%
	>56	12	7,74%

		Frequency (N=156)	Percentage
Gender	Female	118	76,13%
	Male	37	23,87%

		Frequency (N=156)	Percentage
Monthly Net Income	<2 000€	88	56,77%
	2001- 5 000 €	54	34,84%
	5 001- 10 000 €	8	5,16%
	>10 000 €	5	3,23%

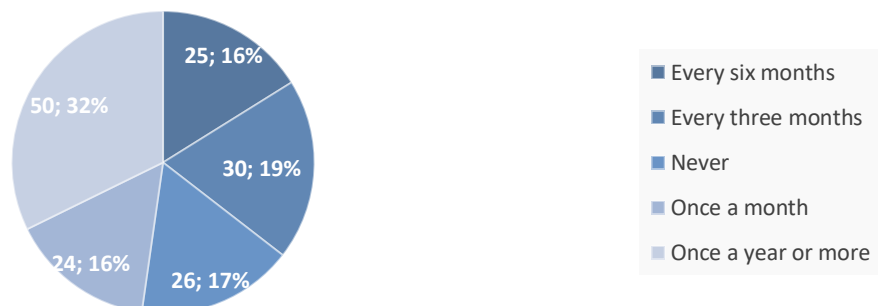
		Frequency (N=156)	Percentage
Nationality	Portuguese	151	97,42%
	Other	4	2,58%

		Frequency (N=156)	Percentage
Scholarship	High school or below	27	17,42%
	Master or MBA	71	45,81%
	Bachelor	54	34,84%
	Doctor	3	1,94%

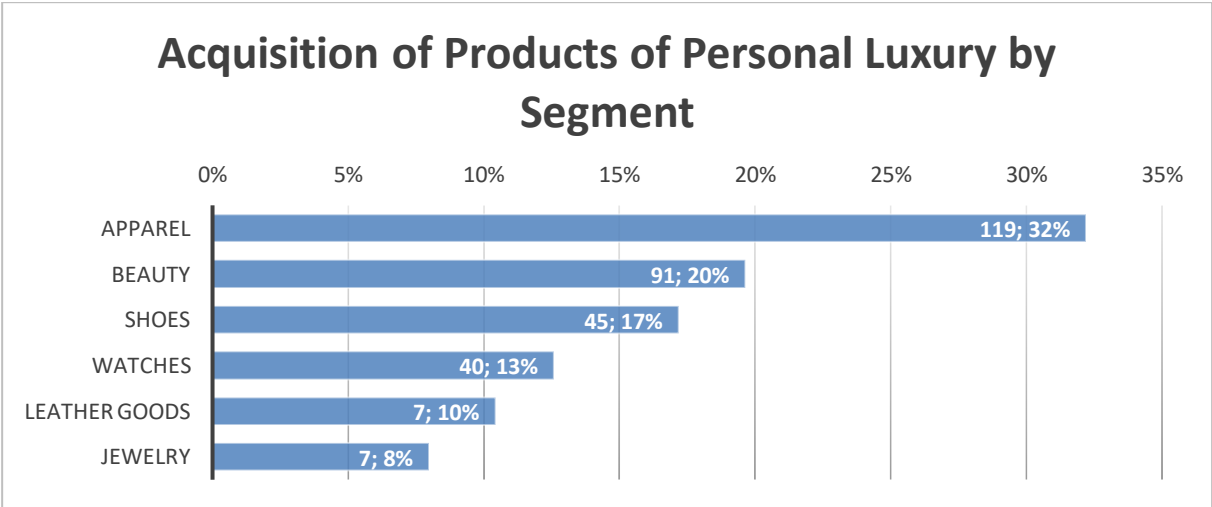
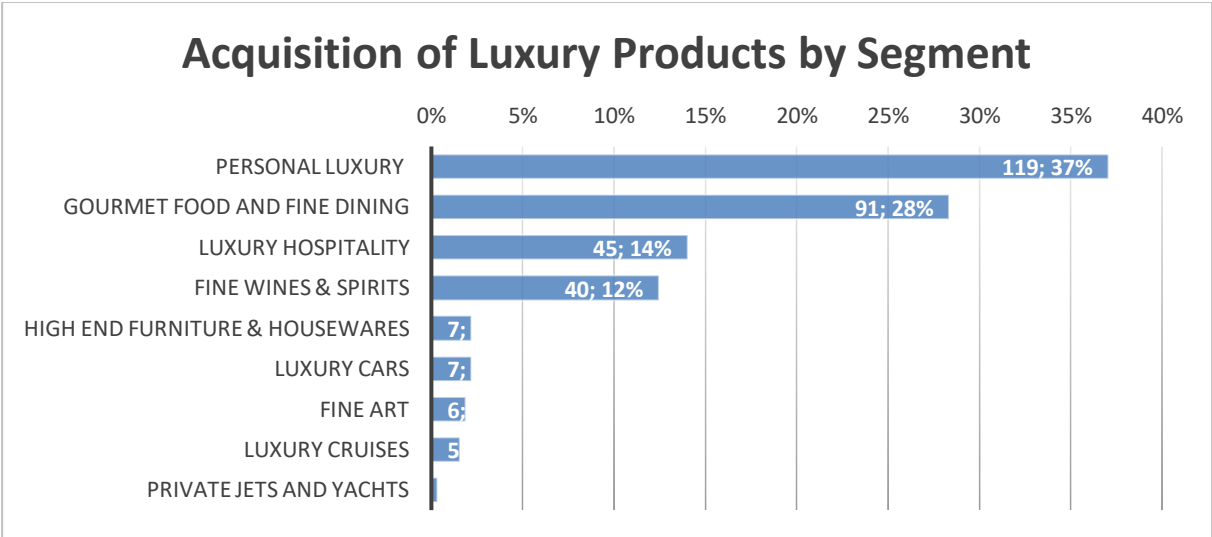
### THE TYPE OF LUXURY CONSUMER

		Frequency (N=156)	Percentage
Purchase of Luxury Products or Services	Once a month	24	15,48%
	Every three months	30	19,35%
	Every six months	25	16,13%
	Once a year or more	50	32,26%
	Never	26	16,77%

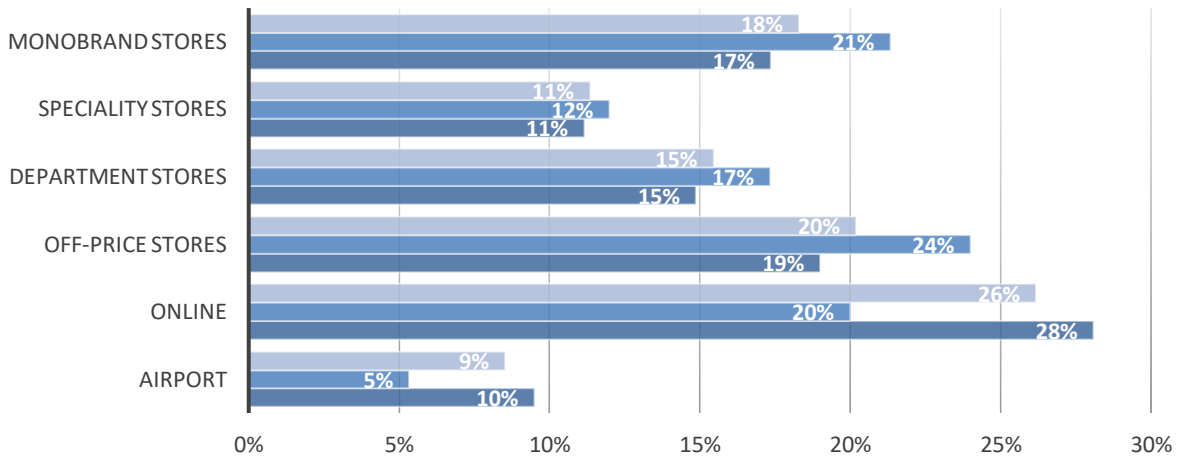
### Purchase of Luxury Products or Services



		Frequency (N=156)	Percentage
<b>Acquisition of Luxury Products by Segment</b>	Personal luxury	119	37%
	Gourmet food and fine dining	91	28%
	Luxury hospitality	45	14%
	Fine wines & spirits	40	12%
	High end furniture & housewares	7	2%
	Luxury cars	7	2%
	Fine art	6	2%
	Luxury cruises	5	2%
	Private jets and yachts	1	0%
<b>Acquisition of Products of Personal Luxury by Segment</b>	Apparel	105	32%
	Beauty	64	20%
	Shoes	56	17%
	Watches	41	13%
	Leather goods	34	10%
	Jewelry	26	8%

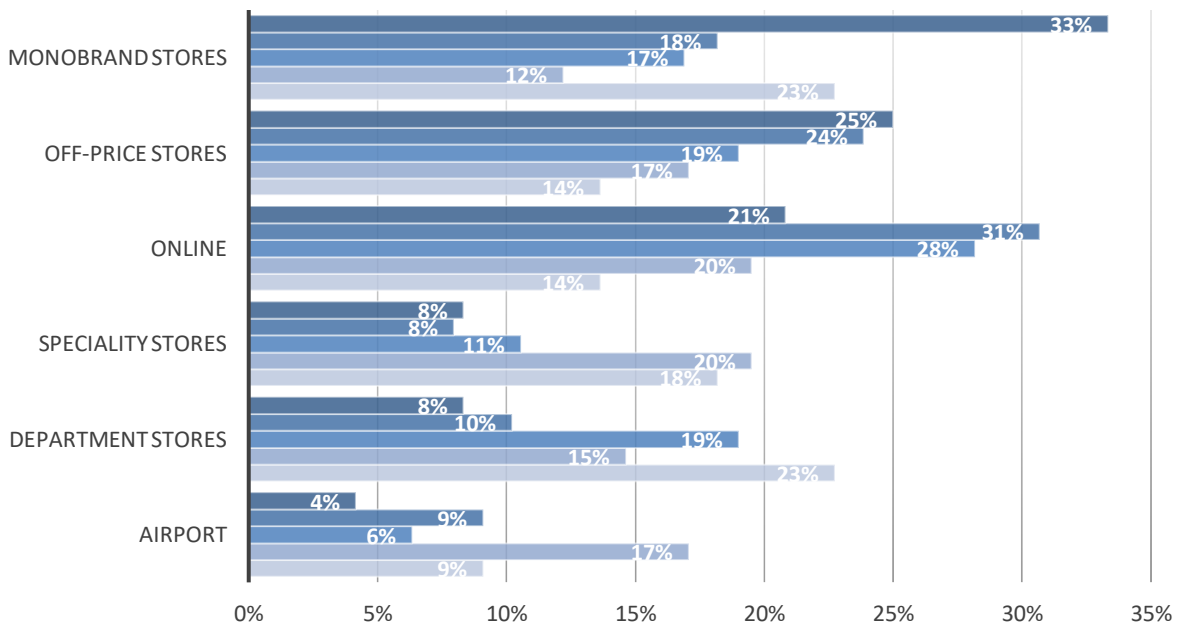


## Preferred Purchase Location (by gender)



	Airport	Online	Off-price stores	Department stores	Speciality stores	Monobrand stores
Total	9%	26%	20%	15%	11%	18%
Male	5%	20%	24%	17%	12%	21%
Female	10%	28%	19%	15%	11%	17%

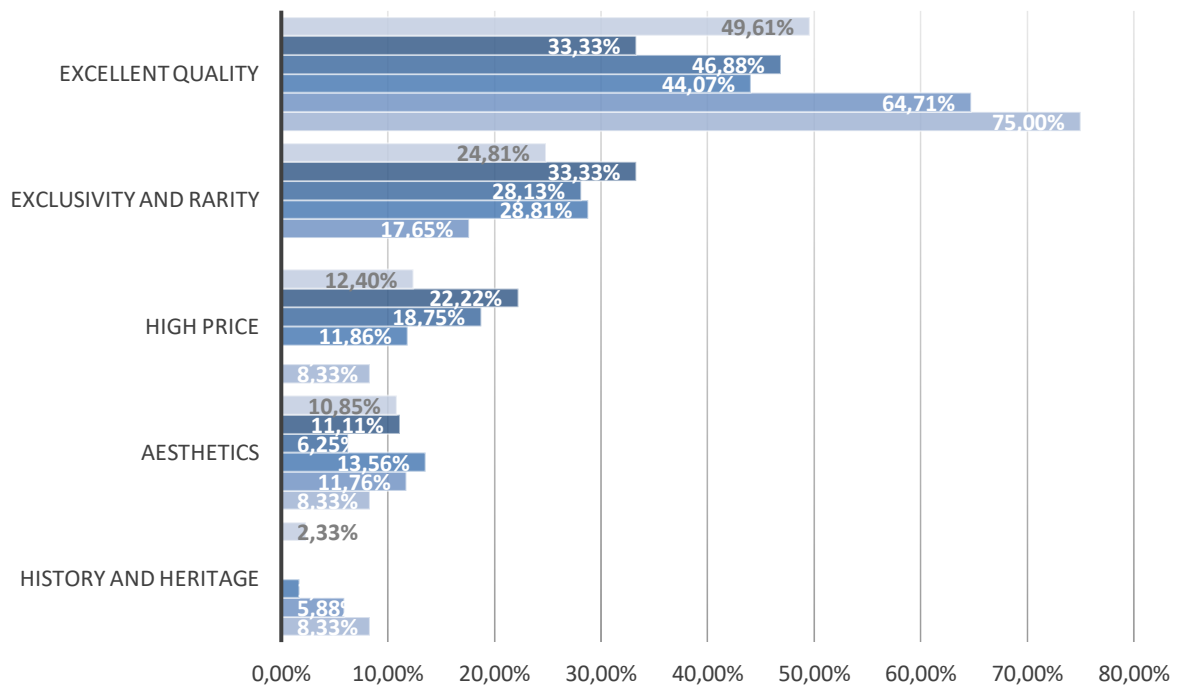
## Preferred Purchase Location (by age)



	Airport	Department stores	Speciality stores	Online	Off-price stores	Monobrand stores
<25	4%	8%	8%	21%	25%	33%
25-35	9%	10%	8%	31%	24%	18%
36-45	6%	19%	11%	28%	19%	17%
46-55	17%	15%	20%	20%	17%	12%
>56	9%	23%	18%	14%	14%	23%

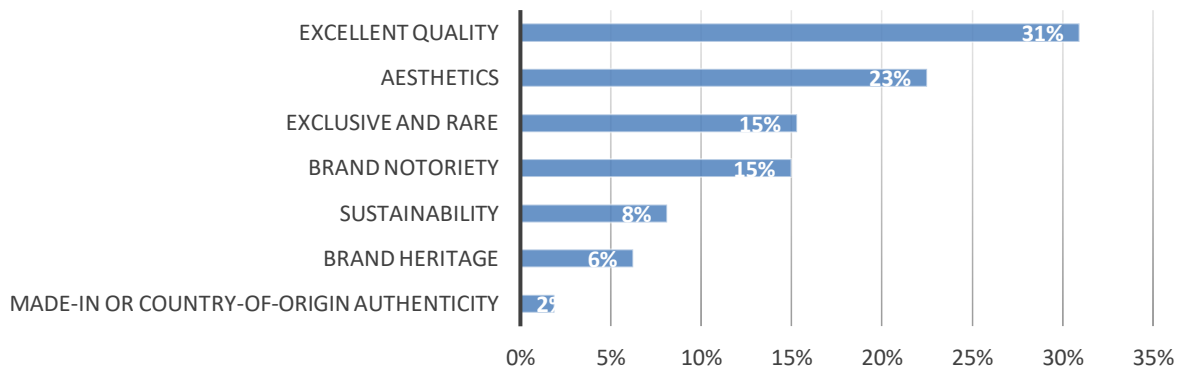
## THE TYPE OF LUXURY CONSUMER

### Perception of Luxury (by age)



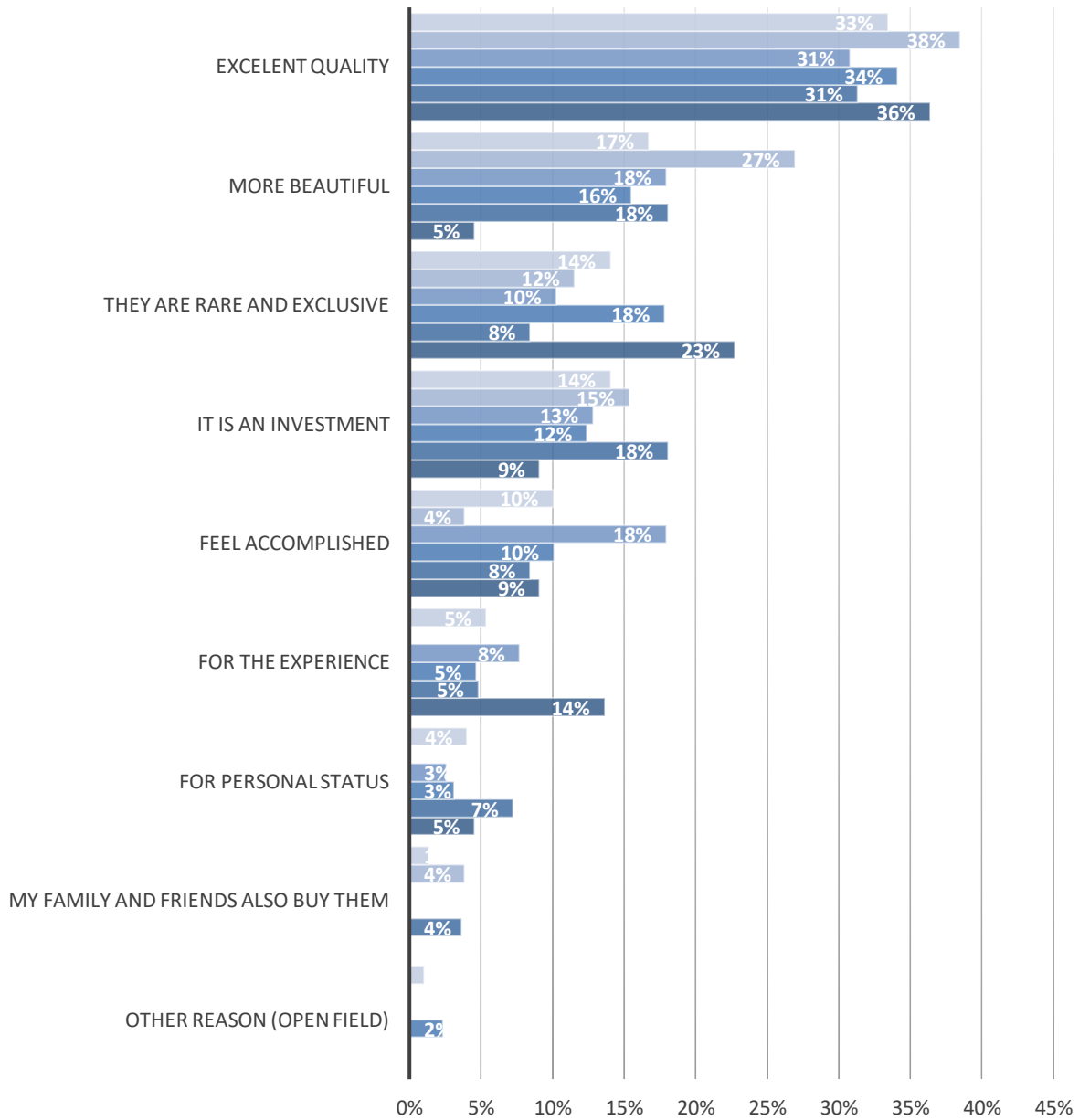
	History and Heritage	Aesthetics	High Price	Exclusivity and Rarity	Excellent Quality
Grand Total	2,33%	10,85%	12,40%	24,81%	49,61%
<25	0,00%	11,11%	22,22%	33,33%	33,33%
25-35	0,00%	6,25%	18,75%	28,13%	46,88%
36-45	1,69%	13,56%	11,86%	28,81%	44,07%
46-55	5,88%	11,76%	0,00%	17,65%	64,71%
>56	8,33%	8,33%	8,33%	0,00%	75,00%

## Perception of Luxury in the Purchase



	Made-in or country-of-origin authenticity	Brand heritage	Sustainability	Brand notoriety	Exclusive and Rare	Aesthetics	Excellent quality
■ Total	2%	6%	8%	15%	15%	23%	31%

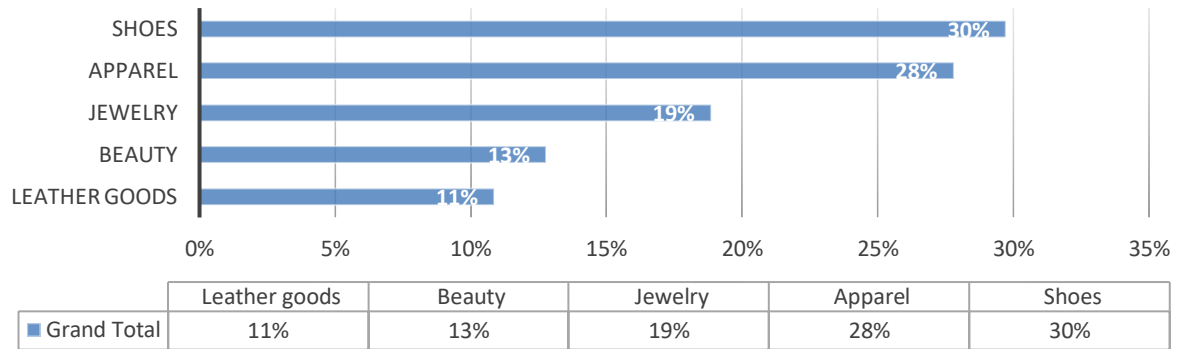
## Luxury Purchase Reasons (by age)



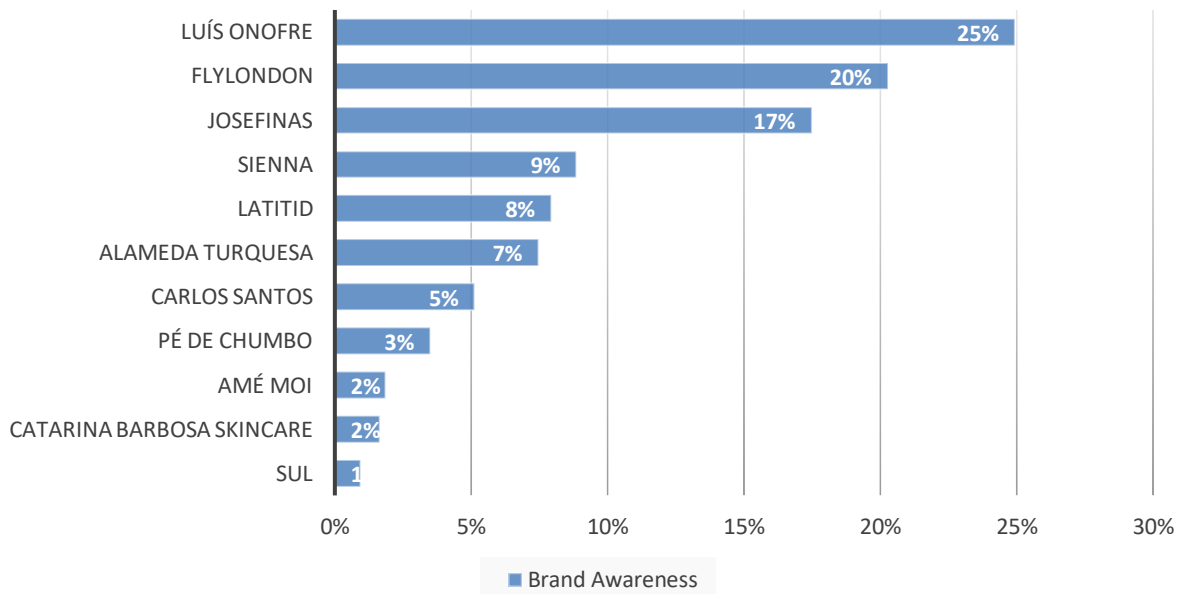
	Other reason (open field)	My family and friends also buy them	For Personal status	For the experience	Feel accomplished	It is an investment	They are rare and exclusive	More beautiful	Excelent quality
■ Grand Total	1%	1%	4%	5%	10%	14%	14%	17%	33%
■ >56	0%	4%	0%	0%	4%	15%	12%	27%	38%
■ 46-55	0%	0%	3%	8%	18%	13%	10%	18%	31%
■ 36-45	2%	0%	3%	5%	10%	12%	18%	16%	34%
■ 25-35	0%	4%	7%	5%	8%	18%	8%	18%	31%
■ <25	0%	0%	5%	14%	9%	9%	23%	5%	36%



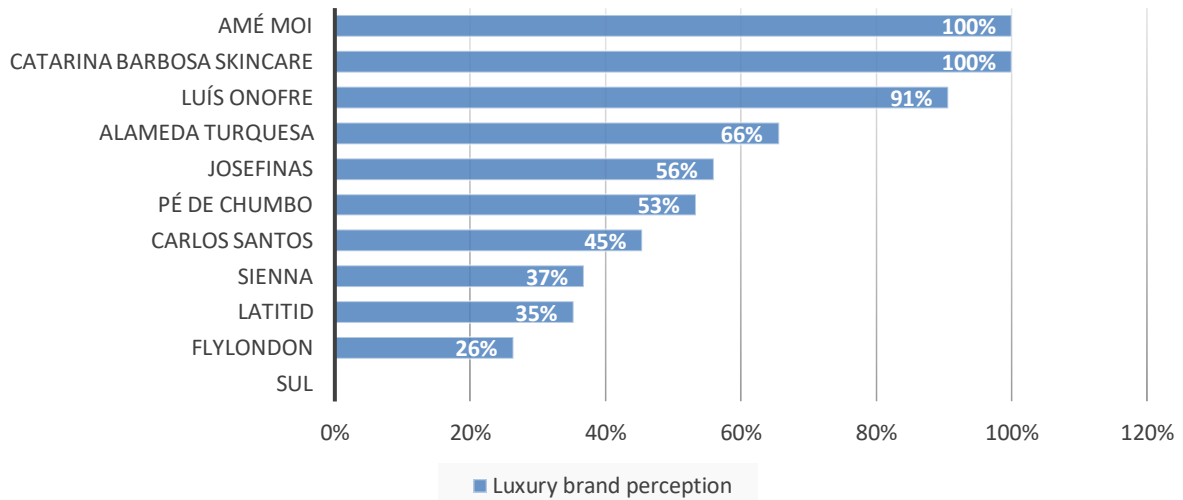
## Perception of the Portuguese Luxury Market



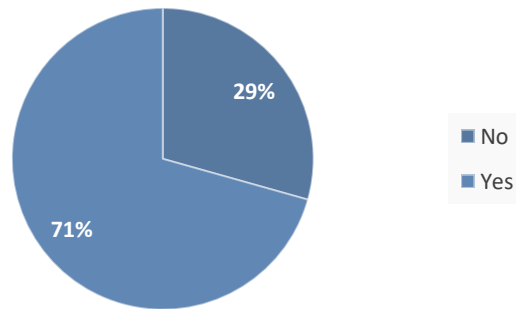
## Portuguese Brands Awareness for Personal Segment



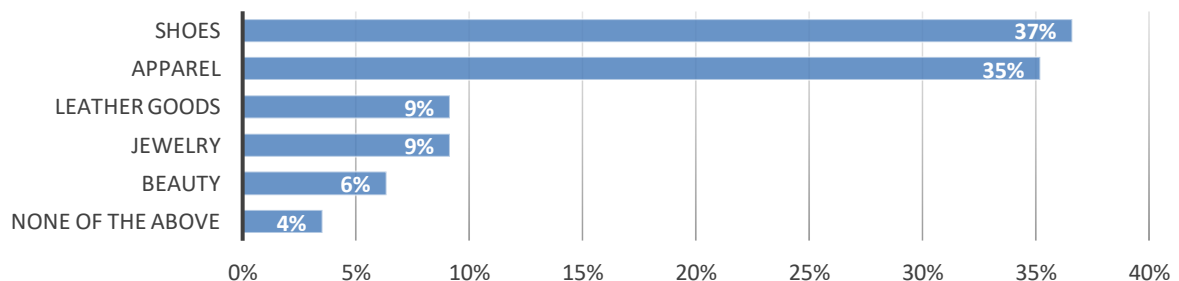
## Portuguese Luxury Brand Perception



## Purchase of Portuguese Luxury Brands?



## Purchase of Portuguese Luxury Brands by Segment



	None of the above	Beauty	Jewelry	Leather goods	Apparel	Shoes
Series1	4%	6%	9%	9%	35%	37%

### Intencion of associated purchase of Portuguese luxury brands

