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MARKETING STRATEGY FOR LUXURY RETAIL: HOW TO ATTRACT INTERNATIONAL CONSUMERS OF LUXURY IN PORTUGAL

"FASHION CLINIC CASE STUDY"

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The Luxury Consumer
Fashion Clinic Case Study

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"Luxury marketers that desire to forge a more meaningful connection with affluent consumers need a deeper understanding than simply the size of the target customers' bank accounts."

Pamela N. Danziger, in *Par Excellence Magazine*

ABSTRACT

Dissertation title: Marketing Strategy for luxury retail: How to attract International Consumers of Luxury in Portugal

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Nowadays the luxury market is characterized by the high competitiveness and current globalization, with retailers and brands themselves making a great effort to achieve success. In Portugal, despite the unfavorable economic situation that the country undergoes, the luxury retail market has accompanied this increase global trend. Such a growth is meaningfully due to the increasing demand of international luxury brands by foreigners from emerging countries like Angola or Brazil. These consumers, with a high purchasing power, are attracted either for lack of offer in their own countries or for more reasonable prices in Portugal. Therefore luxury players must concentrate their efforts to effectively attract and keep them. To do so, it is crucial to have a deeper knowledge about them, namely their habits and preferences. In this dissertation, it was intended to understand if there are differences at the level of behavior, attitudes and preferences in view of the luxury between the Portuguese and the international consumer who buys in Portugal aiming at proposing a marketing strategy for target those international consumers who make luxury purchases in Portugal. This thesis used a Portuguese luxury retailer – Fashion Clinic – as a case study. To address such a research, after a review of the existing literature concerning the luxury industry, an analysis carried out of the data which resulted from online survey made by Fashion Clinic to its customers. Findings on the Portuguese and international consumers' profile and preferences in view of luxury were then taken into account. Based on that, three major strategies to target international consumers in Portugal were recommended: 1) Provide the male customer with an excellent service, high quality and tailor made luxury products, 2) Educate customers on brands and 3) Create an online shopping platform.

PREFACE

I would like to express my gratitude to my thesis advisor, Prof. Céline Abecassis-Moedas, for accepting the supervision of this thesis and for the availability shown throughout its development. Her commitment, guidance and advice were most useful.

I am deeply indebted to Fashion Clinic, particularly to Dra Filipa Pinto Coelho, Marketing and Communication Director. It was very kind of her to receive me, help me and provide me with very relevant information essential for my dissertation. Without their collaboration, it would not have been possible to write it.

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CONTENTS

1. INTRODUCTION

Luxury is everywhere and can be found in several product categories, namely fashion (*haute couture*, ready-to-wear and accessories), perfumes and cosmetics, wines and spirits, watches and jewelery, automobiles, leisure (hotels, tourism), private banking and home furnishing (Fionda and Moore, 2009). The luxury sector houses in itself several tensions, since it answers by concepts so distinct as demand of productivity and traditional experience, maintenance of inheritance and innovation. Its economic growth has played an extraordinary role as far as the world economy is concerned. Taking into account the increasing globalization of world trade, consumers' information and demands, the luxury market surpassed all expectations on reaching a market value of €172 billion in 2009, more 12% in relation to the previous year. In 2011, it was estimated at €191 billion and will exceed €200 billion in 2012; this according to Bain & Company.

But what is Luxury? Although the concept is subjective and particularly slippery to define, mostly because of the strong involvement of human element and value recognition from others, there is an agreement in the literature to describe luxury goods as goods that contribute to self-esteem and happiness of those who look for them, aside from considering them designed to be useful. All consumers, both national and international, give themselves up to luxury so as to obtain a feeling of reward, pleasure and personal fulfillment (Rosa, 2010; Vigneron and Johnson, 2004).

The industry complexity, with the expansion of new forms of luxury – masstige, opuluxe, premium, ultra-premium, trading up, hyperluxury, real or true luxury (Kapferer and Bastien, 2009) -, combined with an intense competition in such a business (McKinsey & Company, 2010), make luxury retailers and the brands themselves look for new ways to reach success and increase visibility. Today, there are more differences concerning luxury consumption, not only at the income bracket level – from the middle to the upper one - but also at the country level. Due largely to this, it is crucial that luxury players should have a clear understanding of the social trends and deeply know the consumers they want to target, bearing in mind their needs and expectations and the best way to tailor their products (McKinsey & Company, 2011). The only way, so that luxury managers may adapt their strategies, is to have a good knowledge of the consumers' profile.

The attitudes towards luxury of the Portuguese and the international consumers buying in Portugal may uncover both similarities and differences. By examining those differences, this study contributes to the literature on the role of proposing a *marketing strategy for luxury retail, in order to attract international consumers of luxury in Portugal*.

The focus of this dissertation will be strictly on the luxury fashion sector. In order to conduct this study, its basis is a multi brand retailer in Portugal, Fashion Clinic.

This thesis will proceed as follows: first, the relevant literature concerning the main themes (luxury and consumer profile) will be presented. The following section outlines the research methodology employed (Chapter 3). Next, the collected data and information will be analyzed (Chapter 4). Later on, the key findings from the analysis will be compared to the existing literature (Chapter 5). Finally, the main conclusions of the study will be presented (Chapter 6).

2. LITERATURE REVIEW

Due to the importance and growth of the luxury sector in recent years, many have been written in the literature regarding such an issue. Despite this, the determinants of luxury acquisition and consumption and the impact of cultural, economical, social and technological forces on the consumer's behavior have not been investigated to a full extent. This way, in the following chapter, besides presenting a general description of today's rather complex market and luxury consumers, a significant emphasis will be placed on the challenges that both the market and consumers - because of their characteristics – create for luxury retailers and brands.

2.1. The Luxury Market

2.1.1. The Luxury Concept

The Luxury concept is indeed very old and since then many ways and new perspectives to study it have come up in the existing literature. It dates back to the times when the idea of luxury was a hereditary privilege passing from generation to generation (Lipovetsky and Roux, 2012). Originally, luxury was the visible result – deliberately conspicuous and ostentious – of hereditary social stratification. For hundreds of years luxury was a word with a special meaning deeply linked to a society whose members had a way of life characterized by a high standard of living which allowed them to enjoy such luxurious products. The other people, on the contrary, could not afford them and luxury was nothing more than an aspirational idea[1]. Although such a concept continues being referred to pleasure, desire, selectivity and also to be stemming from refinement and a sumptuous lifestyle (Rosa, 2010; Dubois and Czellar, 2002), changes in contemporary consumer's behavior in western societies have led to its reinterpretation. Nowadays, with increased affluence and consumption due to a revolution where individuals in the world have got richer, nobody says today that luxury is only suitable or allowed to the elite. The motivation for luxury products acquisition and pleasing consumption stopped being a social differential, seeking much more the fulfillment of pleasures of personal character through experience. The consumer becomes more demanding and seeks products to live better, that is, products that have an emotional component that attracts culture and reason (Atwal and Williams, 2009). Following these lines, Yeoman et al. (2005) defend that luxury is no longer associated with the monetary value, but increasingly linked with experience and authenticity. This focus on aspiration reflects the consumers' trend to view luxury thinking harder of themselves than of other people. They seek to meet their own needs. The luxury goods,

[1] http://www.hyperempowered.com/2007/08/how-do-we-defin.html

instead of working as symbols of an enviable position and status, do work as a service rendered to fulfill a hope, a wish, an aim or even a dream far beyond status as mentioned above. It is natural to accept the idea that some social satisfactions of differentiation remain, but now they are one of the motivations, among others, whose goal in sight is to find happiness (Atwal and Williams, 2009).

In spite of all these changes in today's society, which led to a new meaning and perception of the concept, luxury continues having two key social functions. The first concerns to recreation of social stratification. It does it in a democratic way, that is, people are free, up to a certain limit, to behave according to their own personality. And this is a solid argument so that the richest and most powerful people have an extremely strong desire for luxury brands. In addition to this function, '*luxury should have a very strong personal and hedonistic compon*ent' (Kapferer and Bastien, 2009b, p.314). It has to be taken into account what luxury means in terms of personal pleasure to avoid any confusion with snobbery. It is up to the people freely make their own decisions and do what themselves wish, not being subject to what others want to impose (Kapferer and Bastien, 2009b, p.314).

Nowadays, we are facing what may be called 'The New World of Luxury', a world of cultural crossing which distorts luxury as it was traditionally seen (BCG, 2010; Lipovetsky and Roux, 2012).

2.1.2. The Luxury Hierarchy

Based on different levels of selectivity and exclusivity, luxury may be classified into three levels: (i) Inaccessible, (ii) Intermediary and (iii) Accessible Luxury (Allérès, 2000; Chevalier and Mazzalovo, 2008).

The Inaccessible Luxury is at the top of the pyramid, it is the elite to the elite. This category the *haute couture* belongs to, involves objects or unique experiences, authentic creations. The product or service is unique and must be a surprise for those it was produced for. Innovation and creativity are fundamental values and excellence is crucial at all levels (materials, processes and rendered services). Signs or symbols of distinct status are not at all desirable (Rosa, 2010).

The Intermediary Luxury answers the consumers' needs and their lifestyle. It is characterized by the limited manufacture and usually corresponds to objects that are expensive replicas of individual models. The consumption of this category is usual in high classes and isolated in high middle classes, and has registered a constant and important development. In this segment the symbolism of differentiation is fundamental and immediate identity codes are essential (Rosa, 2010; Chevalier and Mazzalovo, 2008).

The Accessible Luxury, or 'New Luxury', is the result of luxury democratization, including a whole panoply of products which invite a large number of people to enter the luxury universe, who otherwise had no possibility at all. Therefore the number of consumers is very large and reaches the whole middle class. In this segment, the ready-to-wear collection is a part of, there is a control of number of copies so as to keep the prestige present in the consumer's mind. The luxury level, which corresponds to the basis of the pyramid intends, therefore, to answer to an important wish of differentiation and identity with a higher social class (Rosa, 2010).

In sum, the different levels of luxury are closely related to social classes. Their products are specially designed and manufactured according to the consumer profile (Allérès, 2000).

2.2. The World of Luxury

2.2.1. The (New) Luxury Market

The market for luxury goods has developed rapidly over the last decades, following the changes that have happened in our society (Okonkwo, 2007).

To a large extent, such transformation is the result of a strong democratization movement, which is characterized by a luxury made ordinary at levels of people who had no access to it before (Dubois et al, 2001; Kapferer and Bastien, 2009). The fact is that, as a consequence of economic, social and technological breakthroughs, there has been a significant increase in wealth, namely among the high net-worth consumers[2], which includes a newly emerged youthful elite, and the middle-class (Okonkwo, 2007).

Another driver concerns the low entry barriers due to the development of business and management practices, driven by globalization, which has been stimulated and encouraged under the immense and constant influence of the internet, and last but not least by emergent countries like China, Russia and India as far as new markets are concerned. As a result, new luxury and aspirational brands entered the market, meeting new demands of global markets for luxury and thus intensifying competition (Kapferer, 2006; Okonkwo, 2007). It is also to consider that mass fashion

[2] Consumers with individual assets of over US$1m (Okonkwo, 2007)

brands in a large number have adopted effective strategies consisting of producing and offering, at a lower price, similar goods to those of luxury brands. This means more brand choices for the consumers and a significant change in their psychology (Okonkwo, 2007).

The luxury market also owes much of its change to the amazing development of new technologies, namely the internet, which gives the consumers more possibilities and independence to choose what products and brands interest them most, and lower switching costs. This availability of information, making it easier to learn about and compare products, has led to an ever-growing individual consumer style. Luxury consumers are now mixing luxury with non-luxury. They assume there is no compulsoriness to buy always expensive, and that offer and quality of the present brands are higher and higher (Rosa, 2010; BCG, 2010; Okonkwo, 2007).

No doubt the most visible and dramatic change concerns the luxury consumers. Their behavior is highly different. Most consumers started to become more discerning, more price sensitive, avoiding inappropriate luxury purchases. In this new world of luxury, the fact of being an exclusive and iconic luxury brand is not enough to continue capturing the consumers, and that is why luxury players will need a deeper understanding of target consumers – who they are at the present time and how to satisfy their needs – and must strive to give them reasons to buy (BCG, 2010; McKinsey & Company, 2010). According to Okonkwo (2007), '*the current luxury market requires a shift away from the product-focus strategy to the adoption of the consumer-focus strategy*'.

3. METHODOLOGY

With the aim of gathering information that enabled the discussion of the topic in analysis – *Marketing Strategy for luxury retail: How to attract International Consumers of Luxury in Portugal* –, this thesis focuses on a Luxury Fashion Brand Retailer - Fashion Clinic. Owner of the two Fashion Clinic shops, in Lisbon and in Oporto, Amorim Fashion is the only Portuguese company which is reported in the ranking of the ten luxury companies where are carried out 70% of the purchases made by foreign visitors, including those who do not belong to the European Union (*in* Jornal Publico, 22nd July 2012).

3.1. Primary Data Source: Exploratory Case Study

Literature concerning luxury consumers in Portugal, as well as studies and reports on this subject, are rare. Consequently, it is necessary to realize who these consumers are, analyzing a real case. In fact, these were the main reasons why a case study was chosen as primary data source.

Given the nature of the topic under investigation, the contact with those people involved in the purchase process of luxury goods provides the opportunity to obtain an intimate understanding. In this sense, data for carrying out this research were mostly collected through an online survey in Portuguese done by Fashion Clinic[3]. As part of this research, all Fashion Clinic clients with email[4] were considered and, in about two months[5], from the 5449 people that received the email, 914 opened the survey, but only 621 completed it (response rate = 11%).

Regarding the analysis of data, all of it was carried out using software SPSS (version 20). To structure and explain the resulting information, tables and graphs were drawn.

The analysis of the online survey was intended to study the differences among the luxury consumers, in order to provide a set of strategic recommendations for the international ones who buy in Portugal. The study will focus on a few global trends and some recommendations on those will be presented. These recommendations also take into account the existing literature and benchmarking. It was expected to have a higher number of international consumers answering the survey and consequently more relevant differences among the consumers than the ones that were observed. Since the international consumers only represent 3.7% of the sample, the achieved results are not representative and thus all the conclusions are only applied to this sample.

[3] The survey was translated into English and may be seen in Appendix A1.
[4] Emails providing information on the study and encouraging participation were sent to Fashion Clinic clients.
[5] Data analysis covered the period between 18th April 2012 and 10th June 2012.

3.2. Secondary Data Source: Archival Resource

The archival research consisted of analyzing published reports and consulting online journals and magazines, mainly concerning luxury consumer’s behavior and characteristics, and new trends on the luxury sector.

This secondary source of information allowed not only to study in-depth the knowledge about luxury industry and its respective trends but also to understand the challenges that luxury players have to face with the constant evolution of the society, both at the social and demographical level as at the technological one.

4. DATA ANALYSIS

In the present chapter the results of the survey carried out to the Fashion Clinic customers with email are revealed. At a first stage, the demographic characteristics of the sample will be accomplished. Then the sample will be analyzed according to respondents' residence place – Portugal and Out of Portugal - highlighting the differences, in view of luxury, between the Portuguese luxury consumer and the international one who buys in Portugal.

These results are intended to provide important insights that can help Fashion Clinic understand its consumers' purchase behavior and habits and, as consequence, target them in a more efficient way. All the information provided to support the analysis of the results is available in Appendix B.

4.1. Sample characteristics

The sample analysis was based on the residence place question (question 3 of the survey). Then it was subdivided in two groups – Portugal and Out of Portugal – according to respondents' country of residence (Table 1).

Table 1: Distribution of customers according to residence place

Residence Place	Frequency	Percent
Out of Portugal	23	3,7
Portugal	598	96,3
Total	621	100,0

Regarding the international consumers, the ones who live Out of Portugal, the 3.7% represent European countries, such as Spain, Italy and Luxembourg and non-European, such as Angola, Brazil, Morocco and Kenya (Appendix B1).

In the great majority the sample is composed of women, accounting for 72.1% (Appendix B2). Regarding age, the people considered ranged from 20 to 65 with an approximate average age[6] between 42 and 43. As it can be seen on table 2, the age bracket 36-45 is the most expressive one (40.3%) and the age bracket 20-25 is the one that registers fewer respondents (3.4%).

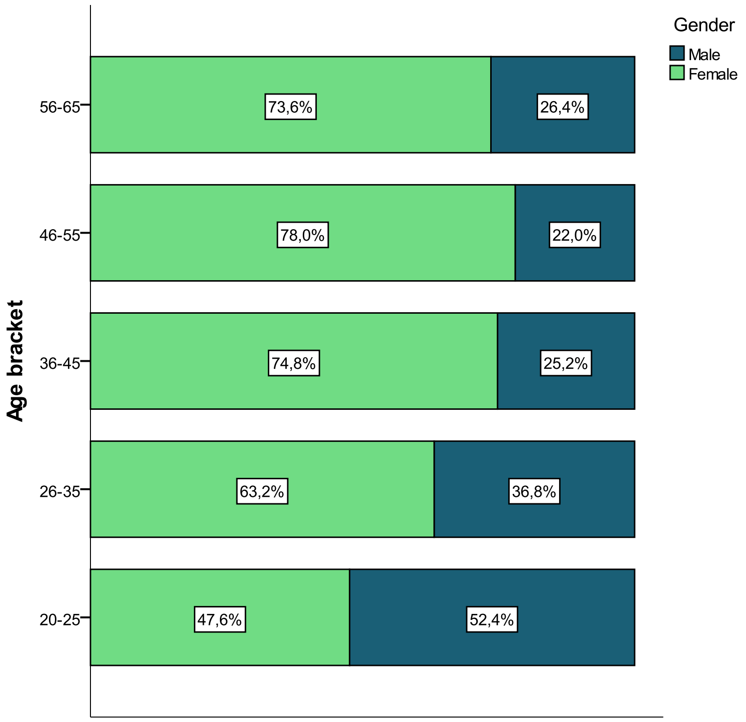
[6]This statistical measure was calculated based on the following expression: $\bar{x} = \frac{\sum_{i=1}^{5} C_i F_i}{n}$ where C_i is the centre of the respective classes.

Table 2: Distribution of customers according to age bracket

Age bracket	Frequency	Percent	Cumulative Percent
20-25	21	3,4	3,4
26-35	133	21,4	24,8
36-45	250	40,3	65,1
46-55	164	26,4	91,5
56-65	53	8,5	100,0
Total	621	100,0	

The age bracket 20-25 is the only one where the number of men is superior to the number of women (52.4% *vs* 47.6%). In the other age brackets the number of women is far superior. The bigger difference is between 46 and 55 years of age (Figure 1).

Figure 1: Distribution of customers according to gender by age bracket [7]



[7] Figure 1 was built based on Appendix B3

More than a half of all respondents (57.6%) are Fashion Clinic customers for more than 5 years (Table 3). Only 1.1% for less than 6 months.

Table 3: Distribution of customers according to time loyalty

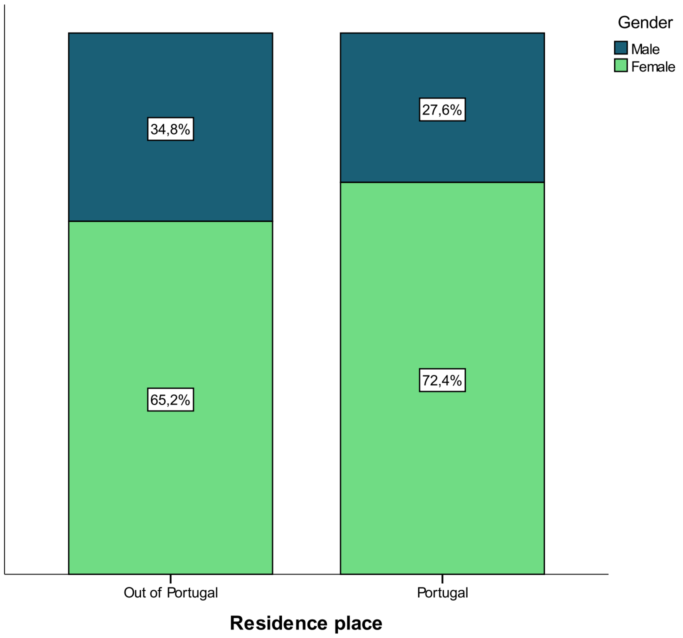
How long have you been a Fashion Clinic customer?	Frequency	Percent	Cumulative Percent
No longer than 6 months	7	1,1	1,1
Between 6 months and 2 years	68	11,0	12,1
Between 2 and 5 years	188	30,3	42,4
Longer than 5 years	358	57,6	100,0
Total	621	100,0	

4.2. Analysis of the sample by residence place

CHARACTERIZATION OF THE CUSTOMER'S PROFILE

Since the difference between the percentage of women and men living abroad (34.8% *vs* 65.2%) is not so large when compared with the one of Portugal (72.4% *vs* 27.6%) (Figure 2), it may be concluded that there are more foreign men buying luxury goods than Portuguese.

Figure 2: Distribution of customers according to gender by residence place[8]



[8] Figure 2 was built based on Appendix B4

The distribution of respondents according to the age bracket is different between the Portuguese and the international ones. As it can be seen in Figure 3, about 83% of the international customers are not older than 45 years. This value is far superior to the one found in Portugal (64.4%). Such a fact may be confirmed by Table 4, where one can see that the respondents living Out of Portugal are, on average, younger.

Figure 3: Distribution of customers according to age bracket by residence place[9]

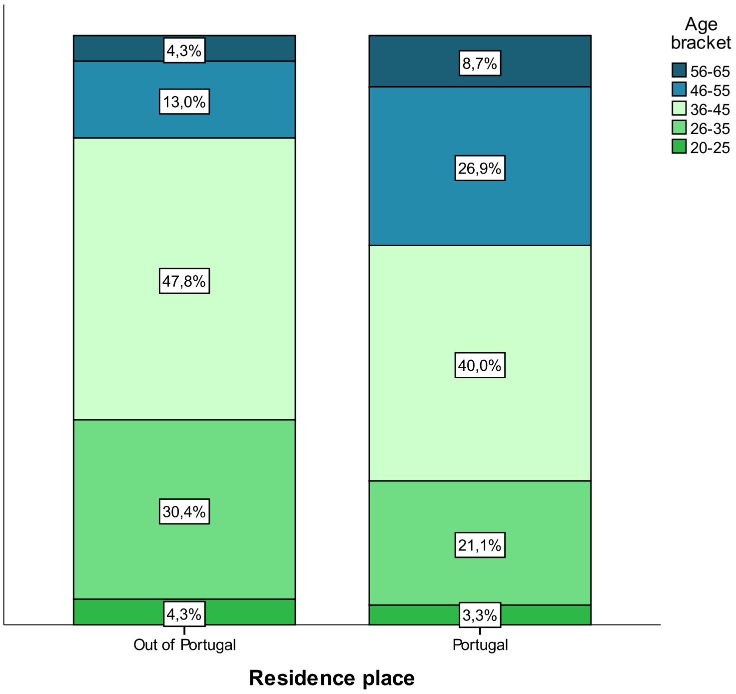


Table 4: Descriptive analysis of the age bracket according to residence place

Age bracket

Residence place	Mean	N	Std. Deviation	Minimum	Maximum
Out of Portugal	2,83	23	,887	20-25	56-65
Portugal	3,17	598	,967	20-25	56-65
Total	3,15	621	,966	20-25	56-65

THE CUSTOMER'S RELATIONSHIP WITH THE SHOP

Figure 4 represents the profile of response averages (quantified on Table 5) to the question of increase in value of different items in shop. In this figure it is possible to see different profiles

[9] Figure 3 was built based on Appendix B5

between the Portuguese and the international customers. It must be emphasized that while 26.1% of international customers value *Advice and suggestions*, such a percentage decreases to 13.2% regarding the Portuguese ones. Such a fact may lead us to the conclusion that the international consumers need more guidance in shop than the Portuguese.

Figure 4: Profile of response averages to the value of different items in shop (by residence place)

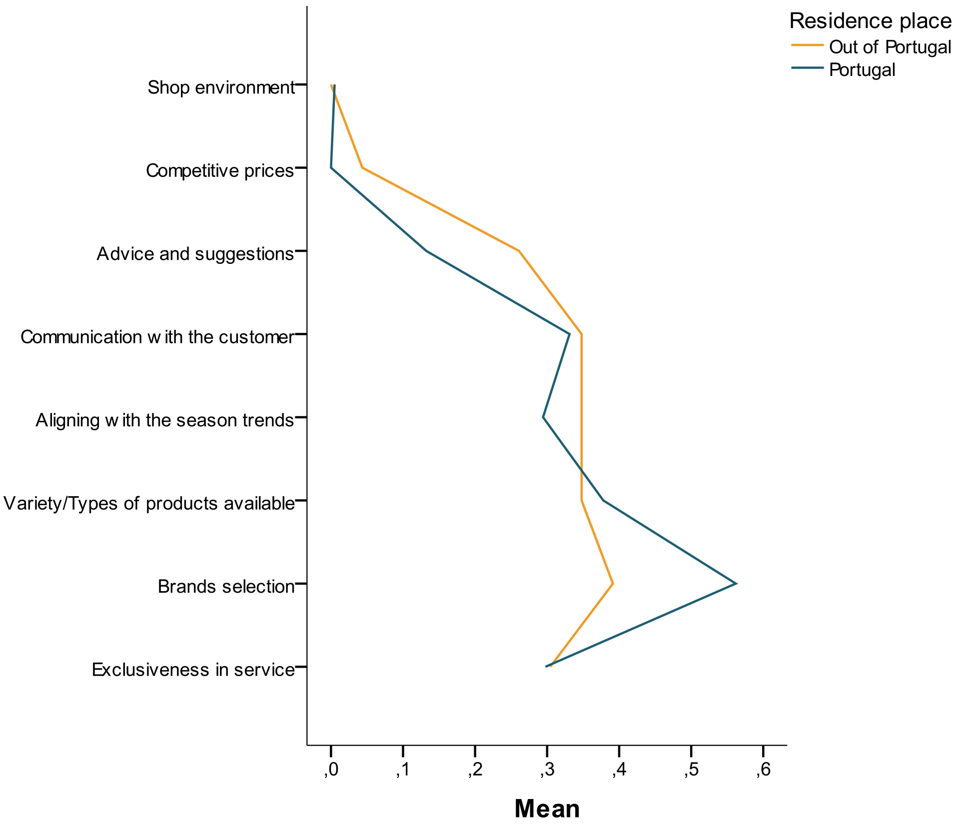


Table 5: Percentage of customers who appreciate the value of different items (by residence place)

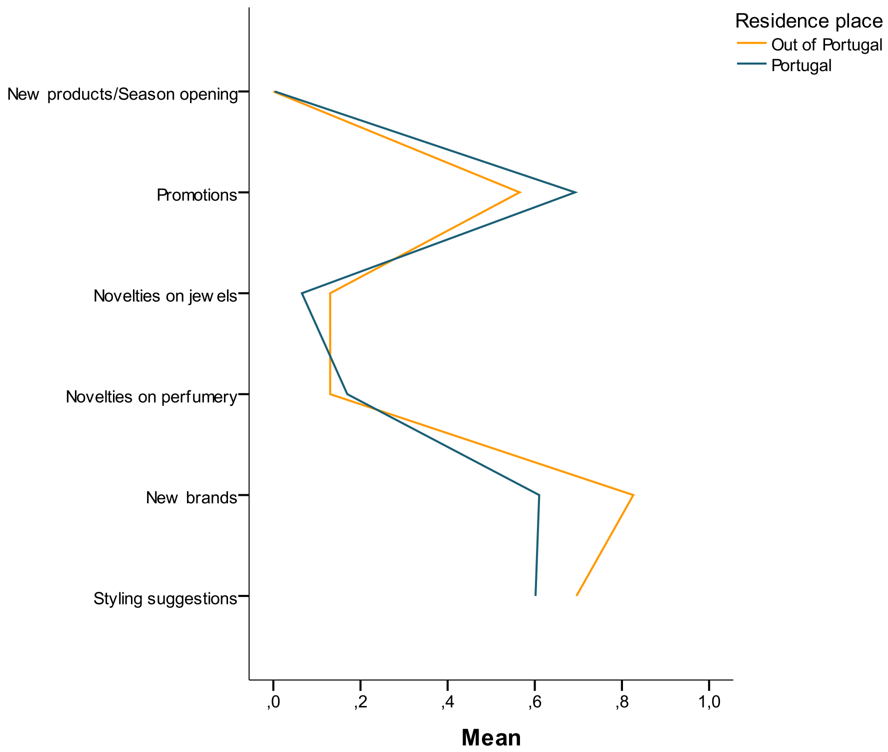
	Exclusiveness in service	Brands selection	Variety/Types of products available	Aligning with the seasons trends	Communication with the customer	Advice and suggestions	Competitive prices[a]	Shop environment[a]
Out of Portugal	30.4	39.1	34.8	34.8	34.8	26.1	4.3	0.0
Portugal	29.8	56.2	37.8	29.4	33.1	13.2	0.0	0.5

The absence of the column 'Total' is due to the possibility of selecting more than one item in the question 'What do you value most in Fashion Clinic?' (Appendix A1: question 10)
[a]The items *Competitive prices* and *Shop environment* were added taking into account the additional answers suggested by the respondents

COMMUNICATION STRATEGY

As for the type of information that customers like best to receive, although the customers' behavior is similar, *Promotions* present the highest value for the Portuguese customers (69%) and *New Brands* for the international ones (83%) (Figure 5).

Figure 5: Profile of response averages of the information desired by customers (by residence place)



Mean

Residence place	Styling suggestions	New brands	Novelties on perfumery	Novelties on jewels	Promotions	New products/Season opening
Out of Portugal	,70	,83	,13	,13	,57	,00
Portugal	,60	,61	,17	,07	,69	,00
Total	,61	,62	,17	,07	,69	,00

As it can be seen on Table 6, *Novelties on perfumery* is the item that most differentiate customers at the level of gender. While 66.7% of international customers of male gender would like to receive information about novelties on perfumery, this value decreases to 38.6% as regards the Portuguese. It must be pointed out that this item is the only one where the percentage of men, the international ones, is superior to the one of women.

Table 6: Percentage of customers who wish to receive the different types of information (by residence place)

	Styling Suggestions		New brands		Novelties on perfumery		Novelties on jewels		Promotions		New products/Season opening[a]	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Out of Portugal	37.5	62.5	31.6	68.4	66.7	33.3	0.0	100	30.8	69.2	-----	-----
Portugal	24.0	76.0	30.9	69.1	38.6	61.4	12.8	87.2	26.0	74.0	50.0	50.0

The absence of the column 'Total' is due to the possibility of selecting more than one item in the question 'What do you value most in Fashion Clinic?' (Appendix A1: question 20)
[a]The item *New products/Season opening* was added taking into account the additional answers suggested by the respondents

Regarding the customers' desire to use the online shop/catalogue, if Fashion Clinic made this service available, most respondents said they would rather go to the shop, but the percentage of the Portuguese ones is far superior (51.7%) (Appendix B6). Also, 26.1% of the international consumers and only 13.5% of the Portuguese ones would be a common user of such a service. This may mean that <u>international consumers are more inclined to buy online</u>.

Although 31.9% of the customers who already bought online continue to prefer to go to the shop, if Fashion Clinic provided the online service, one can see an opened-mindedness to invest in this sales system, since 37.9% of the customers are ready to use the service, a few times at the least (Appendix B7).

5. DISCUSSION

In the present chapter, after having studied the existent literature concerning the topic under consideration and having collected relevant data, the main findings will be discussed. Based on these, some strategic recommendations will be suggested. These recommendations are supported on the differences found between the Portuguese and the international luxury consumers, which became evident in the previous chapter. Among those differences, three were selected. This selection is based on the findings of the previous scientific and academic literature (Okonkwo, 2007; Shukla and Purani, 2012), on some international reports of research (Gory and Skeadas, 2012; Sharma, 2012), and also on the sensitivity of the researcher.

5.1. The Luxury Industry and Portugal current scenario

In the world of business, the luxury retail one has reached a very significant position as far as competitiveness is concerned (Okonkwo, 2007). Such a business has also been suffering an evolution, mostly due to the emerging of new affluent consumers coming from emerging countries, which obliges managers to face new situations.

As literature shows, the facts that attract consumers to the shops vary from market to market. "*Considerable cross-national variations exist, which offer strategic implications for managers in developing global strategies"* (Shukla and Purani, 2012).

In Portugal, as in any other part of the world, luxury market does not live only on the internal market. Sales are made by foreign and Portuguese consumers (*in* Economico, 17th October 2009). Wealthy tourists from countries including China, Angola and Brazil are among the highest-spending visitors to Portugal. According to Global Blue, when the Chinese tourists visit Portugal, they spend, on average, €560 per each purchase, mostly luxury goods. The visitors from Angola spend, on average, €350 each time they make purchases; the Brazilians spend €300.

Since these global shoppers demand new experiences, cultural relations and unique product novelties which link them to the brands, it is necessary to change the ways of managing (Okonkwo, 2007). If the traditional processes remain, the success cannot be guaranteed. Consequently, luxury players must strive to innovate and do their best to successfully attract and keep these best consumers who buy in Portugal. Thus, it is crucial to understand their characteristics, habits and motivations, so that all potentialities of the retail chains are exploited.

5.2. The appearance of new luxury consumers: men

Taking into account the results obtained from the data analysis, there are more foreign men buying fashion luxury goods than Portuguese.

It is clear that there has been a change in men's behavior seeking to achieve a better social level, particularly regarding their preoccupation to take care of their own outward look (Yao, 2010). An example of such an attitude is given by emerging countries like China. This gave rise to an enormous market as regards men and that means wealth and an opportunity to be economically explored. What is curious in their case is the fact that, besides wanting to have a good appearance and exhibit their high economic standard of living, they are particularly interested in showing their masculinity (Gory and Skeadas, 2012).

In order to follow such a trend, characterized by the fact that more men are inclined to seek brands with characteristics which revolve around fashion and beauty (Bain & Company, 2012), and target these high end male customers, Fashion Clinic has to think of several factors.

Generally, women concentrate their attention on purchasing luxury goods, they are more impulsive, but men's attitude is different. In fact, they give more importance to brand equity and quality. It is also true that men do not buy so many luxury goods as women[10]. Actually, what is increasingly noticed is that they rather like tailor made luxury products[11]. Fashion Clinic's success will depend on its ability to face these requisites.

Consequently, Fashion Clinic should pay more attention to provide the male customer with a good shopping experience and an excellent service in shop, which means the need to prepare the employees as regards training, permanent evaluation and improvement. They have to be excellent professionals ready to provide the information that the customers want as for product's quality and craftsmanship. Besides, sales associates and managers must know what happens in the competitive landscape and fashion tendencies. Sales associates must inform their management of everything they know about the male customer, namely their shopping habits and preferences. This means a very good way to attract and keep these consumers, creating a very significant masculine atmosphere, not only in terms of the shop but also of the website.

Knowing that the new male consumer wants to express their confidence in society and show his wealth, Fashion Clinic must be aware of all details, namely store beauty, decorations,

[10] http://luxurysociety.com/articles/2010/07/girl-meets-boy-luxury-brands-tap-the-male-market
[11] http://luxurysociety.com/articles/2010/07/girl-meets-boy-luxury-brands-tap-the-male-market

presentation of product and shop windows, so that male consumer feels his own success. So, in order to guaranty exclusiveness which is something that man appreciate, Fashion Clinic should give them the opportunity to have tailor made clothing (suits, shoes, leather goods).

5.3. Need guidance and information about new brands

Luxury goods are a business which has been developing in emerging countries in a very significant way. Their growing economy is giving rise to a strong desire for luxury among consumers, which means an increasing craze for the consumption of these goods (Shukla and Purani, 2012).

As a consequence of this birth of consumers with a better standard of living anxious to show it on luxury, makes the retailers renew their ideas as far as luxury marketing is concerned. Of course, and first of all, their main idea is to attract consumers more and more. Such consumers almost live their life to exhibit themselves, and luxury products are for them the best way to highlight their position in society. This does not mean that they are aware of the new trends or novelties, which appear in the fashion houses in Paris and Milan. As a consequence they often choose and buy the most expensive product, because they do not know how to recognize the difference between this or that product (Sharma, 2012).

The current findings reflect exactly this. Fashion Clinic international consumers value more advice and suggestions in shop than the Portuguese. While the old affluent consumer knows exactly want he wants, the new wealthy one likes to compare and decide. They are also worried about the need to be informed of new brands.

Taking this into consideration, Fashion Clinic should follow a more customer-focus strategy. Such a strategy, which intends to place a high value on the consumer’s shopping experience, should focus on some fundamental aspects. Fashion Clinic should have in shop some stylists who would guide customers through different brands, proposing styles and combinations that best suit them along with the season fashion trends. It should also get staff members who, besides knowing how to talk in the consumer’s local dialect, adopt homely etiquettes so that customers may benefit from the shopping experience, as if they were at home. The employees of Fashion Clinic shops also should give the consumers more knowledge about the brands, educating them and making them understand the heritage behind brands available in shop.

5.4. Luxury goods go digital

Research suggests that the luxury brands strategy cannot only be related to the physical shops: it has to be transported to the virtual world (Mckinsey & Company, 2010). An online platform is the best opportunity and the best way for the luxury retailers and brands to interact with customers so as to improve their relationship.

Many of the wealthy people are using the internet, researching luxury products and brands online (Verdict). As a way to accompany this trend, e-commerce has been very well received by this luxury sector. Despite some scepticism in the beginning, because a website cannot be compared to a luxury experience in shop (Yao, 2010), the number of brands and luxury retailers who use their website only for autopromotion is getting smaller and smaller. It is evident that such a new channel is used not only to get in touch with the consumers but also to understand their motivations and purchases habits.

According to the results of our analysis, the international customers are the ones who would use more times the online shop/catalogue if Fashion Clinic provided this service.

Therefore, as a way to secure the loyalty of the international customers and attract new ones, Fashion Clinic should launch an online shopping platform and seek to deliver a luxury service online to better engage with their target audience. The website should be interactive, giving the consumer the possibility to see the products from different angles and try clothing virtually. In addition, it should be very well prepared to make customers learn more about the brands and make them involve in such an activity, although they have no physical shopping experience.

The above recommendations will allow Fashion Clinic to maintain or even increase its strength and ability to succeed on the luxury market.

6. CONCLUSION

The aim of this dissertation was to suggest marketing strategies for target the international consumers who buy in Portugal. The existing literature concerning the topic was studied and the results of the online survey were analyzed on a comparative basis. Now it is time to present the main conclusions.

In the last years people have witnessed a global increase in luxury markets, owing, in a very significant way, to the economic expansion of the emerging countries. To show off their new-found wealth, the consumers from these countries are turning to luxury brands. These new affluent consumers have different behaviors and mentalities which create challenges to brands and to luxury retailers regarding the satisfaction of the demand. And these challenges can only be met, if brands know their consumers and the way their tastes and consumption habits changed.

Luxury players must seek new ways to be different from each other. And these new ways should be based on the increase of the shopping experience value, trying to satisfy the traditional consumers while they attract potential consumers. Therefore it is crucial the investment on collaborators who express genuine kindness and charm as a way to make the customers have the best possible chance of happiness. It is also fundamental to emphasize or vary categories of products and experiences, keeping at the same time the respect for luxury.

In fact, due to this current global scenario, Portuguese luxury players must change the ways of managing, at risk of not continuing to have success on the market. Instead of concentrating their efforts only on national consumers, they must readjust their strategy towards international ones. As this thesis identified, there are three main aspects that must be taken into account regarding international consumers. The first one regards the increase of men's luxury market where the brand equity, the products quality and the services rendered in shop are highly valued. The second one regards the need of guidance and advice in the shop. Finally, the third aspect concerns the investment on the e-commerce, with the launching of an online shopping platform.

All these aspects must not be forgotten when the strategy to attract the international luxury consumers and to increase customer loyalty is delineated.

In sum, luxury brands in this globalization context, super-modernity and highly increasing competitiveness, need more and more to invest on an approach focused on the customer. Therefore it is necessary to transmit a detailed and specialist knowledge concerning shopping. That is the way to make consumers feel, in a very deep and emotional way, connected with the brands. Luxury players, namely sales associates, have to know everything about their job and the business they are involved in. They always have to be ready to meet and satisfy the customer's demands and expectations, always bearing in mind the success of their company.

Nevertheless, it must be pointed out that the previous analysis is all dependent on Fashion Clinic case study. Thus the generalization of these findings should be carefully taken.

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8. APPENDIXES

A – Methodology

Appendix A1: Survey

1. Gender

- ☐ Female
- ☐ Male

2. Age bracket

- ☐ 20-25
- ☐ 26-35
- ☐ 36-45
- ☐ 46-55
- ☐ 56-65

3. Residence place

- ☐ Cascais
- ☐ Lisbon
- ☐ Guimarães
- ☐ Faro
- ☐ Coimbra
- ☐ Oporto
- ☐ Braga
- ☐ Luanda
- ☐ S. Paulo
- ☐ Another. Which one? __________________

4. How long have you been a Fashion Clinic customer?

- ☐ No longer than 6 months
- ☐ Between 6 months and 2 years
- ☐ Between 2 and 5 years
- ☐ Longer than 5 years

5. When did you make your latest purchase?

- ☐ About 15 days ago
- ☐ About 1 month ago
- ☐ More than 1 month ago
- ☐ I do not remember

6. Regarding the selection of pieces in shop:

- ☐ Weak

- ☐ Middle
- ☐ Good
- ☐ Very good
- ☐ Excellent
- ☐ What would you like to find in our shops? What pieces, what products? ___________________

7. Regarding the brands available, how do you consider the selection:

- ☐ Weak
- ☐ Middle
- ☐ Good
- ☐ Very good
- ☐ Excellent
- ☐ Would you like to see other brands in Fashion Clinic? Which ones? ___________________

8. Regarding the jewels brands available:

- ☐ I do not know well.
- ☐ I would like to see other brands.
- ☐ I would like to see more selection and novelties of pieces.
- ☐ Good choice, I love it!
- ☐ What are the brands would you like to see in the shop? ___________________

9. How do you regard the service in FC shops?

- ☐ Weak
- ☐ Middle
- ☐ Good
- ☐ Very good
- ☐ Excellent
- ☐ Comments e suggestions: ___________________

10. What do you value most in Fashion Clinic?

- ☐ Exclusiveness in service
- ☐ Brands selection
- ☐ Variety/Types of products available
- ☐ Aligning with the season trends
- ☐ Communication with the customer
- ☐ Advice and suggestions

- ☐ Another aspect. Which one? ___________________

11. Have you ever complained about the service rendered in FC shops?

- ☐ I already had some reasons for that, but I never had time.
- ☐ No, as I never had reasons to do it.
- ☐ Yes, I have already complained.
- ☐ Other comments and suggestions: ___________________

12. If you have complained about the service, how do you regard the way your complaint was received?

- ☐ Lengthy
- ☐ Efficient

13. What is your opinion about FC shop windows?

- ☐ Indifferent
- ☐ Pretty
- ☐ Amazing
- ☐ Usually I do not look at

14. Would you recommend FC to someone close?

- ☐ Of course! No doubt about it!
- ☐ Yes
- ☐ Perhaps
- ☐ No

15. As for the emails (newsletters/communications) that you receive, how would you classify the frequency of sending?

- ☐ Insufficient
- ☐ Excessive
- ☐ Adequate
- ☐ Comments and suggestions: ___________________

16. How frequently would you like to receive these emails?

- ☐ Every week
- ☐ Every two weeks
- ☐ Every month
- ☐ Another: ___________________

17. Have the communications you receive made you go and buy in our shops?

- ☐ Yes
- ☐ No

18. Regarding the subjects broached in these communications, how do you regard the selection:

- ☐ Weak
- ☐ Middle
- ☐ Good
- ☐ Very good
- ☐ Excellent

19. How do you regard the subjects and styling proposals suggested?

- ☐ Adequate
- ☐ Inadequate
- ☐ Sometimes I do not identify with the proposals
- ☐ What subjects and suggestions would you like to see most? ___________________

20. What kind of information do you like best to receive?

- ☐ Styling suggestions
- ☐ New brands
- ☐ Novelties on perfumery
- ☐ Novelties on jewels
- ☐ Promotions
- ☐ Other ones: ___________________

21. Creativity in the appealing design/character of the communications:

- ☐ Indifferent
- ☐ Good
- ☐ Very good
- ☐ Excellent

22. Do you know our site <u>www.fashionclinic.pt</u>?

- ☐ Yes
- ☐ No

23. Which is the site area/functionality you regard most interesting? Why?

- ☐ What's New?
- ☐ Clipping
- ☐ Lookbooks

- [ ] Collections
- [ ] Lifestyle&Events
- [ ] Another one you would like to see. Which one? __________________

24. What information/functionalities would you like to find in the site and that are not available at present?

____

25. Are you already a fan of our page in facebook?

- [ ] Yes
- [ ] Not yet
- [ ] No, because I am not a user

26. If you are already a fan, what is your opinion about the subjects published/page dynamics?

- [ ] Little interesting
- [ ] Interesting
- [ ] Very interesting and original
- [ ] Subjects suggestions you would like to see in our page: __________________

27. Are you a usual customer or have you already bought pieces with the same characteristics as those of FC in online shops?

- [ ] Yes
- [ ] No
- [ ] If that is the case, which site do you prefer?

28. If FC provided a sales service and/or an online catalogue…

- [ ] I would be a common user
- [ ] I would use it sometimes
- [ ] I prefer to go to the shop

29. If you had to select 3 to 5 brands to buy online, which brands would you choose?

____

30. What do you like best in our shops?

____

Thank you for your collaboration!

B – Data Analysis

Construction of the sample and its respective characteristics

Appendix B1: Distribution of customers according to residence place

Portugal	
Residence place	**Frequency**
Lisbon[a]	**218**
Lisbon	212
Setúbal	6
Cascais	**41**
Centre	**23**
Coimbra	15
Leiria	8
Oporto	**233**
North[b]	**65**
Vila Real	2
Aveiro	10
Braga	25
Viseu	2
Viana do Castelo	3
Guarda	1
Castelo Branco	2
Guimarães	20
Algarve	**3**
Faro	3
Alentejo	**5**
Santarém	3
Portalegre	1
Évora	1
A.R.Azores	**4**
A.R.Madeira	**6**
TOTAL	**598**

[a] Region of Lisboa except Cascais
[b] Region of North except Oporto

Out of Portugal	
Residence place	**Frequency**
Angola	**12**
Luanda	6
Luanda/Portugal	6
Brazil	**5**
S. Paulo	2
S. Salvador Bahia	2
Brasília	1
Spain	**2**
Italy	**1**
Milan	1
Luxembourg	**1**
Kenya	**1**
Naioribi	1
Morocco	**1**
Casablanca	1
TOTAL	**23**

Appendix B2: Distribution of customers according to gender

Gender	Frequency	Percent	Cumulative Percent

Male	173	27,9	27,9
Female	448	72,1	100,0
Total	621	100,0	

Appendix B3: Distribution of customers according to gender by age bracket

Age bracket		Gender		Total
		Male	Female	
20-25	% within Age bracket	52,4%	47,6%	100,0%
	% of Total	1,8%	1,6%	3,4%
26-35	% within Age bracket	36,8%	63,2%	100,0%
	% of Total	7,9%	13,5%	21,4%
36-45	% within Age bracket	25,2%	74,8%	100,0%
	% of Total	10,1%	30,1%	40,3%
46-55	% within Age bracket	22,0%	78,0%	100,0%
	% of Total	5,8%	20,6%	26,4%
56-65	% within Age bracket	26,4%	73,6%	100,0%
	% of Total	2,3%	6,3%	8,5%
Total	% within Age bracket	27,9%	72,1%	100,0%
	% of Total	27,9%	72,1%	100,0%

Analysis of the sample by residence place

- *Characterization of the customer's profile*

Appendix B4: Distribution of customers according to gender by residence place

Residence place		Gender		Total
		Male	Female	
Out of Portugal	% within Residence place	34,8%	65,2%	100,0%
	% of Total	1,3%	2,4%	3,7%
Portugal	% within Residence place	27,6%	72,4%	100,0%
	% of Total	26,6%	69,7%	96,3%
Total	% within Residence place	27,9%	72,1%	100,0%
	% of Total	27,9%	72,1%	100,0%

- *The customer's relationship with the shop*

Appendix B5: Distribution of customers according to age bracket by residence place

Residence place		Age bracket					Total
		20-25	26-35	36-45	46-55	56-65	
Out of Portugal	% within Residence place	4,3%	30,4%	47,8%	13,0%	4,3%	100,0%
	% of Total	0,2%	1,1%	1,8%	0,5%	0,2%	3,7%
Portugal	% within Residence place	3,3%	21,1%	40,0%	26,9%	8,7%	100,0%
	% of Total	3,2%	20,3%	38,5%	25,9%	8,4%	96,3%
Total	% within Residence place	3,4%	21,4%	40,3%	26,4%	8,5%	100,0%
	% of Total	3,4%	21,4%	40,3%	26,4%	8,5%	100,0%

- *Communication strategy*

Appendix B6: Distribution of customers according to the desire to use the online shop/catalogue, if Fashion Clinic provided this service by residence place

Residence place		If FC provided a sales service and/or an online catalogue			Total
		I would be a common user	I would use it sometimes	I prefer to go to the shop	
Out of Portugal	Count	6	8	9	23
	% within Residence place	26,1%	34,8%	39,1%	100,0%
Portugal	Count	81	208	309	598
	% within Residence place	13,5%	34,8%	51,7%	100,0%
Total	Count	87	216	318	621
	% within Residence place	14,0%	34,8%	51,2%	100,0%

Appendix B7: Distribution of customers according to the use of online shops to get pieces with the same characteristics as those of Fashion Clinic and according to the desire to use the online shop/catalogue, if Fashion Clinic provided this service

If FC provided a sales service and/or an online catalogue		Are you a usual customer or have you already bought pieces with the same characteristics as those of FC in online shops		Total
		No	Yes	
I would be a common user	Count	35	52	87
	% within If FC provided a sales service and/or an online catalogue	40,2%	59,8%	100,0%
	% within Are you a usual customer or have you already bought pieces with the same characteristics as those of FC in online shops	8,6%	24,2%	14,0%
	% of Total	5,6%	8,4%	14,0%
I would use it sometimes	Count	119	97	216
	% within If FC provided a sales service and/or an online catalogue	55,1%	44,9%	100,0%
	% within Are you a usual customer or have you already bought pieces with the same characteristics as those of FC in online shops	29,3%	45,1%	34,8%
	% of Total	19,2%	15,6%	34,8%
I prefer to go to the shop	Count	252	66	318
	% within If FC provided a sales service and/or an online catalogue	79,2%	20,8%	100,0%
	% within Are you a usual customer or have you already bought pieces with the same characteristics as those of FC in online shops	62,1%	30,7%	51,2%
	% of Total	40,6%	10,6%	51,2%
Total	Count	406	215	621
	% within If FC provided a sales service and/or an online catalogue	65,4%	34,6%	100,0%

% within Are you a usual customer or have you already bought pieces with the same characteristics as those of FC in online shops	100,0%	100,0%	100,0%
% of Total	65,4%	34,6%	100,0%