DISSERTATION TITLE:

THE DEVELOPMENT OF A BUSINESS STRATEGY MODEL FOR A LUXURY BRAND.

-A case study of Miranda Konstantinidou brand

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ABSTRACT

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Nowadays the luxury fashion industry has changed significantly. New brands are entering the industry, there is maturation of the existing markets and the phenomenon of ‘Luxury democratization’ with new wealthy elites having access to luxury has been observed. Moreover due to globalization and digital revolution there is market expansion and the needs of consumers change constantly. A new world of luxury has been shaped, with tough competition among the existing brands which in order to maintain their market position and profits, they need to apply efficient strategies and business models. In this dissertation the main purpose was, keeping in mind all these information, to propose an appropriate strategy business model which the Miranda Konstantinidou company would follow in order to enter and expand further in the luxury industry. The thesis applied a research based on semi structured interviews of the company’s key whole sales customers in order to identify the brand’s market position, its strengths and weaknesses. Combining the findings with well known brands’ strategies and business models, the internationalization strategy was proposed and in order to support this strategy a complete plan of action was presented, with the following four dimensions: Manufacturing capacity, expansion of the brand’s product portfolio, distribution channels and market communication.
ACKNOWLEDGEMENTS

In this part, I would like to thank my thesis supervisor Dr. Vaggelis Souitaris for giving me the appropriate guidance and support through the whole process. His commitment, suggestions and advices were most useful and without them I wouldn’t be able to complete such study on the Miranda Konstantinidou case.
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1. INTRODUCTION

“Fashion is not something that exists in dresses only...

Fashion is the sky, in the street...

Fashion has to do with ideas, the way we live what is happening...”

- Coco Chanel (1883-1971)-

Fashion is a massive phenomenon which shapes the attitudes of people, has an important role in economy and affects many aspects of our everyday life. It was first dated approximately at the 14th century, whereas fashion industry with today’s meaning is a product of modern age, approximately at the middle of 19th century and the beginning of 20th century.

A simple segmentation of the fashion industry would include categories such as Luxury Sector-HauteCouture, Ready to Wear, Mass fashion and accessories. The main focus of the research will be in Luxury sector which is hard to be defined but without it fashion industry will be colorless. It is a small sector in terms of brands but with high potentials and revenues. According to the writer Uche Okonkwo its value globally can be estimated around US$130billions, is a fast growing sector and one of the most important employers in countries like Spain, France, Italy and USA (Okonkwo, 2007).

Moreover “despite the economic crisis during the previous years an increase with a growth rate of 15 per cent has been noted in the luxury industry since 2003(Cavender and Rein, 2009)”.

Therefore more and more brands are trying to enter the luxury fashion industry. On the other hand, due to the maturation of the existing markets, the existing ones are struggling to maintain their position and increase their revenues. There is tough competition and limited room for new talented brands which have to possess certain
characteristics such as premium quality, uniqueness, creativity and of course offer a social status.

As luxury can be mentioned as a way of life, a social code which provides a feeling of reward and pleasure to its consumers, brands should maintain their previous mentioned characteristics and apply smart strategic planning in order to be part of the luxury fashion industry.

‘The secret of successful fashion management is a complete blend of Creative Genius and Business Management acumen, skill and resourcefulness.’

Daniele de Winter, CEO, Daniele de Winter Cosmetics, Monaco

Aims and objectives:

Keeping in mind all this information, the aim of this thesis is to provide the business strategy model that a fashion brand based in Luxembourg (Miranda Konstantinidou SA) will apply in order to enter and compete in the luxury fashion market.

Having a twenty five years successful presence in the jewelries sector the company is now expanding and is offering a variety of products from jewelries to clothes and swimwear. Unfortunately the company faces a strategic problem: how to combine all the creative skills of their designer Miranda Konstantinidou and canalize them under one brand philosophy which will offer them expansion in the luxury industry, maintaining at the same time their consumer basis.

In order to offer a solution to the company’s problem, first relative literature review and successful fashion business models will be monitored. Then the methodology which will be followed will focus on analyzing the results of semi-structured interviews from key wholesale customers of the brand. Moving on further data analysis will take place of the Miranda’s Konstantinidou external and internal market environment and the company’s current position will be presented. Using certain managerial strategic tools
the company will be compared to its competitors and possible strengths and weaknesses will be identified. Summing up a recommended strategy and business model will be presented with main purpose achieving the company’s goals.
2. LITERATURE REVIEW

In order to manage a constructive review of the luxury fashion market and its different business strategies and models, this part of the study will be divided in three sections, one theoretical approach regarding the luxury brand meaning and its changes through history, one theoretical approach regarding the fashion business strategy models with examples and the third section will include a theoretical approach of all the reasons which characterize strategies and business models important elements in the fashion industry.

2.1. What is a luxury brand? How has its meaning changed through history?

“A brand is the sum of all feelings, perceptions and experiences a person has as a result of contact with the company, its products and its services” (Okonkwo, 2007, pp.103). Analyzing further the statement of the author Uche Okonkwo, it can be mentioned that consumers create a certain idea for each brand and its products offer them a certain experience. Based on the product’s features and their needs, they choose either to acquire a product or not.

Taking into consideration Maslow’s hierarchy of needs, each individual has a different set of needs. First there are the basic ones such as food or water which have to be fulfilled in order for someone to move on in the other levels of the pyramid and satisfy deeper needs such as the social and self-esteem ones. Regarding the purchases of luxury goods, it can be mentioned that they cover the desire of people to belong in the upper social group and their needs of self-esteem and achievement (Maslow, 1970).
Moreover as authors Kapferer and Bastien (2009b, pp.314) have stated “luxury should have a very strong personal and hedonistic component”. Owning a luxury product offers pleasure to its purchasers and is a way of self-reward. Except of features like premium quality, unique design and exclusivity branding is as well a core competency for luxury companies.

Nonetheless, in the past years, the term brand didn't exist in the fashion industry. Moreover according to writer T.B Veblen and the theory of the Leisure class, the consumption of luxury products was a significant waste. The first who introduced the titles luxury fashion brand and haute couture in the history, was Charles Frederick Worth at 1859. Creating fashion items for the “nouveaux riches” and the Parisian aristocracy, he understood how important are reputable people for the promotion of fashion and focused more in the behavior of consumers(Okonkwo, 2007).
Over the time, due to the social phenomenon of capitalism and the rapid growth of technology luxury fashion evolved. Luxury products which were traditionally a privilege for the upper society weren't custom made anymore and became more massive (Lipovetsky and Roux, 2012).

Moving on to the twenty first fashion environment, the phenomenon of ‘Luxury Democratization’ has been monitored. (Dubois et al, 2001; Kapferer and Bastien, 2009). A new wealthy elite has created and social groups which belonged to high middle-class and didn't have access to luxury in the past, now are parts of it. Therefore there was a market expansion. Moreover needs and lifestyle of consumers change constantly and due to the evolution of digital technology and the internet, people have fast access to any kind of information (Okonkwo, 2007).

All the previous mentioned reasons, led to the ‘New World of Luxury’, which redefined the meaning of luxury and transformed the way it was formed in the past (Lipovetsky and Roux, 2012).

As a result, luxury brands were divided in three categories. The first category, where haute couture brands belong, focuses on inaccessible luxury. Unique and innovative products are created in limited quantities especially for the elite. The second category is intermediary luxury brands, in other words premium brands, which offer limited and expensive products which have a prestige but at the same time are accessible to high class and upper groups of middle class. The last segmentation is accessible luxury brands, which offer ready to wear collections to the whole middle class. Their consumers have the opportunity to acquire trendy products matching to their lifestyle which couldn't be able to purchase in the past (Okonkwo, 2007; Chevalier and Mazzalovo, 2008).

Having reported the basic definition and the historical progress of luxury brands, in the following section their business models and their strategies for survival and further expansion will be presented.
2.2. What is a fashion business strategy model? The models of Armani and Burberry.

Generally speaking a business strategy model can be defined as “a graphical representation of the elements, processes, plans, tactics and all the features that make up the direction that a company follows in executing its activities” (Okonkwo, 2007, pp. 268). Every company after careful research of the external environment sets long term goals. These goals are being achievable by utilizing their competitive advantage through a certain process which is called business strategy.

First of all it should be mentioned that, as in other industries as well in fashion, strategy is formulated based in a similar model structure:

![Levels of Strategy](image)

*Figure 2. Levels of Strategy, Source: Gerry Johnson, Richard Whittington, Kevan Scholes, (2011) Exploring Strategy: Text and Cases, 9th Edition*

According to Johnson et al. (2011) the upper level in the pyramid of strategy, concerns the overall scope of an organization. Specifically it points out in which businesses the
organization should operate and how to coordinate its different business units in order to achieve competitiveness and profitability. At the corporate level, strategies may aim in further growth, in stability or they can be defensive.

As the analysis in this research will be based mostly on these strategies which aim in further growth, the following breakdown into categories is crucial.

First of all there is the diversification strategy which occurs when a company increases its products or markets. Diversification can be related when there is relationship with the existing lines of products or unrelated when there is no relationship between them. Another strategy can be market penetration which is applied when the main focus of the corporation is on the current market and product range. Also there is the product development strategy, tactic which is being followed by companies who want to increase their product range in the same market. As well as diversification another growth strategy in the corporate level is integration. The company owns its supply chain either backward by controlling its subsidiaries or forward by controlling its distribution channels. Last but not least, there is market development strategy which involves new markets but the existing set of products (Johnson, 2011).

The rest strategies have as a purpose either the stability of an organization and in this case there is no further expansion on new products and markets or they aim in the defense of a corporation from possible attacks by its competitors.

After the corporate level strategy, the following one is the business strategy which is relevant to the different ways with which each business unit will be competitive in the individual markets. In this level, Porter defined three generic strategies: the cost leadership strategy which is relevant to operational efficiency, differentiation strategy where the main focus of corporations is to create unique products and focus strategy which is mainly concentrated on a narrow segment of the market (Johnson, 2011).

The lower level in the pyramid is the functional strategy which describes the means with which the corporate and business level strategies will be delivered effectively.

Thereafter strategy is more focused and the micro environment should be evaluated, which consists of the consumers, suppliers and competitors of a brand. Then the internal
environment of a company should be meditated: the core competencies and capabilities of a brand, its competitive advantage and its weaknesses (Okonkwo, 2007).

In this part, business model procedure is taking place and some of the environment features which were previously mentioned are being reconsidered. Business models in fashion are brand oriented and flexible as their main purpose is to align each brand’s features with the market changes. The usual modeling procedure is first evaluating the current situation of the brand and presenting its core competences, strengths and weaknesses and its competitors. Then, the next step is identifying the strategic challenges, in other words possible problems which the company may face. The next level in business modeling is creating alternative strategies and proposing the appropriate one. The last level in the model is checking the progress of the business model and suggesting possible improvements (Okonkwo, 2007).

Great examples of successful business strategy models are the cases of Armani and Burberry. Armani Corporation applied an internalization strategy with expansion in markets all over the world. Their main targets were the following: “Growth and diversification of their products and brand portfolio and enhancement of their retail network (Armani Group, 2003)”.

They supported this strategy by applying a business model based on three dimensions:

- **Manufacturing Capacity**: the company reinforced it by signing special agreements with their suppliers.

- **Expansion of their brand portfolio**: Armani created an umbrella of brands under his personal name, Giorgio Armani, Armani Collezioni, Emporio Armani, Armani jeans, Armani exchange and Armani Caza.

- **Distribution channels**: the organization used retailers all over the world and created a number of direct ownership stores (113 stores).

In a similar way, Burberry shifted its strategy in 1998. After monitoring its internal environment; the company identified a loss in profits and realized that the brand wasn’t
included in the portfolio of the prestigious retailers in England. Therefore a repositioning strategy was applied (Burberry IPO prospectus, 2002).

Like in the case of Armani, Burberry as well created a business model with the following dimensions. (Moore and Birtwistle, 2004)

- **Manufacturing Capacity**: Burberry strengthened it, by purchasing directly its raw materials and by applying internal production of its core products. Moreover the brand controlled its external production by licenses with its suppliers.

- **Expansion of their brand portfolio**: The focus of the company was not anymore only in their core products but as well in new products in order to “minimize their exposure to consumer preferences and fashion trends (Burberry IPO prospectus, 2002, pp.26)”. Therefore the organization created a pyramid of the following products: Burberry Prorsum, Burberry London, Thomas Burberry, Burberry Blue Label, Burberry Red Label, Burberry Black Label and Burberry accessories line.

- **Distribution channels**: Famous retailers all over the world acquired Burberry products; furthermore the company operated its own flagship stores in England and in many fashion capitals.

- **Marketing Communication**: The organization is mainly using advertisements in fashion editorials and fashion show events in order to achieve an effective marketing communication plan.

### 2.3. Why strategies and business models are important in the fashion industry?

As fashion market is seasonal with constantly changing dynamics, companies and brands often have to deal with the phenomenon of ‘fading out’. For some years they might be very successful and after some seasons they become obsolete. In those situations their viability and their progress is based upon their efficient management and strategy application.
“Gucci, the Italian luxury brand is a case in point: In the 1950s the brand enjoyed significant success. However, just over a generation later, the brand suffered a loss of cachet and the once profitable business made significant losses. The adoption of a new business strategy undermined the credibility of Gucci as an exclusive and inspirational fashion brand (Jackson and Haird, 2003, pp.133).”

In addition to the previous mentioned causes, reasons such as the ‘New World of Luxury’, globalization, the growth of technology and moderate entry barriers in the sector, increased competition among luxury companies. Additionally, due to the maturation of existing European markets and the emergence of new fashion markets in countries such as Brazil, Russia, India and China (BRIC countries), applying a business strategy and using business models as managerial tools is a necessity in order for a brand to survive and increase its revenues.

“The luxury brand must ensure that it maintains traditional customers while at the same time focus on attracting new customers and making sure that it does not become obsolete in the current market climate (Kapferer and Bastien, 2009, pp.137).”

Therefore it is crucial for companies to shape their strategies not only according their products but as well according their consumers tastes and needs (Okonkwo, 2007). Nowadays as customers have become more price sensitive, a deeper understanding of their lifestyle and their expectations is very important. The main purpose of all brands is to make purchasers aware of their products and make them buy them. In luxury goods, this is even more difficult due to the high price levels.

In order to achieve that, a luxury brand should be aware of its identity, its image and should differentiate its lifestyle and philosophy among other brands (Parment, 2006).

Authors Kapferer and Bastien (2009, pg.120) mentioned that “The brand image conveys information of the owner’s identity; consumers of luxury do not only purchase an item, but also an image –in essence, they purchase a statement”. As a result, all these qualities which brands acquire are considered essential for their profitability (Kapferer and Bastien, 2009).
Furthermore in order to achieve efficient management strategies, the product portfolio of a company should be considered. There are brands with a mono product philosophy, for instance they produce only shoes. Another concept is the multi-product brand, which is based in the production of different products under one brand name. Then multi brand concepts can occur, where there is one brand with sub brand categories like the Armani case.

Thereafter, brands should evaluate and choose their strategic options and implement the appropriate strategy in order to manage their goals (Uche Okonkwo, 2007). Under the current circumstances, growth and expansion is one of the most important goals. And therefore strategies including new products are essential. New products are either being manufactured or being marketed with methods such as brand extensions and co-branding.

“Brand extensions are being used by companies to internationalize their brands as well as broadening their appeal to target other segment (Cheong and Phau, 2003)”.

The extensions can be vertically, either upwards and become more expensive with higher quality or downwards and become cheaper with lower quality. Either the aim is to create an extra product line except the existing one, more luxurious which due to better quality and higher price will target higher consumer groups or in the other case the aim is to connect the parent luxurious company with an extra product line more economical in order to target less wealthy group of customers who aspire to consume a luxury good (Cheong and Phau, 2003).

Brand extensions are closely related to the Masstige concept, which according to the Trend Information and Consumer Insight agency ‘Future Laboratory’ is defined as prestige for the masses (Future Laboratory, 2014). Despite the economic recession consumers are trading up and brands adopt this concept in order to combine luxury with high street fashion (Andal-Ancion, Coyle and French, 2010).

Following a brand extension strategy, contains on the one hand advantages such as a wider customer basis but on the other hand contains disadvantages. It is a costly and time consuming strategic decision for the future and future is unpredictable, therefore it contains risk. “This becomes an issue as no study can anticipate the future and because
it is dependent on how successful a company is in implementing the extension (Parment, 2006, pp.179).”

A successful fit between the parent company and the extended product lines is crucial. This successful fit can be created in accordance with many factors; some of them can be the brand image or the product category of the parent company (Cheong and Phau, 2003).

Whereas in brand extension strategy the parent company develops different product lines in order to accomplish further expansion, in co-branding strategy a different procedure is being followed. Two separate brands collaborate for the same project. That is not the aim in strategies like co-branding. A different procedure is being followed, where two separate brands collaborate for the same project (Leuthesser, Kohli and Suri, 2003).

Brands often apply co-branding strategy when they desire to enter a new market or when they intend to be extended in product areas where they don't have the knowledge or the resources to expand. (Leuthesser, Kohli and Suri, 2003)

Moreover, authors Spethmann and Benezra (1994) monitored that this kind of strategy is widely applied by companies and designers for further exposure in the market in an economical way.

A great example of the previous mentioned reason is the case of Karl Lagerfeld who designed a collection of clothes for the company H&M. His collection was very successful and in all of the H&M shops there was a display with Lagerfeld’s image. As a result the fame of the designer increased significant and as the designer stated in the Guardian newspaper he couldn’t even walk in the street (The Guardian, 2007).

As in brand extensions, the phenomenon of Masstige has influenced many brands, even well known, to apply a co-branding strategy.

“Versace for H&M is all about giving the cash-strapped masses a glimpse of luxury and glamour (The Guardian, 2011)”.
Nevertheless as possible pitfalls may occur, a strategic fit model between the co-branding companies is essential in order to be benefited equally.

After having mentioned the literature review regarding luxury market, its strategies and its business models, in the following part of the report the methodology which was followed in order to propose the most appropriate business model strategy for the Miranda Konstantinidou brand will be presented.
3. METHODOLOGY

This part of the thesis will describe the qualitative way by which data was collected in order to investigate further the aim of our thesis which is to develop a strategy business model for the Miranda Konstantinidou brand in order to expand further in the luxury market.

Primary Data collection

This study used semi structured interviews design to identify the profile of the consumers of the Miranda Konstantinidou brand and therefore its position, based on the brand’s key whole sales customers. Moreover by identifying the profile of the consumers, the company will be able to understand their purchase behavior and create an efficient strategy with successful business models.

Regarding the participants of the semi structured interviews, these are the most important, in terms of strategic position and prestige, customers of the brand. There are boutiques in five stars resorts, in different areas in Greece, from which high level consumers from all over the world shop. Although the semi structured interview’s number is small, ten interviews, their meaning is crucial. The reason why these interviews are particularly important is because their expressed opinions have been shaped by a very large amount of end consumers who visit these boutiques in the resorts. Overall it can be mentioned that the participants were used as means which will give to the Miranda Konstantinidou company the profile of its consumers and therefore will help the organization to define its position in the market and create an efficient strategy.
Thereinafter the instrumentation of the methodology will be monitored. In this part it should be mentioned that as the company sells to these customers two brands, one with clothes under the name Miranda konstantinidou and one with jewelries under the name Konplott, two same semi structured interviews were created for each participant. One was collecting information for the Miranda Konstantinidou buyers and one was collecting information for the konplott purchasers. The procedure which was followed was the same, first a pre contact mail was sent to the participants informing them about the interviews and the reasons of applying them. One week later the structure and the questions of the interviews were sent to the participants, through emails, in order for them to have the needed time before answering. Questions regarding the age of the end consumers of Miranda Konstantinidou and Konplott brand or questions regarding the social background of the end consumers were sent to the participants. Two weeks later follow up emails were sent, informing them about the place and the time of the interview. Interviews took place in the customers’ shops in their time convenience. The last step of the instrumentation was to collect all the interviews.

The method of semi structure interviews was chosen because the focus of our methodology is not in the amount of data which will be collected; is in the quality of the data. All these semi structured interviews, provide us information about the end consumers of the brands and this way their position in the market is being identified. Knowing the brand position and the profile of the end consumers is essential because is the base which later on will be implemented with strategies and business models and will help the company to enter the luxury market and expand further.

On the other hand, the small number of the semi interviews should be recorded as a possible limitation in our research. Generally speaking, the larger the data the more credible is the outcome of a research.

Secondary Data collection

After using primary data for the current brands position, Mirandå’s Konstantinidou organization future strategy and desired position should be monitored. In order to achieve that, our methodology was concentrated in published articles and information
regarding two successful brands in terms of strategy and business model application. These brands were Burberry and Armani which will be used as templates for creating a future strategy and business model for the Miranda Konstantinidou company. Detailed reference about these brands has been reported in the literature review part of this thesis.
4. FINDINGS AND DATA ANALYSIS

After having collected the data from the participants of our research, in this part of our thesis the results of the semi structured interviews will be presented and analyzed.

To begin with, in the following table all the gathered information regarding the profile of Miranda’s Konstantinidou (clothes collection) consumers is summarized.

<table>
<thead>
<tr>
<th>Interviews</th>
<th>Interview 1</th>
<th>Interview 2</th>
<th>Interview 3</th>
<th>Interview 4</th>
<th>Interview 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers’ Nationalities</td>
<td>Russians Bulgarians</td>
<td>Russians Germans English Italians</td>
<td>Americans Germans Russians Italians Turkish</td>
<td>Arabs Americans Brazilians Israelis</td>
<td>Germans English</td>
</tr>
<tr>
<td>Consumers’ Age</td>
<td>30-50</td>
<td>40up</td>
<td>30-65</td>
<td>25-35 35-50</td>
<td>35-45</td>
</tr>
<tr>
<td>Consumers’ Social level</td>
<td>Upper</td>
<td>Middle to Upper</td>
<td>Upper</td>
<td>Upper</td>
<td>Upper</td>
</tr>
<tr>
<td>Are consumers fashion&amp;style conscious</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Reasons for purchasing a MIKO* product and not another brand</td>
<td>Design Colours Quality</td>
<td>Design Colours Quality</td>
<td>Design Colours</td>
<td>Design Colours Quality</td>
<td>Design Colours Quality</td>
</tr>
<tr>
<td>Level of awareness</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>
**Level of repetition in their purchases** | High | Low | High | High | High
---|---|---|---|---|---
**Level ofSatissfaction** | High | High | High | High | High

Table 1. The profile of Miranda’s Konstantinidou brand end consumers

*MIKO product=Miranda Konstantinidou product

In the following table, all the collected data regarding the purchases of Konplott (jewelries) consumers is presented.

<table>
<thead>
<tr>
<th>Interviews</th>
<th>Interview 1</th>
<th>Interview 2</th>
<th>Interview 3</th>
<th>Interview 4</th>
<th>Interview 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumers’ Nationalities</td>
<td>Russians</td>
<td>Germans</td>
<td>Americans</td>
<td>Americans</td>
<td>German</td>
</tr>
<tr>
<td></td>
<td>Germans</td>
<td>English</td>
<td>Germans</td>
<td>Russians</td>
<td>English</td>
</tr>
<tr>
<td></td>
<td>Greeks</td>
<td>Italians</td>
<td>Greeks</td>
<td>Italians</td>
<td>Turks</td>
</tr>
<tr>
<td>Consumers’ Age</td>
<td>30-45</td>
<td>40up</td>
<td>30-65</td>
<td>30-50</td>
<td>35-45</td>
</tr>
<tr>
<td>Consumers’ Social level</td>
<td>Middle</td>
<td>Middle</td>
<td>Middle to Upper</td>
<td>Lower to Upper</td>
<td>Upper</td>
</tr>
<tr>
<td></td>
<td>to Upper</td>
<td>to Upper</td>
<td>Upper</td>
<td>Upper</td>
<td></td>
</tr>
<tr>
<td>Are consumers fashion&amp;style conscious</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Reasons for purchasing a KONPLOTT product and not another brand</td>
<td>Design</td>
<td>Design</td>
<td>Design</td>
<td>Design</td>
<td>Design</td>
</tr>
<tr>
<td></td>
<td>Color</td>
<td>Color</td>
<td>Color</td>
<td>Quality</td>
<td>Color</td>
</tr>
<tr>
<td></td>
<td>Packaging</td>
<td>Variety</td>
<td>Packaging</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level of awareness</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
</tr>
</tbody>
</table>
before purchasing a KONPLOTT product

<table>
<thead>
<tr>
<th>Level of repetition in their purchases</th>
<th>Medium</th>
<th>Low</th>
<th>Low</th>
<th>Low</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Satisfaction</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

\textit{Table 2. The profile of Konplott’s brand end consumers}

Observing the two tables of the two brands Miranda Konstantinidou clothes collection and Konplott jewelries, the following comments can be concluded:

\textit{Consumers’ Nationalities}

It can be mentioned that both brands have international consumer groups. These groups are consisted not only of Europeans but of Russians or Americans as well. The results showed that both brands can satisfy the needs of a mosaic of consumers from different countries, with different cultures and with different way of thinking. Therefore it can be concluded that the Miranda Konstantinidou organization has the needed dynamics for further development and expansion in new markets all over the world. For example if only one nation of consumers was presented in most of the semi structured interviews the most logical assumption would be that these brands mostly satisfy one group of consumers and probably they should be confined in this particular market.

\textit{Consumers’ Age}

Observing the age groups which were reported in the semi structured interviews, the age group of thirties until fifties is mentioned in all of them so it can be deduced that this is the consumers’ age group of Miranda Konstantinidou clothes and Konplott jewelries.
It is important to identify the age of a brand’s consumers because information about their purchasing behavior can be revealed. In the case of Miranda’s Konstantinidou organization, the consumer group of both brands is mostly the generation of Millennials.

According to Forbes, Millennials are considered highly educated and career-driven purchasers with strong brand loyalty when it comes for quality products. That is why brands which address to this kind of consumers should develop a strong bond with them (Forbes, 2015).

In their everyday life, social media, blogs and internet plays an important role in their purchasing decisions. They have fast access to every kind of information from all over the world and they will not use the traditional media such as television or magazines to be informed. As these consumers are well informed about products, they want companies to respect their opinions and needs. Therefore they want to be active parts of the whole process and co create products and brands’ attitudes together with the companies.

Moreover this kind of consumers, as it was previously mentioned, in order to have fast access in information, they use technological devices every day. For example they can be informed about their favorite brand through their tablet or they can buy their favorite product online through their mobile phone. The Miranda Konstantinidou company and all the companies, in order to be competitive should participate in this digital world and use platforms and applications for the electronic devices (Forbes, 2015).

Last but not least, Millennials are a socially sensitive consumer group and therefore companies should implement their strategies with social characteristics. For example they may prefer a brand with environmental friendly packaging or a brand which does donations for kids.
Consumers’ Social Level

In this part, a difference among the two brands is being observed. The social level of the Miranda’s Konstantinidou consumers is upper class whereas for Konplott is middle to upper class. Social classes shape the background of consumers and influence their purchasing behaviour. People that have upper social level are accustomed to wealth and therefore they search for certain characteristics in their products such as design, uniqueness and quality. On the other hand consumers who come from the middle to upper social level are the ‘new money’. They are ambitious people who worked hard and achieved an economic power. As a result their aim, when shopping, is to show off their prestige and social level and be accepted by the upper class. Nevertheless, this difference can be characterized as positive because this means that the two brands complement each other and therefore the Miranda Konstantinidou company can target consumers from two social levels, expand more and become more popular.

Fashion Conscious Consumers

The results of the semi structured interviews presented Konplott’s consumers as fashion conscious whereas Miranda’s Konstantinidou consumers as more conservative. In this part as well the conclusions are connected with the social level of the consumers. It can be observed that Miranda’s Konstantinidou buyers who are conservative come from the upper class and as it was previously mentioned they are accustomed to wealth and are not influenced by trends. Whereas Konplott’s consumers come from middle to upper class, are the ‘new money’ and they are more vulnerable in trends. Purchasing a product according to fashion trends lurks risk for the brands because one season their products can be in fashion and they have high volume of sales and the next season their products can be considered outdated. In these cases, extensive fashion research and updated marketing plans are obligatory for brands in order to maintain their market share and profits.
**Reasons for purchasing Miko or Konplott products**

This section of the semi structured interviews was created in order for the company to identify the reasons why consumers choose their products and not the competitive ones. In other words, it presents the competitive advantage of the Miranda Konstantinidou and Konplott brand. Barney (1995, pp.50) define competitive advantage as “anything that an organization does better compared to its competitors”. These way organizations compete successfully in the market. In addition to the previous mentioned, Porter identified two types of competitive advantages; cost and differentiation. The first one is related to the product’s price and the differentiation advantage is related to the products’ unique features (Barney, 1995).

The collected data clearly showed that buyers prefer Miranda’s Konstantinidou products for their design, unique colors and quality features. Similarly regarding the Konplott jewelries they acquire them for their design and colors combination. Therefore the company in both brands disposes differentiation advantages. Consumers appreciate the unique features of the brands’ products which competitors don’t have and therefore they prefer them. The Miranda Konstantinidou company should take into consideration these competitive advantages for the formulation of its strategy.

**Awareness of the brand**

Unfortunately from the semi structured interviews it can be concluded that the brand awareness level is extremely low. Before acquiring a product from the company they were not familiar with the brand. The company should conclude an effective marketing communication plan in its future strategy to become popular among the consumers and create a clear perception in their minds. This way both brands, Miranda Konstantinidou and Konplott, will become possible options for consumers in order to satisfy their needs during their future purchases.
**Level of Satisfaction and Repetition of purchase**

The results in this section are very positive. As most of the consumers were satisfied with their purchases the level of satisfaction was high for both brands. Regarding the level of repetition it is observed that it contains fluctuations. Consumers of the Miranda Konstantinidou brand repeated their purchases whereas Konplott’s consumers did not repeat their purchases in a satisfactory level. At this point, it should be mentioned that generally speaking resorts’ clients stay for a specific time in a place; during their vacations period. As a result their time is limited and that influences their purchases as it decreases the possibility of repeating a purchase of a specific brand. However that did not prevented them from acquiring more than once Miranda’s Konstantinidou products. As the target group of this brand is more conservative and they search for timeless and quality pieces, they are more brand loyal .In the Konplott’s case, consumers are more fashion conscious and therefore their needs change quicker, they are not so brand loyal and for them brands are considered more consumable.

Summing up for both brands, it can be mentioned that the Miranda Konstantinidou clothes collection addresses to an international consuming group from the upper social class who are considered millennials as they are aged from thirties to fifties, they are not fashion conscious, they are brand loyal and they select this brand for its unique features. Regarding the Konplott jewelries collection, it is similarly observed that the brand addresses to an international consuming group with the same age range as Miranda Konstantinidou brand, which belongs to middle to upper class, they are fashion conscious, they are not that much brand loyal and they select this particular brand for the uniqueness of its products’ features.
5. INTERPRETATION OF FINDINGS

After having completed the research, information about the consumers of the two brands of the Miranda konstantinidou company has been emerged and similar characteristics in both of them have been noticed. So far, although these two brands can complement each other satisfying the needs of consumers from middle to upper class and helping the company to expand further, the necessity to combine them under one fashion label is not that obvious.

In this part of the thesis, in order to create a position statement and after formulate a successful strategy business model for the Miranda Konstantinidou company the internal and external environment of the company will be examined and the necessity of combining both brands under one fashion label will be presented.

5.1. Analysis of the Internal Environment of the Miranda Konstantinidou SA

So far Miranda Konstantinidou SA as it was previously mentioned, contains two separate brands: Miranda Konstantinidou clothes collection and Konplott jewelries collection.

The company has a twenty five years presence in the jewelry sector, mostly in the german market under the brand name of Konplott. Following an integration strategy the company owns its manufacturing channel and part of its distribution channel by directly acquiring some of its franchise shops.

The brand operates under the philosophy of its designer Miranda Konstantinidou who ,as she has stated, aims to create jewelries “for every woman in every situation and rejects thinking in terms of target groups or ideals of beauty”([http://www.konplott.com/mirandakonstantinidou,2000](http://www.konplott.com/mirandakonstantinidou)). Nevertheless due to the
price range of the jewelries it should be mentioned that the brand’s products address mostly to consumers from middle to upper class who are searching for affordable luxury.

In the meantime, Konplott brand was enriched with new product lines of bags and scarves under the same brand name, in a similar price range with the jewelries and targeting the same consumer groups.

Two years ago, due to the boundless talent of the designer, the company also developed a silk clothes collection with unique color combinations and designs under the brand name of Miranda Konstantinidou. As a business woman the designer created this brand, oriented to the female culture and relying on the lineament of solidarity (http://www.mirandakonstantinidou.com,2010). Using part of its existing manufacturing channels and signing licenses with new ones, the clothes line was created and distributed to the previously mentioned high end resorts’ boutiques. Based on the literature review of the thesis, it can be mentioned that the company applied an unrelated diversification strategy in order to expand in new markets with a new product line and tried to reposition itself by approaching luxury consumers.

In markets outside Germany that was achieved by offering a combination of its products, jewelries and clothes, to high end resorts boutiques where the Konplott brand was unknown. This strategy offered a powerful status and a competitive advantage to the organization. But in the german market, the company got trapped and it was difficult to switch over to a higher social class. That is the reason why, in this market, the Miranda Konstantinidou brand was separated from Konplott brand. Nevertheless this separation caused problems between the company and the existing franchisers and retailers of the Konplott brand, as they were feeling isolated and outdated after the creation of the Miranda Konstantindou clothes line. This is a problem which the company has to solve in order to ensure its positive progress.

On the other hand, observing the outcome of the research based on the high end resorts’ boutiques, it can be mentioned that these two brands are not that separate in the international consumers’ perception. They have similarities and they can be combined and complement each other, creating a well rounded label perception.
Therefore, keeping in mind all the previous mentioned factors, from this part and on the need to create a common brand philosophy and a strategic fit between the two brands is obvious. Otherwise the company will not be able to maintain its market share, be competitive and expand further in international markets as a premium brand.

5.2. Analysis of the External Environment of the Miranda Konstantindou SA

After having presented a general approach of the Miranda Konstantinidou company, it is essential to examine the external environment in which the company operates. Applying Pestle and Porter’s five forces analysis will help the company understand further the conditions of the external socio-economic environment.

Pestle analysis according to the author Gerry Johson et al. (2011, pp.50) can be described as “a framework which categories environmental influences into six main types; political, economic, social, technological, legal and environmental». It can be mentioned as a research on the macro environment and its condition such as government regulations, the rapid growth of technology or social trends which interact with each other and have impact on the success or the failure of an organization’s strategies.

Applying Pestle Analysis for the Luxury industry:

**Political:** Factors such as political instability and government policies influence the luxury industry all over the world. Examples like the conflicts in Ukraine and Middle East and the protests in Hong Kong are expected to influence the luxury products sales growth which may be stable at the end of 2015 (Reuters, 2014).
Economical: The recession especially in European market had led to consumers with less disposable income and low buying power. This negative economic situation has resulted in the increase of inflation and the decrease of the creditworthiness of the consumers. For this reason "The luxury goods market has entered a weaker growth cycle”, as Claudia d’Arpizio, member of Bain global management consulting firm, mentioned, and thus sustainability can be monitored on the long term”(Reuters,2014).

Social: Changes in lifestyle, upcoming trends and the culture of each country or social class shape the luxury market. Due to globalization and luxury tourism, new markets for the luxury brands have been emerged. Moreover another factor that has an impact on the market of this kind is the negative publicity regarding the corporate social responsibilities of luxury brands. According to the ethical consumers organization (www.ethicalconsumer.org) many companies have been accused for inhuman working conditions with low salaries and no adjustment to overtime regulation .Besides that, in some cases environmentally conscious consumers do not prefer brands the operations of which engender environmental pollution.

Technological: The rapid growth of technology and especially the internet transformed the attitude of purchasers. Having quick access in any kind of information, consumers can be well-informed before their final decisions and quite often, they choose internet as a way to buy what they need. Brands should adjust in this new digital reality and in order to be more competitive they have to follow strategies supportive to e-shopping-commerce and mobile-apps.

Legal: Strict legislation has been established by governments in order to protect working rights, prohibit child labor and reduce environmental pollution. Companies which do not follow the appropriate legislation will have to pay large fines. In addition to that, especially within euro zone countries, corporation taxes are very heavy and
therefore many luxury brands with high revenues search for tax heavens in order to gain more profits.

*Environmental:* Governments and consumers are nowadays more sensitive to environmental issues than ever before. According to Tom Crawford and the luxury briefing, there is a sustainability revolution in the luxury industry (LuxuryBriefing, 2010). As a result; many companies decide to change the materials and methods of their production, their packaging and even their marketing strategy to be environmentally friendly.

Having examined the macro environment, in this part of the thesis Porter’s five forces analysis will be applied in order to specify further our research in the luxury fashion industry.

When companies apply Porter’s five forces analysis their purpose is to investigate further an industry and understand if it is attractive or not. They measure the attractiveness by using five competitive forces which are the threat of new entrants, the threat of substitutes, the bargain power of buyers, the power of suppliers and the competitive rivalry. If these factors are high the industry is not attractive and profitable.

**Applying Porters five forces in the luxury industry:**

**Threat of new entrants:** In order to monitor how feasible is for new brands to enter the luxury market five entry barriers will be analyzed.

-Scale economies: The luxury industry is considered as a large scale economy. Many different brands consolidate into larger groups, monopolise in trade and as a result new companies face difficulties in establishment. An example of this policy is the LVMH group, which includes brands like Celine, Louis Vuitton, Emilio Pucci and many more.
**Product differentiation:** Brand identification is a significant entry barrier for new products. Especially in the luxury world, brands invest in their consumers’ loyalty and they try to persuade them not only to choose their products but also to believe that these are the only ones which will satisfy their needs (Okonwo, 2007). This can be achievable by the way luxury companies build their image and fame, their advertising and communication methods and channels. Nevertheless, in the recent years the continuous changes in consumer needs influences the building of the brand loyalty. Therefore, brand loyalty is considered moderate in the luxury sector.

**Capital requirements:** Luxury brands in order to acquire a certain profile in their purchasers perception, they need to have a social status and power. For this reason, a strong presence of luxury brands in fashion capitals such as Paris, Milan, London and others is prevailing. Participation in fashion events, maintenance of strong distribution channels and taking part in worldwide fairs are of great value. Certainly, all these actions require high investments by these companies.

**Retaliation from existing companies:** It is natural that entrenched corporate companies in the luxury industry do not desire to lose their advantages and market shares. An example of this retaliation strategy is the multi brand retail company Printemps, mostly sells in their department stores brands which have been acquired by this group such as Gucci, Bottega Veneta, Yves Saint Lauren, Stella McCartney and more.

**Access to suppliers:** It is common for luxury companies to use exclusive access to manufacturing and sourcing. Burberry brand in order to ensure its quality and design standards, use licenses and sign contracts exclusively with manufacturing companies in many countries (Burberry IPO Prospectus, 2002).

After having analyzed the previous mentioned factors, it should be also mentioned that Internet has influenced positively the entry of new brands in the luxury sector as it gives them the opportunity to access consumers in an easy and fast way. Therefore the threat of new entrants in the industry is considered moderate.
Threat of substitutes: Indeed, fans of luxury brands purchase their goods in order to satisfy their needs for premium quality, unique design and achieve a special social status. However, due to recession high street brands which offer more economic trendy products are gaining more and more power. Another threat for luxury brands is the phenomenon of counterfeit goods. Therefore, it can be concluded that threat of substitutes is moderate.

-Bargaining power of buyers: With the emerge of new markets such as Asia, Russia or Middle East the number of luxury retailers has been increased in comparison to the luxury brands. As a result the concentration of whole sale buyers is low and they do not have such power to influence the price levels. In addition to the previous mentioned, in the luxury market the switching cost from one brand to another can be considered high. If a retailer has built its image by offering a certain portfolio of companies to its loyal consumers, it will be difficult to change it to a new combination of brands. Another condition which may influence the bargaining power of buyers is the retailers’ competition threat which is relevant to the backward vertical integration. In luxury market this threat is low due to the fact that is difficult for retailers to acquire their supplying sources. As a conclusion the power of the whole sale buyers in this industry can be considered as low.

-Bargaining power of suppliers: The power of suppliers is being shaped in accordance to the number of the buyers. For example if there are a lot of brands and a few manufacturing facilities in an industry, then the suppliers will acquire a strong negotiate position in the market. Due to globalization, there are a sufficient number of suppliers, in terms of quantity, comparing to the number of the luxury brands. Nowadays companies cooperate with suppliers from different countries such as China, Europe Brazil or India and often they combine two or three different suppliers for each stage of their production. The main problem for luxury brands is the quality of the suppliers as there is lack of high skilled workers and this often causes troubles in the design and in the quality standards of the brands. Although powerful brands can substituted some of their suppliers by owning special ateliers or their manufacturing channels, there are
some particular components in some of their products, such as leather goods, which have to be outsourced. Moreover the switching cost of changing suppliers is significant for brands as they will lose time, their past cooperative experience and it involves risk in lowering their brands’ standards. Therefore at some point there is dependence on the suppliers. But this business relationship between brands and suppliers has as well a reverse side. Suppliers also depend on the brands, in terms of reputation and expansion, as in the luxury industry there is low possibility for them to be forward integrated in the market. Their costumers, especially the well known fashion groups, are much more powerful than their manufactures. For all these reasons it can be mentioned that bargaining power or suppliers is scaling from low to moderate.

-Competitive rivalry: The rivalry among the existing brands can be considered high. The major cause for this is that luxury market can be characterized as a oligopolistic industry with high growth rate and fixed costs. Therefore three main large groups exist such as the LVHM, the Richemont and the PPR Gucci group which tend to increase their volumes in order to reduce their costs. Also another factor which influences the competitive rivalry is the low differentiation among the companies as most of them acquire a certain set of characteristics and aim in the fulfillment of similar needs.

Overall, having completed the Porter’s five forces analysis we come to the conclusion that luxury market remains an extremely attractive and profitable industry.

Having presented a general approach of the Miranda Konstantinidou SA company and having examined the macro environment and the luxury industry conditions, the company will be positioned in the market using SWOT analysis.

SWOT analysis can be considered as a combination of external and internal factors. According to authors Christensen et al. (1969), it is an analysis which evaluates the strengths and weaknesses of an organization in comparison with the opportunities and threats of the external environment.

SWOT analysis for the Miranda Konstantinidou SA company:
Strengths:

- Unique brands’ features such as special colors combination, high quality and innovative design.
- Successful expansion into more than one lifestyle product line: clothes, jewelries, bags and scarves.
- Brands’ orientation based on female culture and according to solidarity. These features can create positive reaction among female consumers.

Weaknesses:

- Difficulties in brands identity and strategic direction
- Low brand recognition among female consumers
- Low social media and online presence
- Limited expansion in new european markets
- Limited expansion in the USA.

Opportunities:

- The company could exploit properly the digital revolution.
- The company could focus more on green initiatives such as creating eco friendly packaging or using recyclable materials.
• The company could invest in the male market

• The company could develop products which will be appealing for a wider age range

• The company could invest further in the luxury travelling market

Threats:

• The recession in the euro zone

• High competition in the luxury sector

• The phenomenon of counterfeit

• The continuous changes in consumers’ trends and needs

• The threat of substitute products

After having conducted SWOT analysis in order to identify company’s strengths and weaknesses and possible opportunities and threats in the luxury market, at this part of the thesis the Miranda Konstantinidou company should be compared with its rivals and their relative strengths and weaknesses should be revealed. In other to achieve that CPM matrix will be applied.

Before CPM matrix a brief analysis of the Miranda’s Konstantinidou competitors will be presented.

Competitors Analysis
**Competitor A: The Mary Katrantzou brand**

The brand can be considered a possible competitor of the Miranda Konstantinidou company as it is a new upcoming luxury brand established at 2009, based on the inspirations of designer Mary Katrantzou. The main focus of the brand is developing unique and colorful prints maintaining at the same time high quality standards. Moreover the brand has a strong presence in the international markets and expands its products’ range by implementing its clothes collections with jewelries, bags and swimwear. All the previously mentioned characteristics make the brand a potential threat for the Miranda Konstantinidou company (https://www.marykatrantzou.com, 2015).

**Competitor B: The Camilla brand**

This company as well can influence the development of the Miranda Konstantinidou brand as it is a competitive one. It was established at 2004 in Australia, and the main purpose of the brand and its designer Camilla Franks is to provide to the luxury consumers quality lifestyle products with vibrant colors and prints. The company has developed an international distribution channel of franchise boutiques and whole sale retailers in countries such as England, Spain, France, America and many more. In addition to the previous mentioned the company upgraded its products’ variety with accessories and swimwear collections.

**CPM Matrix**

In the following table, critical success factors in the luxury industry will be presented. Each one according its importance will be rated from 0.0 (low importance) to 1.0 (high importance). Then the competitive companies will be located in the diagram and rating of their strengths and weaknesses will take place, ranging from 4 to 1, where 4 is for major strength, 3 for minor strength, 2 for minor weakness and 1 for major weakness.
The total score of each brand will be calculated and the strongest player in the industry will be identified. Moreover, the reasons of its strong presence will be revealed. Therefore, the companies will understand their strengths and will improve their weaknesses.

<table>
<thead>
<tr>
<th>Critical Success Factors</th>
<th>Weight</th>
<th>Rating</th>
<th>Score</th>
<th>Rating</th>
<th>Score</th>
<th>Rating</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td><strong>Miranda Konstantinidou Company</strong></td>
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<tr>
<td><strong>Mary Katrantzou Company</strong></td>
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<tr>
<td><strong>Camilla Company</strong></td>
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<td></td>
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<tr>
<td><strong>Brand Reputation</strong></td>
<td>0.11</td>
<td>1</td>
<td>0.11</td>
<td>4</td>
<td>0.44</td>
<td>3</td>
<td>0.33</td>
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<tr>
<td><strong>Variety of Products</strong></td>
<td>0.08</td>
<td>4</td>
<td>0.32</td>
<td>1</td>
<td>0.08</td>
<td>2</td>
<td>0.16</td>
</tr>
<tr>
<td><strong>Strong Online Presence</strong></td>
<td>0.10</td>
<td>1</td>
<td>0.10</td>
<td>4</td>
<td>0.4</td>
<td>4</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Successful Promotions</strong></td>
<td>0.04</td>
<td>2</td>
<td>0.08</td>
<td>3</td>
<td>0.12</td>
<td>3</td>
<td>0.12</td>
</tr>
<tr>
<td><strong>Product Quality</strong></td>
<td>0.12</td>
<td>4</td>
<td>0.48</td>
<td>4</td>
<td>0.48</td>
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<tr>
<td><strong>Clear Strategic Direction</strong></td>
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<td>0.09</td>
<td>1</td>
<td>0.09</td>
<td>3</td>
<td>0.27</td>
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<tr>
<td><strong>Customer Satisfaction</strong></td>
<td>0.05</td>
<td>3</td>
<td>0.15</td>
<td>3</td>
<td>0.15</td>
<td>3</td>
<td>0.15</td>
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<tr>
<td><strong>Customer Service</strong></td>
<td>0.03</td>
<td>3</td>
<td>0.09</td>
<td>2</td>
<td>0.06</td>
<td>4</td>
<td>0.12</td>
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<tr>
<td><strong>Innovative Culture</strong></td>
<td>0.04</td>
<td>3</td>
<td>0.12</td>
<td>4</td>
<td>0.16</td>
<td>1</td>
<td>0.04</td>
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<tr>
<td><strong>Location of Facilities</strong></td>
<td>0.02</td>
<td>2</td>
<td>0.04</td>
<td>3</td>
<td>0.06</td>
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<td><strong>R&amp;D spending</strong></td>
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<td>2</td>
<td>0.1</td>
<td>2</td>
<td>0.1</td>
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<td><strong>Strong Distribution Network</strong></td>
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<td>0.12</td>
<td>3</td>
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<td>4</td>
<td>0.24</td>
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<tr>
<td><strong>Product Design</strong></td>
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<td>0.36</td>
<td>3</td>
<td>0.36</td>
<td>2</td>
<td>0.24</td>
</tr>
<tr>
<td><strong>Price</strong></td>
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<td>0.09</td>
<td>1</td>
<td>0.03</td>
<td>1</td>
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</table>
The competitive profile matrix (CPM matrix) indicated that the strongest player in the industry is the Mary Katrantzou company with main advantages high brand reputation, effective social media management and innovative culture. On the other hand Camilla brand has stronger customer service, more efficient distribution network and therefore it classifies in the second position in the industry. The weakest player of all three brands is the Miranda Konstantinidou company with main advantages its products’ variation and its competitive price levels.

Obviously a strategy which will support the company’s advantages and will improve its weaknesses is a necessity, in order for the brand to compete successfully in the market.

6. CONCLUSION AND RECOMMENDATIONS

6.1 Recommendations

In this section of the thesis, the appropriate strategy and the recommended business model for the Miranda Konstantinidou company will be examined. The research will be based on successful business models and strategic decisions of well known brands which have greater history in luxury fashion compared to the Miranda Konstantinidou brand but have similarities in their basic orientation and faced similar problems.

These brands are Armani and Burberry and their strategies and business models have been presented in the literature review part. Armani was selected because of its internationalization strategy which constitutes an essential strategic direction for the Miranda Konstantinidou company in order to maintain its share in the market, increase its profits and be competitive in the market. Moreover, like the Miranda Konstantinidou

<table>
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<th>Competiveness</th>
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<th>2.31</th>
<th>2.95</th>
<th>2.89</th>
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<tr>
<td>Total</td>
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Table 3. Competitive profile matrix (CPM matrix)
brand, Armani is as well oriented based on the philosophy and personality of its designer.

Burberry company was selected because it applied a successful repositioning strategy transforming into a more prestigious brand and its business model has a particularly useful dimension, marketing communication, which lacks from the Miranda Konstantinidou company. In addition, Burberry Company has successfully adapted in the new digital reality.

First of all, before proceeding to the proposed strategy and business model for the Miranda Konstantinidou company, a position statement of the brand would be useful.

“Fashion is a highly personal matter of taste and your heart’s desire, like a painting in a gallery that you suddenly fall for”

-Miranda Konstantinidou at Summary Magazine, 2015-

Based on the company’s advantages and its target groups if we could describe the brand with one statement that would be the following:

‘Developing constantly our unique color combinations, our quality and design techniques and following an organization culture shaped by women which supports solidarity among our employees, the aim of Miranda Konstantinidou company is to offer lifestyle fashion products which satisfy the needs of modern and independent women’.

In this part the proposed strategy for the Miranda Konstantinidou company will be presented which is an internationalization strategy with expansion in markets all over the world. This way the company will create a stronger presence in the industry and further brand awareness will be created. In order to achieve that, the company should enrich its diversified product portfolio.
• *Expansion of the brand’s portfolio:* The company similarly to Armani and Burberry brands should create a combination of product lines under the philosophy and the personality of the designer Miranda Konstantinidou. A suggested product classification, in order to expand further its target consumer group and satisfy the needs of more consumers, can be the following:

*Miranda Konstantinidou clothes collection:* this brand already exists, has premium quality and pricing and addresses to the upper class.

*Miranda Konstantinidou Swim:* this can be a new product line of high end swimwear designs with exclusive quality and premium pricing which will address to upper class. This type of product is being suggested as many competitor brand such as Mary Katrantzou and Camilla offer a limited selection of swimwear to its consumers.

*MIKO Premium:* this can be a luxurious and limited jewelry collection using unique designs and material combinations exclusively for the upper class consumers.

*Konplott by Miranda Konstantinidou:* jewelry collection which already exists in the market, offers affordable luxury and addresses to middle to upper class.

*Konplott wedding collection:* this can be an additional limited product line of wedding jewelries. The company will use a combination of its existing jewelry collections which will be appropriate for wedding occasions. Similarly to Konplott brand, affordable luxury will be offered to consumers from middle to upper class.

*Konplott Lab:* this can be a jewelry collection with affordable modern designs for the younger consumers aged between 20 and thirty years old. This way the brand will create a bonding with consumers from their early stage.

In order to achieve the previous mentioned product diversification the company should adjust its manufacturing capacity properly.

• *Manufacturing Capacity:* The company should apply a mix of internal and external production. Internal production should be continue to be focused on the jewelry lines as these are the core competencies of the brand and the company
already owns the production facilities for them. Contrariwise, clothes collection should be outsourced as the company doesn't acquire skilled staff. By signing licenses with specific suppliers the company will maintain its quality and design standards.

After having strengthened its product portfolio and having adjusted its manufacturing capacity the brand should develop the appropriate distribution channels.

• **Distribution Channels:** Collaborations with well known multi brand retailers in fashion capitals such as London, Paris, New York are crucial in order for the brand to show the appropriate power and status. Moreover cooperation with a higher amount of resorts’ boutiques and cruise line boutiques will help the company to attract more luxury travelling consumers.

• **Marketing Communication:** In this section, the Miranda Konstantinidou company should invest in certain tactics in order to support its lifestyle and image. First of all the brand should have a stronger presence in fashion events such as fashion weeks. Moreover it should develop further its online presence by creating an advanced site platform and technological applications for consumers. Also an effective social media management is very important as the consumers will have the opportunity to express their opinion for the brands’ products, their needs and their ideas for further development and this way they will co create with the brand. Promotional material such as look books of the brand will also improve the marketing communication of the company.
6.2. Conclusion

The aim of this thesis was to suggest an appropriate strategy business model for the Miranda Konstantinidou company in order to compete and expand further in the luxury industry. After having studied the literature about the luxury industry and the strategy business models, research on the internal environment of the company and its consumers was conducted and at this part the main conclusions will be presented.

Luxury industry’s dynamics and consumers’ needs change constantly and therefore brands in order to maintain their market share and profits should formulate and apply appropriate strategies and business models. Miranda Konstantinidou brand is not an exception in the general rule. The company in order not to become outdated and obsolete in the market should apply an internationalization strategy with further expansion in new markets and diversified products portfolio. The proposed strategy should be supported by an appropriate business model which will include a framework for the manufacturing capacity, the distribution channels and the marketing communication of the company. That is the only way for the company to combine all the creative skills of its designer Miranda Konstantinidou and canalize them under one brand philosophy.
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**Useful Electronic Resources:**

* http://www.luxury-briefing.com
* www.armani.com
* www.newsweek.com
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* www.Gucci.com
* www.Burberry.com
* www.konplott.com
* www.mirandakonstantinidou.com
* www.trendwatching.com
8. APPENDICES

A-Methodology: Semi structured Interviews from Miranda’s Konstantinidou key whole sales customers

Customer: PETRA Boutique

1. Could you mention the nationalities of MIKO clothes buyers?

Russian and some Bulgarian

2. Could you mention the age target group of MIKO clothes buyers?

For example (25-35 years old)

30-50

3. Could you mention the social level of MIKO clothes buyers?

Tick the following:

- upper and more class: v

- medium to upper class:

- Low to medium class:
4. Could you describe your MIKO clients fashion & style conscious: Yes or No?

Yes

5. In your opinion, which of the following features of our resort collection attract your customers to buy a MIKO product? Why they prefer it among other brands?

- Design: The patterns mostly
- Colors: A lot
- Quality:
- Variety:
- Price:
- Brand & Marketing: Need to be advertised as a new brand the runway is not enough.
- Packaging:
- All of the previous mentioned:

6. A) Before shopping in your boutique were they aware of the brand:
A few of them? **Low**

- 

- Most of them?

- All of them?

**B) After shopping in your boutique did they come back to view the new collections and shop again?**

-Low:
-Low: 
-Medium:
-High: **Customers came back to see the new collection.**

7) In your opinion, are they satisfied with MIKO in which level?

-Low:
-Low: 
-Medium:
-High: **Satisfied with the clothes**

**THANK YOU FOR YOUR TIME!**
Customer: MARITOUR Boutique

1. Could you mention the nationalities of MIKO clothes buyers?

*German, English, Italians and Greek residents of Rhodes Island*

2. Could you mention the age target group of MIKO clothes buyers?

*For example (25-35 years old)*

*40 and older*

3. Could you mention the social level of MIKO clothes buyers?

*Tick the following:*

- upper and more class: v
  - medium to upper class: v
  - Low to medium class:
4. Could you describe your MIKO clients fashion & style conscious: Yes or No?

NO

5. In your opinion, which of the following features of our resort collection attract your customers to buy a MIKO product? Why do they prefer it among other brands?

- Design: Yes
- Colors: Yes
- Quality: Yes
- Variety:
- Price:
- Brand & Marketing:
- Packaging:
- All of the previous mentioned:

6. A) Before shopping in your boutique were they aware of the brand:

A few of them? Low
-
- Most of them?

- All of them?

B) After shopping in your boutique did they come back to view the new collections and shop again?

-Low: LOW

-Medium

-High:

7) In your opinion, are they satisfied with MIKO in which level?

-Low...

-Medium:

-High............HIGH

THANK YOU FOR YOUR TIME!
Customer: kivotos Boutique

1. Could you mention the nationalities of MIKO clothes buyers?

Americans, Germans, Russians, Italians, Turkish

2. Could you mention the age target group of MIKO clothes buyers?

For example (25-35 years old)
30-65

3. Could you mention the social level of MIKO clothes buyers?

Tick the following:

- upper and more class: v: YES

- medium to upper class

- Low to medium class:
4. Could you describe your MIKO clients' fashion & style conscious: Yes or No?

YES

5. In your opinion, which of the following features of our resort collection attract your customers to buy a MIKO product? Why they prefer it among other brands?

- Design: Yes

- Colors: Yes

- Quality:

- Variety:

- Price:

- Brand & Marketing:

- Packaging:

- All of the previous mentioned:

6. A) Before shopping in your boutique were they aware of the brand:

A few of them? Low

-
- Most of them?

- All of them?

B) After shopping in your boutique did they come back to view the new collections and shop again?

-Low: :

-Medium

-High: ........ **HIGH**

7) In your opinion, are they satisfied with MIKO in which level?

-Low...

-Medium:

-High..........**HIGH**

**THANK YOU FOR YOUR TIME!**

Customer: CAVO TAGOO Boutique
1. Could you mention the nationalities of MIKO clothes buyers?
   - Arabs, Americans, Brazilians, Israelis

2. Could you mention the age target group of MIKO clothes buyers?
   For example (25-35 years old)
   25-35 nd 35-50

3. Could you mention the social level of MIKO clothes buyers?
   Tick the following:
   - upper and more class: v: YES
   - medium to upper class
   - Low to medium class:

4. Could you describe your MIKO clients’ fashion & style conscious: Yes or No?
   NO
5. In your opinion, which of the following features of our resort collection attract your customers to buy a MIKO product? Why they prefer it among other brands?

- Design: Yes

- Colors: Yes

- Quality:

- Variety:
- Price:

- Brand & Marketing:
- Packaging:

- All of the previous mentioned:

6. A) Before shopping in your boutique were they aware of the brand:

   A few of them? Low

   -

   - Most of them?
A) All of them?

B) After shopping in your boutique did they come back to view the new collections and shop again?

-Low: :

-Medium

-High: ......... HIGH

7) In your opinion, are they satisfied with MIKO in which level?
-Low...

-Medium:

-High.........HIGH

THANK YOU FOR YOUR TIME!
Customer: AMANZOE Boutique

1. Could you mention the nationalities of MIKO clothes buyers?
   : **GERMAN ENGLISH**

2. Could you mention the age target group of MIKO clothes buyers?
   For example (25-35 years old)
   35-45

3. Could you mention the social level of MIKO clothes buyers?
   Tick the following:
   - upper and more class: v: **YES**
   - medium to upper class
   - Low to medium class:

4. Could you describe your MIKO clients' fashion & style conscious: **Yes or No?**
   **NO**
5. In your opinion, which of the following features of our resort collection attract your customers to buy a MIKO product? Why they prefer it among other brands?

- Design: Yes

- Colors: Yes

- Quality: yes

- Variety:
- Price:

- Brand & Marketing:
- Packaging:

- All of the previous mentioned:

6. A) Before shopping in your boutique were they aware of the brand:

A few of them? Low

- 

- Most of them?
- All of them?

B) After shopping in your boutique did they come back to view the new collections and shop again?

-Low: :

-Medium

-High: ....... HIGH

7) In your opinion, are they satisfied with MIKO in which level?

-Low...

-Medium:

-High............HIGH

THANK YOU FOR YOUR TIME!
B-Methodology: Semi structured Interviews from KONPLOTT’S key whole sales customers

Customer: PETRA Boutique

1. Could you mention the nationalities of KONPLOTT jewelries buyers?

Russians, German, Greek

2. Could you mention the age target group of KONPLOTT jewelries buyers?

For example (25-35 years old)
30-45

3. Could you mention the social level of KONPLOTT jewelries buyers?

Tick the following:

- upper and more class:

- medium to upper class: v

- Low to medium class:
4. Could you describe your KONPLOTT jewels fashion & style conscious: Yes or No?

Yes

5. In your opinion, which of the following features of our resort collection attract your customers to buy a KONPLOTT product? Why they prefer it among other brands?

- Design: The patterns mostly
- Colors: A lot
- Quality:
- Variety:
- Price:
- Brand & Marketing:
- Packaging:
- All of the previous mentioned:

6. A) Before shopping in your boutique were they aware of the brand:

A few of them? Low
- Most of them?

- All of them?

B) After shopping in your boutique did they come back to view the new collections and shop again?

-Low:
-Medium: MEDIUM
-High:

7) In your opinion, are they satisfied with KONPLOTT in which level?
-Low: LOW
-Medium:
-High:

THANK YOU FOR YOUR TIME!
Customer: MARITOUR Boutique

1. Could you mention the nationalities of KONPLOTT jewelries buyers?

*German, English, Italian, Greek*

2. Could you mention the age target group of KONPLOTT jewelries buyers?

*For example (25-35 years old)
40 ears old*

3. Could you mention the social level of KONPLOTT jewelries buyers?

*Tick the following:*

- upper and more class:

- medium to upper class:

- Low to medium class:
4. Could you describe your KONPLOTT jewelries fashion & style conscious: Yes or No?  

    NO

5. In your opinion, which of the following features of our resort collection attract your customers to buy a KONPLOTT product? Why they prefer it among other brands?

   - Design: yes
   - Colors: A lot
   - Quality:  
   - Variety:  
   - Price:  
   - Brand & Marketing:  
   - Packaging:  
   - All of the previous mentioned:  

6.A) Before shopping in your boutique were they aware of the brand:  

   A few of them? Low  

   -  

   - Most of them?  

70
- All of them?

B) After shopping in your boutique did they come back to view the new collections and shop again?

-Low: low

-Medium

-High:

7) In your opinion, are they satisfied with KONPLOTT in which level?

-Low:

-Medium:

-High: HIGH

THANK YOU FOR YOUR TIME!
Customer: KIVOTOS Boutique

1. Could you mention the nationalities of KONPLOTT jewelries buyers?

Americans, Germans, Russians, Italians, Turkish

2. Could you mention the age target group of KONPLOTT jewelries buyers?

For example (25-35 years old)
30-65

3. Could you mention the social level of KONPLOTT jewelries buyers?

Tick the following:

- upper and more class:

- medium to upper class:  v -medium to upper class:

- Low to medium class:
4. Could you describe your KONPLOTT jewelries fashion & style conscious: Yes or No?

   NO

5. In your opinion, which of the following features of our resort collection attract your customers to buy a KONPLOTT product? Why they prefer it among other brands?

   - Design: yes
   - Colors: A lot
   - Quality:
   - Variety:
   - Price:
   - Brand & Marketing:
   - Packaging: YES
   - All of the previous mentioned:

6. A) Before shopping in your boutique were they aware of the brand:

   A few of them? Low
   -
   - Most of them?
- All of them?

B) After shopping in your boutique did they come back to view the new collections and shop again?

-Low: low

-Medium

-High:

7) In your opinion, are they satisfied with KONPLOTT in which level?
   -Low:
   -Medium:
   -High: HIGH

THANK YOU FOR YOUR TIME
Customer: CAVO TAGOO Boutique

1. Could you mention the nationalities of KONPLOTT jewelries buyers?

AMERICANS AND ISRAELIANS

2. Could you mention the age target group of KONPLOTT jewelries buyers?

For example (25-35 years old)
30-50

3. Could you mention the social level of KONPLOTT jewelries buyers?

Tick the following:

- upper and more class:

- medium to upper class: ν

- medium to upper class:

- Low to medium class:

4. Could you describe your KONPLOTT jewelries fashion & style conscious:

Yes or No?
In your opinion, which of the following features of our resort collection attract your customers to buy a KONPLOTT product? Why they prefer it among other brands?

- Design: yes
- Colors: A lot
- Quality: YES
- Variety: YES
- Price: YES
- Brand & Marketing:
- Packaging: YES
- All of the previous mentioned:

A) Before shopping in your boutique were they aware of the brand:

A few of them? Low
- Most of them?
- All of them?
B) After shopping in your boutique did they come back to view the new collections and shop again?

-Low: low

-Medium

-High:

7) In your opinion, are they satisfied with KONPLOTT in which level?

-Low:

-Medium:

-High: HIGH

THANK YOU FOR YOUR TIME
Customer AMANZOE Boutique

1. Could you mention the nationalities of KONPLOTT jewelries buyers?

**GERMAN AND ENGLISH**

2. Could you mention the age target group of KONPLOTT jewelries buyers?

*For example (25-35 years old)*

35-45

3. Could you mention the social level of KONPLOTT jewelries buyers?

*Tick the following:*

- upper and more class: **YES**

- medium to upper class:

- Low to medium class:

4. Could you describe your KONPLOTT jewelries fashion & style conscious:

*Yes or No?*

**YES**
5. *In your opinion, which of the following features of our resort collection attract your customers to buy a KONPLOTT product? Why they prefer it among other brands?*

- **Design:** *yes*

- **Colors:** *A lot*

- **Quality:** *YES*

- **Variety:**
- **Price:**
- **Brand & Marketing:**
- **Packaging:**

- **All of the previous mentioned:**

6. **A) Before shopping in your boutique were they aware of the brand:**

* A few of them?
  -

  - *Most of them? MEDIUM*

  - *All of them?*
B) After shopping in your boutique did they come back to view the new collections and shop again?

-Low:  low  
-Medium  
-High:

7) In your opinion, are they satisfied with KONPLOTT in which level?  
-Low:  
-Medium:  
-High: HIGH

THANK YOU FOR YOUR TIME