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Department of Business and Management

Master Thesis in Luxury Management

ANALYSIS OF THE MIDDLE EAST FASHION AND LUXURY MARKET: SUCCESS OF UAE THROUGH THE PRISM OF ECENOMIC DEVELOPMENT AND CONSUMER BEHAVIOR TRANSFORMATION

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PREFACE

Probably this is my last thesis and I am extremely happy that I chose LUISS, that I studied Luxury and Creative Industries Management, that I moved to Rome and met a lot of wonderful people.

I love the city, I love the university, I love the dynamics.

Due to the topic chosen, I faced some difficulties in finding necessary information, but all this is nothing in comparison to my happiness, when I got answers from majority of Arabic brands that I wanted to interview. It is inspiring, exciting and interesting. I am very thankful to all these brands and to my Arabic friends, who were always available to discuss any topic related and provided me with reliable and finite information.

I would like to thank my parents for giving me an opportunity to live this LUISS and Roman life and also friends and people I met, it would not be the same without all of them.

If I had a chance to repeat 2 years at LUISS I would have done it without any doubt, but it is time to go on!

Polina Beraja

INTRODUCTION

Developing inner dynamics, people transform the world around them.

While in 1820 the Western world observed how the world changed during the First industrial revolution, in the UAE Britain tried to fight piracy along the Gulf Coast and Saudi Arabia could be described by a few key words: Sunni raids, Wahhabis and Ottoman conquest. With the discovery of the oil in the region and many more other decades later, the Middle East went out of the stereotypic Bedouin life and appeared to the world as extremely sophisticated, educated, open-minded, fashionable, respectful and rich consumer. A consumer that is visionary, innovative and creative enough to be able to attract the rest of the world and to give them jobs (ex. 227.000 job places will be created from 2016 till Expo 2020) asking in return only a certain level of innovativeness to maintain new dynamics of the region.

Nowadays, in the light of extremely low oil prices, Islamic economy (of particular countries like UAE, Saudi Arabia, Qatar and Kuwait) governed totally or partially by Sharia Law, is commendably pushed forward by diversification, new market regulations, travel industry, large infrastructure and cultural projects, created a melting pot for well-established and new businesses from all over the world. Inner and outer development of the society has a religious touch on it, however, that does not impede the evolution, that theoretically could be contra-traditional, but it is not. This transformation has its reflection also in Quran, that is quite often frivolously interpreted, however, it always remains the first, the last and the only source of truth for Muslim population, which makes the majority in the Middle East. Quran says, that people have to develop themselves in order to reach the better self, which explains their thirst for knowledge, travelling, beauty, fashion, and also explains, why do they strive to be rich and have a luxurious lifestyle. The answer is again in Quran and it calls for having decent lives. This is also a call to action for brands and companies of different industries, that are also wise enough in their approach to the market, to be able to grab the slice of a pie. The "pie"- the population and, hence, the market of Muslim consumers is expected to grow by 35%, what cannot go unnoticed and is even more interesting to analyze. However, the region's consumption is not build only by Muslim consumers, another part of the mix is represented by travelers and affluent expatriates, which leads to more diversified consumption patterns, creating a challenge for Western and local brands to cater the market.

The purpose of this paper is to investigate economic, social and cultural base for the development of the Middle Eastern market and industry, including exogenous (economy, regulations, legislation, urbanization and etc.) and endogenous (transformation of norms and values, change of generations, means-end approach to consumer behavior, collectivism vs. individualism, impact of religion) factors that reshape brands' approach to the market in terms of calendar, marketing, communication, timing, advertising and pricing. The main subject of reference for the present thesis is fashion and luxury market analysis, hence anything analyzed in it will have or will lead to a fashion and luxury consumption perspective in both directions: Arabic consumers willing to buy luxury western brands and Arabic designers willing to cater to western consumers. The before mentioned analytical base serves, in simple words, to show who, for who, why and how created such a retail hub, main travel destination and new fashion Mecca like Dubai.

The main research topic is: Analysis of the Middle East fashion and luxury market: Success of UAE through the prism of economic development and consumer behavior transformation. In order to be able to reach a complete and logical conclusion, three intuitive parts must be analyzed to different extents:

- Economic overview: moderate depth of analysis, there is no need to go deeply in all legal, economic and environmental issues that are not fashion and luxury industry related.
- Consumer specifics and consumer behavior building blocks: deep analysis, it is a main differentiation point in comparison to Western consumers. It influences the Arabic consumer from 360°, hence it is the most important driving force of the society. Moreover, possible changes in marketing approach are necessary to mention.
- Fashion and Luxury market and its infrastructure: moderate depth, because it is an outcome of all previous changes and steps. It shows what was created to make Dubai fashion focused (and not only), and which brands the area managed to attract, gave birth to or inspired.

The first chapter gives an economic overview of the middle east as a target market for luxury brands. This part includes an overall introduction to the Middle Eastern countries, but as not all of them are relevant to the subject of reference, the UAE was chosen as a main country of analysis. Consequently, the short history and the main economic indicators are described followed by the deeper PESTLE analysis of the UAE, that shows macro-environmental factors that influence the organizations. The second chapter moves on to the analysis of the building block of the psychological portrait of the Arabic consumer: how Islamic traditions and values influence consumer behavior. For a complete representation of a consumer, Islamic norms and values must be investigated; as we move to the consumption patterns' analysis, it is interesting to see the main differences in the Middle Eastern and Western consumption patterns; values and norms alone does not make sense for a research, hence following is the analysis of the impact of these values on the luxury consumption and the sub-question asked, is whether there is a real relationship between religion and luxury consumption; as one of the most important global issues is a Muslim woman, which is considered (by Western world) to be oppressed by an obligation of abayas and hijabs, however who wears luxury accessories and fashionable clothes under abayas and goes for couture dress on average 15=30 times a year (weddings and holidays). A straightforward conclusion is that Arabic women make the biggest part of the target market for luxury brands and hence it is indispensable for a brand to know "What is like to be a Muslim woman?" or "What are the main building block of a Muslim woman?"; moving back to the whole market we cannot ignore the fact of globalization or westernization of the Arabic society and its impact on it, together with the investigation of the possible differences and similarities across different generations of consumers. The third part of the present thesis is about the marketing approach to the Arabic market. The first three parts of this chapter give a quick and basic introduction to a traditional marketing mix, moving to the short theoretical concept behind Islamic marketing and showing what has to be change in theoretical part of marketing mix when it get Islamic touch. Followed by the theory of market segmentation and investigation of the main segmentation variables in the Middle Eastern market (UAE) based on statistical data. One of the most important and varying from country to country is advertising. It is of particular interest, because it incorporates messages based on what is important for a target audience, offering a product or service in response to their needs. Again, due to the specifics of the market, brands should find a right approach because of taboos, values, habits, traditions and as a perfect example of brands' increased advertising activity is Ramadan. The whole Ramadan is like 14th month of the year of revenues for food industry; and some days before and after it – are highly profitable for luxury and fashion brands, firstly, consumers buy what to wear every evening and on the Holiday, secondly, they buy a lot of high-value presents. Differences in cultures raise a question for brands: to adapt or standardize, both strategies bring risks and opportunities, so the decision depends on the brands positioning, industry and budget. The last part of this chapter is about storytelling and its digital implication. The last chapter describes the actual place – Dubai or more specifically, Dubai Design District as a fashion platform and incubator for new brands and a business-related hub for well-established brands like Chanel. Its tremendous success raises many questions like "Why Dubai?", "How come just in two decades?", "How is it organized?", "If it is an artificial fashion cluster, what is the difference from the natural European or American industrial clusters?". Having presented the place, now it is interesting to see who are the players of this market apart from well-known Western brands, because they incorporate the Middle Eastern soul. Many of them are Lebanese, Egyptian or Syrian by origin, however, some of them choose to be based in Dubai or plan to move to D3. A modest fashion is an integral part of Arabic culture, this chapter covers also this issue, also because it is a new global trend embraced not only by Arabic brands, but also by any other religion, having many followers worldwide. This paper is followed by conclusion on all the parts, summing up the main trends and findings.

Internet survey research is a chosen methodology for this study, using the report on related topics done by official institution like Harvard Business School, Millward Brown, Euromonitor free editions, BCG, World Bank, Dubai Authorities, Chalhoub Group and scientific papers used as theoretical background. Some of researches and surveys had limitation, however, these limitations do not change the outcome for given thesis. In addition, this paper includes questions and answers from the questionnaire made by me, sometimes tailoring it to each particular brand. The questionnaires were send to a sample of 17 Arabic brands.

Research limitations: the topic is relatively recent and not well analyzed in the official literature. Even if, I consider to have found enough reliable and meaningful materials, those that could have helped even more were for excessive price, like Euromonitor reports. Another limitation is physical proximity - it would give some advantages if I could be in the region. Based on how helpful and sociable were brands that answered, I suppose it would be possible also to meet at least with some of them for a deeper interview. One more limitation was a period of Fashion Weeks: brands did answer me, but were unable to send back the questionnaire within a deadline due to the workload. Additionally, it was impossible to make a meaningful pyramid or graph of Arabic brands' price positioning because of the lack of e-commerce or price on any other online platform. The last limitation to a possible search of reliable literature was due to fact that I do not live in Rome anymore, hence it was impossible to you LUISS library.

1. CHAPTER

ECONOMIC OVERVIEW OF MIDDLE EAST AS TARGET MARKET FOR LUXURY BRANDS: DUBAI PERSPECTIVE

Before going down to the topic related research it should be relevant to make an overview of the area which falls under our interest and will be the basis for further analysis and considerations throughout the given thesis. Speaking about the Middle East in general we should consider all the countries that it covers: Egypt, Iran, Turkey, Iraq, Saudi Arabia, Yemen, Syria, UAE, Israel, Jordan, Palestine, Lebanon, Oman, Kuwait, Qatar, Bahrain and Afghanistan. However, the author finds it irrelevant and misleading to be focusing on all of the countries mentioned above and, instead, UAE is chosen as the main country to be analysed for the purpose of the most correct "fit" to the topic of the given research and the possibility of the execution of latter. That does not exclude examples and mentioning of different practices used in neighbouring countries, if relevant, especially Lebanon, Saudi Arabia, Jordan and Qatar.

UAE, in particular, has long become the main destination and hub for companies willing to expand overseas. All the forces are used to improve the whole infrastructure, distribution channels essential for business in the area, improve environment trying to make it the most advanced and green one, focusing on sustainability, and at the end the government is more than realistic about its pros and cons and noticeably working on it to bring it to the excellence what cannot be left through by none of the companies willing to expand. Eliminating trade barriers, UAE facilitated trade and its own economic development just in a short period of time, making it a safe place for FDI. For each business there are many external factors that can affect the business and the market in the whole. In order to analyse and explain better the general environment in UAE PESTLE analysis should be an appropriate tool. UAE puts a lot of effort and with the help of the best specialists, like collaboration with MIT, they are building step by step a really developed country, while still being quite immature as the market, however with the huge potential, ambitions and possibilities.

Economic factors: Even though the MENA GDP grew by 2.0% annually, these countries being oil-driven suffered from the volatility of oil prices when in June 2014 prices fell from the highest of $115 per barrel to under $35 at the end of February 2016.[1] Moreover, on the global level the rising uncertainty is noticed along with security risks, which definitely negatively impacts the oil-driven economies. As for example, even if there is no strong connection between the UK and the MENA, the Brexit could bring volatility to the financial markets influencing the growth of economies of the area.[2] Prices of oil remain below the break-even point for many countries. Focus Economics Consensus Forecast (2016, July 6) economists predicted the weakest growth since the crisis of 2009 – which is the growth of 2.3%, whereas forecasts for the 2017 are expected to grow at 3.0%.[3] This data is the average among the countries, where currently 10 out of 16 countries showed

[1] Rogoff, Kenneth (2016). *What's behind the drop in oil prices?* Available at: https://www.weforum.org/agenda/2016/03/what-s-behind-the-drop-in-oil-prices/

[2] Tonè, Ricard, (2016). *Economic Snapshot for the Middle east & North Africa.* Available at: http://www.focus-economics.com/regions/middle-east-and-north-africa

[3] Ibd.

lower growth, with Qatar outperforming in 2016.[4] Iran is taking its position after reintegration in the world's economy. The common trend in the oil-driven countries is the long-term implementation of directives and strategies to boost the non-oil industries to be able to face the volatility coming from the oil market and balance the economy. That could be true for Saudi Arabia, if the Deputy Crown Prince implements a non-oil model for the sustainable growth. UAE, instead has already cut fuel subsidies.[5] He brought a bit back the energy industry investments and reformed its budget. By merging two wealth funds, UAE believes to foster the diversification in the country. However, the oil prices will remain relatively low for this year, hence UAE wellbeing will depend mainly on its ability to foster and develop non-oil sectors. The growth forecasted will be 2.4% which is slightly lower that previous months, but increasing in the 2017 as diversification takes shape. [6]

Dubai – city that has developed itself at the rocket-speed during the last two decades pointing at becoming the Capital of Islamic Economy by introducing, nurturing and developing 7 pillars[7]:

- Islamic finance
- Halal industries
- Muslim Travel
- Islamic digital economy
- Islamic arts and design
- Islamic economy standards and certification
- Islamic information and education

Islamic economy does not have to be spread only around the Islamic countries, instead, the whole Muslim population is counted as the target market. Out of the 6.8 billion global population Muslims make 1.6 billion. Moreover, Muslim population is forecasted to grow by 35% in the next 20 years, increasing from 16 billion to 2.2. billion by 2030.[8] Such an Islamic Economy is based on the set of Islamic principles called "Shariah", under which high risk or speculative activities are prohibited. The law considers money to have no intrinsic value and should be used only as a medium of exchange. In the IE (Islamic Economy) the interest is not welcomed, hence all returns must come from taking business risk in real assets.[9] Main Islamic economy's regions are: GCC, MENA, Asia, Sub-Saharan Africa and some others.

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[4] Ibd.
[5] Ibd.
[6] Ibd.
[7] Dubai Chamber Of Commerce and Industry, (2014). *Innovative partnerships for economic growth.* World Economic Dubai Forum. Masar Printing & Publishing, Dubai,
[8] Grim, Brian J. and Karim, S. Mehtab,(2011). *The future of the global Muslim population.* Washington: Pew Research Center. Pp.13.
[9] Dubai Chamber Of Commerce and Industry, (2015). *Major Trends in The Global Islamic Economy.*Dubai.

1.1.HISTORY AND ECONOMIC INDICATORS

Historically the UAE consisted of seven emirates with the similar economy, based on the trade of pearls and fish mainly, with the division of labour from slaves to artisans. With evidently almost no agriculture due to the climate conditions, making sea- related trade and land ownership the main revenue source. The main growth in trade started in the 1950-1960's with the gold being sold as the main subject of business.[10] But the main transformation of the country started since the discovery of the oil. Higher revenues were used for the further economic development of the region. Already from the 20th century two main cities were Dubai and Abu Dhabi which accounted to 99% of the production of oil. As for the industry overview, a city such as Dubai was and still is represented partially also by the non-oil industry, while Abu Dhabi is more oil-driven. The quick development, however, brought some problems, like the inability of the infrastructure to support the huge amount of trade, more precisely to mention the distribution system that was not adequate for the current at that time trade, which has led at the end to a high inflation. Through the time inflation went up and down, but for the period of 1979-1980 the increasing oil prices brought extremely high revenues to the area, even though the oil production declined in general. Later the external factors like lower oil revenues, end of big projects and the Iran – Iraq War, hence the period of 1980 was that of recession, with the exports drop, and a consequent trade surplus decrease. After the implementation by the government investment programs in the current spending, with the time the situation improved by the early 90s, even though uncertainty grew from time to time due to the situation in the neighbouring countries like Kuwait.

What regards the population of UAE it historically has never been homogenous, and in the 1991 only 12% were UAE by the origin.[11] The rest of the population was international and kept growing and became even more multicultural, still being represented mainly by ethnic Arabs. The population is definitely urban with 90% of them living in the cities or next to them. Majority of the inhabitants are Sunni Muslims, with the rest being Shia, Hindus and Christians.12

[10] Library of Congress, Federal Research Division, (2007). *Country Profile: UAE.* Dubai.
[11] Country Studies. *Persian Gulf States.* Available at: http://countrystudies.us/persian-gulf-states/82.htm
[12] Ibd.

The following table *Figure 1*[13] is representing the most recent situation in the UAE:

	2014	2015	2016*
Population (million)	9.3*	9.6*	9.9
GDP (US$ billion)	399.5	345.5*	325.1
GDP Per Capita (US$)	42,944*	36,060*	32,988
Real GDP Growth (%)	4.6	3.9*	2.4
Inflation (%)	2.3	4.1*	3.2
Exports (US$ billion)	370.7	319.4*	297.5
Exports (% change)	-0.9%	-13.8%	-6.9%
Imports (US$ billion)	239.8	244.6*	240.9
Imports (% change)	+4.3%	+2.0%	-1.5%
Exchange Rate (UAE Dirham: US$)	3.67	3.67	3.67

Source: IMF, EIU, Central Bank of the UAE, UAE National Bureau of Statistics
* estimates

Figure 1

The main trend in the population represents growth what is not a surprise with booming non-oil sectors especially retail sector, tourism and services that need a lot of expatriates to handle the demand. However, the Real GDP growth is slowing down from 4.6% in 2014 to 2.4 in 2016 due to the low oil-prices.[14] To be added, regardless the geopolitical instability in the nearest countries, UAE has proved to be safe for the FDI and in fact it has attracted 13billion of USD in 2014 with the average estimated YOY growth of 25%. Hong Kong is the largest supplier of UAE and in the first three months of 2016 exports grew 23.2%.[15] One of the most important coming events for Dubai is the hosting of Expo 2020. Expo 2020 creates enormous opportunities for entrepreneurs and tourism related businesses. The budget allocated to the Expo is 4.52 billion of USD what is considerably higher than in 2015 in Expo Milan.[16] An estimate of expo-related investment of US$6.8 billion will be spent on exhibition facilities and infrastructure, including a metro system extension.[17] Further, many tourism projects, such as the Bluewaters Island (a retail, residential, hospitality and entertainment complex) and three themes parks (Motiongate Dubai, Bollywood Parks and Legoland Dubai) are under construction.[18] Dubai's Jebel Ali area is set to have a new retail park (of 25,000 sqm gross leasable area) opening in Q3 2016.

[13] Emerging markets research, (2016). *UAE: Market Profile.* Available at: http://emerging-markets-research.hktdc.com/business-news/article/Middle-East/United-Arab-Emirates-Market-Profile/mp/en/1/1X000000/1X003IOU.htm
[14] Dubai Chamber of Commerce and Industry, (2015). *UAE Macroeconomic report.* Dubai. Available at: http://www.dubaichamber.com/resources/research-reports
[15] Emerging markets research, (2016). *UAE: Market Profile.* Available at: http://emerging-markets-research.hktdc.com/business-news/article/Middle-East/United-Arab-Emirates-Market-Profile/mp/en/1/1X000000/1X003IOU.htm
[16] Ibd.
[17] Ibd.
[18] Ibd.

This Outlet Village is modelled on a Tuscan hilltop town and will be adjacent to Dubai Parks and Resorts, equidistant between "old" Dubai and Abu Dhabi.[19]

Nowadays, UAE's industry is 55% industrial, 49% services and 1% agriculture.[20] Abu Dhabi, represents about 60% of the GDP, owns 10% of the world's oil reserves and about 90% of the country's oil reserves, and it focuses on energy-based industries. While, Dubai is known for its commercial and financial services, tourism, logistics and trading. In overall, UAE is listed fifth among 12 OPEC countries with the oil production at 2.68 million barrels per day. Currently due to the instable situation in the oil market, UAE is supporting more and more non-oil driven sectors and by cutting subsidization of oil industry it gained around 17 billion USD to be redirected on the transportation and infrastructure projects that will give more economic autonomy in the nearest future.[21]

The UAE announced in February 2016 to introduce value added tax (VAT) at 5% from January 2018, with exemptions including 100 food items, healthcare and education. In the first year of VAT introduction, the UAE is expected to generate Dh12 billion (US$3.3 billion) of new tax revenue.[22]

Main sectors to be supported for their development are: travel, education, with tripling a labor force in this segment, innovation, content development, real estate, retail and trade, space and energy. Moreover, UAE and especially Dubai is the largest container handler which means that it has become a significant hub for logistics, being the 9th busies port in the world.

As for the ease of doing business, it is a free zone, where Free Zone Authority issues operating license to run business without corporate tax and no custom duty. In such free zones companies can have 100% ownership of the business.

1.2.PESTLE ANALYSIS OF UAE

Political factors: Political factors directly or indirectly affect the economy of the country and the environment in which companies, especially multinationals, exist and do their businesses. Below are listed several introducing political issues representing country nowadays.

- Being a Muslim country, it has proved to be the most liberal one, with strong traditions, however remaining authoritarian country**.** There are no political parties in UAE because it is forbidden by Quran, hence the federal National Council is composed of individuals representing all sever emirates, where position are allocated to the financial influence of the emirate and a sort of prestige and development level. Hence, the president of the UAE is the ruler of Abu Dhabi, as it is the major producer of oil. The

[19] Emerging markets research, (2016). *UAE: Market Profile.* Available at: http://emerging-markets-research.hktdc.com/business-news/article/Middle-East/United-Arab-Emirates-Market-Profile/mp/en/1/1X000000/1X003IOU.htm
[20] Ibd.
[21] Ibd.
[22] Ibd.

type of the govern is federal presidential elected monarchy. In the 2007 the political reform was announced under the name of "UAE Government Strategy" which lists all the spheres to be developed, some of which are justice and safety, public sector development, social and economic development, infrastructure improvement. The main goal is to bring these sectors to the high global standards to offer a competitive starting base for all businesses.

- The foreign policy of UAE is based on communication, respect of international conventions, commitment to UN taking a position of non-pursuing other countries' internal issues. Main trade features are that it is a part of WTO with quite liberal trade regime. With several controls for the import of arms, alcohol, pesticides, port and narcotics. With the total prohibition of Israeli goods. "On the regional level, The UAE seeks to deepen mutually beneficial collaboration with Arab nations through the Greater Arab Free Trade Area Agreement (GAFTA). Under the GAFTA, which came into force on 1998, UAE can enjoy free trade with Algeria, Bahrain, Egypt, Iraq, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Sudan, Syria, Tunisia and Yemen. As part of the GCC, UAE has free trade agreements (FTAs) with Singapore, New Zealand and the European Free Trade Association (EFTA) of Switzerland, Norway, Iceland, and the Principality of Liechtenstein. Negotiations on the establishment of FTA with the EU, Japan, China, India, Pakistan, Turkey, Australia, Korea and the Group of Mercosur which include Brazil, Argentina, Uruguay and Paraguay are also on-going.[23]

- Like many other countries in the world UAE can be counted as bureaucratically difficult country. Bureaucracy is still there, even if the government finds it impeding to the innovation, however, especially for the expatriates, solving simple everyday problems is not an easy thing to do, due to the gap in connection between governmental institutions with no fixed interpretation of requirements and laws, and a need to translate into Arabic, makes any kind of business relationship more difficult, less safe and burdensome.

- Another important factor is taxation in the country, more to say, there is no income tax, which has led to higher-than-the-west salaries. What regards corporate tax, each emirate has its own rules for it, but there are free zones where companies can benefit tax exemption for up to 50 years and moreover, foreign shareholding of companies is permitted.

[23] Emerging markets research, (2016). *UAE: Market Profile.* Available at: http://emerging-markets-research.hktdc.com/business-news/article/Middle-East/United-Arab-Emirates-Market-Profile/mp/en/1/1X000000/1X003IOU.htm

- As we live in the time of dynamic sharing of information, it would be interesting to know to which extent there is censorship in UAE. So what regards the published content, it is of course censored by local editors, especially the most peculiar topics like religion or politics. Country bans the website inconsistent with religious, political, ethical and cultural standards of the country. Moreover, Israeli content is banned as well. As the area is full of non-citizen journalists, risk for publishing certain type of material is pretty high up to being deported.

- UAE is the least corrupt country among Arabic states and even less corrupt than Poland, France, Portugal for example. In 2015, ranked 23rd out of 168 countries according to the transparency statistics and scored 70 points out of 100. [24]

- Ministry of economy approves all mergers and acquisitions as means of merger control. It prohibits restrictive agreements that limits of impedes competition (price fixing, market division, determining conditions of sale and supply). There is yes still a lot to do and develop in the competition law of UAE but it has the right direction to follow. The main goal is to enhance efficiency, competitiveness and stimulate environment.

- "The UAE has become a model of political stability at the regional and global levels,"[25] said ECSSR, headed by General Sheikh Mohammed bin Zayed Al Nahyan, Abu Dhabi's Crown Prince and Deputy Supreme Commander of the Armed Forces. "The policy of openness and tolerance adopted by the UAE's leadership is also considered one of the major elements of political stability and social harmony in the country. This is because such a policy bolsters the values of moderation, acceptance of others and complete rejects extremism and violence."

- According to the World Bank it has the most polluted air, with the level of pollution being higher than that of China or India, according to The Economist. To face and solve the problem, there will be air pollution controlling station all over UAE, which is the first step to at least be aware of the real situation.

- Consumer protection includes the following pillars: the right to safety, to know, to choose, to representation, to be informed.[26]

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[24] Buoyamourn, Adam, (2014). *UAE ranked least corrupt nation in Arab world by Transparency International.* Available at: http://www.thenational.ae/business/economy/uae-ranked-least-corrupt-nation-in-arab-world-by-transparency-international

[25] Staff, (2011). UAE is model of political stability: think-tank. Available at: http://www.emirates247.com/business/uae-is-model-of-political-stability-think-tank-2011-09-07-1.417092

[26] Consumer Rights. Available at: http://www.consumerrights.ae/en/Consumers/KnowYourRights/Pages/uae-consumer-law.aspx

- One huge negative factor here, is that the area is unstable, chaotic and unpredictable in a certain sense. More precisely, that it reacts in a way that is negatively affecting European or, in general, Western companies. The biggest and the latest example is the decrease in sales and an official ban for Danish products in Muslims countries due to the published cartoon of Allah in a Danish newspaper, Jyllands-Posten on September 30 in 2005. Even though, the companies ran a powerful communication campaign trying to underline 40 years of presence in the market and even the ban was lifted lately, company could not return to the pre-ban sales level. Two years later, Danish newspapers republished one of the photos, and this time company lost 274$[27] million, forcing the company to fight back again to gain some trust and respect in the market.

- Another political example, is the 9/11, after which islamophobia took pace with many negative stereotypes around the world, that anything Islamic exists - it is anti-Western, which definitely had its impact rapidly, directly and indirectly on Western companies present in the Arabic market at that time and the whole doing business.

- Due to the political and civil unrest brands risk their trademarks influencing the IP strategies for brands. If a trademark office is damaged, all the processes are being obviously suspended putting at risk companies. Hence, brands should work with local consultant to keep track of political situations in every particular zone to manage better any administrative processes.

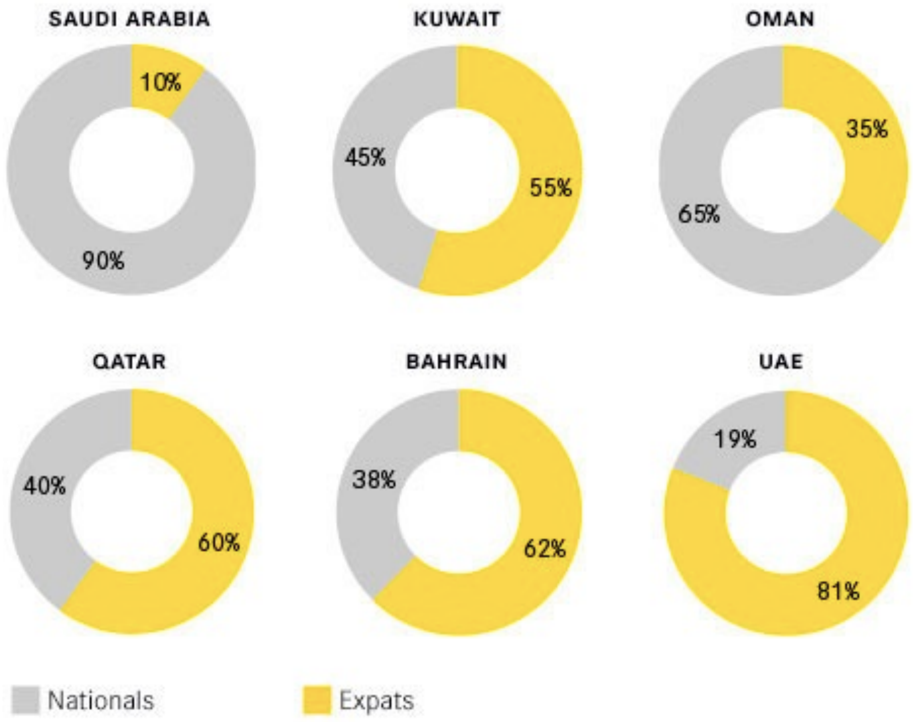
Social factors: The society is continuously changing and evolving, developing it tastes, preferences, values and means of achieving different goals. Countries like UAE are very traditional in what regards the origins of all stated before, mainly due to the power of the religion and its implementation in the everyday life. However, the social aspect might be still influenced by the religion, but it has its own development apart from that. What meant social 20 years ago is not the same social nowadays. The spread of social media changed the concept and became means for self-expression, source of revenues, place of advertising, content maker and a competitor to a traditional media. When it comes to social factors, first things to come to anyone's mind is lifestyle, attitudes, morals – and beyond doubt this is crucial in understanding the market. As the aspects stated before are quite relevant to the topic of given thesis, they will be discussed separately in the next chapter. All the aspects of the word social are important as they influence consumer behaviour and attitudes, requiring companies for a continuous change. According to the Cambridge dictionary, a word "social" is described as:

[27] Mahajan, Vijay, (2013). Understand the arab consumer. Harvard Business Review. Available at: https://hbr.org/2013/05/understanding-the-arab-consumer

“ relating to society and living together in an organized way”. Hereto, will be listed what affect UAE environment from the social aspect.

- Population: 9,273, 767 million people. With more than 80% of expatriates. 69.5% male and 30.5 female. See *Figure 2*.[28]

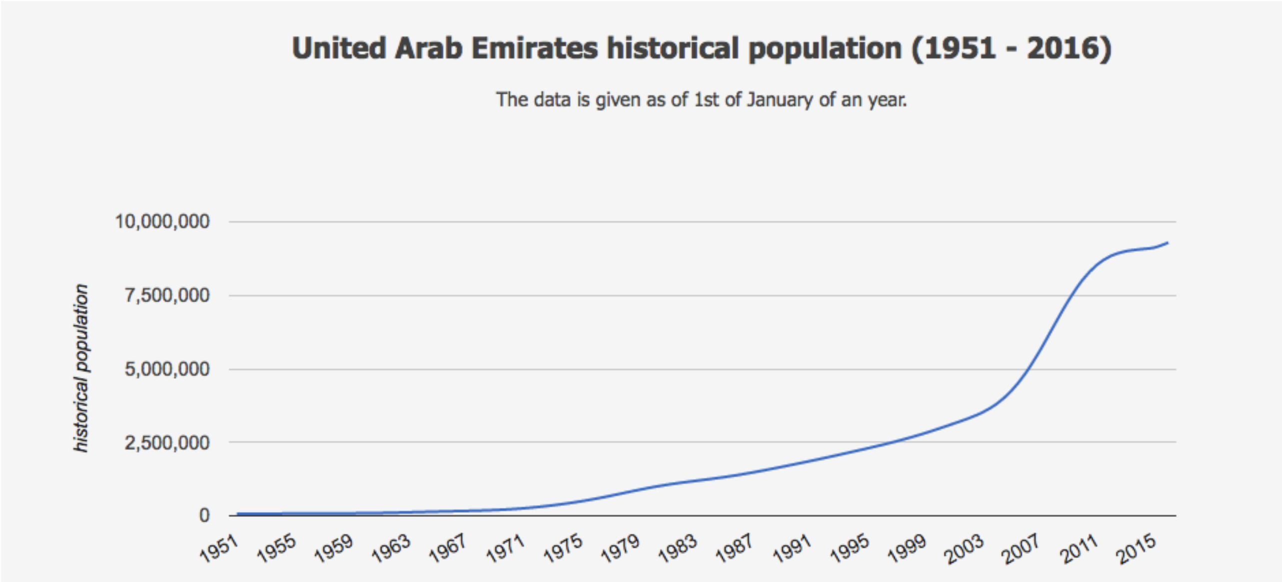
Figure 2



- With a yearly population growth of almost 100.000 people. 20.4% of population under 15 yd., 78.7% tween 15 and 64, and 0.9% over 65. Male literacy accounts for 93.13%, while female 95.76%. Life expectancy is 75years. See the *Figure 3*[29]

[28] Source (Oman): Census Results, Sultanate of Oman Ministry of National Economy, accessed on 3 December 2013. Source (all other countries): Wolfram Alpha knowledge base, accessed on 3 December 2013.
[29] Trading Economics. *United Arab Emirates Population.* Available at: http://www.tradingeconomics.com/united-arab-emirates/population

Figure 3



- Education is considered as investment in UAE leading to stability and security. Country puts a lot of effort in achieving satisfactory literacy rates and women share in education. Nowadays, as a result, Significantly, Emirati women account for 71.6 per cent of students in government tertiary-level institutions and for 50.1 per cent of students in private higher education.[30] UAE spends 25% of government budget on education. Number of enrolments between male and female students is pretty much the same from pre-primary education to lower secondary, while there appears an insignificant gap with females leading when it comes to upper secondary education and on. In terms of literacy, UAE along with Kuwait and Qatar has the smallest gap between males and females being literate with the rate of 75% of the population. According to the visual data of Deutsche Welle, UAE is spending more on education than its neighbouring countries like Qatar, Saudi Arabia, Yemen, Kuwait – that invest more in military than in education. However, none of the Middle east countries is close to the literacy rate of 100% in the industrialized world.

- Sex ratio is approximately 2.19 men per female, with average age of 33 years old.

- GNI per capita increased from 32,820 US Dollars in 2001 to 66,300 US Dollars in 2015 according to Forbes. [31] And around 26.400$ are being spend annualy for gifts per consumer.[32]

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[30] UN Department of Economic and Social Affairs,, (2015). Pp.2.

[31] Forbes. (2015), Available at: http://www.forbes.com/places/united-arab-emirates/
32 Abboud,S., (2015). The key to marketing luxury brand is storytelling. Available at: http://www.qatarisbooming.com/article/key-marketing-luxury-brands-storytelling

- Social classes: divided into locals(Al-Muwateneen) and foreigners(Al-Wafadeen). First class, the ruling sheikh families, whose members hold the highest political positions and have wealth and prestige, second class - the merchant class, known asal-tujjar, traditionally pearling merchants who now sell international consumer goods, the third - the new middle class, represented by increasing numbers of professionals who have benefitted from free state education, and the low-income groups, represented by newly settled Bedouin nomads and former pearl divers and oasis farmers.[33] There is hierarchy also among the foreigners: top professionals and technocrats with international contracts, who earn high salaries and other benefits; middle-range professionals such as school teachers, skilled technicians, and company salesmen, and low-paid semi-skilled and unskilled workers, primarily Asian. In general, nationals are a privileged minority, and benefit from state laws and business regulations. What regards the gender classes, men and female have equal rights and opportunities, while patriarchy still has its important role in a social life.
- Although being traditionally Islamic country, UAE is extremely open to all of the kinds of cultures, restaurants, sport types and activities to attract workers and travelers from all over the world.

Technological factors: Technological advancement widens the choice for consumers eliminating low quality goods and services. This sector incorporates the use of religious and cultural norms as well, for example, pharmaceuticals containing alcoholic may not be the case in the Arabic market. IT industry in the country is highly developed with the technological device usage rate that is double that of European. The country is well open-minded and technologically savvy, that facilitates the everyday life of Emiratis and goes through many aspects of their lives. Technological development is crucial for competitiveness and economic growth of the region. Countries in the region and especially UAE trying to become as smart as possible and it is forecasted that by 2025 majority of them will be so. A Smart City uses digital technologies, or information and communication technologies, to "enhance quality and performance of urban services, to reduce costs and resource consumption and to engage more actively and actively with its citizens", said Ahmad bin Humaidan, Director General of Dubai Smart City Government.[34] The country meets global standards, applies smart regulations, leads in terms of private-public partnerships and has put innovations and technology at the heart of its long term government strategy. These favourable conditions have enhanced partnerships between technology, telecommunication and finance companies.

- UAE is the Nr.1 spot for mobile user penetration, meaning it is the leader among Middle east countries. With Egypt and Saudi Arabia following.[35]

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[33] Starr, Paul D.(2001). *United Arab Emirates.* Available at: http://www.encyclopedia.com/topic/United_Arab_Emirates.aspx

[34] UAE Interact, (2015). *Big dreams for UAE's "Smart City".* Available at: http://www.uaeinteract.com/docs/Big_dreams_for_UAEs_Smart_City/69343.htm
35 Chebib, Kinda, 2016. How technology transforming business in the Middle east and North Africa.Euromonitor International. Pp.2

- Technological area, the concept of Smart cities and tech-innovation is forecasted to receive a lot of investment in the following years.
- Another important issue being under the constant development is Internet of Things with 3D printing, robotics, drones and mobile operations.
- UAE is leading in technology transformation.
- One of the fastest growing countries using mobile payment system used mainly in retail and transportation.
- As you can be seen in the Figure 4[36] below there has been a huge growth of the use of mobile payments, it will grow 5 fold since 2013. The main sectors of growth are transport, retailing, lodging and foodservices.

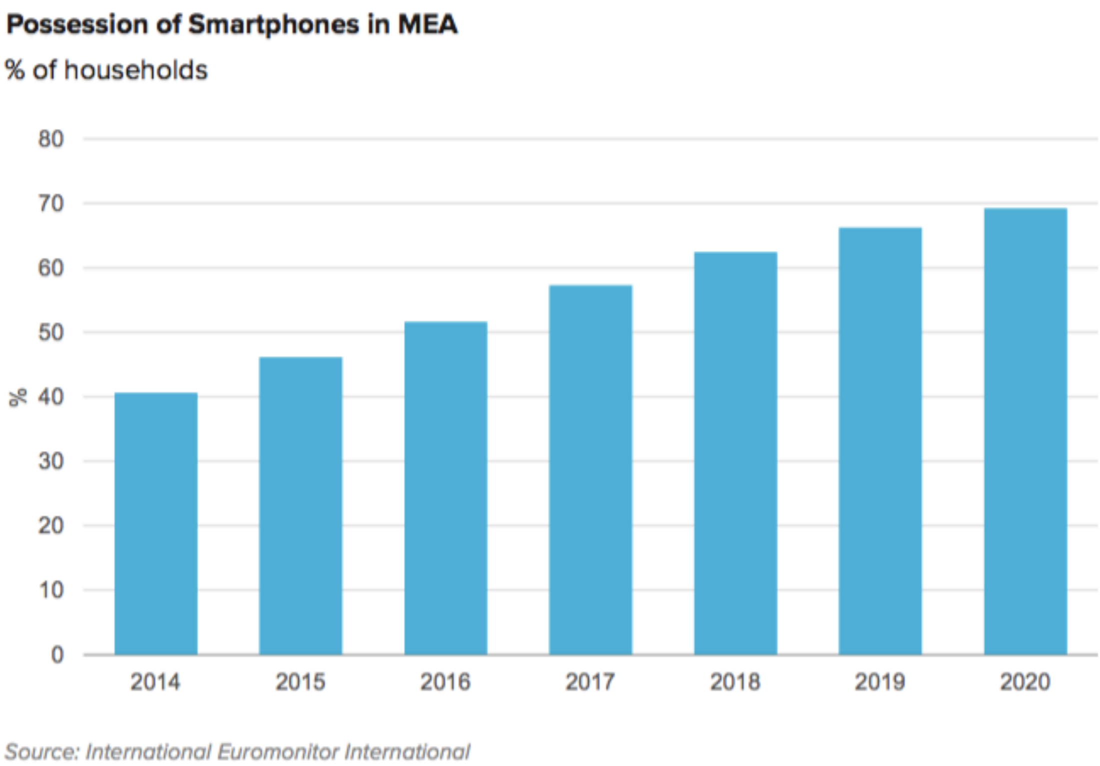

Figure 4

- Dubai has smart healthcare system, smart travel, smart technology characterising infrastructure.[37]
- 3D printing is expected to impact healthcare, retailing and manufacturing.[38]
- There is a strong potential for Industrial Internet—integration and linking of big data, analytical tools and wireless networks with physical and industrial equipment—to achieve consequent growth in the region across multiple domains such as healthcare, aviation and tourism.

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[36] Ibd.

[37] Enriquez, Jof, (2014). *Dubai's Smart City a Smart Model for Others.* Available at: http://nuviun.com/content/dubais-smart-city-a-smart-model-for-others

[38] Chebib, Kinda, 2016. How technology transforming business in the Middle east and North Africa.Euromonitor International. Pp.3

- Second large technological market worth mentioning is Saudi Arabia where two main cities are becoming smart: Jeddah and Riyadh.
- *Nokia and Zain KSA are expected to apply "advanced networking technologies in the iot and the Cloud to connect and manage a wide array of devices, vehicles, homes and applications" (Saudi Ministry of Communication, press conference). Zain and Nokia will employ advanced network and customer experience management tools to ensure smooth a continued operation across locations. Saudi Arabia will follow the steps of UAE, where smart will facilitate and improve the life inhabitants*[39].
- There are several collaborations between different multinational companies with the aim of improving the smartness of the cities and here is one of them: Another example: collaboration incorporating technology and innovation in the MEA region is Etihad Airways—one of the fastest-growing airlines in the world—and IBM. Both organisations announced a us$700 million ten-year technology services agreement in October 2015, allowing the airline to enhance guest experience, develop world-class infrastructure and security and improve efficiency. [40]
- In the UAE in Dubai there is the whole quarter devoted to the internet called Dubai Internet City
- Main focus in mobile payments is on personalization, speed and security.
- Possession of smartphones is constantly growing being nowadays at about of 57% of population.
- 86% of population in the Middle east use social networks which is actually higher than the rate in Europe or United States. [41]
- Due to the increase in education and per capita income, Middle East become more and more digitalized and the technological devices ownership rates increase.

Legal factors: UAE has a developed regulatory framework facilitating and benefiting from FDI due to the well regulated environment.

- Main law is Sharia Law
- Free zones for business: Dubai International Financial Centre, Jebel Ali Free Zone, Dubai Media City with 100% foreign ownership of companies, while there is a 49% ownership outside the free zones.[42] These zones benefit from absence of import duties, freedom of currency restrictions.

[39] Chebib, Kinda, (2016). *How technology is transforming business in the MENA region.* Available at: https://www.linkedin.com/pulse/how-technology-transforming-business-mena-region-kinda-chebib
[40] Etihad Airways, (2015). *Etihad Airways signs US 700 million technology services cloud collaboration with IBM to transform global operations.* Available at: http://www.etihad.com/en-us/about-us/etihad-news/archive/2015/etihad-airways-signs-us-700-million-technology-services-cloud-collaboration-with-ibm-to-transform-global-operations/

[41] Poushter, Jacob, (2016). Smartphone Ownership and Internet Usage Continues to Climb in Emerging Economies
[42] Grant Thornton UAE. *Doing Business in UAE.2013/2014. Pp.10-14*

- DIFC is not under civil and commercial law of Dubai, while still being subject to criminal law of Dubai. Where laws are made on the example of best practices around the world.
- Financial legislation is made of Regulatory law, Markets law, Data Protection Law, Law regulating Islamic financial businesses.
- High importance is given to social, ethical and corporate responsibility. Business incorporated under the Company law states the need of 51% of ownership by the local citizen, who can perform marketing and administrative function after being appointed by foreign parent.[43]
- No income tax, except oil companies and foreign banks. [44]
- No VAT.[45]
- The good corporate governance and best practices are being seriously promoted and implemented.
- High importance is given to the transparency in corporate governance and anti-laundering initiatives which makes UAE quite an attractive place for various types of business.
- Laws are strictly enforced and as the base for aspects of everyday life there is a Dubai Code of Conduct which covers all the aspects.

Environmental factors:

- Dubai promotes taking care of environment. Government calls not to use air conditioning when not in use as a way of saving energy, or, moreover, promote mindful consumption of resources that are not un-limited like clean water.
- Green behaviour is always welcomed, especially when it comes to the recycling of the waste.
- High importance is given to the preservation of marine and desert environment. Any kind of pollution is prohibited as well as haunting any kind of animals. Fishing is allowed only with the license. Any behaviour not complying with the rules is punished by the fine.
- Animal owners are responsible for the actions of their pets. Dogs are forbidden on the beaches and parks.

Another important factor which is out of PESTLE analysis is ease and **cost of information** in the area. It is important because it is a stock of information that affects the consumer behaviour. With the reach of consumers to the internet the cost of information acquisition became close to zero, not only in the western or European countries, but also in the Arabic market with the population having various gadgets and internet connection allowing them to compare the information about the items they are interested in. Moreover,

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[43] *Latham&Watkins. Doing Business in UAE. 2011. Pp.1* Available at: https://www.lw.com/upload/pubcontent/_pdf/pub2783_1.pdf
44 Ibd.
45 Ibd.

nowadays, also the past information is quite available for the consumers so that they can track different variables over time.

Overall assessment of UAE and other Middle Eastern countries results into being quite positive in terms of the challenging and developing environment that gives an opportunity to everyone courageous, insightful and creative to expand its business, personalities, capital, abilities or life standards. Moreover, advantages include its location at the crossroads of three continents, vast energy reserves and rapidly growing population. For businesses, more socially and politically secure countries like again UAE represent definitely a must-go place, asking in return only the respect to the traditions, while keeping on innovating to maintain the dynamics of the place. Due to the geopolitical tension in the region, some countries are no-go zone, but the eventual high net worth individuals from these countries shop travelling or even move to live towards such spots where they spend their income, hence the whole Arabic area is not of the interest for fashion and luxury brands. The brilliance of the UAE is the willingness to give jobs that allow foreigners have more than a decent life, stay more, spend more, attract others by their own example, and country making smart cities and doing everything in a smart way, keeps on producing work places for the next closest 5-10 years for a growing number of citizens and call to visit more and more travellers. However, every type of development has its maturity phase, but it is not the case of the nearest future. When UAE will become mature country that no longer surprises citizens and the rest of the world, the whole market landscape will change and the "palette" of those who will stay there to live will noticeably change, as young Europeans, Asians and Americans come there to earn, safe and move on, so the target market will change its format and hence at the maturity phase brands will probably have to rethink "who" they are when in UAE and for who. While by now they can either be strong and show the market who they are and lead the market to certain values or be flexible and incorporate the culture with values into their DNA as a step of respect to the area they are in.

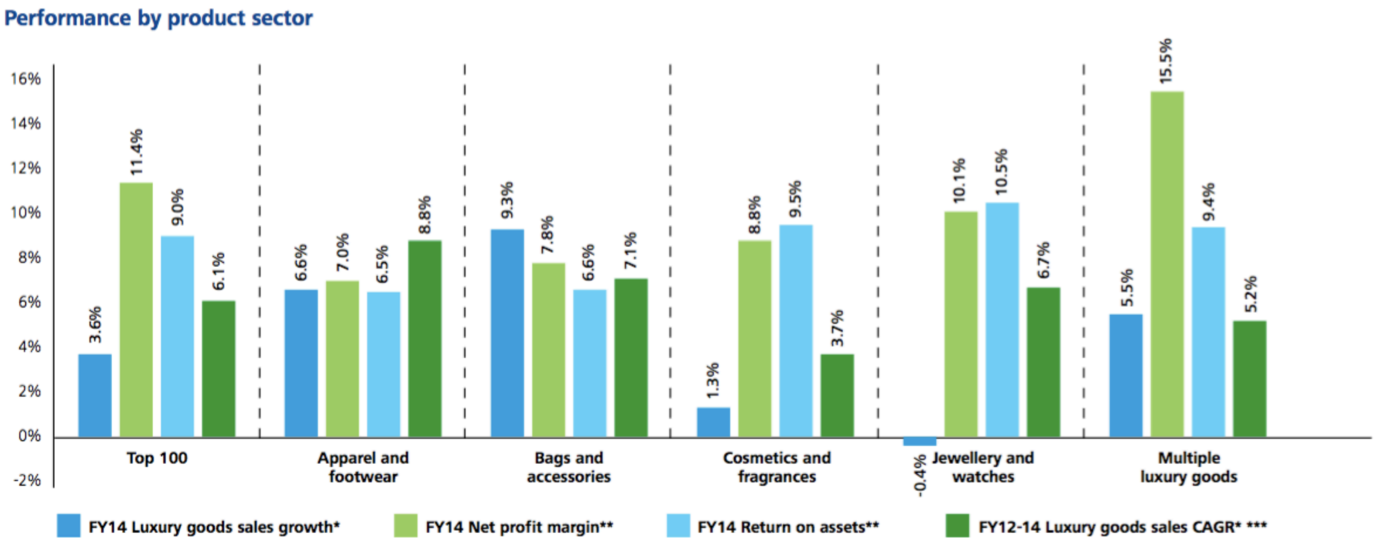
The area is pretty much sourced by the travel industry, as visitors' turnaround is increasing every year. At the moment, the touristic landscape has changed and it is a key challenge to the retail industry. Due to the weakness of Russian Rouble, Russians - big luxury spenders are substituted with more middle class Chinese, who, however, spend less. In numbers, it is a decrease by 22.5% of Russian tourists and increase by 29% of Chinese tourists.[46] Such shifts are not the first and not the last time in the market, hence it brings many changes into the retail industry meaning that now more Chinese speakers than Russian are needed among the staff, tastes are different, hence the merchandise has to be differentiated enough to satisfy all mix of customers, and as this mix is from time to time changing, all the rest has to be changed, hence this area is very dynamic for retailers. The UAE retail growth is expected to be around 5.2% from 2015 to 2020[47], however starting with

[46] Saadi, Dania, (2016). *Chalhoub looks to build on market share in tough luxury market.* Pp.2
47 Ibd.

the year 2018 the slowdown is expected due to the introduction of the VAT, that will change the economic, retail and demographic landscapes in the region.

1.3. ECONOMICS OF LUXURY IN THE WORLD

Main luxury categories are apparel, footwear, cosmetics and fragrances, bags and accessories and jewellery and watches. Following is luxury categories performance graph[48]:



The graph shows the double profitability for bags and accessories in 2016. Two of two outperformers are Italian brands: Vicini and Valentino, who managed to increase their sales by more than 30%. Half of apparel luxury brands had double digit growth. Such brands like Liu Jo, Giorgio Armani and Stefano Rossi were successful this year, Ralph Lauren and Hugo Boss instead had lower growth. Bags and accessories category is well recovered after the recession, with luxury items having the fastest sales growth. The Kate Spade (net profit 14%) [49] outperformed Michael Kors. More than 60% of companies selling fragrances and cosmetics achieved more than 1 billion in revenues.[50] With the best ones being L'Oreal, Shiseido and Estee Lauder with industry's average margin of 8.8%.[51] Due to the scale achieved through diversification, such giants like LVMH, Kering and Richemont are remaining in the top 10. The main succeeding brands in the industry are: Kate Spade, Michael Kors, Pandora, Vicini, Stefano Ricci, Fossil, Twin-set and Tory Burch are among the fastest growing brands. [52] Main deal of the previous year, were the acquisition of Stuart Weitzman by Coach. However, the main trends in acquisitions are taking control over design and distribution; acquisition of innovative technologies for the digital success; private sector invests in premium and luxury brands boosting growth.

[48] *Global powers of luxury goods 2016. Disciplined innovation.* (2016*). Pp.36*

49 Ibd.

[50] Ibd.

[51] Ibd.

[52] Ibd

2. CHAPTER

HOW ISLAMIC TRADITIONS AND VALUES INFLUENCE CONSUMER BEHAVIOR

Globalization made borders transparent and in some cases eliminated them at all as a result slightly homogenizing tastes, preferences and consumer behaviour, but it did not destroy the culture and traditions especially in conservative middle eastern countries. Religion is given a high importance and it influences every aspect of life, it gives a shape and content to the lifestyle, guides personal and business relationships, states morals and a way of doing business. Hence, it is relevant and important to define and analyse how religion influences culture, psychology and behaviour of consumers.

In order to understand the sophistication of the consumers analysed, it should be useful to introduce what does it mean a Muslim consumer. All Muslim are divided into Sunni and Shia, making 80-90% and 10-15% respectively.[53] There is the third direction that is called Sufism, that focuses on the inner self, where the followers are known to be the most tolerant to the other religions. Sunni consists of four schools like Hanafi, Maliki, Shafii and Hanbali.[54] Hanafi being the largest, while Hanbali is the most conservative school spread around Saudi Arabia and Qatar and it includes a famous Wahabi school of extremely conservative Muslim.[55] Maliki and Shafii are quite moderate forms of Islam being spread in Malaysia and east Africa.[56] Islam in general means submission to God. The main phrase that unites all Muslims and one cannot be Muslim without this phrase is “La illaha illa Allah, Muhammad rasulu l-Lah” – “There is no god but God, and Mohammad is the messenger of God”.

2.1.NORMS AND VALUES

For the successful marketing mix and approach to the new market it is important to understand psychological base for the behaviour of consumers. In order to better adapt to specific markets like Islamic one, it is necessary to know what is important for them - what are the means to achieve certain ends (menas-end approach). Here we still have to refer to the holy Book of Islam Quran. According to Quran there are 6 pillars of faith[57]:

1. Belief in God
2. In Prophets
3. In divine Books
4. In day of Judgment
5. In Angels
6. In destiny or faith.

[53] Koenig, H.G. and Shohaib, S. Al, *Health and Well-Being in Islamic Societies: 27 Background, Research, and Applications*, Chapter 2. Pp.27
[54] Bulletin of Affiliation” Al-Madhhab Schools of Thought Statistic. Dec. 1998, Vol. 17-4. 5
[55] Ibd.
56 Ibd.
[57] Muslim believes, practices and values. Chapter 2. Springer.

However, for companies or brands willing to enter the market could be risky to explicitly use the pillars trying to engage and do “the right thing” in front of Muslim consumers, because it is too personal, intimate and holy, that it can only provoke disbelief towards brand and the message it wants to deliver, leading to a failure of the brand’s approach to the market. Implicit messages through the stories leading subconsciously to the same beliefs and provoking the inner feeling of familiarity of values between the Muslim consumer and the brand through something that is common and it is the base of faith – Quran.

What regards the first pillar, the information that should be well understood, accepted and translated into the marketing approach is that the true believer that chooses to follow the will of God and accepts it, will find favour of God and the others in the society, because each person is liable for all the actions it takes and the main responsibility is to be the best person he or she can only be. So the end that consumers want to reach is **self-improvement.** Another consequence of belief in God is **patience**, **understanding and hardworking** nonetheless the help of God and positive attitude that helps overcoming obstacles in life. Another pillar that speaks about the belief in Angles as supernatural beings who act according to the God’s will, should be a support to use the accepted all over the world figure of angel also in the Islamic advertising without offending one’s religion. What regards the faith or destiny, Muslims believe that people have a choice especially when improving oneself, here we come back to the value of self-improvement and self-development that should be definitely used by luxury brands and also somehow by fashion brands. Why luxury brands are the right figures to use these values, is because the whole approach is about intangibility, mystery, beliefs and perfection, what perfectly matches the “end” that is self-improvement while owning some of the luxury goods like the car, exquisite jewellery or property increases the self-esteem, self-confidence and is considered to be a part of a personal or professional development.

Islam can be characterised as more collective or unifying religion that homogenizes such a huge portion of population through a sort of “code of conduct” that governs one’s entire life, it works as a regulation to all the activities and relationships that leads to the harmony between people. Here one can have doubts given the current situation in many Arabic countries where wars are being held for decades and a huge gap between social classes is a fact, but if we have a look at the Islamic population from the greater distance and generalize it, it is true that this population has a very strong stem like a common way of life, to a higher or lower extent, that cannot be said about Christians, for example. Going back to the society, it should not be excluded that there is always place for an individual. Individual freedom is more than expected, but only when it is not at the expense of society. Every individual is equally important regardless its position in this community. Despite being a collective religion, it has a selfish aspect, as each individual wishes the appraisal of God, not of the other people. Hence, going together with the society is just a mean of achieving ones’ individual and in some sense selfish aims. The overall value of an individual is based on the conformity to the beliefs and not on the material possessions they have, or a social status. The overall aim is **to make life better** for oneself and for the community. What Islamic beliefs actually do, can be easily used by companies in their marketing approach, because these morals make a person more responsible, clean and confident on his or her role and a value as a part of community. These intangible goals play exactly on the same psychological aspects as usually are impacted by luxury brands' ads and messages. Even being that specific as the market because of the huge impact and presence of the religion, we are coming back to the same goals to reach when addressing Muslim consumer market.

Apart from psychological sphere, Islamic practices should be undoubtedly taken into the consideration when planning timing and periodicity of ads, promotional campaigns, launches, inside brand's changes, repositioning and simply the goods exposure in the store. These are daily prayers, Ramadan, zakat – giving the poor and, the last, doing the pilgrimage – hajj. These activities apart from religious meaning help also to relax and rethink one's life. So for the brands and companies of any industry, these periods should be as the beginning of something new, the possibility to reposition the brand, to improve it, to increase sales and expand, increase brand and product awareness, by approaching these events in a mindful and relevant way, being explicitly a part of it, brands should convert into Islam for these periods. For example, one of the features of Ramadan is that it bounds people together and focus is being shifted to more generous, clean thoughts and intentions. While, for the Hajj, people feel that they are part of something greater than themselves. It is the time to self-examine, change attitudes and re-evaluate goals of life. It is the time of peace.

In the base of each customer there is ethical behaviour leading to the balanced body and spirit and being seen as the primary value and not what the person produces or achieves. Hence the point of judgment is exactly how the individual builds relationships and how he/she treats the closest ones. What is important to note in Islam, that people are judged by the things they can have control of. The tricky issue for the luxury industry could be the idea that every Muslim individual should compare himself "downward" in terms of possessions and "upwards" in terms of values. Hence, here brands cannot focus on the fact of possession the item making it a materialistic value, but instead should provoke feelings that underline the presence of values promoted by Islam in the core of the brand and consequently in the item. So the call to buy is equal to the call to possess – that doesn't have to figure in the messages delivered by the advertising campaigns. The materialistic item should be viewed in line with individual's principles, something that contributes to the system of values. Feelings that lie in the base of Islam are feeling of equality and sense of fairness, that maintain or feed up self-esteem, leading to another "ends" like health and welfare of society in general. Since, the present life on Earth is just a step, Muslim are called to combat sadness and be optimistic about future.

Every individual seeks happiness, it is in his or her nature to look for it. What is happiness in Islam? As simple as it is, happiness is "a good life" derived from the openness of the heart, certainty of faith, positive psychology and good deeds.

The primary duty of any individual is caring about the family, this is a cornerstone of the religion. Main pillars are father, mother, child, husband and wife. According to Shariah law "When a man marries, he has fulfilled half of his religion, so let him fear God regarding the remaining half."[8] (al-Baihaqi). Elderly parents are respected on account of their life experiences and their hierarchic position within the family unit. The opportunity to attend to the needs of one's parents in their later years is viewed as a gift from Allah.

What regards the work, it is believed that true Muslim work harder than non-believers, they are worth more respect. Work contributes to the mental health.

Making it more precise, let's group all the information. There are three types of needs: (1) necessities (dharuriyyat); (2) convenience (hajiat); and (3) refinements (kamaliat). The human basic values consist of life (al nafs), reason (al 'aql), descent (nasab), property (al mal) and religion (al din).[58] Islam protects these primary human values, and prohibits any violation of them.

VALUES:

- The minimum a human can do is to preserve 5 basic values of a humanity to achieve a balance and harmony. These basic values therefore include the ability to perform moral responsibilities; protection of life, securing food, clothing and shelter, education, the right to earn a living and to set up a family.
- Life: This includes basic items such as food, clothing, shelter, transport, health etc. everything that gives a possibility to live a decent life.
- Religion: Religion is considered as a basic value or fundamental right of every individual. One is free to practice the religion of his choice.
- Intellect or Knowledge (Al Aql): The intellectual nature of man is made up of mind or intelligence or reasoning power.[59] To this aspect Islam pays extraordinary attention and builds the intellectual structure of man on most sound foundations. Islam classifies knowledge into two, the basic or fundamental which must be secured by every individual and the specialized knowledge which should be secured by only a few in a society.[60]
- Family is a heart of society.

Secondary values are convenience needs, that are not vital for the life, but improve or facilitate life like transportation or computers. The tertiary values are called luxury, these needs are over the convenience need and products are way more of an intangible intrinsic and extrinsic values leading to a greater comfort.

NORMS:

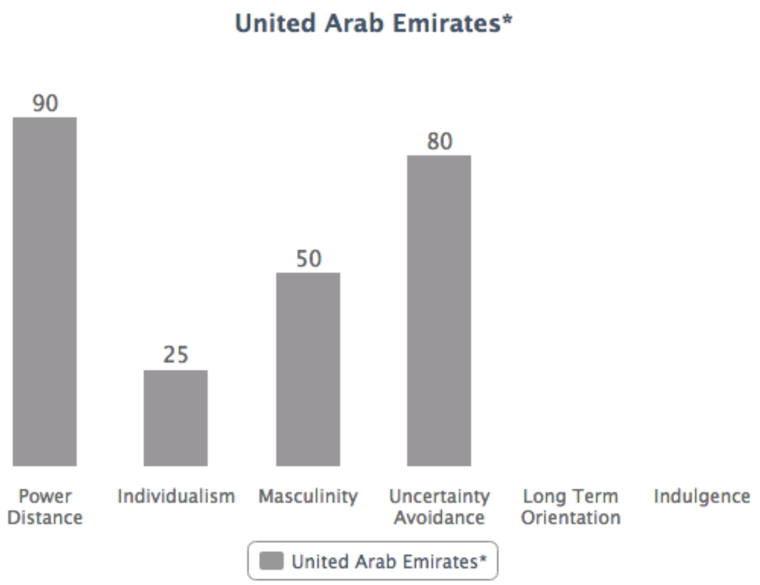
- Individuals have to develop themselves and cultivate **self-esteem**, but it is better done through **self-sacrifice**.
- Nowadays we live in a society, which believes in a **wasteful** life-style and considers it their right to "use" because they "have" it and because the "worth it". This is in total contrast to Quranic model of **modesty**, simplicity and frugality.

58 Akgunduz, Dr. Ahmet, Norms and values in Islam. Available at: http://islam.uga.edu/norms_values.html
59 Ibd.
60 Ibd.

- *Excess and wastefulness lead to greed, and greed has three consequences: The First is dissatisfaction. As for dissatisfaction, it destroys endeavour and enthusiasm for work, and causes the dissatisfied person to complain instead of giving thanks, and makes him lazy. And he sacrifices his self-respect on that way, and even his honour. The Second Consequence of Greed is disappointment and loss. The greedy person drives away what he wishes for, is found disagreeable, and is deprived of assistance and help. He even confirms the saying: 'The greedy person is unsuccessful and suffers loss.' The Third Consequence: Greed destroys sincerity and damages actions in regard to the Hereafter.* [61]

For all these concerns, one needs an international perspective, which overcomes the narrow nationalist outlooks, which are inadequate to address global environmental concerns, concerns for common values, human rights and gender inequalities.

Figure 5



In order have a descriptive snapshot of the Islamic society, the Hofstede Model could be useful. Moreover, this model will show us the real situation in the society and not the idealised one, which we can find if we refer only to the religion.

The first variable is a power distance. The *Figure 5*[62] shows that data quite opposite to the one promoted by religion. It is all about equality, while on the graph we see that United Arab Emirates scored 90 in accepting the hierarchy without justification. As for individualism, where it got 25 it is completely in line with what has been stated above, that Islamic society is pretty collectivistic, it is more “we” than “I”, where loyalty is a paramount. Masculinity earned 50, what means that the society is half driven by the competition, success and achievement, and half by morals and intangible values like caring, love, quality of life. What is important to understand here is that masculinity table shows the source of motivation of people, and here in fact we see the balance, that is totally true because even according to the religion caring is a priority, but a good life, work and self-esteem are important as a part of dignity and personal development. In uncertainty avoidance UAE earns 80 – which shows the intolerance to a certain conduct that puts at risk what has been done or makes the outcome quite

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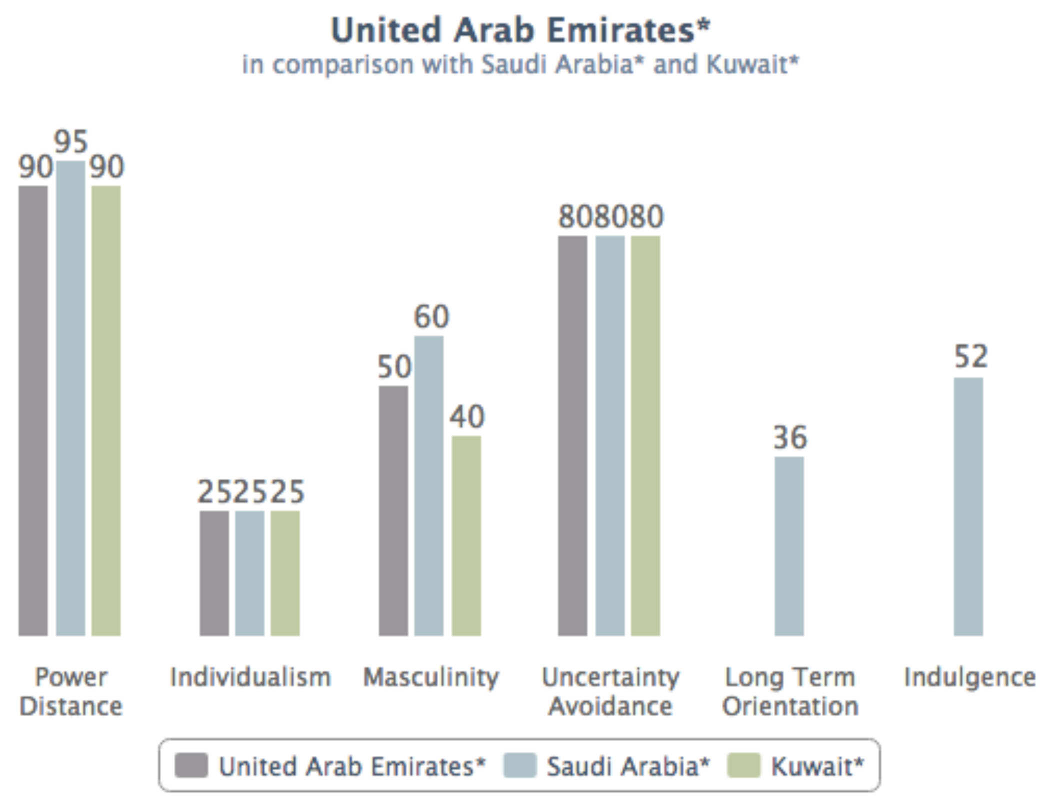
[61] Akgunduz, Dr. Ahmet, Norms and values in Islam. Available at: http://islam.uga.edu/norms_values.html
[62] Hofstede. Available at: https://geert-hofstede.com/arab-emirates.html

uncertain for the interested parties. The society has an emotional need for rules, even if they are usually breached, but it is what keeps in shape the community. Innovativeness and a need for security can characterize such a society. Long term orientation is the ability of the society to keep its traditions and routs but be open to the future. According to Hofstede there is not data available on this score, but looking at the countries development, it can be assumed that it would be somewhere around 60-70, because UAE without any doubts remain an Islamic country with its strong traditions and rules, but it is the country extremely open to all foreign if it can bring profits and development. It is the country willing to outdo developed countries in many spheres like technology, architecture, services, quality of life, entertainment, healthcare and education. The last score is indulgence – the dimension showing the extent to which individuals and societies try to control their impulses and desires. UAE could score quite high meaning that the society control the majority of its desires and impulses especially in public.

As at the beginning of present study the whole region was analysed, it should be relevant to show the Hofstede *Figure 6*[63] for some other countries in comparison to the UAE:

Figure 6



No surprise that there is no considerable difference among the countries.

Hofstede model summed up and showed the results of the impact of the religion on the society. Through the Hofstede model we can see how culture shapes the behavior. It is important to notice that culture

63 Hofstede. Available at: https://geert-hofstede.com/arab-emirates.html

is not inherited, instead it is learnt, it is interrelated and shared. It has its visible and invisible aspects. Tangible part is something that can be tasted, heard, smelled, touched that represents an indicator of values. Selfridge and Sokolik (1975) visualize culture as an iceberg with the visual part being body language, lifestyle, clothing and eating habits; whereas intangible parts consists of behavior coming from morals like sex roles, family values, relationship patterns and some basic assumptions like ethnic culture, religion, nationality. [64]Both visible and invisible parts of the iceberg have to be taken into consideration by marketers willing to engage with the target audience in the right way and for the long-term relationship.

2.2.COMPARISON OF ISLAMIC AND CONVENTIONAL CONSUMPTION BASE

Essoo and Dibb (2004) found in their research on how "Religious Influence on Shopping Behaviors", the following[65]: *"The practical value of this research is that marketing strategists may find it useful to view religious affiliation and religiosity as predictors of consumer behavior. An enhanced understanding of religious differences in consumption could be usefully applied in the development of marketing strategies and tactics. At the strategic level, there may be value in using religion as a segmentation basis. Marketing tactics may then be designed which reflect and are better suited to the characteristics of consumer behavior in different religious groups."*

Economic Doctrines and main Theme Rationalism		
Conventional rationalism		**Islamic Rationalism**
Worldly life and confused about Hereafter life	Worldly life is the only life & no Hereafter life	Worldly life and Hereafter life
Self-satisfaction	Self-satisfaction through state intervention	Satisfaction of Allah
Self-interest and rationalism is the sole authority of decision making	Rationalism and state is the sole authority of decision making	Individualism and Rationalism through moral filtering is a part of decision making
Competitive market: survival for the fittest	State controls the market	Combination of competition and state intervention: Humanity and Philanthropy
No value judgment	No value judgement	Value judgement, social, national, cultural values

64 Erkan Yalcin & Ismail Cimendag, (2012). *Global marketing advertising with cultural differences How can global companies better address cultural differences in marketing advertising in the Middle East?* Pp. 14

65 Hamdar, B; Orfali, M; Hejase,A,(2012). *Marketing Mix: An Exploratory Research in Syria from an Islamic Perspective*. Pp. 40

Independent of revealed religion, religion is unreliable.	No religion	Religion is key determinant
Earning at any way	Earning at any way	Earning at honest way

Figure 7[66]

Regardless of the type of the consumption, one statement is true for all of them – human wants are unlimited and the consumer is not able to satisfy them all.
In comparison to the western systems of conventional capitalist and socialist economic consumption, the middle east area is characterized by Islamic rationalism where the utility maximization is reached through the development of religious, social, national, historical and cultural values. Moreover, Islamic economy rewards present and hereinafter lives for both moral and immoral deeds, what does not exist in the western types of economic consumption theories. What is common is that all types of theories of consumption are focused on customer satisfaction. In socialist and capitalist economies self-interest and rationality are preserved, whereas in the Islamic consumption scale of welfare, ethics and morals are brought to the first plan. Economic consumer is a utility maximizer, who cares about spiritual wants and needs as well. Islamic rationalism calls its consumers to gain the maximum success of life maintaining their values at the same time. Economic rationalists instead historically separated religious and ethical values from economic life of the consumers. To make comparison clear it can be summed up into the *Figure 7* above.

Another *Figure 8* shows that it is very important to be able to address the right target customer at the right time, because life cycle changes values, needs and habits and hence has to be addressed by different strategies and marketing mix. Moreover, to the sole difference between life stages we add the specification of

[66] Hossain, Nasharat, (2014). *Economic Rationalism and Consumption: Islamic Perspective. Bangladesh: Chittagong. Pp. 275*

the economic area the target customer is in. In our case it is middle east and, hence, the whole life gains a framework of Islamic rationalism.

Islamic Rationalism	**Conventional Rationalism**

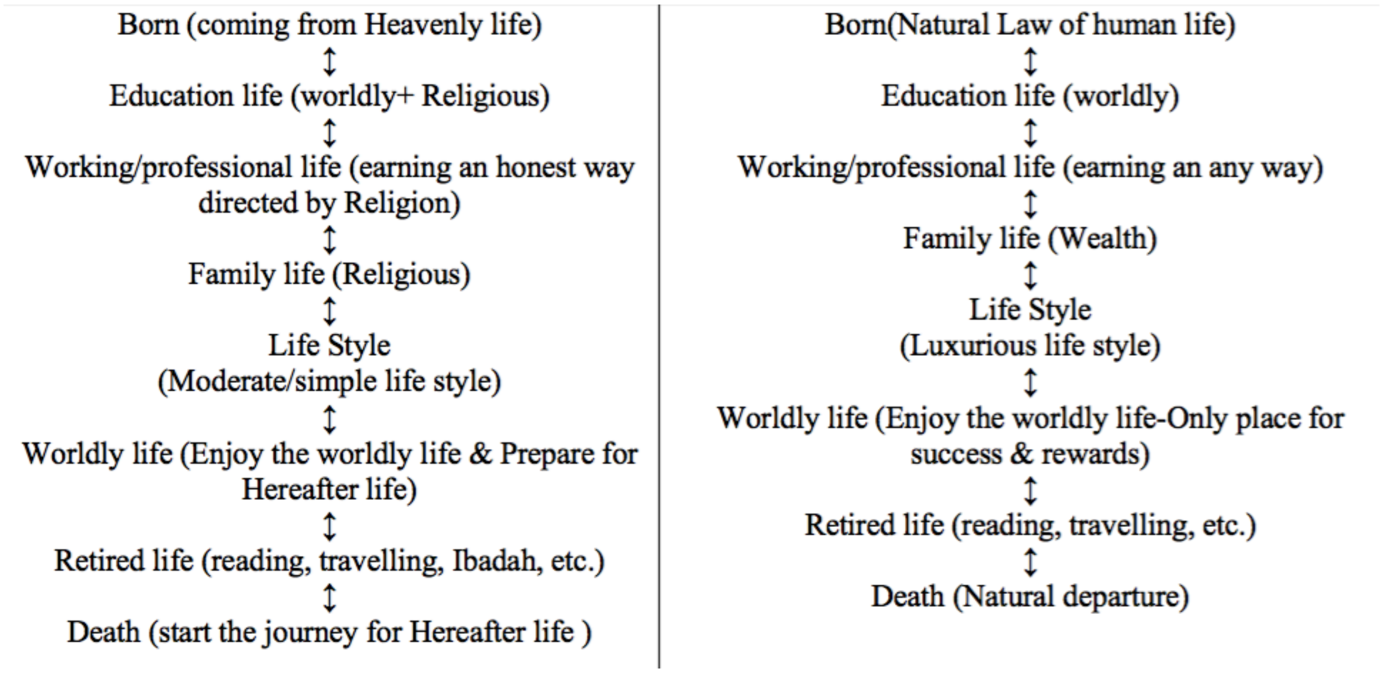


Figure 8[67]

Considering the fact that Islamic consumption takes into consideration a worldly life and the life after death, it is very important to understand one of the reasons to make a certain choice is that it has a spiritual benefit as well. As any consumption is an expenditure representing the share of income, all the brands must convince a customer to spend this share exactly on their product or service adding value on different levels – not only quality, brand awareness or utility, but also emotional attachment and sharing of the values with their target customers, offering them alternative ways of spending their income. Spiritual and religious beliefs affect which part of income will be spent for self-indulgence, for family and for charity, and hence disposable income will be a function of three instead of two variables: consumption, saving and expenditure on religious purposes. For Islamic consumer, donation to the poor and needy, spending on the welfare of the future generation, improvement of the community life, development of the spiritual and religious life will bring additional value to the product or service bought, or would make stronger emotional connection with the brand. For each life stage there will be four needs that any consumer in any country will face and these are necessaries of life, necessaries of efficiency, comfort and luxuries right as described in Maslow pyramid of human rights and needs with base needs at the bottom. Necessities of efficiency can be any product or item that facilitates the increase in efficiency, like a good food or sleeping conditions, while items of comfort are those that have utility higher than their price or cost. Any excessive expenditure on unnecessary and superfluous things are

[67] Hossain, Nasharat, (2014). *Economic Rationalism and Consumption: Islamic Perspective. Bangladesh: Chittagong. Pp. 275*

considered to be luxury goods. And it is in particular true, because one of the historical meanings of "lux" is excessive. Worth mentioning, that the main controversy in the nowadays Arabic society, taking into consideration high net worth individuals and middle class that is getting richer, is that the consumption of luxury goods is constantly growing even if it is completely against Quran. It is said: "*Eat and drink: but waste not by excess for, God loves not the wasters*" (AL-Qur'an, 7:31). Quran connects the use of luxury with laziness, extravagance, dependence on others (might be dependence on what the society sais or acceptance by social groups) and irresponsibility. Going further and deeper, according to Quran it will lead even to bribery and crimes consequently giving rise to the social inequality. What we really see nowadays, that all the consumers with the certain income are keen on being excessive and wasteful, mainly because their consumption habits are characterized by Americanization of consumer tastes or globalization of tastes driven by the companies, product range, advertising, trends and propaganda. It can be described and explained by Quran which prohibits at the same time both asceticism as a way of life and materialism as a proof of selfishness. So there is always space for interpretation for each single consumer to be still religiously correct while satisfying needs of beautiful life.

Moreover, it should be important to distinguish between needs and wants that do not necessarily coincide. Need is a motivation for human activities coming from the inside of the body or can come as endogenous factor. While the want is what people desire and can or cannot obtain, wants can be driven by the market, WOM, trends, marketing, so there are exogenous factors that make consumers allocate a part of their disposable income to wanted items and services. Every consumer is thought to be a rational consumer, that has a well-defined list of needs placed in order of priority and only then the list of wants, that he or she satisfies in the sequence of importance. But the fact is, that many consumers can sacrifice one or more needs in favour of wants. This happens because every consumer\s goal is to improve his/her welfare, hence he is forced to screen his wants and needs and decide on budget allocation according to the level of contribution to the present and future welfare. Islam distinguishes three types of needs: daruriyat – survival needs that have to fulfilled at any cost, takmiliyat – must be met, but only from available resources and tabsiniyat – are satisfied only after first two are fulfilled.[68] But a consumer cannot only satisfy his needs, instead, there should be a balance between fulfilled needs and wants that make life better. Once a consumer sees additional benefits of his wants, such as status, self-indulgence, social acceptance, contribution to the image and personality and other psychological benefits, the consumer can prefer to spend a part of his disposable income on this good or service even if he has to sacrifice some needs as a part of self-development.

As the last point, the framework of lifestyles mentioned in Hadith, that specify four types of living

[68] Alsheran, B.A., Baitaneh, M.K., Halkias, Daphne and Komodromos, Marcos, (2014). *Measuring Luxury brand consumption and female consumers' religiosity in the UAE.pp.4*

standards[69]:

- Living in miserliness: it is when one does not spend on his family or oneself, moreover, has no charitable activity leading to a type of life that is considered a crime in Islam.
- Living in extravagance: Islam differentiates charity types, and charity with the purpose of showing off is prohibited.
- Moderate life: this lifestyle is widely encouraged by Islam because it is exactly in the middle between being extravagant and miserable. What is called balanced consumption.
- Simple life: living with simple and basic necessities of life.

To conclude, it can be summarized that capitalistic consumer accumulates wealth throughout the life, while an Islamic consumer accumulates wealth believing in the double accountability, where as a result the utility of the same goods or services maybe positive to capitalist or communist and negative for an Islamic consumer and the total value of choices done by an Islamic consumer is equal to present value of immediate effect in current life and its later effect in the future life. Maximization is not only a characteristic of Western capitalism, because a concept of maximization exists also in Islam and Muslims are called to count and maximize the *hasanat*[70] – rewards for the deeds- more *hasanat* the better the fate will be. According to the study done by Ahmed al Ashker, *it is true that Muslim spend a considerable amount of heir non-food budget on social caring spending for the sake of God*. This consumption framework shows that principles created by Islamic consumption are better than the western ones for the fact of being balanced, what could be used as an example to apply the use of religion and social norms in the conventional consumption.

2.3.IMPACT OF VALUES ON LUXURY GOODS CONSUMPTION

As overviewed before, Islam has a strong cultural and religious values in the base of their everyday life which cannot have no impact on consumer behavior in general, and especially in luxury goods and services segment. The area being analyzed in the given paper is characterized by strongly collectivist features where two main factors are important to such consumers: dignity saving and group/society orientation. Collectivism touches individual private life, taste orientation towards luxury goods and services and decision making process. In this part we will see if there are some changes happening in the Arab culture that could be very important for marketers willing to address this market.

It has been noticed by Chaudhuri and Majumdar, (2006) that *consumers nowadays consume the symbolic meaning of luxury goods instead of their real physical purpose and it is done as a way of self-*

[69] Hossain, Nasharat, (2014). *Economic Rationalism and Consumption: Islamic Perspective. Bangladesh: Chittagong. Pp.120*

[70] Kahf, Monzer. *The demand side or consumer behavior Islamic Perspective.* Pp.13

realization and gratification.[71] Marketers have to understand, that culture is a set of values that help people communicate and also interpret the values delivered by the others, hence Islamic customers might understand the messages sent by luxury brands from the other perspective. According to Hofstede cultures can be collectivist or individualistic and we can see from the analysis of Hofstede Model above, Middle east countries are pretty high in collectivism scoring 75 at this scale, where norms and habits are passed over generations affecting their consumer behaviour. Collectivist cultures are "*societies in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families, which continue to provide protection in exchange for unquestioning loyalty*"[72] (Teimourpour & Hanzaee, 2011). People from collectivist cultures highly regard interdependence (Hui & Triandis, 1986) and are usually more concerned about doing the right thing and acting suitably than doing what they personally would like to do (Triandis, 1995). In Lebanon, individuals feel a stronger need to conform to their local social groups' expectations than to the broader national group requisites[73] (Farah & Newman, 2010). Pertaining to the Levant region, and similarly to the Lebanese culture, the Jordanian culture is also assumed to be collectivist due the similarity of their social traits[74] (Alkailani, Azzam, & Athamneh, 2012). Luxury goods incorporate quality, hedonism, craftsmanship, know-how, history, often biography of the founder, DNA and codes varying from brand to brand and messages different for different geographic areas. Psychologically luxury goods are thought to bring prestige, acceptance of higher social groups or can be an indicator of success. "*Once you succeed, you want to enjoy. Luxury has become the self-reward of high growth countries*" (Kapferer, 2013). For Arabs status is quite important therefore they seek for self-rewarding by buying luxury goods and services once possible, this behaviour is triggered by the success of brand sound impression management. This type of consumption was analysed by Veblen and consequently called Veblen Effect - *Abnormal market behaviour where consumers purchase the higher-priced goods whereas similar low-priced (but not identical) substitutes are available.*[75] *It is caused either by the belief that higher price means higher quality, or by the desire for conspicuous consumption (to be seen as buying an expensive, prestige item).* Status seekers will prefer big logos or so called loud logos and product lines, to be able to expose it to the wider audience showing the brand. As women often wear abaya it is hard to stand out and hence they focus on shoes, jewellery and accessories like bags. It is not uncommon that middle eastern customers wear personalized things like Nike sneakers, or limited edition products trying to differentiate themselves and communicate their status.

What does it mean to be a part of collectivist society? In fact, it gives a feeling of safety with the security of collective identity[76] (Abosag & Farah, 2014). As society is never homogenous in terms of income and education, and therefore, consumers may find different items as luxurious and give different importance to

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[71] Farah. F.Maya, Fawaz, S. Rayan, (2016). *A comparison of the influence of personal and cultural values on the consumption of luxury goods accross Arab Regions: Levants vs. Gulf.* Pp.140
72 Ibd. Pp.142
73 Ibd. Pp.143
[74] Ibd. Pp.143
75 Available at: http://www.businessdictionary.com/definition/Veblen-effect.html
[76] Farah. F.Maya, Fawaz, S. Rayan, (2016). *A comparison of the influence of personal and cultural values on the consumption of luxury goods accross Arab Regions: Levants vs. Gulf.* Pp.141

them, luxury brands tackle those with conspicuous consumption seeking the status, recognition and self-indulgence. In such countries like Arabic success is equivalent to the financial position, hence luxury goods and services consumption assigns “social places” among certain individuals. Along these lines, Kapferer and Bastien (2009) consider that "the DNA of luxury is the symbolic desire to belong to a superior class”[77], showcasing that luxury is often considered by consumers as a social maker. And in Arabic countries, it seems sometimes that purchase is being done by the group (i.e. family) rather than by an individual. Which means for marketers, that the message delivered to the target customer must be appealing also to the whole family which includes different ages of family members and different backgrounds, has the idea must be very strong in addressing Arabic consumers. From another point of view, the decision to buy certain luxury good or service might come not only from the primary user but from whoever in the extended family, which at the same time facilitates and increases the reach of brands communication. *Social identity is the individual’s self-concept derived from perceived membership of social groups*[78] (Hogg & Vaughan, 2002). So conformity is an indicator of harmony. In the Middle East it is believed that Western goods are of a higher quality, and since quality of goods will contribute to the status, the factor of quality prevails strongly in the decision making. From here we get to two conclusions, that Arab consumer as a means of dignity saving will opt for a high quality goods, as well as he/she will make the same choice because of the group orientation and dependence on what the society will say.

Moreover, buying luxury goods triggers intrinsic emotions of satisfaction, but it is also believed that luxury goods enhance the personality through possessions one has. Hence, consumers both group oriented and dignity saving, will give a lower importance to the hedonistic aspect in the luxury goods possession, because they are driven not only by pleasure itself, but by what it adds to a personality, and as it was said above in the Islamic values overview, one of the main goals in life according to Quran is self-development. Whereas, they will give higher value to the extended-self component of luxury.

Even though Quran promotes moderate lifestyle, without excess in consumption, it still encourages sophisticated consumption pattern. Here comes another factor of consumption called conspicuousness meaning buying to impress regardless of social status, psychologically it helps to put a consumer higher on the social ladder. Undoubtedly, Arab consumers give high value to this aspect in their decision making.

One more factor influencing Arab consumers’ choice to buy luxury goods and it is the uniqueness of the goods, what triggers the desire to possess something that is limited, unique, special and not available to everyone.

The value of a good itself is also important. As was said before, consumer nowadays buys for symbolic meaning, but what is important is that the meaning or the value of such a good does not necessarily is defined

[77] Ibd. Pp.142

[78] Farah. F.Maya, Fawaz, S. Rayan, (2016). *A comparison of the influence of personal and cultural values on the consumption of luxury goods accross Arab Regions: Levants vs. Gulf.* Pp.143

by the consumer, but by the interest group. If it is valuable for the interest group, it will have value also for the certain consumer.

Summing up, factors Arab consumers giving the most importance to are: quality, uniqueness, conspicuousness and extended-self. Even though hedonism is perceived negatively by the society, it may, however, have positive effect on the society as well coming from the pleasure and satisfaction of its individuals. The last thing to point out is that Arabic countries of Levant remain devoted to a dignity saving and society orientation, while Gulf countries face some changes due to the high number of expatriates living and building the economy, mainly in UAE, who have brought their cultures, habits, consumption patterns into the Islamic culture, leading it to a change towards more individualistic society, in which as consumers Arabs of the Gulf will give less importance to a quality, as they do not depend that much on what other will say and whether they will be accepted by certain social groups. According to the study done in 2002 by NFO World Group, Gulf countries create more and more nuclear families instead of extended.[79] The same situation is about conspicuousness, Gulf Arabs are lifestyle consumers who buy for themselves, because they know who they are, and the purpose of acquisition does not lie in group satisfaction or face saving in front of the family or society. However, hedonism which appeared to be not very important for Levant countries, plays a bigger role for Gulf countries as they seek pleasure from what they do and hence exclusivity can also play a bigger role, whereas in Levant countries it is not viewed positively as it may undermine the harmony of the group.[80] That does not mean, that Gulf countries completely changed and went away from the society-focused culture, it is still true that they value family as a priority, but it is a really close community, where they preserve the harmony. The common feature holding valuable for both areas is self-development as promoted by Quran.

A certain invitation to marketers, retailers and advertisers can be derived from the analysis above – Arab consumer are keen on buying rank-giving goods. This is an attractive and sophisticated market, challenging and exciting to follow and address. The first “innovators” in the society are trend-setters and these people are those who define how a certain social status individual should look like or what he or she has to possess. Consequently, followers will identify themselves according to what framework innovators give. The biggest portion of Arabic consumers make young population who must be targeted first of all, because they refer to what they see in the internet (Instagram, bloggers, fashion icons) and their choice is driven by that. The main shift in approaching the market is that luxury brands cannot anymore underline conformity, instead, the call to individualism must prevail. This impacts advertising in the area. First of all, it does not have to be the same across Arabic countries, because we see that there are psychographic differences, and secondly, pleasure is not the only goal Arabic consumers are following, so advertising campaigns must include other factors analysed above. Stepping away from the conclusion for a while to give an example: Let’s provide a small comparison of Middle East countries for the managerial implication of more customized strategies. As

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[79] Farah. F.Maya, Fawaz, S. Rayan, (2016). *A comparison of the influence of personal and cultural values on the consumption of luxury goods accross Arab Regions: Levants vs. Gulf.* Pp.157
80 Ibd.

the first example, demographical data can show us diversity inside the country leading to the number of varying believes and values across the countries: While Saudi Arabia is ethnically homogeneous, Kuwait, Oman and Egypt tend to be more ethnically diverse. For example, in Kuwait only 45% of the inhabitants are in-born Kuwaitis, 35% are from other Arab countries, 9% are south Asians, and 7% are Iranians.[81] Another ground for differences among countries can be the geopolitical situation triggering Machiavellianism or driving consumers to have more relativistic or idealistic attitude towards ethics of consumption, as a result in Lebanon consumers showed more Macchiavellistic behaviour than in the counterpart Egypt.[82] Hence, it is essential to understand the specification of the period in which the country is(post-war, pre-war, peaceful times, revolutions) to be able to correctly address country's consumers, because the state of the country, can influence consumers' temporary habits that can last for a certain time and be different from the permanent main characteristics of the citizens as consumers. Brands have to imply culture-fit communication techniques to increase marketing effectiveness and gain trust in every market they enter.

The further study is needed to obtain bigger sample and to deduce more cultural differences among all Islamic countries. The study should analyse the major aspects of culture stated below *Figure 9*[83] :

1: **Material culture**
Material culture refers to tools, artefacts and technology. Before marketing in a foreign culture, it is important to assess the material culture like transportation, power, and communications and so on. All aspects of marketing are affected by material culture like sources of power for products, media availability and distribution. Material culture's introductions into a country may bring about cultural changes which may or may not be desirable.
2: **Language**
Language reflects the nature and values of society. There may be many sub-cultural languages like dialects which may have to be accounted for. Some countries have two or three languages. Language can cause communication problems - especially in the use of media or written material. It is best to learn the language of the target market or engage someone who understands it well.
3: **Aesthetics**
Aesthetics refer to the ideas in a culture concerning beauty and good taste as expressed in the arts: music, art, drama and dancing, and the particular appreciation of color and form. Aesthetic differences affect

81 Al-Khatib, Jamal and Rawwas, Mohammed, (2005). Inter-country differences of consumer ethics in Arabic countries. Pp. 500
82 Al-Khatib, Jamal and Rawwas, Mohammed, (2005). Inter-country differences of consumer ethics in Arabic countries. Pp.502
83 Hamdar, B; Orfali, M; Hejase,A,(2012). *Marketing Mix: An Exploratory Research in Syria from an Islamic Perspective*. Pp. 37

design, colors, packaging, brand names and media messages.
4: **Education**
Education refers to the transmission of skills, ideas and attitudes as well as training in particular disciplines. Education can transmit cultural ideas or be used for change; for example, the local university can build up an economy's performance.
5: **Religion**
Religion provides the best insight into a society's behavior and helps answer the question of why people behave rather than how they behave. Religion can affect marketing in a number of ways: Religious holidays – During the working hours within the month of Ramadan marketers cannot get full access to consumers as shops are closed, consumption patterns - fish for Catholics on Friday, economic role of women – Islam, caste systems - difficulty in getting to different costs for segmentation/niche marketing, and joint and extended families
6: **Attitudes and values**
Values often have a religious foundation, and attitudes that relate to economic activities. It is essential to ascertain attitudes towards marketing activities which lead to wealth or material gain. Attitudes are always precursors of human behavior and so it is essential that research is done carefully on the attitudes in question.
7: **Social organization**
This refers to the way people relate to each other, for example, extended families, units, kinship. In some countries kinship may be a tribe and so segmentation may have to be based on this. Other forms of groups may be religious or political, age, caste and so on. All these groups may affect the marketer in his planning.

Figure 9

2.4.RELIGIOSITY AND LUXURY GOODS CONSUMPTION

The study on the relationship between religiosity and luxury goods consumption has found that there is no particular connection, and that religious Arab women were not against of being defined by non-Arabic brands. As it can be seen from the previous chapters, consumer in Middle East have different drivers of their consumer behavior. This finding is essential for the brands to be able to engage with Middle eastern countries and their consumers. According to Euromonitor the luxury market is dominated by female. Moreover, it is important to understand that Muslims form a huge portion of the overall luxury target consumers. The Muslim population is predicted to grow at about twice the rate of the non-Muslim population until 2030– an average annual growth rate of 1.5%, compared to only 0.7% for non-Muslims.[84] This information creates challenges and opportunities. But firms have to understand first the values system of these consumers. Of course, speaking about Middle eastern consumers, we have to understand that we speak about a small part of the population that are economically strong enough to still create a huge target market.

Worth repeating that extravagant consumption is discouraged by Quran and any excess should be moderated as well as waste. However, what has been noticed in the GCC area, that especially female consumers are willing to be "branded" referring mainly to the brands they wear instead of a particular thing like jacket, skirt, bag they name it by brands and the location(city) where it was bought. In case of GCC consumers they are "sum of brands", they collect brands, what has been already mentioned above, that consumers started buying symbolic meaning instead of physical items. *Rawdhah, who is a typical middle class housewife, for example, accepted a watch worth 1,000 USD in 2011 as gift from her husband only to be nice to him; she did not want him to feel bad about the cheap watch he bought for her. Amira, a 20-year-old housewife who surely doesn't qualify as middle class, bought a Chanel bag for 3,000 USD and that was considered a normal sum to pay, she actually kept the receipt in the bag to show it to people*.[85] Women follow and react on the society's expectations about them as individuals, as the part of cultural and secular society and not as a religious unit.

This is a current situation of GCC consumers, however it can lead to an oversaturation of brands per person, making them choose by another variable rather than the brand name only. This is no surprise, because the area is still a developing one, even if it is dynamic, very modern, extremely innovative, but the mentality Is not yet that of developed countries, so it is simply one of the steps in evolution. The main result of the analyzed study is that there is no particular connection between religiosity and luxury consumption apart from the fact that religion may moderate it.

2.5.WHAT DEFINES AN ISLAMIC WOMAN AS A CONSUMER?

As it was mentioned before, Arabic luxury market is dominated by women, hence companies must be able to address their needs and wants and grab the most precisely the values they pursue buy spending, first we have to understand their cultural, religious and psychological foundation, as these values can be the main points stressed out in marketing done by brands. The main target that has to be analysed is woman, because men have more moral freedom that can put some aspects of consumption in line with that of western consumers given a medium or high net worth income. As far as the relationship with Allah is concerned, there is no difference between men and women.

84 2011. The future of the global muslim population. Available at: http://www.pewforum.org/2011/01/27/the-future-of-the-global-muslim-population/
85 Baker, A.A and Bataineh, M.K., 2013. Naming Businesses: names as drivers of brand value. Pp.8

Islam gives an important attention to the appearance of woman and here is a good phrase describing the concept: "*A good appearance is an indication of how well she understands herself, her Islamic identity, and her mission in life*."[86] Woman's outward appearance cannot be separated from her inner identity. Each person, and especially woman, wants to achieve a balance among body, mind and soul. Islam states these factors[87] as main steps towards balance:

- A person may be distinguished by the balance he or she strikes between body, mind and soul, so that none is cared for at the expense of another.
- A woman has to have a good and taken care of body being active, not overweight.
- Wake up early and go to sleep early, in order to have enough energy and enthusiasm to manage the household and pursue her personal goals throughout the day.
- Fitness is necessary giving healthiness and strength to her body, which makes her execute her duties better.
- Cleanliness is an indicator of sound and likeable character. This sense reflects on her husband, family and children and underline femininity and beauty.
- Must take care of her hair. A woman must keep it clean, perfumed, and styled. This is reported in the hadith quoted by Abu Dawud from Abu Hurayrah (RAA), who said: "*The Messenger of Allah (PBUH) said: `Whoever has hair, let him look after it properly.*'

Apart from religious description of a woman it is important to say that Arabic women are and will represent a high share of couture buying. Majority of these women in their calendar have around 30-40 events for which they need different dresses because to put the same one is not an option. Each wedding can last from 2 days till even 5-7 days and again they need different dresses for each day. It is a good news for brands both Western and local. However, it represents a challenge in terms of CRM for the brands. Because Arabic women tend to compete with their dresses be it a brand, price, uniqueness of the material, so they would not appreciate the fact that someone else in the hall is in the same dress. Actually it happens from time to time, hence brands have to know very well their couture buyers, know their families, know events and the other people who are going to visit these events to track what was sold to whom, in order to avoid selling the same dress to someone from the same company. It is not easy, but brands do make their best to avoid that.

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[86] *The Muslim Mowan and her Oneself.* Available at: https://www.missionislam.com/family/mwomanownself.htm
[87] Ibd.

2.6.GLOBALIZED ARABIC CONSUMER

Consumer acculturation to a global culture does not lead to a homogenization of the country's population, but noticeable changes that could be called globalization or westernization have occurred in the past years. As it was said above, Arabic consumer is not anymore the part of a traditional family buying in small local shops. These consumers, especially in Dubai, have been reshaped by the appearance of huge shopping malls offering multinational cuisine, flows of international tourists making an everyday contact with foreigners a common thing, different types of entertainment and vast variety of brands to choose from. According to the Simadi's research political, social and economic development of UAE consumers are shaping their value system, especially that of the younger population.[88] It was found, that the main factor changing values of youth are gender, family size, income level and father's job position, and there is no nationality in this list.[89] So their values evolve independently of their national origin. This is one of the effect, of the cultural mix in Dubai, and there is an opinion, that this will destroy national affiliation in these countries. Another opinion states, that it will not have such an effect. Although teenagers are highly sensitive to the diffusion of the global youth culture, they also construct their individualized identity and lifestyle in search for common differences. And according to the second opinion, it is solely the re-negotiation of values and attitudes on the local-global level, but saving all the socio-cultural aspects of identity.[90] In a study performed on 404 informants in the UAE, El-Adly points to three types of consumers (El-Adly 2007). "*First, the relaxed shoppers are mostly Arab customers. They tend to be young and prefer to do their shopping on week-end. This segment values comfort (security, cleanliness, parking, and width), mall essence (store variety, product's quality, after-sale services and appropriate price) and convenience (supermarket in the mall and ease of reaching the mall) in the shopping center. The second segment represents that the demanding shoppers. They tend to be young, mostly Arabs, and put much emphasis on entertainment, diversity and luxury in the shopping center. Finally, the third segment reflects the pragmatic shopping.*"[91] El-Adly finds that the Western consumers mostly belong to this third segment. As pragmatic shoppers, the price and the quality of the offering is an important criterion for evaluating the attractiveness of a shopping center.

Consumers are maturing due to the accessibility of information and willingness to expand their individuality through fashion. According to Chalhoub Gourp research on Arabic consumer, they spend around 2.000$ a month on perfumes and cosmetics, RTW, shoes and bags; then 25.000$ on watches and jewellery and 10.000$ annually on gifts.[92] One more reason for this willingness to pay, is the ability of the brands to correspond to the customer expectations and even exceed them through the excellent service and product range. The main change comes from the consumer's connectivity to the internet and travelling. By being

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[88] Cherrier, H., Rahman, K., Mady, T., Lee, D., The Globalizing Arab World: Impacts on Consumers' Level of Materialism and Vanity. Pp.2
[89] Ibd.
[90] Ibd. Pp.3
[91] Ibd. Pp.3
[92] Chalhoub Group Gulf consumer research, 2015

digital, consumers become demanding, they know what to expect, and how the service or product must be, they want a wide range of products of high quality, sometimes limited edition products or totally customized. Chalhoub Group in White Paper “Gulf Luxury Consumers: A World Apart?”, divided consumers into three groups: the Horse, the Gazelle and the Falcon (see *Figure 10*).[93]

Figure 10

If before there were more Horse (or bandwagon effect) types consumers looking for status and social acceptance like it was mentioned before in the paper, nowadays there are more and more Gazelle (hedonic effect) type consumers reaching 29%.[94] The third type is Falcon (can be also seen as perfectionist effect), these are lifestyle consumers, who buy to enjoy, the buy because the brand corresponds to their lifestyle. Moreover, the trend that is being noticed during the last years- preferring enjoyment and luxury experience to simply materialistic meaning of acquisition-nurtures these changes. As an example, of how this change is implemented in the retailing, we can take Level Shoes in Dubai Mall. These 9.600 sqm offer exquisite shoe range, offer a lounge, a concierge service, stylists…in order to create maximally personalized services, that all summed up is a shopping experience and atmosphere, that make shoes acquisition be just a small part of the whole scene. According Boston Consulting Group this shift is happening because of demographics: the eldest population that retires is not willing anymore to own new things; as affluent middle class is growing, after some time of buying luxury goods, they tend to prefer experiencing luxury lifestyle over time; generation Y tends to defines themselves but what they have done instead of what they own; ultimately consumers look for more satisfaction and luxury hotels, spas, travelling, flights, leisure time bring more emotions and long-

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93 Chalhoub Group White Paper. “Gulf Luxury Consumers: a world apart?”

94 (2015), “*The evolving face of luxury. In the Gulf: on our way to new norm*?” by Chalhoub Group,

lasting satisfaction them a luxury item. Supported by the increase in spending power especially among the young population it can be used in two ways:

- Discretionary consumption: a consumer spreads money across different products of premium class to reach the goal of better life, showing a linear growth in the consumption of products.
- Extravagant consumption: a consumer chooses just a few lifestyle products, showing non-linear consumption increase.

In simple words, nowadays, consumers take on a mobile identity that consists of many dynamic variables, consumers identify themselves with more cultural groups rather than only based on social class, what matters are consumption trends and patterns; moreover, the knowledge brokers like TV shows, magazines, fashion books and social media accounts, are increasing in numbers, making the information more available.

To summarize and give deeper reasoning for consumption patterns explained before, here is the table showing different consumption patterns that coming from interpersonal and personal effects the purchase of luxury makes on a consumer (see *Figure11)*:

Effects	Perception	Motivation	Attitude
Interpersonal Effects	Conspicuous Value Unique value Social Value	Ostentation Non-conformity Conformity	Veblenian Snob Bandwagon
Personal Effects	Emotional Value Quality Value	Self-Actualization Reassurance	Hedonist Perfectionist

Figure 11

Luxury living in Dubai is taking another shape. Famous brands build their hotels like Armani that already has a hotel and a club there, and Bulgari has signed an agreement to build Bulgari Hotels and Resorts, designed by Italian architectural firm Antonio Citterio Patricia Viel and Partners, it will be located on the exclusive Jumeriah Bay Island, off the coast of Jumeirah Beach Road, sculpted in the shape of a titanic seahorse. Versace instead, went for property interior design. Palazzo Versace with 169 apartments priced starting from 1.022m£ where buyers also get for free Versace crockery. [95]

This also comes with consumers who seek purpose and meaningfulness for them. his "experiential" theme equally applies to Millennials, who tend to de ne themselves by what they experience rather than by what they won. Example, could be Mark Jacobs Café in Milan or Coffee Shop by Ralph Lauren in NY. The

95 Dare Hall, Z., (2013). "*Partners in luxury: property with designer labels attached"*. Available at: http://www.telegraph.co.uk/luxury/property-and-architecture/11032/partners-in-luxury-property-with-designer-labels-attached.html

Figure 12[96] shows the transformation of luxury consumption patterns. This means, that Arabic market is not anymore that primitive buying anything having big logo, the evolution of consumption took place and as the table shows, these consumers are represented by stage 2 and stage 3.

Figure 12

Source: The Future Laboratory[35]

Another issue is the change of leading categories. If before it was led by perfumes, now it is dominated by the make-up cosmetics. However, the cosmetics' consumption is also being slowly transformed due to the stand alone shops like Lush, Mac, Bobbi Brown and Make Up For Ever as well as Sephora. "*Make-up is driving the growth of the prestige cosmetics industry everywhere in the world. This momentum is due to intense and high-quality innovation, and reasonably priced products, compared to other categories. The brands that now lead the industry have emerged over the last 10 years, bringing a lot of freshness and creativity, while being much more accessible than established brands. This is seen, first of all, in terms of positioning but also in terms of price. Bene t is possibly the best example of this new generation of leading make-up brands*."[97] Said regional manager at benefit cosmetics in the Middle East and Africa. However, the new trend which is growing and this niche will attract not only Muslim consumers but all other women around the world is halal make-up.

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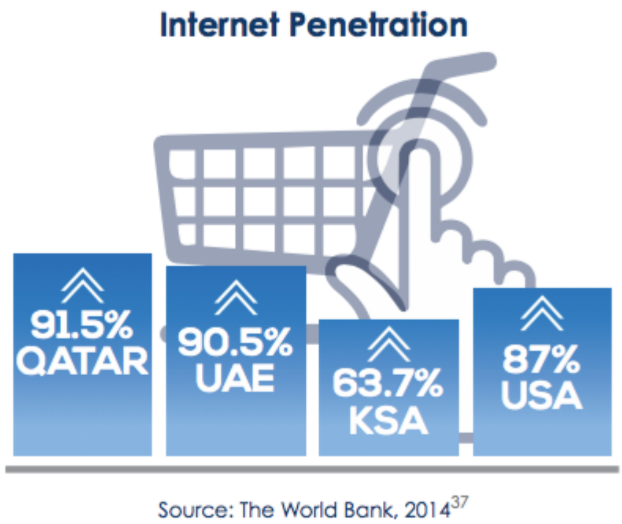
[96] The future Laboratory.

[97] (2015), "*The evolving face of luxury. In the Gulf: on our way to new norm*?" by Chalhoub Group. Pp.14

Figure 13



One more change in the luxury industry is the growth of number of RTW designers foreign and local, pricing at the luxury level and offering now a product range for all possible tastes. The main move was to the casual wear from the formal wear.

In order to understand also the acquisition process, we have to look at the internet penetration level, that is particularly high in the Gulf countries. It changes the decision making process and also the sequence of steps done before acquiring something. Nowadays a shopper first finds and checks what they want or like online and then come to get in-store experience. Consumers are now connected all the time, even when they are in store (See Figure 13)[98]. However, the e-commerce in the Middle East is a segment still to be developed as by now it is at its infancy, because of the legislative, social, cultural and habitual reasons of the population, described before in the paper. To face the growing demand from the online shoppers, brands in the region start improving their logistic system and payment modes, to make them maximally secure and make the whole online shopping process credible and reliable. Luxury brands were quite reluctant to the adoption of digital strategy, however. Even if 65% of all in-store sales involved technologies.[99] In order to stay competitive and innovative, brands are forced to spend much on technology integration in their businesses. Like color-matching mechanism of L'Oréal, or eyewear trying online of Luxottica. Brands recognize the importance of use of technology in-store and in operations. Realities and platforms are being mixed like for example the possibility to preorder collections from the catwalk on Moda Operandi. In the meantime, luxury giant Kering in collaboration with Yoox launched Digital Academy in 2011, in order to transform the organization from inside.

Just to give it a sense in terms of traditional decision making process, let's have a look at the main steps and how the culture impacts them. See *Figure 14.*

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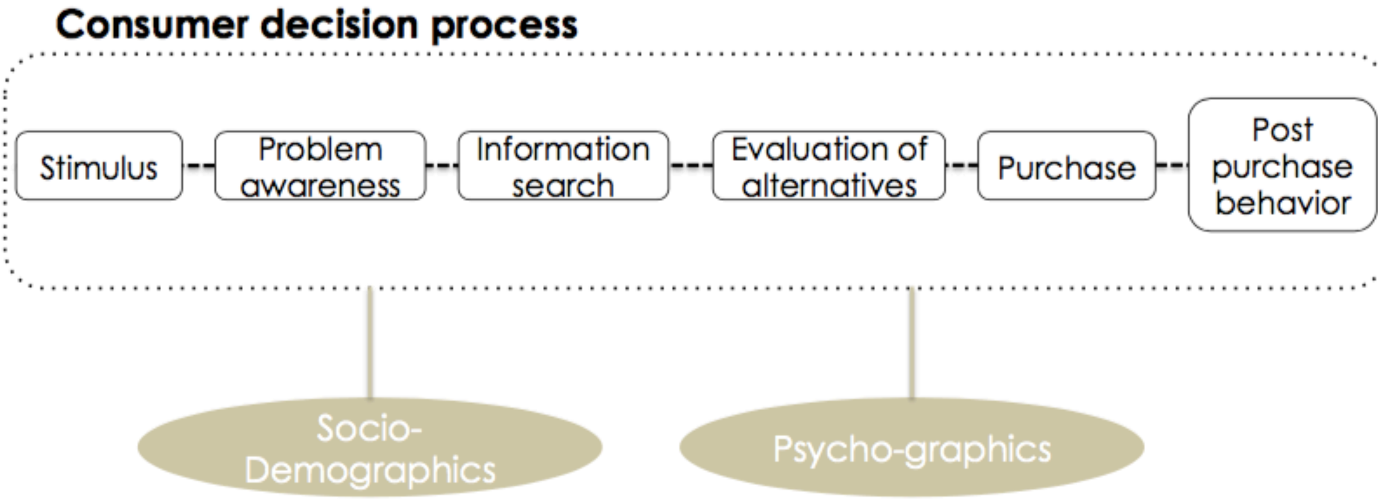
[98] The world Bank 2014.

[99] *Global powers of luxury goods 2016. Disciplined innovation.* (2016*).* Pp.45

Figure 14



Stimulus: as it would be revealed in the Laddering approach of means and ends, and is mentioned many times in this paper, the main reason is society acceptance, self-indulgence, self-gratification, conformity, social status, better life.

Problem awareness: the problem is detected once new models are out, main fashion bloggers and icons have an item, friends acquired it or other people from the same social class or higher social class have it.

Information search: due to the high use of social media, internet and different fashion platforms, the need arises from the brands' exposure on these platforms. However, consumers check the prices on the e-commerce websites, original websites and check product range before going to the physical store.

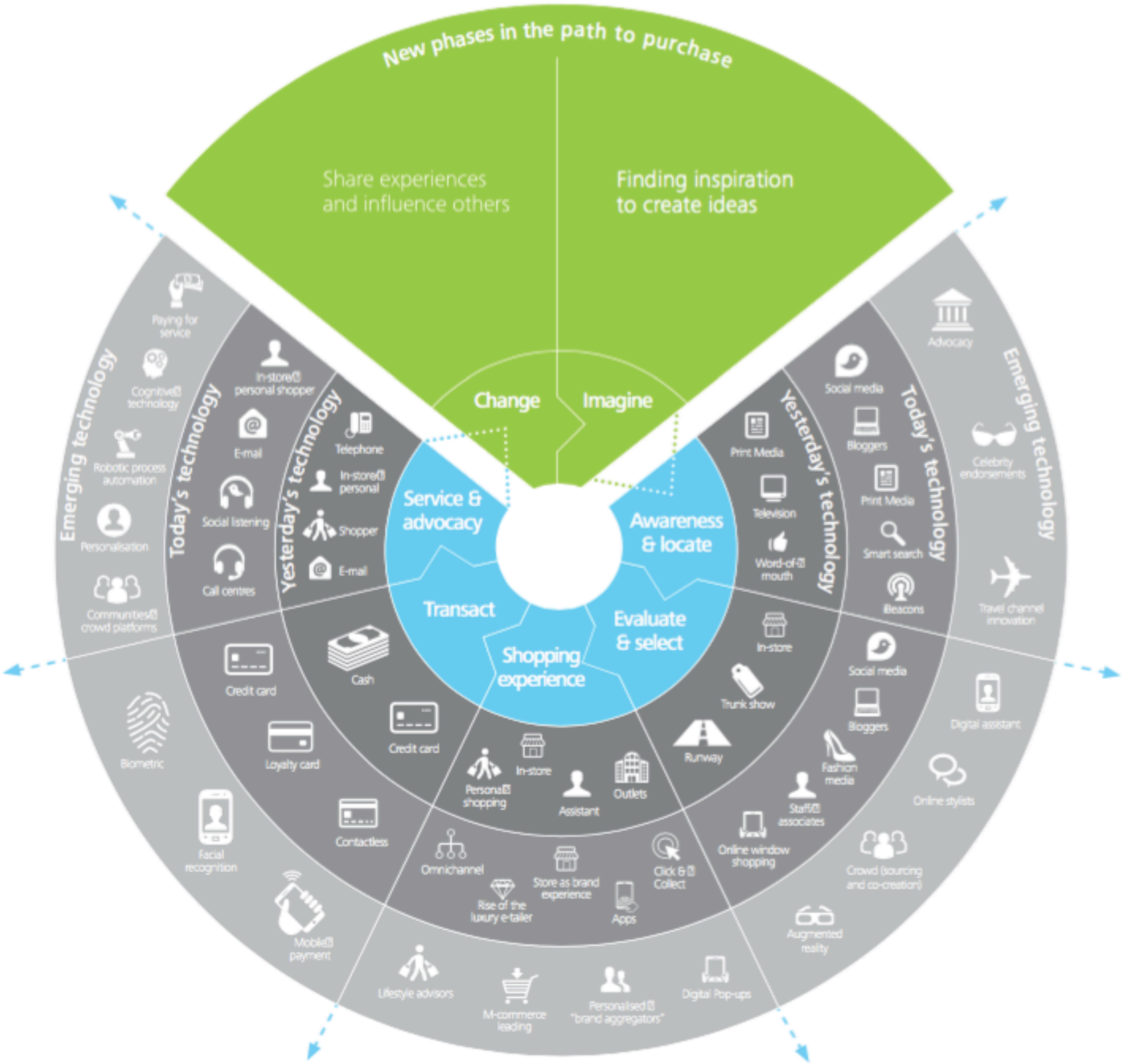
Evaluation of alternatives: may be influenced by the fiancée, family or friends. As shopping is sort of a time spending with family or friends.

Purchase: high value given to a service, atmosphere and the whole purchasing experience. The need for intimacy, dedicated staff and different extras to make a consumer feel special and overcome expectations.

However, the new purchase path of luxury goods, is more complicated than traditional one. Nowadays, the time, place and the way of luxury shopping is triggered our digital devices. New consumers are content creators, critics, demanding to the products and brand experience, willing to stand out and customize through the digital. Deloitte found out, that 60% of respondents rely on family and friends' suggestions and trust also online reviews from consumer generated content. Brands can use software e-commerce integrators like Askourt, which helps to give consumers direct advices from their friends and family. The latest trend is the disappearing difference between social media and e-commerce thought the "buy now" buttons or website that are half fashion half social media. When it comes to evaluation and selection, a touch of the product is essential for luxury products. Sales assistants are trained to give maximum information and deliver the brand in the best possible way, however nowadays there are online reviews, that do the same thing. Blogger create influencing content, that is aimed at assisting the choice of followers at the selection step. In-store experience is also digitalized with the use of interactive technology and screens for more product information.

Even if luxury industry was not keen on going online, it was not immune to it and now, instead, are mastering their skills in delivering a luxury experience online. For example, Hermès has chosen to amplify a more playful or whimsical side of their brand through an e-commerce presence, while Louis Vuitton and Burberry have focused on content, such as product showcases and catwalk shows that are only available online.[100] Nowadays, consumers have a wide choice from where to buy, in which way, when and on which devices, the following chart[101] will show the whole purchasing path of a new digital consumer:

Figure 2. Path-to-purchase



The main challenge for brands is to remain consistent, efficient and appealing on all of these platforms.

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[100] Global powers of luxury goods 2016. Disciplined innovationa. Deloitte. Pp.13

[101] ibd.

When we speak about Arabic consumer we cannot refer only to locals, because the main shopping areas are also highly touristic and full of expatriates as said before, hence it is relevant to define a present consumer profile of those who actually shop in destinations like Dubai, Qatar and etc. One more reason for which we cannot see this area as homogenous is the composition of those who live there and shop. We have national consumers, expatriates and travelers.

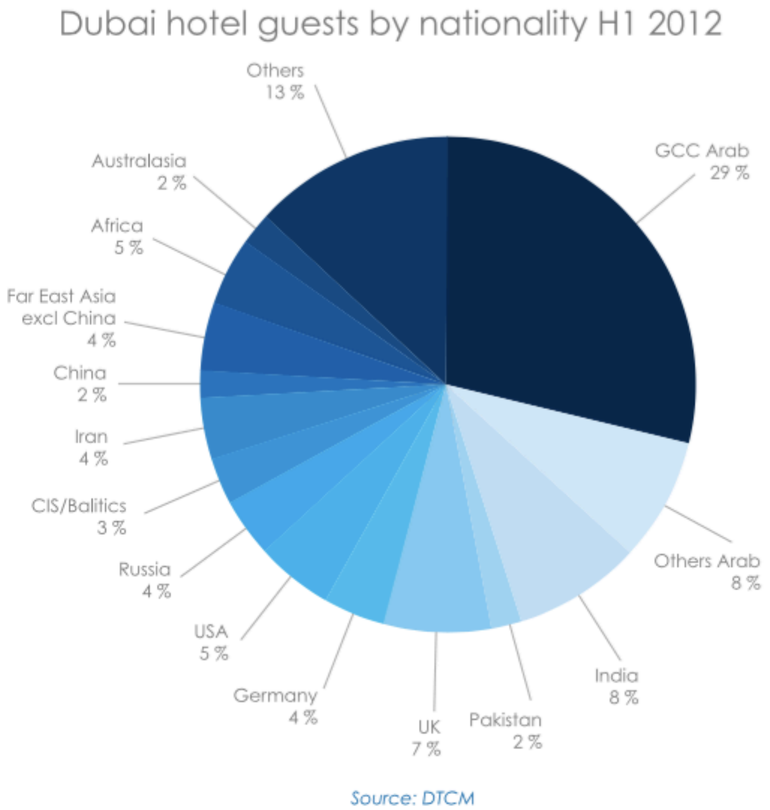
- **National consumers:** these are young consumers who are wealthy from the childhood and seek the individualism and hence coming to the stores of well-known brands they buy even limited editions or personalized things what makes them a very interesting target. When they shop, 80% they rely on their friends' suggestions, 65% seek for spouse opinion and 40% shop with their families. This is a part of leisure time and shopping process. Emirati are deep into design, aspirational and 80% want visible and recognizable brand. [102] Moreover, there is even a difference between Dubai and Abu Dhabi: Dubai citizens are indulgent checking the stores regularly, and 56% [103]Dubai women desire to have "unlimited access to luxury brands". Whereas Abu Dhabi nationals are elitists and for them luxury is something that just a happy few can afford. They do not like to shop in the same area where the middle class shops, so that prefer more luxurious environment. Abu Dhabi go further in seeking for personalization and 43% would like to have something named after them. [104]Kuwaiti are assertive - 92% buy because they like it.[105] They seek for a sophisticated shopping experience. Kuwaiti have a strong community of bloggers and fashion; they are socially active. Women consider luxury as something exclusive. Men are internet users, savvy, price-aware, luxury is a lifestyle. [106] Saudi look for something unique, but still are fixed with a limited set of brands and require a strong connection with the sales staff. In Riyadh consumers are more conservative and for them luxury is something special, while Jeddah is more trend-oriented, with 93% shopping upon new products arrival and 80% influenced by famous singers and TV stars. [107] Qatari look for individualism, but still buy from some selected brands. Women in Qatar are sheltered, while men are highly image –conscious. Among women 80% say that family values are highly important and hence stick to the brands that their families used to buy and appreciate. While 62% of men give importance to a change and 54% are influenced by sport celebrities. [108]
- **Expatriates**: these are westerners both Europeans and Americans, then Indians, Iranians and others. There are around 30% expats in Saudi Arabia when in UAE it is close to 90%. Hence it makes this mix of consumer types quite a challenge for retailers to address. Arabic expats seek for reputation, Asians

[102] Chalhoub Group (2012), Luxury in the Middle East: easy sell? Pp.6
103 Ibd.
104 Ibd.
105 Ibd.
106 ibd
107 Ibd.
[108] Chalhoub Group (2012), Luxury in the Middle East: easy sell? Pp.7

look at location and Europeans value atmosphere and service.

- **Tourists:** due to the huge success of Dubai during the last decade, the tourism became important to the whole GCC zone. However, it varies from country to country, because in progressive Qatar there is particularly no tourism. Figure 9 will show % of travelers.

Figure 15[109]



Touristic landscape is constantly changing and if before Russian were very important shoppers in the area, in 2016 due to the crisis these numbers considerably decreased with a shift to Asians, British and German. In fact, UAE still rely more on the regional traveling as consumers from closest GCC countries make up 1/3 of all shoppers. GCC travelers represent higher numbers, because they are closer and do a weekend visits only for the purpose of shopping what is impossible for Europeans. Moreover, they come to shop before or during the main holidays.

When we discuss consumption of luxury goods, we explain it by different psychological needs, but apart from that, it has always another part - which is simply materialism. This is an indicator that could differentiate consumers. Richins and Dowson (1992) define materialism as a value, as "*a mind-set or constellation of attitudes regarding the relative importance of acquisition and possession of objects in one's life*" [110] and it can be passed through acculturation and socialization processes. Environment impacts the level of materialism. Roberts, Manolis and Tanner show that the family structure has a strong impact on consumers' level of material values[111] (Rakow 1992; Roberts et al. 2006; Roberts et al. 2003). For example, a divorce will influence child's level of materialism. Moreover, the marketing approaches used by companies drive increase in materialism world-widely through mass media, social media, television. In term of religion and acculturation to materialistic values, Lindridge notes that Indians living in India express a lower level of materialism than Indians living in England[112] (Lindridge 2005). Another indicator coming from both

109 ibd. Pp.8
110 Ibd. Pp.4
111 Ibd. Pp.4
112 Ibd. Pp.4

genes and social environment of the consumer is vanity. According to the research done by Dr. Hélène Cherrier, Kaleel Rahman, Tarek Mady and Dennis Lee, vanity feeling is higher for Arabic consumer than non-Arabic, whereas materialism is almost on the same level regardless nationality. [113]

As showed in *Figure 16*[114], the results indicate that there is no gender difference when it comes to materialism neither *personal* nor *general*. However, both males and females have higher levels of *personal materialism* (m 4.95 and 5.02) than *general materialism* (m 2.88 and 2.60). When it comes to *vanity*, interestingly, men have more *vanity* orientation than women across all four variables. In terms of religion, Muslim tend to show more materialism than Christians. Muslims also give more attention to a physical

		Personal materialism	*General materialism*	*Concern for physical appearance*	*View of physical appearance*	*Concern for achievement*	*View of achievement*
Gender	Male (n=209)	4.95 (1.14)	2.88 (1.21)	4.94** (1.15)	4.48*** (1.06)	4.76*** (1.06)	5.04* (0.87)
	Female (n=146)	5.02 (1.14)	2.60 (1.16)	4.95 (1.15)	4.26 (1.19)	4.54 (1.18)	4.67 (1.01)
Nationality	Arab (n=83)	5.05 (1.09)	2.68 (1.06)	5.12*** (1.11)	4.72* (0.94)	4.92** (0.94)	5.09** (0.92)
	Non-Arab (n=240)	4.98 (1.16)	2.68 (1.16)	4.86 (1.16)	4.32 (1.17)	4.32 (1.17)	4.82 (0.95)
Religion	Muslim (n=120)	5.12*** (1.10)	2.85 (1.25)	5.11 (1.13)	4.49*** (1.06)	5.02* (1.09)	5.00** (0.92)
	Christian (n=110)	4.83 (1.17)	2.64 (1.12)	4.96 (1.13)	4.22 (1.24)	4.46 (1.14)	4.75 (0.98)
Years in Dubai	> = 7 (n=90)	4.93 (1.12)	2.78 (1.16)	5.01 (1.17)	4.33 (0.97)	4.91** (1.11)	4.89 (0.96)
	< 7 (n=184)	5.03 (1.11)	2.62 (1.07)	5.02 (1.10)	4.38 (1.11)	4.60 (1.08)	4.86 (0.94)

Figure 16

appearance ($p<0.1$), more concern for achievement ($p<0.01$), and looking for at achievement ($p<0.05$). Looking at the years lived in Dubai, the study could not find any particular results, the only difference appeared in the level of *concern for achievements*: those who lived more in Dubai want others more to see their success, than freshmen in Dubai.

Concluding on this graph, it is seen that there are no particular differences between Arab and non-Arab consumers. Arabs tend to have more vanity, but not more materialism than the others, having a slightly higher value for personal materialism and men showed more concern for general materialism, but these values are not significant. Another noticeable trend regards religion, here Muslim consumers care more about physical appearance (suggested by Quran) and about achievements, moreover Muslim scale more in vanity than Christians. Hence it is important to make further studies on religion and consumer behavior, because it is part of the culture, it reshapes a consumer and drives his choices differently and just a few studies were done on the impact of exactly Islamic religion. It is said that cross-national experiences would gradually lead to

113 Cherrier, H., Rahman, K., Mady, T., Lee, D., The Globalizing Arab World: Impacts on Consumers' Level of Materialism and Vanity. Pp.4
114 Ibd. Pp. 8

becoming consumer-citizens (McGregor 1999) rather than global consumers.

2.7.DIFFERENCES AND SIMILARITIES ACROSS GENERATIONS

As the whole Arab world is continuously facing changes during the past decades, it has its impact on generations. The effects it makes is not equal for different generations. Changes are seen on different levels, as for example it has been stated before, that sociocultural aspect is being transformed, because the cultural values are changing to more individualistic, where one pursues his own goals, and values independence and self-expression.

In their study done by Formerly Booz&Company[115], they divided generations into three age groups:

- Arab National Generation (ANG) — *This demographic cohort was born between 1948 and 1964 (ages 49 to 65). The key socioeconomic event that shaped this era was the rise of Pan Arabism, which was built on the idea of a united Arab nation bound together by common linguistic, cultural, and historical heritage. It was also a time when governments emerged as key economic agents.*
- Arab Regional Generation (ARG) — *Born between 1965 and 1977 (ages 36 to 48), this group grew up during the expansion of oil wealth in some countries, especially in the 1970s and 1980s, leading to the distribution of wealth across the Arab region and the rise of regional economic blocs such as the Gulf Cooperation Council (GCC),6 which was established in 1981.*
- The Arab Digital Generation (ADG) — *Born from 1978 onward (though the research includes only those ages 15 to 35), this age cohort experienced the onset of digital technology, along with economic globalization.*

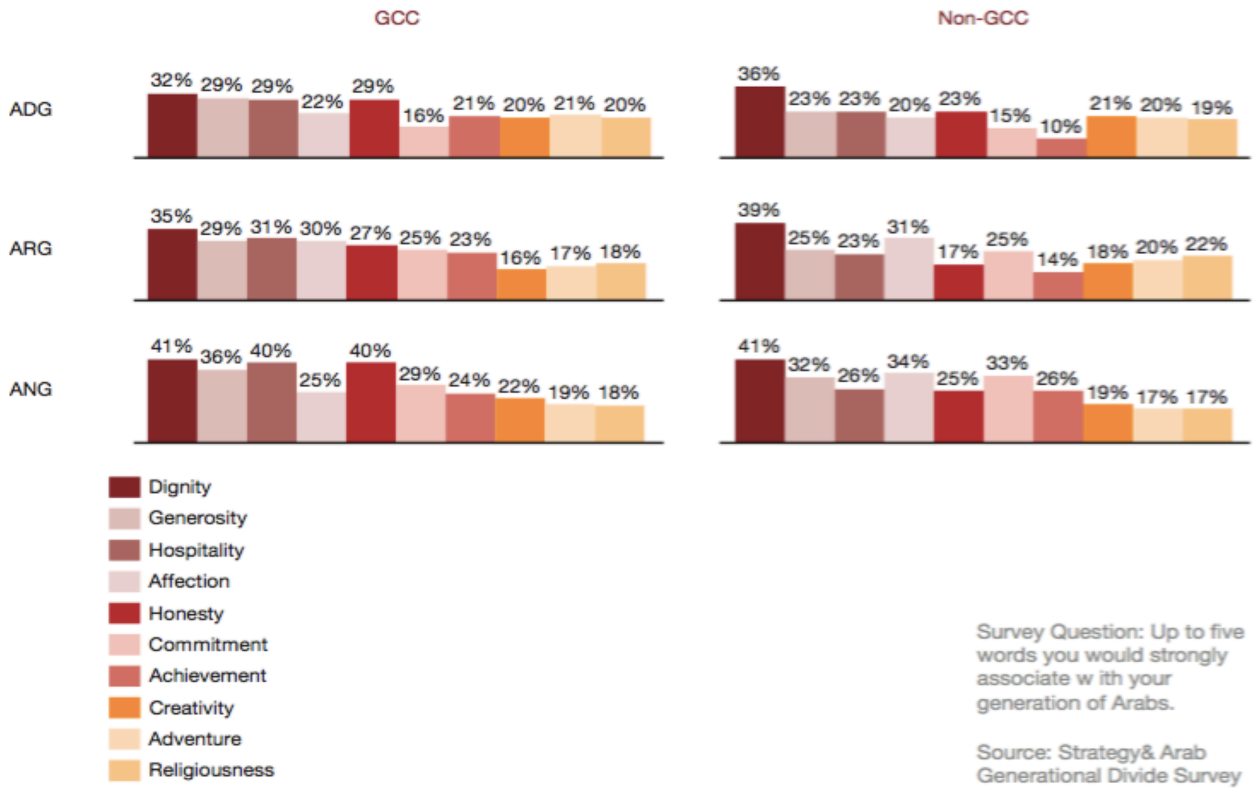
The overall outcome is that generations are more similar than different. Looking at the *Figure 17*[116], it is clear that all the groups identified generosity, dignity and hospitality like the main values regarding Arab population. However, he generosity and hospitality values tend to decrease with the difficult economic situation for ADG, were they have more competition for a job place, higher cost of living and higher youth unemployment. Young population is more concerned nowadays with socioeconomic factors, than their own value based system. This is shown in the study by the lower satisfaction with their terms of career and education, particularly Jordan, Saudi Arabia and Egypt, whereas ANG showed the highest satisfaction level, especially GCC. Table below shows the whole survey done concerning the values of each generation.

[115] Strategy&Formerly Booz& Company. *Generations A. Differences and similarities across the Arab generations*. *Pp. 3*
[116] Ibd. Pp. 11

Figure 17

The ANG upholds common values of dignity, generosity, and hospitality more than other generations

Top 10 Values Associated with Each Generation



Paradoxically, religiousness has not been named amongst the first three values by none of the groups. The next *Figure 18*[117] depicts the level of satisfaction. Overall, a significant majority in UAE and Kuwait appear to live a comfortable lifestyle. However, one in three respondents in Saudi Arabia, mostly represented by the younger generation, says that they "manage on their present income."[118] In Egypt and Jordan, a majority does not appear to be comfortable with its household's financial situation, and about 50 percent in both countries claim they are just getting by on their present income. In the supplementary country responses, the findings were similar to the situation in Egypt, Jordan, and Saudi Arabia. At least 30 percent of the ADG in these countries were finding it difficult to make ends meet, and 42 percent claimed to be just getting by on present income (see Figure 11).[119]

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[117] Strategy&Formerly Booz& Company. *Generations A. Differences and similarities across the Arab generations. Pp.12*

[118] Ibd.

[119] Ibd. Pp. 13

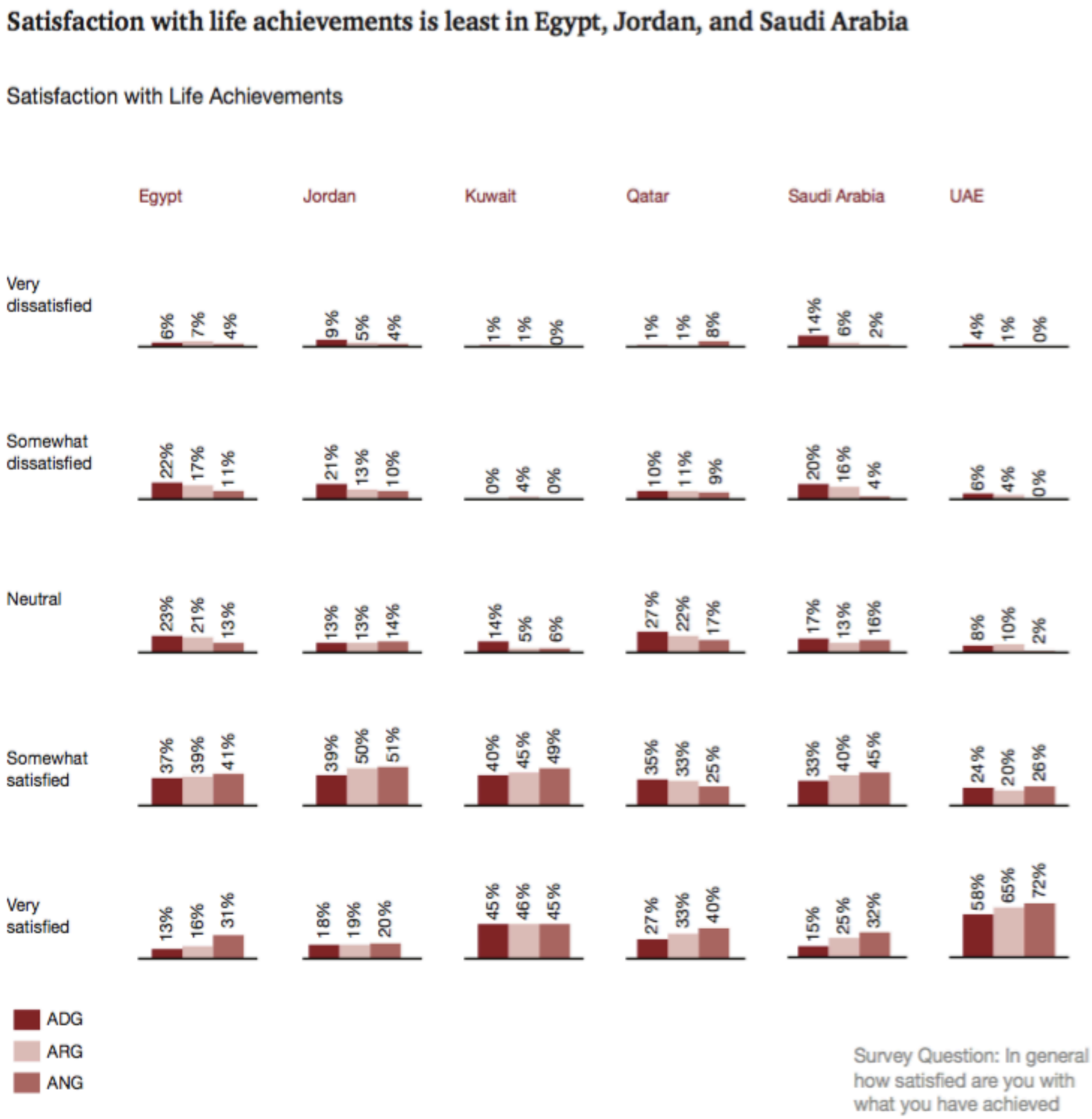


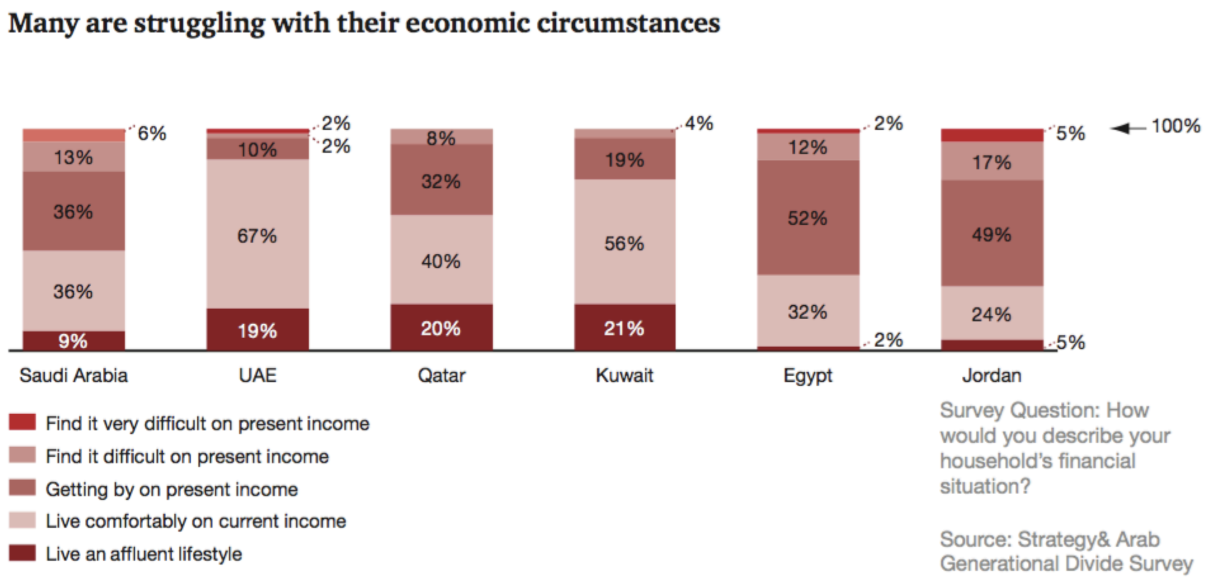
Figure 18

What concerns individuality, even if the ADG did not specify at is a priority characteristic of their generation it is also true that governments apply new reforms where the education system is individualized and child-cantered learning what is definitely affecting them. However, ADG see itself as more adventurous and extravagant than older generations.

The third table shows what are the economic circumstances of GCC countries' population. According to the *Figure 19*[120], around 20% of Qatari, Emirati and Kuwait population are living affluent lifestyle and from 40% to 67% have a comfortable life with their income. This data represents a valuable

[120] Strategy&Formerly Booz& Company. *Generations A. Differences and similarities across the Arab generations. Pp.14*

Figure 19



information for companies evaluating countries to target, what basically means that almost 90% of UAE, 60% of Qatar and around 80% Kuwait are the target consumers for many brands and these are high numbers.

In the working context generation are different all around the world and it holds true also for the GCC region. Young generation is still lagging behind older generation for the following reasons reported on the graph, however, youngsters have without any doubt their advantages as well making them attractive for employers. *Figure 20*[121]

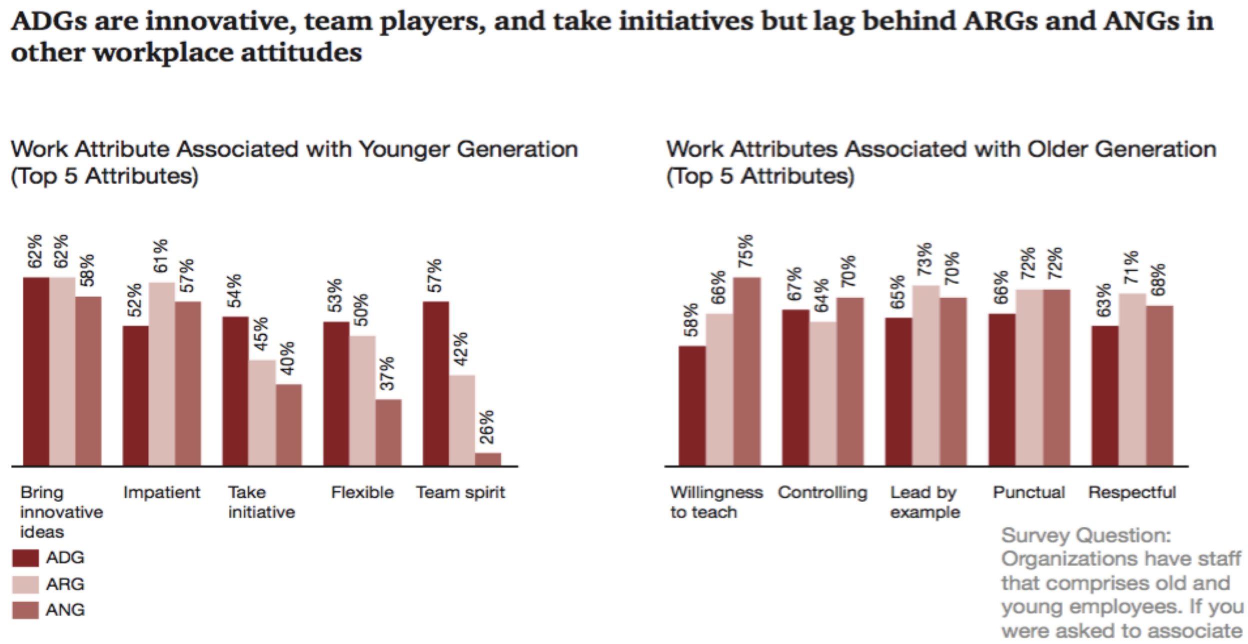


Figure 20

121 Strategy&Formerly Booz& Company. *Generations A. Differences and similarities across the Arab generations*. Pp.25

Innovative ideas, impatience, initiativness, flexibility and team spirit create a competitive advantage for companies, however companies are not build only with ADG hence it can lead to some disagreements between generations. The most evident difference between generations is the use of digital technologies. The distribution of devices is as follows, ADG use more laptop, netbooks and mobile devices, whereas ANG use more desktop computers. ADG accesses internet every day for 86% of sample and ANG 63%, what is not a huge difference considering the age gap.[122] And this percentage gap is going to narrow as technology is becoming a necessity and an item of a high utility for any generation. The *Figure 21*[123] will show the usage of electronic devices in the region.

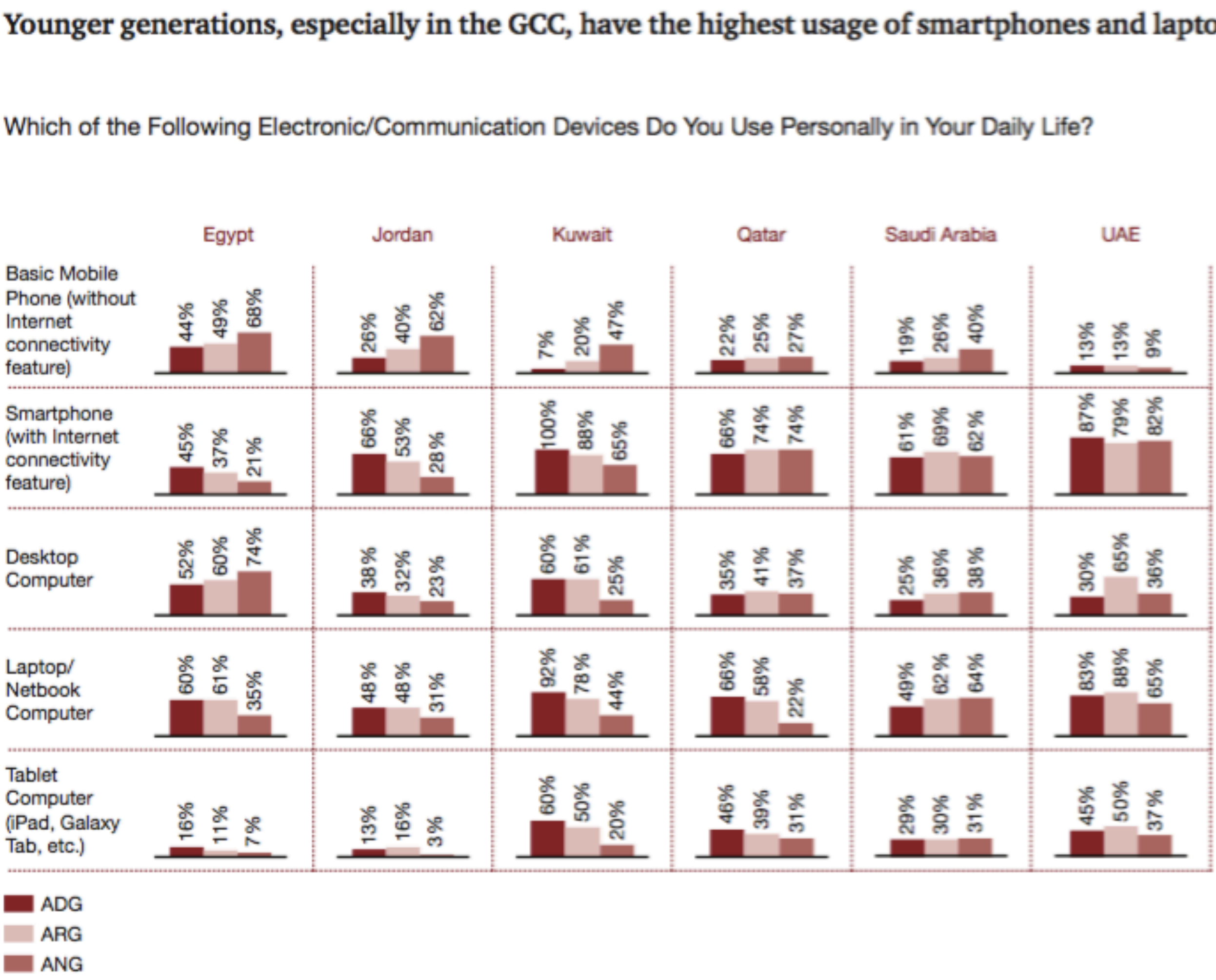


Figure 21

With the development of technology and internet in the area the use of social media has incredibly increased. Social media is used for social, commercial and political purposes. Among Internet users in the respondent base, some 95 percent of the ADG, 94 percent of the ARG, and 83 percent of the ANG have access to at least one social network. For Facebook, the ANG has the highest adoption rate, whereas for Twitter, the

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[122] Strategy&Formerly Booz& Company. *Generations A. Differences and similarities across the Arab generations. Pp.31*
[123] Ibd. Pp.32

ADG leads. Google Plus and Instagram show a similar distribution, but at lower overall adoption rates. More than 60 percent of respondents use social networks to identify job opportunities, as has happened in other markets, making social networks a relevant platform for classified advertising (see *Figure 22*[124]).

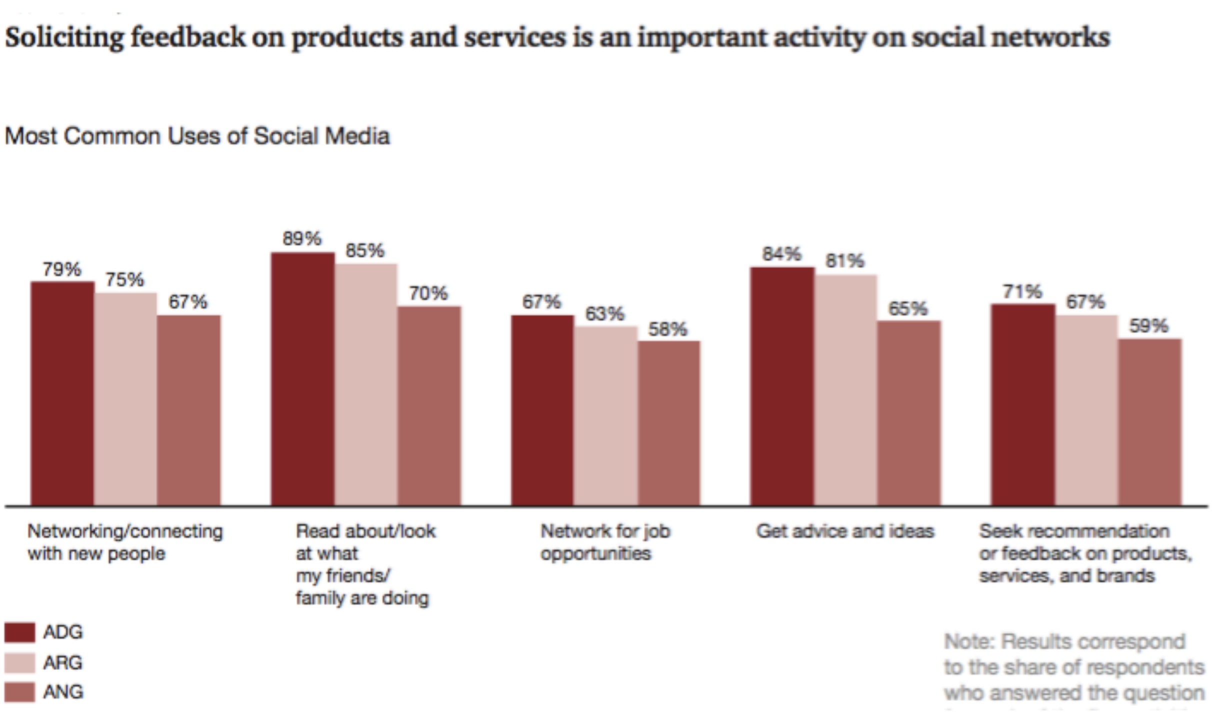

Figure 22

The last two tables show that all three generations use internet based platforms and websites for ideas, advices, recommendations, feedback about brands and products, which is very important as customer-created-content about the brands is out of control of the brand itself and has to be monitored in order to fix the brand in the eyes of customers as soon as possible. From 60% to 84% of customers rely on customer-created-content what creates a challenge to the brands to satisfy customer need for 360 degrees. In order to engage customers, it is better to use blogs and social media rather than any other type of social media because customer of GCC area opt for these types of media. To have more control over the content in the internet, government has to step in and integrate social media within official communication platforms, including traditional channels as well, being a publishing platform during the development stages. Moreover, this services must be delivered everywhere at the equal quality. In the Middle East, traditional TV is becoming the most trusted media channel on the above the top platforms. The area that attracts ADG is non-linear content being digital-only in terms of access, whereas traditional marketing channels, excepting TV, are losing their influence and effectiveness. For a majority of the ADG and the ARG (60 percent and 55 percent, respectively), roughly half of all advertising is considered wasted.[125] This is a pointing message to companies to a need for contextualization and targeted

[124] Strategy&Formerly Booz& Company. *Generations A. Differences and similarities across the Arab generations. Pp.36*
[125] Ibd.

messaging, to truly engage and drive purchases. For example, TV commercials continue to have a dominant influence on members of the ANG. What regards ADG, marketers have to integrate marketing efforts with across different media channels and different devices where the context is being consumed. There are several innovative and targeted advertising platforms emerging in the region, such as IPTV advertising, location-based marketing, and video advertising on OTT. Budgets should be aligned in proportion to the time spent on specific media, and the growing influence of digital platforms in driving consumer decisions.

Important note is that social media is growing along with the growth in consumerism. More than two-thirds of respondents across all generations regularly use social networks to seek recommendations to guide buying decisions. However, online shopping has yet to take off, with regional levels of e-commerce and mobile commerce still low compared to other parts of the world. Among the overall population, only a third say they have bought something online in the past 12 months. More data on the *Figure 23*[126] below:

Figure 23

Participants list several common reasons for why they have not purchased more goods online, namely that they prefer to deal with an actual person; prefer to pay by cash; prefer to see the product in person before buying it; or have concerns about fake websites, security of online payment, or product quality (see *Figure 15* above). However, the ADG was more likely to worry about hidden costs or fees. By contrast, the ARG was more concerned that the quality of products purchased online was not guaranteed. This likely reflects the fact

126 Strategy&Formerly Booz& Company. *Generations A. Differences and similarities across the Arab generations*. *Pp.41*

that e-commerce in the region is still at an early stage, and concerns are driven more by perceptions than actual experiences. In other markets e-commerce is governed by a set of tax, regulatory, and legal constraints — consequently, security is less of a concern.[127] However, the good news is that the private sector is making diligent use of social media to reach key audiences and improve marketing and customer relationship building efforts. The private sector will also need to drive product development, enhance customer service, generate excitement for new launches, and potentially even drive social commerce (i.e., spur the online sale of product "stores" on social networks).[128] Brands must focus on the importance of social stores. Such a social commerce can lead to new pricing and sales models, sharing of what has been purchased triggering additional sales by friends making them loyalists and collecting new type of data facilitating targeting for brands. The key is to focus on developing high-quality, entertaining content with well-integrated public service messages, and distribute it through a cross-platform strategy. With respect to online commerce, governments should seek to spur e-shopping by helping develop the underlying infrastructure and services required across the value chain. These include initiatives geared toward building a trustworthy and effective e-payment system, and "next generation" postal services enabled to support e-commerce, among others.[129] In addition, governments could introduce customer protection regulations and enforce standards to reduce the perceived risks of online shopping.[130]

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[127] Strategy&Formerly Booz& Company. *Generations A. Differences and similarities across the Arab generations. Pp.42*
128 Ibd.
129 Ibd.
130 Ibd.

3. CHAPTER

MARKETING APPROACH TO THE ARABIC MARKET

3.1.INTRODUCTION TO TRADITIONAL MARKETING MIX

Previous chapters definitely underlined the need for customized approach to the Arabic market as a base of successful business development. In this chapter will be discussed all the pillars of marketing approach including, storytelling, communication, marketing mix, pricing techniques, retail approaches and in general, how did retailers enter the market and how do they maintain their position in it by means of failures and victories. Marketing mix is an effective tool to reach the target market. It is extremely relevant for this study, as it gets affected by different factors and especially by the cultural element. Culture incorporates several categories: Language, Religion, Values and Attitudes, Education, Social Organizations, Technology and Material Culture, Law and Politics and Aesthetics[132]. Consumers have a positive attitude to an advertising if they find it coinciding with their culture. By the examples provided before about Danish company, it is seen how influential religious aspect is. According to Kotler *today's marketing is understood as a tool to satisfy customers' needs*[133]. Marketing strategies set objectives and show the way how to reach them, it is aimed at delivering superior customer value. For each particular target market there is an individual marketing mix to apply. Marketing mix is a set of variables that a brand can control, direct and change when needed and it is an activity that will never end. There is a traditional marketing mix or 4P's:

- **Product:** refers to aspects such as the firm's portfolio of products, the newness of these products, their differentiation from competitors, or their superiority to rivals' products in terms of quality.
- **Promotion:** refers to advertising, detailing, or informative sales promotions such as features and displays.
- **Price:** refers to the product's list price or any incentive sales promotion such as quantity discounts, temporary price cuts, or deals.
- **Place:** refers to delivery of the product measured by variables such as distribution, availability, and shelf space.

However, the broader version of marketing mix is being used as well:

- **People:** This answers questions like how one's staff are different from those in a competitor's organization, and how one's clients are different from that of the competitor's clients.
- **Physical presence:** It is how one's shop or website looks like.
- **Process:** It is how one's product is manufactured and delivered, or how one's service is sold, delivered and accessed.

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[132] Hamdar, B; Orfali, M; Hejase,A,(2012). *Marketing Mix: An Exploratory Research in Syria from an Islamic Perspective*. Pp. 34

[133] Ibd. Pp.33

- **Physical evidence:** It is how one's service becomes tangible (Kar, 2011).

Moreover, it has been found that it is important to satisfy also the parties like trade unions and governments, and that's why Kotler added also Public Relations and Political Power, known as "mega marketing" to the marketing mix. [134]

As Muslims live according to lifestyle established by God, also the marketing must be special - Islamic.

3.2.THEORY BEHIND ISLAMIC MARKETING

Islamic marketing has the following characteristics[135]:

- Spiritualistic: all the business must be in line with the teaching of Al Quran. Hence, the main task for Islamic marketers is to include Islam in marketing activities, so it means that Islam is a framework within which everything is taking place.
- Ethical: in terms of business transactions. The staff must be trained well to treat customers according to the Islamic ethics within the boundaries of Islamic teachings.
- Realistic: this characteristic comes from the third pillar of Islam – fasting. Fasting makes people be realistic. For marketing it is an opportunity for creativity.
- Humanistic: connected to charity and pilgrimage. It's all about being human: charity increases sensitivity while pilgrimage increases social acceptance. For example, sustainable marketing can refer to this characteristic.

3.3.MARKETING MIX REVISIONED

Islam is generally conceived as a comprehensive way of life; a worldview that unifies the metaphysical and material and gives structure and coherence to personal existence (Izetbegovic, 1993, p. 7). Market in Islam is institution or channel for the transactions that can maximize financial goals leading to a reward in a hereafter life, if it improves society's well-being. But it is not only about transaction, it combines present life transactions and hereafter life's benefits. It is a market, in which sellers are prohibited showing one good and selling another one, it is considered a lie. The self-interest is recognized by Islam, but it should not be harmful to no one else in the society. Each participant has two drivers – spiritual and material.

[134] Hamdar, B; Orfali, M; Hejase,A,(2012). *Marketing Mix: An Exploratory Research in Syria from an Islamic Perspective*. Pp. 36

[135] Ibd. Pp.39

- **Product or production process**: it should be lawful, asset backed, deliverable. There is a need to identify extra cost-added features that might materially change the product or impact the buyer's purchase decisions. [136] Buyers and sellers are to discharge their obligations, financial and otherwise, in good faith, and should be based on principle of the justice, fairness and equity (Abul Hassan and Abdul Latiff, 2008, pp. 30-31). So the value and the impact on the society is what matters in Islamic version of marketing mix or so called welfare approach.
- **Price**: bargaining is prohibited under the Islamic law; it is when stores put the price that is higher that a retailer should have really charged. Islam prohibits easy money, without hard working for it. However, Islamic Law does not ban the price control, but only when it is as a response to a supply and demand situation. "*Therefore, the invisible hand of the capitalist market is supplanted by the visible hand of market regulators in Islamic economics. Capitalism strives for competitive outcomes: competitive markets and competitive market prices. Such outcomes are considered desirable and hence are not subject to government control. In contrast, Islamic economics does not rely on market prices, but strives for fairness in the marketplace.*[137]" In order to guarantee the fairness in prices, Islam prohibits hoarding, black markets, and the concentration of market power in any form and fashion. Islam prohibits hoarding, black markets, and the concentration of market power in any form and fashion.
- **Promotion**: The holy Quran condemns all forms and shapes of false assertion, unfounded accusation, concoction and false testimony. In terms of Islamic marketing ethics, it is unethical for the sales person or customer relation advisor to over-praise products and attribute to said products qualities which they do not possess. Moreover, sales personnel have to disclose all known defects of the goods. Adding to the aforementioned conditions, in Islamic ethics, promotional techniques must not use sexual appeal, emotional appeal, fear appeal, false testimonies and pseudo research appeal, or contribute to the dullness of the mind or encourage extravagance.[138]
- **Distribution channels:** Distribution channels are aimed at creating value and improving the living standards providing satisfactory services in terms of ethics. With respect to distribution of product, Islamic institutions adopt the following principles: Not to manipulation of the availability of a product for purpose of exploitation; Not to use coercion in the marketing channel; Not to exert undue influence over the re-sellers' choice to handle a product; Use of packaging designs with adequate security and protection for the product; Appropriate packaging; Not to transport dangerous and toxic

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[136] Hamdar, B; Orfali, M; Hejase,A,(2012). *Marketing Mix: An Exploratory Research in Syria from an Islamic Perspective*. Pp. 41

[137] Mortazavi (2004), *Islamic Economics: A Solution for Environmental Protection*

[138] Hamdar, B; Orfali, M; Hejase,A,(2012). *Marketing Mix: An Exploratory Research in Syria from an Islamic Perspective*. Pp. 43

products on public highways; and, not to create a burden for the final customer in terms of higher prices and delays. Nowadays, Middle Eastern consumers are very technologically savvy and their consumer journey is never linear as they navigate among different devices having access to a huge amount of cross platform content. Consumers interact with content from owned (i.e. official websites), to paid (i.e. print advertising) and/or earned equity (i.e. word of mouth). 139Here are the main touchpoints with the highest impact on customers: boutique experience (61,3%), boutique windows (60,8%), official brand websites (54,7%), face to face opinions of friends/family (52,1%), search engines (45,8%) and on-line fashion publications (43,5%).[140]

- **People**: Abul Hassan and Abdul Latiff (2008) affirm that "*the society at large should not be deprived of honest, free from coercion marketing information. A customer's right to acquire such information is his/her right and is indicative of the status given to him/her by Islam, as well as of the ingrained rights of his/her wealth which he/she spends in purchasing products and services. It is the responsibility of the marketers not to resort to any form of coercion and they must, under all circumstances, have a regard for the intellectual integrity and a higher degree of consciousness of the consumers to ensure that the hard earned money of customers is not wasted*" [141]

In their study, Hussin Hejase, Bassam Hamdar, Mohammed Orfali, and Ale Hejase found out that, 100% of sample asked considered religion as very important for them, 87.5% indicated that religion affects their personal actions. Unlike the belief that theoretically Muslims purchase in family or with the help and suggestions of the family, 93.8% admitted to be taking decisions on their own. 62.5% said religion has impact on their purchasing behavior. When it comes to western products, 93.8% look for a "Halal" sign on them, whereas, 81.2% prefer products originating from Islamic countries. The overall result is that, like it has already been found in the previous chapter, religion being a very important driver of everyday life, has however nothing to do with western products' purchasing behavior. However, in case of need for a boycott for any western product, 68.7% would support it. To support the idea, that consumers buy not totally in line with what Quran prescribes, 81.2% sample answered that there might be some contradictions in their purchasing behavior and religion. 31.2% state that religious values come first in buying decision against 62.5% who say that they try to balance self-interest and religious values. Study shows, that those who base their decisions on the religion, let it influence their behavior, which is good news for marketers, who must only in a wise way create marketing campaigns incorporating religion.

139 Havas,(2015). The global customer luxury journey. Available at: http://www.havasluxhub.com/the-global-luxury-customer-journey-2/

[140] Ibd.

[141] Hamdar, B; Orfali, M; Hejase,A,(2012). *Marketing Mix: An Exploratory Research in Syria from an Islamic Perspective*. Pp. 44

Marketing mix has to be revised for the Middle East because companies cannot ignore regional differences. Even if it is considered, that it is hard for a person to truly think global, because each of us is a product of our culture or the culture of the country we are living in, but what companies can do is to act global by distributing products in different markets. However, that concerns communication it must be local as much as it can be, because there might be global products. But there are no global people, brands can be global, while drivers to buy them are not. Companies often standardize products and communication across countries to cut costs, but it is a strategy that will not only cut costs, but can drive the brand out of the market or simply put, loose the competition. People increasingly prefer brands with a strong identity rooted in their own history, which can be national or regional. (De Mooij, 2005; 16-18) That's why a foreign brand might be extremely appealing by its origins as a differentiating point right at the beginning, while when the time passes, everyone goes back to his or her values. Even though Kotler in his theory disagrees with De Mooij on the fact that a "global brand" can actually exist, he underlines in his 10 commandments of Global branding that it is important to understand the differences and similarities at the international level. He also emphasizes that it is important to balance local and global control, so that the management in the country of origin has still control over the situation, but benefit as much as possible of the local knowledge of regional actors.

3.4.MARKET SEGMENTATION

Market segmentation provides a brand with tactics and focus strategies. Lately two models of market segmentation are being widely used and these are VALS and psychographics. The latter provides information how do customers spend time and disposable income, determines even their lifestyle through AIO(attitudes, Interest and opinions) which helps to segment better and target opportunities. It is a practical application of behavioural and social science to marketing research.[142] The Quran admits the diversity of people and thus the reason for segmentation existence. It state: "We divide them the way they live, the way they earn, we made some richer and some poorer."[143] Social and economic unit in Islamic markets is the family and it is the consumptions unit, property owner, social security and financial broker, what could serve as a base for segmentation according to such variables like income and family social status. The common segmentation form is, of course, gender and ethnicity. So it is obvious to expect different communication strategies to cater women and men. Moreover, ethnicity is ever more an issue as nowadays around 90% are expatriates hence the segmentation must be absolutely done also on this basis. There is no surprise that the area is open to segmentation and marketing activities viewing it as a contributor to the benefit of those living in the area. As a help to marketers 87% of surveyed UAE companies stated that consumers in the area are becoming more and more westernized which lowers the degree of adaptation of

142 Razzouk,N.,Seitz,V.,Al-Shamsi,R., Market segmentation.
143 Razzouk,N.,Seitz,V.,Al-Shamsi,R., *Market segmentation in the UAE> an ex*

marketing strategies, but they are also becoming more demanding. The internet only feeds the demand for Western products through its reach worldwide. The main basic variables for consumer segmentation used by the companies in UAE are ethnicity/being the main segmentation variable, nationals vs. expatriates, gender and age. For the purpose of sampling Burks-Sinclair formula was used most often. Variable such as family lifecycle was mentioned seldom, however in the UAE and in general Arabic region, it could be an issue as families are built at an early age, having extended families, processes, lifestyle and lifecycle differs from Western one, because it is not starting and ending with one-person life, it is more and integrated generations lifecycle.

Companies indicated three steps in their segmentation practices. First, companies identify segmentation variables. Then consumers must be categorized according to different features like ethnicity or purchasing habits. Secondly, these segments must be analyzed from the attractiveness point of view. As the result the target segment is chosen. In the last phase, communication, positioning of the brand and promotions are elaborated to grasp these consumers. The general practice in segmenting is need/based segmentation, segment identification, segment attractiveness, profitability, positioning, acid-test, marketing mix strategy. [144]

To talk to multiethnic market, it is important to apply a certain approach where there is a balance between customization and standardization, the ethnic perspective has to be incorporated into the brands communication and not always at the same level, using the intelligent targeting or targeting in ethnic way when needed. Moreover, engagement is very important, engagement that avoid forcing ethnic factors to stand out. By creating multilingual context, brands can gain the loyalty of ethnic consumers, those less integrated into the culture of the country they live in, tend to promote those brands who spoke to them their language, ROI is higher because marketing is much more targeted, in order to save time and costs, the original context can be adapted to ethnics. The last step here is to control and asses the efficiency of your approaches and do it on a continuous base. "*It is very interesting that a market for Islamic or Muslim branding absolutely mirrors that wake up to ethnic marketing and branding experienced in America. Of course, Islam as a religion is not an ethnicity; it is multi-ethnic. But it is quasi-ethnic in the way that people might experience it. Now, in America they would talk not just of a Hispanic market, but a Cuban market, a Latina market...*"[145]

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[144] Vanderheyden, M, (2010), *Marketing Communication Adaptation of Western fashion brands to Middle Eastern cultures*

145 Pratt-Mellery, R. (2014). Fashion's missed muslim market opportunity. Available at: https://www.businessoffashion.com/articles/global-currents/fashions-missed-muslim-opportunity

What regards exactly the Dubai consumer segmentation there has been a certain evolution of consumer profiling. If the common key variable for the segmentation like family income was quite important once, nowadays everyone has access to zero interest credits what permits families to afford things that are not in line with their real income. Moreover, segmenting by the nationality has also had its evolution. It is true that Asians and Europeans are different, hence theoretically they should be grouped separately. But it is incorrect, because there is common feature which drives their consumer behavior and it is the fact that they are expatriates willing to earn and spend for self-gratification and something they could not afford before. It means, the shopping cycle start from different steps for expatriates and locals. Foreigners have a predefined budget for an acquisition and according to that they choose the product, whereas locals a driven by the simple emotional attachment. Hence companies must drop off the standardized way of segmentation and look into the real practical way of consumer behavior particularly in the region, because it is not the same and people live there for different reasons which trigger their behavior. So when a company launches new product or promotional campaign, it is advised to use mix and match approach: bringing together a number of sub-segments with some predefined common features and using a single approach to them.[146]

3.5.ADVERTISING

"*Advertisements are the richest and most faithful daily reflections that any culture ever made of its entire range of activities"* (McLuhan 1964). [147]

Schudson (1984) viewed advertising as a *window to a given culture and a mirror that reflects culture.* [148]

In the communication process there is always a message that has to be encoded in order to transfer the real meaning to a receiver which is a target customer. Whereas a receiver decodes a messages within the framework of one's culture, hence we can even state that media is made by the culture of those who create it. There are low and high context communication. In the first words are used, while in the second associations, visuals and symbols are used. The message sent in the high context communication is in a sort inaccessible because it is not expressed straightforwardly. To be sure that the receiver translates the message in a right way advertisers have to know and use the correct cultural framework that corresponds to that of the consumers addressed by a certain campaign or communication.

146 Nossei,M., (2015). Mix and Match: Clever customer segmentation in the Middle East. Available at: http://gulfbusiness.com/mix-match-clever-customer-segmentation-middle-east/

147 Kalliny.M, Gentry.L, (2007), Cultural values reflected in Arab and American Television advertising. Pp. 16
148 Ibd.

According to De Mooij (2005, 139-144), there are four types of advertising that can be used in different markets and can consist of several layers at the same time:

- Appeal (motivation and values)
- Communication style (explicit, implicit, direct, indirect…)
- Basic advertising form (drama, entertainment, imagination, special effect, lesson, association transfer, announcement)
- Execution (outfits)

Being a marketer it is crucial to understand what customers really want. It is true that culture is a framework of understanding, but it is also true, that desired and desirable are two different things for the same person. Culture or values prescribe what is desirable in general for the society for the ideal version of oneself, while the truth is that people buy what is desired by them, selfishly, what they do want and do dream about. That's why advertising and communication may sometimes be even contrary to what norms prescribe. However, it did not prevent a Lebanese brand Aishti to succeed in its sensual and glamorous commercials, because it played well on what is desired by women in the country. Aishti is a luxury multiband retailer that made its own brand umbrella instead of promoting each single brand it sells, making Aishti store a place for genuine, charismatic, seductive people, who belong to Aishti lifestyle.[149] They used the association transfer method, using symbols and lifestyle to transfer. The aspect to be aware of, that not all markets allow and accept this freedom of the brands to show that they have understood the true desires of consumers and have what to offer them. Norms and values in Muslim countries do not have to be reversed, it will lead to a failure. Within less traditional countries, with more liberal views and the will be lead, this can be a "game worth the candle". As an example can be, that if one reads between the lines, for the collectivist society when conformity is a norm, an opportunity to stand out, to be individualistic – is what can be desirable.

According to Hofstede (2001) The Middle Eastern world scoring high in uncertainty avoidance, collectivist society, indirect and implicit communication style, opt for more aestheticism, entertainment and emotions in ads. The role of communication is not to focus on the product, but to create and maintain an emotional relationship with customers. The Arabic ads use celebrities, but they do not communicate directly, they rather play a symbolic role, creating associations in the minds, rather than endorsing the product directly. Visual metaphors and symbols create a context for a brand to be positioned where it has to be. In large power distance countries, the focus should usually be on the status, respect, difference, social class and life standards. How it was said before, in collectivistic countries like Middle East, it is suggested to emphasize comfort, family,

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[149] (2010), *Marketing Communication Adaptation of Western fashion brands to Middle Eastern cultures*. Pp.34

unitedness in the ads, whereas for the individualistic countries ads should be focused more on self-interest, success, independence, without exaggeration because otherwise it leads also to a feeling of loneliness, and here instead ads arising feeling of belonging to someone or something can give the right topping. It is true that such values like privacy, spending leisure time alone cannot be attractive for individuals from the collectivistic countries. Moreover, masculine countries like Arabic ones, are more likely to use sense of competition in the ads to trigger it in the consumers' minds. Feminine countries would not appreciate use of status symbolism in the ads because it is not what society cares about.

In the western world advertising is considered to be for the purpose of persuasion, to change attitude and somehow push towards one or another behavior, whereas in the collectivist country advertising is used to create a relationship between seller and customers. People used to high context will receive the messages differently from those used to a low context cultures. (De Mooij, 2005;145)

The main advertising models used in different markets:

1. **The persuasion model:** objection is a short-term change of attitudes, buying intention and choice of the brand. Can work well for lower power distance, individualistic countries like UK, US, Germany.
2. **The involvement model:** creates emotional binding through closeness. Brans as a personality. Fits individualistic and feminine countries like Scandinavian and Netherlands.
3. **Sales response model:** it is a buy now strategy, sending direct simple message leading to short-term benefits. Fits well for individualistic, high masculinity, low power distance like US and UK.
4. **The emotions model:** create brands loyalty and positive attitudes. Collectivist and feminine cultures.
5. **The awareness model:** creates awareness in order to differentiate from related brands. Uses associations, humor, metaphors and other types of indirect communication.UK, US, Germany.
6. **The symbolism model**: turns a brand into a code that distinguishes a customer wearing it from another customer. It reflects culture: because these can be symbols of status, self-expression, success or economic stability. South Europe, Middle East, Asia.
7. **The likability model**: if a consumer likes the message, he or she will like the product too. The aim is to make friends with consumer. Fits collectivistic countries.

Regardless of the advertising model or type brand choses, Islam will influence it on different levels. And here are the examples of cultural and religious differences and their impact on advertising.

Modesty: What concerns the modesty of women, Islam states that a woman should not show too much of her body in public. According to Quran they should lower their gaze and guard the modesty. (Surat Al-Noor-Aih-31) Quran is being interpreted by scholars differently in each country. In Saudi Arabia its implementation is the most severe, as women are not allowed to show anything but eyes, so in fact they have to cover even hands and face. While, for example, in U.A.E, Lebanon and Qatar it is up to women to decide to cover or not. Moreover, Arabic does not mean Muslim. Half the population of Lebanon is Arab-Christian and circa 10% in Egypt. Lebanon is known to be the most liberal with U.A.E. and Egypt in the middle and Saudi Arabia being the strictest extreme. So the result of these difference ends up in different portrayal of the image of the women in ads. In their study, De los santos, Dagher, Kalliny, S. Minor, called "*Television advertising in the Arab world: A status report*", found out, that women on Lebanese and Egyptian advertising were in fact less covered than that of Saudi Arabia and U.A.E. Another aspect they analyzed was occupational roles. The depiction of a woman in U.S. has slowly changed from a housewife or the one having a very female job to more competitive, self-confident and successful, while in Arabic countries showing a woman as a housewife is quite true, but it is also going to change because in the last decade women started gaining stronger positions, like in TV industry, they became directors, journalists, then there are many good entrepreneurs, successful bloggers, fashion designers and business women, this is where the society will try to go, so by now these women already exist but a few in proportion to the female population. So this is what is desirable by the female society, but not yet desired by the countries especially that strict like Saudi Arabia. Showing a woman is not that easy, because there are guidelines imposed for showing the femininity and the roles assigned to women. The number of women appearing on the screen is considerably lower in Arabic countries than in Western countries making it problematic for brands to rely on the sex appeal of the brands to make men and women buy the products triggering their instincts. Moreover, blonde women are not used in Arabic advertising because there is no way Arabic women could associate themselves with them.

Beauty: due to the obligation to show women quite covered, beauty industry faces some difficulties advertising their products, because they have to show beauty enhancement without women actually using these products in the ads, which is quite complicated. But paradoxically, beauty industry is a highly dynamic industry and profitable in the Middle East.

Nature: Quran teaches to accept nature as it is and be united with it, Bible instead calls for earth management.

Values: What regards the values, advertising can show the hedonic aspect or utilitarian. As we know, utilitarian values are the basic needs defined by Maslow(1954), it is food and clothing, whereas hedonic is all about fun and gratification. Of course, the economic development of the country plays a huge role and consumers in the developed countries are looking for enjoyment, rather than simply fulfilling their basic needs. Hence also the advertising will focus on different values in different countries. The higher the GDP the more hedonistic approach brands will take. However, the study showed that on average the advertising in Arabic countries was more hedonic than in the U.S., but with the varying degree of hedonism depending on the welfare of the country.

Respect for elderly: It is very common in Arabic industry to appreciate and highly respect parents and elders. This issue can be easily used by marketers when offering a full product line to cater to the whole family or at least the majority of them and show the unity in it.

Enjoyment: all the people strive for enjoyment and economic state does not have to influence it. It was said both Bible and Quran, hence commercials will show enjoyment in the Middle East in the same way as in the U.S.

Context: Another important feature in advertising is a context and Arabic countries have high context ads. Meaning that customers have to listen carefully and read between the lines to be able to interpret the message. The best speech for Arabic countries is a short phrase with a few carefully chosen words that are full of meaning.[150] The consumers do not require from advertising a lot of explanations with many product details. This is mainly because, these consumers gain information from the other sources like family, friends, w-o-m and internet. In comparison to what was said before, in the U.S. instead ads are low context and consumers are willing to be given all the necessary information about the product. Moreover, according to the regulation, the main language must be Arabic with only one more secondary language allowed on the ads, hence advertiser have ti think well how to use the advertising space and how to make slogans shorter keeping the power of the words.

Price: Arabic countries are still trying to bargain a lot, probably because many firms are family based and prices are still being often negotiated. As Arabic consumers do not like the direct communication approach it covers also the price issue, it can be considered even rude. Direct marketing is not the best option also because of the privacy concerns in the home and gender segregation. Moreover, in Saudi Arabia for example, home delivery is not allowed, the maximum where direct marketing could get is TV ads with phone number to arrange delivery in case of order.

Competitiveness: Another unfavorable thing in advertising in Muslim countries is a comparative advertising, that is not supported by the Sharia Law, because Quran suggests not to compete by harming others and hence comparative advertising can be viewed in this sense. A path to follow can be that of PepsiCo which participates in charitable activities in Middle Eastern countries, it is very well appreciated because Muslim consumers do care about donations as it is a part of their culture, this is a sign of humanity.

Examples of Arabic peculiarities: dog will never appear in the advertising because it is considered a dirty animal, any type of addiction is prohibited, homosexuality is a violation of traditional understanding of relationship between men and women, nudity is unacceptable. To prove the differences and modernization of countries, nowadays alcohol and tobacco is advertised in Lebanon, whereas it is prohibited in the other

[150] De los santos, Dagher, Kalliny, S. Minor, (2008). "*Television advertising in the Arab world: A status report*", pp. 220

countries. The main themes of advertising are the cars and insurance. Moreover, in Saudi Arabia an ad has to conform with how the Royal Family sees Islamic Morality. In the UAE ads cannot be misleading. Iraq, on the other hand, has relatively limited government regulation of advertising. It also has a varied media landscape with plenty of prominent independent voices such as blogs and radio shows.[151]

Here are what some brands comment on advertising in the Middle East: Vogue Boutique finds print/outdoor ads performing very poorly and that the level of creativity is very low due to the restrictions. La Roche says that people in Kuwait prefer traditional advertising, while what is common and desirable in Egyptian ads is humor and family values. Turkish Airlines stated that Middle East asks for status symbol and luxury aspect in advertising, moreover, the main issue for them was the use of women in advertising. However, TA sees the convergence of western and Arabic countries in terms of consumer tastes as a result of globalization and westernization of the market supported by the government.

A small example (*Figure 24*) of how ads are censored in Dubai even if it does enforce a particular way of

dressing code, but still for the sake of ethics the ads of H&M with Gisele Bündchen starring were corrected.

Figure 24

Another aspect does not have to be forgotten and it is ethnocentrism. Advertising mentioning the country-of-origin produce more positive feedback and increase the likelihood of purchase. It works that way when country-of-origin is developed country, while it can lead to negative of ambiguous attitudes when stated that the product comes from developing countries. Ethnocentrism means the presence of feeling, pride directing the choice of consumers towards a particular country-of-origin. And a completely contrary behaviour is animosity, that can be due to political, cultural, social, personal or historical reasons be viewed negatively. However, it is not the case in the Middle East, as consumers are proudly buying locally produced/made

[151] Vijay M., (2013, February 19), *Understanding the Potential and Power of Arab Consumers.* Knowledge@Wharton Retrieved from http://knowledge.wharton.upenn.edu/article/vijay-mahajan-understanding-the-potential-and-power-of-arab-consumers

products.

What regards the luxury advertising it is always a challenge when a brand has to adapt to the local market while still keeping its brand identity and image the same.

3.6.RAMADAN RUSH

Ramadan is an extremely important period for all industries from food to luxury to pay attention to. During this period even TV series compete to grab attention due to the fact that Muslim have more free time during the day to devote to something else. However, print and TV marketing are losing their strength to the digital marketing. With the growing use of technology in each family and the number of devices per person, digital marketing is the right thing to do. Through digital marketing brands can reach the target audience cost effectively and more efficiently. Why Ramadan is so special for marketing activities? One of the purposes of Ramadan is to get closer, to reconnect with families, with faith. During Ramadan people work less and rest more meaning that the increase in free time and celebratory atmosphere leads to higher spending. What do Muslim do more during Ramadan? First of all, they watch more videos especially on YouTube where the views increased by 200 million from 2013 till 2015. Muslim look for a specific content during the holy month: cooking and receipts, Comedies, Religion, Auto, Internet and Gaming.

Secondly, they do more research. As *Figure25*[152] *shows,* according to Google data number of searches during Ramadan in 2015 has almost doubled.[153]

Thirdly, as the *Figure 26*[154] *shows,* they spend more on mobile devices. 84% of UAE population uses a smart-phone as often as desktop, and 44% of the daily screen time is devoted to mobiles. [155]

[152] Google, (2015), *Ramadan in MENA: The Digital opportunity for brands*. Pp.3
153 Ibd.
154 Ibd. Pp.4
155 Ibd.

Figure 25

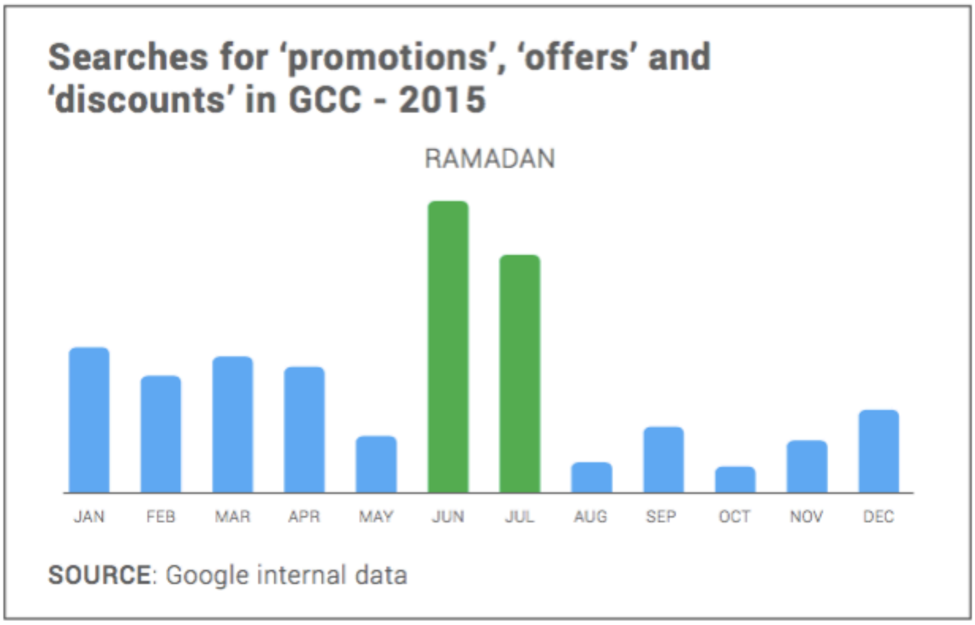
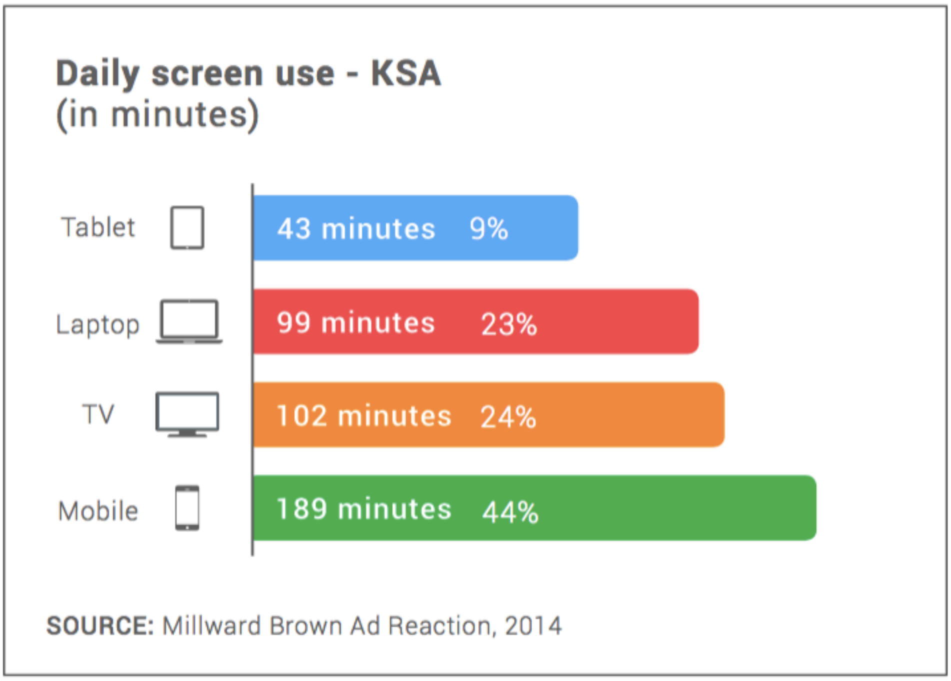


Figure 26



The data on the use of types of screens helps marketers understand how to allocate their advertising budget and during which time and period. The search done on the mobile phone increases by millions of searches during the Ramadan. However, in 2015 almost 70% of advertising budget went to TV ads, because the reach is higher, it addresses the whole family rather than one individual when delivering a message on the mobile. For that reason, advertisement airtime is increased by 20-30% to respond to the demand. [156]

[156] Google, (2015), *Ramadan in MENA: The Digital opportunity for brands*. Pp.5

There are three periods to take into consideration: before, during and Eid-Al-Fitr. Before Ramadan consumers look for offers, discounts and deals that brands do for the holy month. The best way to grab consumers during pre-Ramadan period is bumper ads, engagement ads and search ads to show the promotion to come. During Ramadan brands like P&G and Pepsi used Google Preferred to appear on the most watched videos. When Eid-Al-Fitr comes it is time for engagement ads calling for celebration and gifting. This is definitely the period for luxury brands to come in as consumers look for perfumes and celebrity clothes(*Figure 27)*[157].

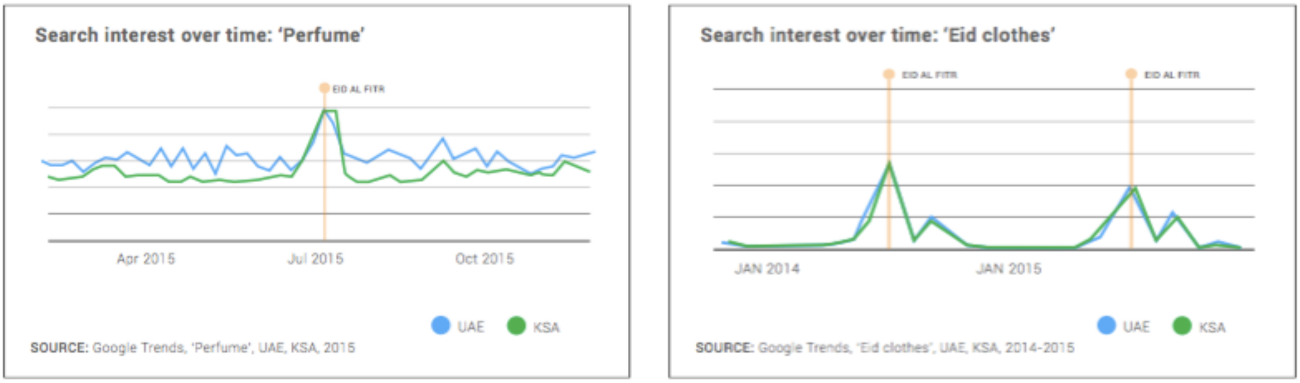


Figure 27

This is the high performance month for luxury brands due to the increased gift buying. Dior's J'Adore had a digital advertising on YouTube as a must-have before the end of Ramadan.

Ramadan is a shopper's holiday, just like Christmas and brands internationally target Muslim shoppers as during this period many of them travel to the main shopping destination on purpose. Adding some statistics, among all gulf travellers in London, Qatari spend the highest amount – 1,432£ per shopping. Reuters predicts that the global spending figure will climb to a total of $484 billion by 2019.[158] This period is called "Ramadan Rush" and brands are step by step recognizing the importance of it. In 2016 more brands reacted more seriously to Ramadan, for example, Mango as opposed to the previous year's few looks, launched a 45-piece line this year. In 2015 Uniqlo co-worked with influential blogger Hana Tajima for a line of modest clothes for Ramadan. Burberry will launch its Ramadan collection, while Moda Operandi and Net-a-Porter are building on their successful Ramadan edits of 2015 with bigger and bolder versions for 2016. [159] The Middle Eastern brand like Symphony offers special kaftans created by big-name designers like Stella Jean and Alexis Mabille, as well as regional favourites such as Mochi and Bouguessa.[160] It may seem, that this rush brings Muslim consumers away from the main idea of the holiday, but in fact the biggest part of luxury items bought are for present and charity.

157 Ibd. Pp. 8
158 Gordon. G, (2016), Major Fashion brands invest in the Ramadan Shopper This year.
159 Ibd.
160 Ibd.

Due to fact that Ramadan is set up according to the Lunar calendar, we can be sure that till 2019 it will coincide with summer and here are some good news: the first trend, is that people go on vacation during this period hence the demand for summer clothes and all the relevant things goes up, then at the end of the summer the market is all about going "back-to-school" promotions and offer, and then Eid celebration means gift buying. This could have meant a boost in sales because of these three reasons, but disposable income of consumers remains the same, hence they have to cut it somewhere. So this is a challenge for brands to fight for this wallet share.

Following is the example of first Burberry's 2016 Ramadan collection. The collection was shot in the Middle East with British model Eliza Fairbanks.[161]

DKNY has addressed the market already in 2014. DKNY Ramadan was styled by prominent Middle Eastern fashion influencers — Yada Golsharifi, fashion editor of Styles Magazine, and Tamara Al Gabbani, a fashion designer in Dubai — who also model the collection for the #DKNYRamadan campaign. This collection was an expansion into Arabic market. [162]

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[161] Wylie,Sh. (2016), *Burberry's ramadan Collection.* Available at: http://www.buro247.me/fashion/trends/first-look-burberry-s-ramadan-collection.html
162 Shah, B. (2014). DKNY's Ramadan collection shows that Muslim dress means more than the burqa
Available at: http://www.independent.co.uk/voices/comment/dknys-ramadan-collection-shows-that-muslim-dress-means-more-than-the-burqa-9579469.html



Dolce&Gabbana also followed this trend and designed abayas for Muslim women in their Autumn/Winter 2016 collection. However, it was accepted more negatively than positively, because of the pale white models, the scent of scandalous collection with black women faces as earrings, and a feeling of Muslim women that it was a pure commercialization step by Dolce&Gabbana that created buzz and many non-favourable opinions in the internet. [163]The main opinion was that collection created excluded many Muslim women from the target due to the high prices of these abayas, around 3.000£. Moreover, the Arabic women found in this collection a message that western brands have a monopoly and decide what is fashionable, when and for who. However, *Forbes* called it "the smartest move in years", because even if not perfectly however, it is a first step to become more inclusive.



"*Dolce & Gabbana's announcement comes at a critical time, making the statement that Western fashion*

[163] (2016.) Available at: https://www.theguardian.com/commentisfree/2016/jan/11/dolce-gabbana-hijab-collection-muslim-women-western-fashion

and Islam can make for an aesthetically compatible and socially productive union: yielding beautiful garments and helping in some small way to chip away at the marginalization of Islam in countries like the U.S., the U.K., and France."[164]

H&M instead was accepted by the audience with applause because of the short video featuring one hijab-wearing fashionista, showing that these women are also represented by the brand.[165]

Tommy Hilfiger also presented his collection:[166]



While Luxury brand Montblanc urged customers to "celebrate Ramadan in its true spirit with an exciting range of gifts."[167] More and more brands will take this path if correctly addressing audience with right designs and communication.

Going back to the topic of spending during special time for Muslim – Hajj is another example, in terms of sales Hajj is like the 13th month, if a brand misses these few days of promotion and brand exposure, it is like losing sales of the whole month. For example, Sony gets 40% of their sales during this time.[168]Moreover, these are not the people of one region, these are the people coming from more than 150 countries and this year (2016) more than 1.5 million pilgrims are expected to do the Hajj in Mecca starting on September 10th,2016. And brands have a real opportunity to follow them while in Saudi Arabia and also back home.

164 Campbell, K.,(2016). *Why Western Designers Are Embracing the Hijab.* Available at: http://www.theatlantic.com/entertainment/archive/2016/01/dolce-gabbana-high-fashion/423171/

165 (2015). Avialable at: https://www.theguardian.com/commentisfree/2015/sep/28/hijab-h-and-m-mainstream-culture-great-british-bake-off-diversity
166 (2015). Available at: http://saudibeautyblog.com/limited-edition-ramadan-collection-by-tommy-hilfiger/
167 (2014). Available at: https://www.businessoffashion.com/articles/news-analysis/holy-month-ramadan-big-boon-retailers
168 Vijay M., (2013, February 19), *Understanding the Potential and Power of Arab Consumers.* Knowledge@Wharton Retrieved from http://knowledge.wharton.upenn.edu/article/vijay-mahajan-understanding-the-potential-and-power-of-arab-consumers/

3.7.BRANDING

As we found out from the Hofstede model, middle eastern countries are characterised by more collectivism than individualism and it has its own implication on branding: in collectivist countries people are not used to describe themselves with abstract terms. People in individualistic countries are easy in buying brands that they have never experienced before, while collectivist consumers find a brand out of context irrelevant. For individualistic countries brands can be unique and special, while for collectivist it has to be a part of something bigger, of a trusted company. (De Mooij, 2005;110-113) another implication of the collectivist society is that they seek conformity and safety, they feel safe with a big brand that gains trust because of the size, what actually means that it can be pretty difficult for foreign new brands to enter the market.

Before entering a new market brands have to decide which strategy will they pursue in this particular market. The first decision to be made, is about the entry into the market, and it was found by Izzudin Busnaina in his study "*Fashion Marketing in Arab World: Brand Identity vs. Adaptation*"[169] (2014;p.8), that the most companies entering the market have a representative office in the country and maintain this form of presence for years. Secondly, a decision must be made whether the brand will go standardized or adapted to the local environment. Of course, it depends on the type of industry and products being sold, as not all ads should be adopted due to its specifics, like pharmaceuticals for example, for which by the way advertising is prohibited in the Middle East. And the results of the same study mentioned above, revealed the marketing practices adopted by the four major Middle eastern players reported in the *Table 28.*

ADAPT OR STANDARDIZE?				
MARKETING ACTIVITY	**BRANDS INVESTIGATED**			**SIMILARITY LEVEL**
	BRAND 1	**BRAND 2**	**BRAND 3**	
Marketing Research	Adapted	Adapted	Adapted	1.00
Product	Standardized	Slightly adapted	Slightly adapted	4.33
Pricing	Slightly adapted	Slightly adapted	Slightly adapted	1.33
Promotion	Adapted	Adapted	Adapted	1.00

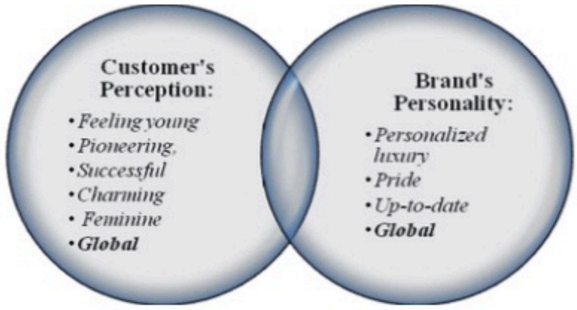
Figure 28

[169] Busnaina,I, (2014). "*Fashion Marketing in Arab World: Brand Identity vs. Adaptation*" p.8

The result of the research shows that all the brands finds it crucial to adapt marketing research and promotional activities to the market, due to its specifics, brands must rely on their own research due to the evident differences between the "home" market and Middle East. However, currently going globalization or in particular westernization processes have changed the cultural landscape and nowadays adaptation requires less changes than it could be before. The level of adaptation for the product characteristics is way lower, because initially brands use regional design. Brands do recognize the level of competition in the market what increases the level of adaptation and differentiation among the brands.

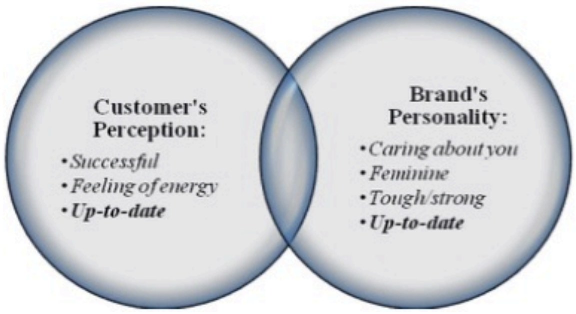
The same study came up with the results deducted before from the culture analysis, that majority of interviewees agree that wearing brands helps to be acknowledged by others, brand name signals the quality, familiar brands excel compared to the competition and they relied on familiar brands.[170] In terms of brand loyalty, Middle eastern consumers are highly loyal due to the quality perception and brand's history.

Interesting results were obtained when analysing the coherence between what brands communicate about themselves and how Arabic customers (In Saudi Arabia in this case) perceived them. The researcher analysed three brands Guess, H&M and Burberry, and he found was that for Burberry the only feature that was mentioned by both the brand and the customers was "global", for Guess, instead, there were no features in common, while for H&M there was also just one trait "up to date" coinciding with that of brand personality. Hence, actually, three brands failed to adapt and communicate correctly in the market where they are for around 20 years, leading to a noticeable mismatch between brand image and brand personality. The *Figure 29*[171] depicts the above stated.



(B) GUESS

(C) H&M



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170 Busnaina,I, (2014). "*Fashion Marketing in Arab World: Brand Identity vs. Adaptation*" p.11
171 Ibd. P.14

The last part of the study analysed the degree of difference/similarity between western customers and Arabic ones. Quality and packing are seen more or less in the same way and this can be perfectly described by the fact that due to the globalisation brands have to maintain their image worldwide. Moreover, both types of consumers found similarly service in the store. This is explained by the fact, that brands tend to hire staff that has an international background. Whereas the store layout, sales promotions and pricing were perceived quite differently due to the higher adaptation to the market for these activities. Brand should consider the adaptation or standardization strategies only when they lead to a positive relationship to market performance. Burberry showed a good example in entering Arabic market with completely standardized products and still being chosen as the most favourite brand among brands offered. However, there is a total misunderstanding in the dialogue between customers and brands leading to a huge gap between brand identity and brand image. But the important conclusion here is that this misunderstanding does not influence the preferences. For example, consumers totally did not get the brand personality of Guess however it is the second preferred brand. One more thing to underline, is that customers who have shopped the brand in Saudi Arabia and in the UK, did not really notice the implementation of adaptation strategies. This means, that adaptation practices implemented by the brands were not successful, so brands should be more cautions in that.

According to the study done by Harris and Attour (2000) in which they analysed 15.000 print ads of 51 brands, they found out that 77% of companies used regional standardization, however the ads across these regions were quite different, especially in the body text, subhead, headline, slogan, while the rest was almost the same. [172]

In addition to the strategy chosen by the brands, it should apply a multi-views model which includes humor, fairness, morality and incentives. Humor will be effective if advertisers really understand the taste of the customers and make sure they understand the intended humor. Brands have to know what are the values or habits the society can laugh at and don't get offended. The better the ad is made the more chance the customer will remember it well. Fairness factors is about truthfulness of what is being said. Islamic law prohibits cheating and lying. For the product advertisement it means that the whole image should not be exaggerated otherwise a customer can regard a company disloyal to its customers. According to the Islamic law the seller must say in advance all the inconsistencies of the product sold with what is described or promoted. What regards morality, it has been already analyzed in previous chapters, brands have to stay true to their values but sell it through the prism of the local culture and values. Incentives are used to attract local customers to the western brands and make them choose a foreign brand. Here brands communicate in the local language as much as they can to show customers that they know them, they are here to integrate and respect local customers.

[172] Erkan Y, Ismail C., (2012). *Global marketing advertising with cultural differences. How can global companies better address cultural differences in marketing advertising in the Middle East?* Pp.20

Branding Arabic brand includes some cliché to avoid which show only its "Arabicness" and does not necessarily positively contribute to the brand:[173]

1. Calligraphy because it is very traditional, it refers to specific periods in history, hence be at the same time traditional and contemporary is quite difficult. Only those having it as a part of the strategy can freely use it. Like Aljazeera for America logo, which shows the origins of Aljazeera. On the contrary, The Pavilion Downtown Dubai used digitalized calligraphy communicating the newness and modernity using calligraphy, but changing the font.
2. Pattern that was historically used due to the forbidden use of more diverse decoration. It is very traditional. It can be used only having a particular modern interpretation.
3. Orientalism is expressed through romanticized view of Middle East. For example, Alladin that is better for cartoons than as a medium to associate brand and Middle East.
4. Adaptation of the marks to Arabic lamguage and alphabet. It is very tricky because it can represent completely different thing, it can sound differently, it can contradict to some rules. It is very likely to bring problems instead of show how the brand succeeded in being Arabic. Example, Fedex written in Arabic or bang and Olufsen. When it is impossible successfully adopt the brands name to Arabic language it is better to elaborate its Arabic version that can be present on the brands logo but not as the main characters. See *Figure30*

   Figure 30

5. Camels, goats, falcons are widely used, but the problem they create is there is no connection between the logo and the function of the brands, like antelope and Qatar Airways. Also, depicting palms, islands is commonly used but does not actually represent Middle East. Moreover, using mirage can be tricky due to its meaning – it is something that disappears once you reach it. Restaurant Idem made a great work in balancing Arabic and English meaning of its logo that mixed both Arabic and English alphabets. See *Figure 31*

Figure 31

173 Shihabeldin, L.,(2014). Building a contemporary arab brand. Available at: http://landor.com/thinking/building-a-contemporary-arab-brand

The main lesson from these examples, is that brands visual identity must represent the brands DNA otherwise it makes no sense to use these features as a part of the brand. Every single element must be meaningful for the brand, colour because it is in line with what a brand stands for, signs, words – that truly represent its DNA. If a brand wants to be purely Arab, it must be in Arabic language, because culture is identified by the language.

As an example, of European brands – Hermes even if it did not adapt the products, what it did was fit made a new service exclusively in Dubai, custom-made suits, shirts, leather, knitwear and ties. Men can choose from 5000 fabrics for their suits.[174] Which is a clever response to the peculiarity of the market and the way to avoid adapting the product lines, instead giving customers something more, something that adds value and correspond to the needs of middle eastern customers.

At the end of the day, the main topic is even not about adopt or localize, but about being relevant to the target customer. Not always coming to a quite special market the best option is to localize. It will depend on the type of the product, but Arabs admire Western brands, so first a brand has to ask itself whether they should adapt at all. Middle East requires also multilingual approach, for those staying 100% Arabic and for Arabic one language can be enough, but for the others instead, it is better to implement the whole communication strategy in two or three languages (Arabic, English and French) to show that the brand serves wider audience. Hence localizing the brand does not necessarily mean Arabizing it.

Summing up, it seems that most brands will choose the adaptation model instead of standardizing in the Middle East, however, due to the cases like Bestseller United ME, show quite the opposite, that there are enough brands who had courage to enter the market claiming for globalisation and alignment of desires by whole nations. Often brands choose to communicate only with the segment that is able to understand them, these are the examples of stores opened only in particular cities or town districts, like Aishti in Western-Central part of Beirut. When brands standardize usually they target expatriates in the Middle East, that is a pretty huge market. Local multibrand stores are pretty successful because they incorporate both local and global aspects ("Beyond local, open up to the world") of the market. However, Western brands are following the right path each choosing its own way of existence in the market, but they are doing it well and will do, because of the brand loyalty of the locals. These consumers embrace new trends and Western taste. Having strong local allies, local consultants, local advertising agencies or franchise will lead brands to the higher financial benefits and higher level of engagement as well.

In the future probably the advertising framework will be similar to the Western one, because regulations will be less strict, perhaps except Saudi Arabia. The use of omnichannel marketing will be way higher than now with highly developed digital marketing and e-commerce. Social media will prosper and

[174] Available at: http://www.buro247.me/fashion/mens/hermes-custom-made-menswear.html

consumer generated content will be more valuable, qualitative and credible. The main approach in general, must be "glocal" (global+local), companies cannot ignore cultural differences among West and East, and even within one particular area, therefore adaptation of marketing strategies is important and the development of technologies and digitalization of the society will only feed up more progressive and open advertising than it is now. However, the development of advertising in the area will bring also the control difficulties to the brands, which might make them opt for more standardized approach in the future.

3.8.THE ART OF STORYTELLING

Another way of communication and engagement is storytelling. The majority of luxury brands have their story to tell, about their origins, creator, values and the timeline. However, not all brands have this advantage, but that does not have to keep them away from the market, instead, brands create fictional stories through which they can explain themselves and their spirit. This brain science which amplifies the other communication and marketing done throughout all the other channels, it spreads without the need for budget expanses in order to do it, these stories unite audience, they are social at the core, it makes consumers get emotional about the story and connected to the brand. "By combining emotion and logic, consumer-led storytelling is more persuasive than any push marketing strategy."[175] Correctly made storytelling touches all sides of the personality cultural, rational and emotional. Storytelling shows how brands remain relevant and maintain their position. Nowadays, brands can communicate to their audience in a more personalized way through tailored online storytelling - telling the right story to the right consumer and adding value by doing so. Storytelling helps brands convert potential customers into advocates. This is a way for companies to switch from corporate to more personal approach.

Heritage is very important for storytelling, but not all brands were created a century ago and, moreover, this cannot be the only thing brands rely on. We live in a time of everything called digital and digitally native brands succeed even without a story of royal origins. These brand go on with the stories that new audience find appealing and engaging. Moreover, even the well-established brands do the same thing nowadays, for example, Hermes with their playful and cartooned advertising. The new trend for luxury is humor.[176] The aspect that has never been associated with luxury, however nowadays it is, because it is a part of emotional engagement and a part of experiencing the brand, as it is not news, that consumer switched from having to experience the brand. Traditional storytelling is not a winning feature nowadays, because audience wants to be engaged not only with what has happened decades ago, but also to the real issues and values that are

[175] (2013). *Sandstorm Digital, Middle East Communications Agency, Announces New Age Focus On Brand Storytelling.* Available at: https://econsultancy.com/press-releases/6993-sandstorm-digital-middle-east-communications-agency-announces-new-age-focus-on-brand-storytelling

[176] Andjelic, A., (2015), *Luxury brands are failing in their storytelling*. The Guardian. Available at: https://www.theguardian.com/media-network/2015/nov/23/luxury-brands-marketing-failing-storytelling

happening now, they want to be talked in their cultural language. Stories must be in line with the zeitgeist, brands have to summon their historical DNA and transform them into modern culture. This new shape of history has however to incorporate the knowledge of oneself - reason for being, dream, humanity, authenticity, trust, excitement, entertainment and engagement. As a part of the story brands usually use myths and anecdotes like Chanel used phrases about fashion and the beauty, that are widely used even nowadays as slogans and mottos.

In the Middle East storytelling should be embraced and applied even more easily because storytelling is a part of the culture, it is a tradition of narrative like so famous “One thousand and one nights” dated back to Islamic Golden Age. Storytelling does not have to have a form of advertising as we found out before, that Arabic consumers are not willing to get a lot of information in the messages. It must be kept separately from that, like brands are actually doing. This is an educational part of the brand, the engaging, the one that calls for emotions, opinions and dialogue. The moment in which a consumer sees or hears the story of the brand he or she decides if its appealing to him, whether there are values that can be shared with the brand, if the brand can make him or her better and what it adds to the personality.

One example of experiential storytelling campaign was made by Kempinski Hotels in order to produce meaningful branded content. This was a project in which Kempinski Hotel paid a group of people to travel around the Middle East and Africa, stay in Kempinski Hotels, experience the cities and countries and come up with real stories, called “a friend with local knowledge”. This group wrote down these stories, took photos and made videos, then Kempinski Hotel shared them on Facebook page creating interaction with followers. By doing so, Kempinski Hotel created “talk-value” to stimulate word-of-mouth, guests’ activation, positioning Kempinski as a friend, and created a coffee-table book as a cross selling tool.[177]

Nowadays, we have a new iteration of content creation - visual storytelling. The main platforms are Instagram, Snapchat, Vine, Pinterest and YouTube. As a level of use of internet and different devices is high in GCC, this is a right path to follow for brands storytelling nowadays.

As any message delivered by the brand has been freed from print and TV and let online, the shift that is starting to be significant in the Middle East is the use of e-commerce. Of course, there are issues discussed above, like privacy, prohibited home delivery, however, these problems can be solved by providing a hub-place of taking your shipments directly in the malls or another places. What the GCC zone shows, is that number of senior digital managers is increasing showing the importance of the digital side of the brand as a platform for storytelling, brand-created content, touchpoint with the customers and of course a place of acquisition. Moreover, Dubai Design District and Dubai Fashion Council were established to move forward the fashion industry in the area and create incubators that can provide start-up brands with platforms that a few global communities have access to, giving these brand an advantage of development. That means that also Arabic brands will reach the level of engagement, of integration, of omni-channel presence and marketing that

[177] Available at: https://aroundtheworldin80brands.wordpress.com/2015/02/21/a-storytelling-expedition-through-the-middle-east-and-africa/

is already used by western brands like Burberry for example. The Burberry case shows brands excellence in integration reality of the brand with it digital identity.

"Burberry's physical stores are driving conversations, conversations that are hosted on digital platforms, with the store mirroring a physical manifestation of its digital site. A fifth (20 per cent) of Burberry's digital sales are now collect-in-store and a quarter (25 per cent) are made on iPads. With a unique mix of connected technologies, Burberry has successfully blended the two worlds, especially at its 121 Regent Street flagship store. Changing room mirrors flip to show images of the specific piece on the catwalk or on film interacting with RFID chips embedded in the clothes. More recently, the in-store "Burberry Booth" allowed consumers to film their own versions of ad campaigns, using clever video-stitching technology."[178] To be effective in the long run, brands will need to make storytellers and data scientists work together. Because one will interpret consumer trends and the other will transform them into communication messages.

The Dubai fashion industry is going to gain a lot from the tech explosion in the region. It is only the matter of time and we will see new, creative, dynamic and ultra-digital Arabic brands coming for well-established brands.

[178] (2016). *Disruptive Technology: What Fashion Startups in the Middle East Can Learn From Burberry.* Available at: http://fleishman-me.com/2016/01/disruptive-technology-what-fashion-startups-in-the-middle-east-can-learn-from-burberry/

4. CHAPTER

ARABIC FASHION LANDSCAPE

4.1.ARTIFICIAL VS. ORGANICAL CLUSTERS: WHY DUBAI?

Lately the Middle East was developing the fashion industry in parallel to the traditional place of fashion – Europe and America with some designers becoming really successful on the worldwide arena and another young designers coming up. The area famous for oil-driven businesses came up with fashion brands and the whole ecosystem unexpectedly in a short period of time that poses one question – how? The new designers shaping the fashion industry in the Middle East will be discussed later on in this chapter.

Not all Middle Eastern or GCC countries are progressive in fashion industry, the one that stands out the most is UAE, Dubai. Designers based in Dubai are not necessarily Emirati, quite often they are Lebanese or from the other neighboring countries, however to develop their ideas and to start their businesses they come to Dubai. Is Dubai a fashion center? Does it have all necessary facilities for a brand to grow? Has it become sort of a fashion artificial cluster? Artificial because it grew out of nowhere, it did not develop itself throughout decades, it does not have fashion history or historical fashion houses. This opens up two hypotheses: first, maybe nowadays for a brand to be qualitative and successful there is no need for a long history and decades worked out know-how; second, if it is a cluster, then can artificial clusters outperform organically grown clusters?

Detroit is a famous cluster for cars, whereas in terms of fashion the main cluster has always been Italy, however there are also the other huge manufacturing clusters for fashion industry like the Hong Kong fashion cluster and New York Fashion cluster, but we will focus on the Italian one. For example, Riviera del Brenta is a famous high-end leather women shoe cluster that thrived lately even if many clusters are stopping their activity due to the globalization and outsourcing. What it did was investing in R&D and engineering at the place. This cluster is producing now 90% of women luxury shoes (Armani, Prada, Dior, Louis Vuitton).[179] Como instead, is a silk cluster, while Biella is wool cluster. Belluno is a place of eyewear production. Florence is a center of leather goods since 13th century. All these clusters have grown organically through the decades. According to Alfred Marshall, clusters usually build up around the geographical area with natural resources, educated workforce and university or other research institution nearby. Some clusters failed long time ago, some of them are still successful, the latter are usually those who are open to innovation and creativity, however, there must be definitely a knowledge integrator. It is the company that looks for the possible customer needs, brings these ideas to the cluster, cluster finds out a solution, and then again an integrator brings out the product to the market. Manufacturers have to be updated in technological terms otherwise they will be left behind if not able to serve the market. When you are a leading firm and you push yourself to more advanced products, this will push also you suppliers to innovate and catch up, this is how the successful cluster works. Nowadays, need for clusters has dropped due to the outsourcing possibilities, but if the cluster is able

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[179] Beghelli,C.,(2016). *Nearly one quarter of Italy's fashion industry clusters hit a new record for exports last year.* Available at: http://www.italy24.ilsole24ore.com/art/business-and-economy/2016-04-27/fashion-industry-clusters-151549.php?uuid=ACSjccGD

to perform R&D, manufacturing and bring out new ideas, no one will want to close such a place down even if the margin could be slightly lower producing in home. Currently there is an issue whether the government can create a cluster. For example, some universities have incubators to push businesses forward. But the important difference between a real organically emerged cluster and incubator, is that clusters are highly competitive inside, they prosper in creativity and development, there is a lot of competition among the players. Static and closed clusters are those dying first nowadays. Whereas, those clusters created by universities or governmental institutions they are made for the cooperation, which differs from the reality of cluster existence. Cooperation does not lead to the development of the industry, there must be competition.

What concerns traditional clusters, Alfred Marshall stated three reasons why companies would tend to locate next to each other: firstly, because of the labor force pool, secondly, due to the existing infrastructure facilitating operation in the area and, thirdly, spillovers like cross-company learning. Usually what regards luxury goods it is called cluster anchored meaning that its production can be quite distant from the end market, however it is important that the intermediate stages of supply where geographically close to each other. Usually this area has a competitive advantage in various stages of production.

Going back to the phenomenon of the prosperity of fashion in Dubai it should be said that industry, first of all, gains a strong support from the government. His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE, in his capacity as Ruler of Dubai, has issued Law No.15 of 2014 concerning the Creative Clusters in the Emirate of Dubai.180 The main goal is to lead the development of creative industries in Dubai to support the Dubai Strategy for Innovation. To meet its objectives, the Authority will actively develop the size and skills of the creative talent pool, promote entrepreneurship and innovation, provide financial support, create joint forums between the creative industries and government, and provide a platform for research, intelligence and advocacy. 181 (Figure 32) Dubai Creative clusters host 4.200 businesses with a diverse and young workforce of more than 64.000 people. In the last 15 years, Dubai became the hub for the key knowledge-based industries: production, broadcasting, publishing and higher education. The clusters have successfully attracted many of the industry leaders in respective sectors – including Microsoft, Google, IBM, Dell, HP, LinkedIn, SAP, GE,

[180] Wam, (2015). *Dubai gets creative cluster authority.* Available at: http://www.emirates247.com/news/government/dubai-gets-creative-clusters-authority-2015-06-15-1.593886
181 Ibd.

Pfizer, Exxon Mobil, CNN, MBC, OSN, Pfizer, Heriot Watt University, University of Wollongong, and Manipal University, amongst others.[182] As a result Dubai created separate districts called: Internet, Media, Studio City, Outsource City, Production City, International Academic City, Science Park and Design District.

For Dubai Design District called d3 as in its base 6 pillars(*Figure 33)*[183]:

Figure 33

WHERE PASSION MEETS PURPOSE	
1. Educate and Develop	The Council has already established the Urban Majlis, a quarterly platform for the design community to discuss important industry developments; the DDFC Talks series of events, which are centered on topical issues and provide expert advice and knowledge to the design community; DDFC Mentors, a one-to-one mentorship programme with regional and international designers; and the framework for the DDFC Awards, working with key industry partners. The Council is also committed to supporting the development of design education in Dubai.
2. Organize and Participate	The Council will oversee Dubai's design calendar, raise the standard of events and content showcased locally, and take part in industry events such as Design Days Dubai, Arab Luxury World Conference and Vogue Dubai Fashion Experience.
3. Sponsorship and Endorsement	The Council Established clear criteria for the events it can support.
4. Marketing and Trade promotion	This includes revitalizing Dubai Fashion Week and building international relationships, as well as homegrown initiatives. The new quality mark – 'Designed in Dubai' will distinguish the best local designers, promote Dubai's brand as the emerging global center for design, and create a global platform for locally-based designers.
5. Study and Research	In 2015, the Council will launch MENA Design Outlook, a review of regional design sectors, market potential and trends, and a Design Education Study.
6. Policy and Strategy	The Council will develop a solid legislative framework, aligning Dubai's design strategy with the Emirate's strategic plans and implementing initiatives such as intellectual property awareness. Through this mix of an extensive event programme and strategic collaborations, the Council is already

[182] Ibd.

183 Dubai Design Council. Available at: http://dcca.gov.ae/en/dubai-design-and-fashion-council/

	making an important contribution to the region's creativity and positive energy.

3d is an ecosystem or a business enabler made for the design community be it a global brand or a start-up. It is a living and breathing community, where people live, eat, work, create, go out. 3d offers customizable, quality office space, micro studios, co-working spaces, the fabrication labs with all the necessary equipment as well as 2D and 3D printers. It has many events on the calendar. The main is: Sole DXB is a regional lifestyle platform for footwear, fashion, culture, art and design in Dubai. The Urban Majlis is a quarterly platform for dialogue organized by Dubai Design and Fashion Council open to the design and fashion community, in addition to discussing important industry updates and developments. Downtown Design brings together an eclectic mix of the world's most iconic and pioneering brands in furniture, lighting, kitchens, bathrooms, accessories, textiles and new technologies to create a unique business platform dedicated to original design. Fashion Forward (FFWD) is the definitive fashion platform for Dubai and the Middle East. Supported by d3, the Fashion Talks program fosters industry discussion whilst the Day at d3 allows buyers and industry professionals to connect directly to the designers. Dubai Design Week will enliven the city with innovative installations from local and international designers.

Benefits of starting up the business in 3d as in free-zone[184]:

- 100% foreign ownership permitted 100% repatriation of capital and profits
- Guaranteed 50-year exemption from personal, income and corporate taxes
- Exemption from customs duty for goods services

Benefits of operating under DED license[185]:

- Permitted to operate retail businesses in the UAE
- Of particular benefit to architectural and fitout companies, a DED license enables submission of projects to Dubai Municipality
- Access to GCC Market for sale of products once the customs duty is paid and ability to export to any GCC country without incurring additional duties
- Being present in a Freezone whilst operating a DED license means that you are directly next to your customer base and part of the design industry market segment
- Flexibility to open branches within the UAE

It will be a smart city, highly interactive, will reduce resource consumption. The whole ecosystem is integrated:

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[184] http://www.dubaidesigndistrict.com/#firstPage
[185] Ibd.

Governance: open data & data warehousing, operation & maintenance enhancement, integrated business partner onboarding, integrations and direct NOC.

People: Fault Detection & Diagnostics, IM Based Facilities/Asset Management, Personal Dashboards.

Environment: Energy Analytic System Optimization, recycling, Network Enabled Utility Metering

Living: Consolidated Personal Control, Pervasive Wi-Fi Network, Community Info Service & Portal, Security Service Integration

Economy: Digital Wallet, shared resources, people counting.

Mobility: Electric Vehicle Power & Charging, Advanced Parking Management.

The inspirational moto is: "“We'll build a city dedicated to support entrepreneurs in Dubai. I invite the creative Arab youth to join the march of innovation & entrepreneurship” His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai.[186]

The whole project started in 2013, just in one year it already signed 100 licenses. As it was explained before, for a cluster to prosper there must a leader company, and in case of d3 it is Chalhoub Group that joined d3 project as flagship tenant partner in 2015. The Chalhoub Group has been the leading partner for luxury across the Middle East since 1955. As an expert in retail, distribution and marketing services based in Dubai, the Group has become a major player in the beauty, fashion and gift sectors regionally. By blending its Middle East expertise and intimate knowledge of luxury, the Chalhoub Group is building brands in the region, by offering service excellence to all its partners and a unique experience to its customers through its passionate teams.[187] So it is a perfect company to lead the Design District, share its experience and serve as an intermediary between the real luxury and fashion market and new brands. Another company being a knowledge integrator that builds bridges between global market access and local embedded knowledge is TECOM Gorup. TECOM Group, formerly known as TECOM Investments, is an industry-specialized developer and operator of thriving business communities that make a significant contribution to Dubai’s sustainable economic growth and diversification. The presence of both TECOM and Chalhoub will definitely benefit the whole cluster. The same year, the Phase 1 of the project was handed over with 85% of occupancy. This shows that local and international talented, creative people with their ideas or brands are willing to come to this place, they believe in it and find it the best environment to be in in order to create and develop themselves. By now the Phase 1 is complete and it includes creative offices and retail space with over 10.000 professionals. The Phase 2 is due for completion in 2018 and it is about building the creative community with over 6.000 craftspeople, artisans and designers. The Phase 3 is for Waterfront due for completion in 2019

186 http://www.dubaiplan2021.ae/our-inspiration/
[187] http://www.chalhoubgroup.com/#/group

including hotels for all the visitors.

Why now and why MENA(Dubai)? Probably because design in the MENA region has grown at more than double the pace of the global industry in the past 4 years: Driven by fashion, furniture and architectural design. Currently, the MENA market is import-oriented: Locally produced design, goods and services make up 35 per cent of total market size. UAE is the largest market for design in the region amounting to 27.6$ bn. E value of the MENA design sector grew at a rate of 7.4% CAGR versus 3.7% CAGR globally between 2010 – 2013. Contributing factors include population growth and increased urbanization levels, combined with higher levels of disposable income and a rise in High Net Worth Individuals (HNWIs). [188] The global trend for hyperlocalism is taking root in the UAE, resulting in increased consumer demand for locally sourced products, goods and services. This, coupled with the region's wealth of design talent, represents a strong opportunity. Moreover, the MENA design industry market value reached over USD100BN in 2014.[189] Strongest design market in MENA is in fashion, architecture and furniture. The positive growth is seen in the following emerging markets for interior design, marine design, events and experiential design. Emerging investment asset class is visual arts. So we can see how progressive is the markets from all 360 degrees, of course it is still developing, however we can have a sense of how it will be in the next 5 years and it will be just the beginning for the fashion and luxury industry in MENA. His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai approved the launch of the Dubai Strategy 2021 in 2014 to transform Dubai into a Global Hub for Innovation. Dubai has strategic location. The gateway to the Middle East with established trading links to a potential market of over 1.5BN people. Over 85 airlines linking Dubai to over 130 destinations: Dubai International Airport overtook London Heathrow last year as the world's busiest international airport with passenger numbers at over 70m. promising the high quality of life for its residents, offering a cosmopolitan lifestyle. Dubai wants to ensure a healthy business environment and trade growing by an average 11 per cent year on year (Dubai Smart Government, 2015). All the facilities expected in a world-class city, including state-of-the-art medical care and a wide range of quality schools and higher education establishments offering multi-national curriculums. An efficient public transport system, including a Metro system connecting the city, bus links and the new tram network. According to Global MetroMonitor Survey 2015, Brookings Dubai is the fifth-highest performing metropolitan economy in the world, driven by increased trade and tourism. [190] Moreover, Dubai is world's 2nd most important international shopping destination for the 4th consecutive year, closely behind London. [191] His highness sheikh Mohammed bin Rashid Al Maktoum said: "*The first objective for the Dubai Plan 2021 is achieving people's happiness.*"[192]

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[188] http://www.dubaidesigndistrict.com/#firstPage
[189] Ibd.
[190] http://www.dubaidesigndistrict.com/#firstPage
[191] Ibd.
192 Ibd.

Apart from Dubai market related reasons, one more cause of such an interest coming from brands exactly now is due to the accumulated market intelligence and a knowledge of the MENA consumer. Brands did spend time on learning what is it serving to Arabic consumers and now was exactly the time to approach them. The support from such important figures in the fashion world like Karl Lagerfeld and Franca Sozzani in promoting new Arabic brands through Fashion Forward Dubai Platform, showed many brands that the market it speeding up. Franca Sozzani started the initiative called Vogue Fashion Dubai Experience after which many brands started making new launches and special events in Dubai. Like for example, Chanel Cruise Show, Marc Jacobs launch of a new perfume or Swarovski couture exhibition.[193] It is very important because these important fashion figures endorse the place and bring credibility to Dubai as a fashion center of Middle East. However, Fashion Forward and VFDE are temporary events leading to more buzz and profit creation, hence there was a need for a stable platform that will lead the whole process and come up with long-term result for the wider number of companies and industry players and D3 is exactly the solution of this problem. Such an infrastructure attracting businesses not only in fashion industry will have a positive ripple effect on the whole MENA region. Such an idea must be backed up from all the sides and education is one of them. It is a fact, that Dubai currently lacks educational institutions with fashion and design directions hence it will attract mostly those who studied abroad, whereas it could be good for a system to have at least part of them graduated there where everything happens, so the path of a designer or a manager could start and get developed in the same place.

The question to be asked is about the whole supply chain. Is D3 a cluster for ideas or also for real production? If D3 can be called a cluster, then one of the reasons to be in one geographical location is a proximity of the supply chain to the end market. The topic of the garments production is open. It is true that D3 offers laboratories for the development of garments, however brands will need them in commercial quantities, hence by now probably this step is going to be outsourced. The main suppliers are in Morocco, Jordan, Tunisia, Turkey and Egypt that must be better integrated into the supply chain. “The key country for textiles in MENA is definitely Turkey, from upstream to downstream of the textile value chain; from weavers to trimmers, to huge factories and a leather industry,” says Guglielmo Olearo, the international exhibitions director at textiles fair Premiere Vision, which has a booming event in Istanbul.[194] And the second question is about the end market. It is clear, that established brands coming to D3 are already represented in Europe and now penetrate also MENA, but what regards new fresh brands do they point at MENA and grow in Arabic market or to be new brands for Paris, London, Milan and NY Fashion weeks?

However, there is another view on D3. It is more like Shoreditch in London or Meatpacking in New York. The district of creative people, but difference is always the same, these districts grew organically,

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193 Young,R., (2016). Momentum in Dubai, Middle east’s Fashion Mecca. Business of Fashion.

194 Young,R., (2016). Momentum in Dubai, Middle east’s Fashion Mecca. Business of Fashion. Available at: https://www.businessoffashion.com/articles/global-currents/middle-east-dubai-emerging-markets-uae

became successful, but nowadays it is even a problem for those who have shops there, because these districts became quite a touristic place where people coming there do not shop, they simply like the atmosphere, they like to pass time there, it is good for cafes and restaurants in the area, and it is no good news for the brands exposed there. Probably the fact, the d3 is way more than an area of creative thinkers, but technologically and governmentally backed district with precise business plan and many facilities useful to prosper, will prevent it from becoming simply a tourist place, but grow and become really a design hub for the companies representing any step in the whole supply chain.

D3 is about freedom of creativity and facilities to develop it. But what is important and lies in heart of the idea of D3, is that many companies, especially big ones, are quite reluctant to really innovative products, because it is risky, it leads to some changes in operations and approach. It creates a barrier for some good ideas to really born and grow. Mary Tripsas, a HBS professor, says: "Suppliers, complementary producers, distribution channels, and consumers must often develop new capabilities, beliefs, and behaviors for the product to succeed, creating a challenge for the innovator." And this is exactly what D3 offers to brands – a chance to move forward, where the infrastructure is not impeding development, but supporting it. In her study about fashion industry in India, Mukti Khaire, HBS professor, found out that "That's fine as long as a creative genius in a field like fashion design doesn't need to enter the commercial arena. The perception exists that creative businesses can just start up, when in fact it takes a while for an entire ecosystem to actually generate an industry. There's a construction of creativity that involves many other actors." [195] This is exactly the gap the D3 is bridging.

Another event that gains its power and increases the level each year it the Arab Fashion Week. The aim of this event is to root Arabic countries in the fashion scene. There are 22 Arabic countries that can be represented all in one place – Dubai, it is a platform to being the career and get global exposure for local brands. An interesting thing about Arab Fashion Week is that it is supported by Huwaei, not only for sponsorship activities, but with the aim to see, how technology and fashion influence each other. Moreover, the Fashion Week also holds an event where art meets fashion, which is a great step to make a connection in the people minds between the luxury and arts, that these are two sides of the same coin.

In order to better understand to what extent the promise of D3 corresponds to the reality, I interviewed several Middle Eastern brands on this issue. Following are the opinions of different brands on D3:

<u>Hussein Bazaza</u>

What do you think about Dubai Design District? What could it give to your brand? Are you planning to join it? DDD is a great initiative to have in the region; to have all things related to fashion under one roof

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[195] Hanna,J., (2008). *Getting Down the Business of Creativity.* Available at: http://hbswk.hbs.edu/item/getting-down-to-the-business-of-creativity

where the atmosphere is very artistic. It would bring great advantages to my brand of course, because of its location and my positioning among all the renowned brands. We are actually studying the idea of joining it, so yes, hopefully.

In Your opinion, how will the flow of designers to DDD reshape the fashion landscape in the Middle East? To be part of DDD, the flow of designers automatically adopts the image of being more professional, more organized, having great quality, worthy of being under the DDFC; which leads to the region having more exposure gradually and proving that we are very talented in the artistic fields.

Jean Louis Sabaji

What do You think about Dubai Design District? What could it give to Your brand? Are You planning to join it? I believe Dubai Design District is a wonderful platform, it highly benefited the fashion industry in the GCC region and they keep moving forward by expanding and planning for the long run.

In **Your opinion, how will the flow of designers to DDD reshape the fashion landscape in the Middle East?** Any flow of a new generation with rejuvenating ideas can reshape the fashion landscape simply by the fact that they are new.

Rami Al Ali

What do you think about Dubai Design District? What does it give to your brand? Nowadays, there are a lot more projects in place for designers starting out such as Dubai Design District and Fashion Forward – both of which are providing a great platform for new talent in this region. The Dubai Design District is fast becoming a Middle Eastern fashion hub, hosting many new and upcoming fashion designers as well as prestigious ones. It provides a great opportunity for brands to grow and expand, and it certainly aided the Rami Al Ali brand in thriving within this market.

In Your opinion, how will the flow of designers to DDD reshape the fashion landscape in the Middle East? The Dubai Design District is attracting many more local and international talent, which provides more choice and variety within the Middle Eastern fashion landscape.

Concluding remark – for a fashion industry to prosper there must be a stable political situation, sound economy and open-minded vision.

4.2.ARABIC FASHION MARKET PLAYERS

Fashion industry in the Middle east is at its infancy phase. Local designers are known country by country. However, this trend started to change as with social networks like Facebook, Instagram and Flickr they got more exposure. Arabic designers have seen the potential and the interest of local customers as well as international.

Just to show the inner dynamic and first steps in some other Middle Eastern countries, we have to mention the other countries that are also under development, probably slower than that of GCC countries, but still to be taken into consideration. And these countries are Iran, Morocco and Egypt. The reason why Iran is named is quite straightforward and it is the lifting of sanctions that will lead to a 6.2% GDP growth.[196] It has 80 million population that is 30 million bigger than total GCC population with large urban and educated population, that is technology-savvy and strives for individualization. In 2014 there was a Tihran Fashion Week the first ever fashion event, what shows where the development is going to, moreover, it already has several local fashion talents, so this is a country to penetrate. Egypt is experiencing greater political stability and will have a 4.6% annual growth till 2020. The country is being reshaped by different infrastructure projects and the discovery of gas fields contributes to the development of the economy and middle class. Upper middle class and rich Moroccans are demanding brands and labels. The main reason for economic growth is political stability like in Egypt. However, it is not the main topic, so there will not be any further investigation.

To continue, physically it is true that brands can serve only locals, but with the e-commerce and travelling in the region they can access millions of Muslim customers if we speak about abayas or more Arabic clothes and the rest of potential customers for any other line of clothes. When we speak about Arabic fashion market we should clearly understand that it can be divided into two types: “modest fashion” which is Islamic fashion and simply fashion by Arabic local designers who cater to diverse audience not necessarily Muslim. Moreover, as it is the industry at its initial stage, many local brands focus more on design than branding. They underline the aesthetics, instead of strategic considerations that could reserve for the brand a certain positioning in the market and in the minds of consumers, these choices are more driven by personal tastes and preferences. Misconception comes from making clothes that “look” Arabic instead of “be” Arabic. When it comes to “be” Arabic it intuitively means something historical, traditional, however it is not anymore an option, it must be contemporary, it must sound and look so, hence it is a challenge for brands to brands themselves and appeal to the target audience as a contemporary brands competing with well-established Western brands.

However, it is not the only best option for a brand to be Arabic, it all depends on the strategy the brands

[196] Global Economic Prospects: Spillovers amid Weak Growth - World Bank, January 2016

want to follow. Such questions like who is a target customer and where will the brand be sold – must be raised. Pretty straightforward, if the brand wants to appeal internationally, looking very Muslim can impede its expansion and acceptance rate worldwide, making it more niche brand for a certain number of customer that have several features in common, one of which would be definitely religion. Whereas, it can create value for Arabic customers when they are addressed correctly. It is a challenge to prove and build yourself as a modern Arab brand, because the truth is, that the most developed Arabic cities are totally about innovation and contemporary development and there is nothing that speaks about history when said loud., instead, it means richness and dynamics nowadays.

Modest fashion designers offer solution to those who want to be fashionable remaining conservative. It is a good business that attracts also well-established brands like D&G mentioned before. The number of abaya designers is steadily increasing giving an opportunity to Muslim women to stand out also wearing long abaya and not only by accessories or shoes. Middle eastern consumers do like to dress up, they follow the trends and look at celebrities. The appearance is quite important for them be it open or hidden under abaya.

Fashion Forward is sort of a fashion week which has become a platform for regions' talented designers to expose themselves since 2012. It is one part of the new fashion pipeline that is emerging in the Middle East. Bong Guerrero, the founder and CEO of Fashion Forward, noticed their potential long before anyone else. Guerrero, who moved to Dubai in 1990 and was a designer himself, says, "Middle East is well known globally for our love of style and strong retail presence but what we needed was to present our own pool of design talent to show that the region is generating its own labels, not just housing international brands in its malls."[197] Moreover, Dubai Design Fashion Council Fashion Prize was launched to award the best emerging local designers which triggers interest of regional talents to develop their ideas. Similar fashion platforms are taking place also in the cities like Cairo and Riyadh.

For long Arabic fashion market was shaped by couture evening dresses perfectly represented by two Lebanese brands like Elie Saab and Zuhair Murad, who gained their fame internationally and can serve as example for new coming brands. However, the landscape has slightly changed with new brands in the market, they extended into ready-to-wear, the category that was not represented that much before. Moreover, what distinguishes the Arab fashion events from international ones, it is what is called Ready Couture. It is exactly the mix between ready-to-wear and Haute Couture.

[197] (2015). *Why Dubai: Launchmetrics Explores the Emerging Middle Eastern Fashion Industry.* Available at: https://www.launchmetrics.com/resources/blog/why-dubai-fashion-gps-explores-the-emerging-middle-eastern-fashion-market

Following is the summarizing table of the majority of Arabic brands in the market:

BRAND	YEAR	PRODUCT	PRICE RANGE	COUNTRY
Abed Mahfouz	2001	Couture	1000-2000$	Lebanon
Zuhair Murad	1997	Couture, RTW, Bridal, Accessories.	1000-30.000€	Lebanon
Elie Saab	1982	Couture, RTW, Accessories, Perfumes	100-20.000€	Lebanon
Jean Louis Sabaji	2011	Couture	-	Lebanon
Reem Acra	1999	RTW and Bridal		Lebanon
Georges Chakra	2002	Couture, RTW	-	Lebanon
Zena Presley	-	RTW	=	Syria / Dubai, UAE
Zaid Farouki	-	-	-	Dubai
Fatema Fardan	2015	RTW	-	Dubai
Michael Cinco	2003	Couture, Wedding,	-	Dubai/ Philippine
Lama Jouni	2013	RTW	80-600$	Paris / Lebanon
Kristina Fidelskaya	2014	RTW	60-2000€	Dubai
House of Nomad	-	RTW	-	Dubai
Rad Hourani	2007	Unisex RTW	200-5000$	Jordan/Canada
Dar Al Aseel	-	RTW	500$	Oman
Dima Ayad	2010			Lebanese

Bouguessa	-	Abayas	200-1200€	Algerian/Dubai
Arwa Al Banawi	2015	RTW	-	Saudi/Dubai
Rami Kadi	2011	Couture	-	Lebanon/
Rami Al Ali	2000	Couture, Bridal, RTW	2000$	Syria/Dubai
Amira Haroon	2010	RTW	-	Saudi/Dubai
Hussein Bazaza	2012	RTW		Lebanon
Rabih Kayrouz	1998	RTW		Lebanon/Paris
Amato by Future One	2015	RTW		Dubai
Ezra	2005	Couture		Manila/Dubai
Madiyah al Sharqi	2012	RTW	400-1500€	UAE
Salta	2008	RTW	100-500$	Kazakhstan / Dubai
Sotra	-	RTW	-	Saudi/
Zareena	1994	RTW	-	Dubai
Said Mahrouf	2007	RTW	-	Morocco
Bedouin	-	RTW	200-300£	Dubai/London
Mrs. Keepa	2016	RTW, atelier	950$	Dubai/Egypt
Mira Hayek	2011	RTW	-	Beirut, Lebanon
Varoi Marwah	-	RTW	-	Dubai
Orkalia	2010	Couture and RTW	-	Dubai
Inayah	2012	Modest Fashion,	10-200£	London

ELIE SAAB

Elie Saab is a self-taught Lebanese talent born in 1964 in Beirut, Lebanon, at the age of 18 he opened his couture atelier. The year later he exposed his collection to a public of women, attracting famous women from the high society. Invited by Chambe Syndacale de la Haute Couture to show in Paris in 2000, he presented four collections a year (haute couture and RTW). In 2007, he opened a flagship store in Paris. Nowadays, Elie Saab offers a unique design made of exquisite materials. His production varies from haute couture, to ready-to-wear, accessories and wedding dresses. Haute couture is at its maturity phase; sales are quite high but tend to stagnate. Whereas, RTW is growing, Elie Saab expanded in RTW not so long time ago. The price range is quite straightforward: for HC gown from 1.000€ to 30.000€, for RTW around 1000€ and accessories representing affordable line around 400€. Elie Saab has a tight control over the company and its activities what impedes more dynamic expansion, but it also helps control and avoid brand's dilution. This expansion brought higher return on investment and turnover. They offer personalized services, efficiency of fitting, materials from very selected manufacturers and lifetime experience. They cater to a niche market build from super rich feminine, elegant women, naturally including celebrities and royalties. In terms of channels of distribution, customers can find Elie Saab wear in flagship stores, concessions, multibrand stores and even directly from the catwalks. The awareness is built through events, catalogues, advertorials on the website and of course ads. Moreover, they offer delivery to home and guarantee repair. The main partners are retailers, Beaute Prestige International, celebrities, charitable organizations, hotels and yacht companies and from the supply side, suppliers and RTW manufacturers. The brand expended in the luxury sector by collaborating with Tatweer Dubai properties, Harrods in UK, Luxury Yacht design at Weyves and Oceanco, Flagship store in Dubai and the others. In order to enter different markets, Elie Saab used licenses, partnerships, third/party distribution, DOS. What regards brand's positioning in the luxury fashion industry, according to Imperial College London it is higher in status and exclusivity than Louis Vuitton and Giorgio Armani. Chanel, instead, is higher in exclusivity whereas lower in the prestige or status features. In their marketing strategy they focus on dealing with right partners, identifying new markets and protecting the brand from dilution. In terms of expansion strategy, brand wants to increase its products' range, offering a wider variety for its RTW line, open more DOS flagships in the selected cities and try to grab the trend of mixing luxury with affordability. Elie Saab said: "You see a woman wearing a $6,000 Chanel jacket on top of a $90 pair of jeans from Zara… we have to continue to follow the trends and needs of today's woman to satisfy her needs and desires, whether is Haute Couture for that extra special event or the RTW for that special occasion where our customer does not have time to wait for the custom made couture dress".[198] In general, brand needs more market presence and exposure through its marketing and promotional activities to increase awareness and desirability.

[198] Imperial College Business School Affordable Luxury 20

ZUHAIR MURAD

One more excellent Lebanese-born designer that opened his own first boutique for private clientele back in 1997. The first couture collection was presented in 2001 with the RTW line being launched in 2005. Moreover, he based his Maison de Couture in Paris two years later. The brand has the main office in Beirut with eleven storied house, where work designers, pattern makers, tailors and experts. Nowadays, the brand has sales all over the world. Main values of the brand lie in the mix of the ancient heritage with the modern twist, with the mission of continuous quest for craftsmanship and glamour. The mission is to provide state of the art service worldwide and reinforce its presence in the markets. The product lines include, Haute Couture, RTW, accessories and bridal dresses. What regards it distribution channels, it is sold in their flagship store and in the other more than 150 multibrand stores worldwide, and, of course, in the main department stores like Harrods, Harvey Nichols, Bergdorf Goodman, Neiman Marcus. Social media is a must nowadays, and Zuhair Murad pushes the luxury lifestyle through the web. The main target customer is, of course, a celebrity and a high net worth individual. It is quite active online, having accounts on Facebook, IG, twitter and Pinterest. The brand shares more than one picture per day and have 1.5 million followers. Brand's accounts have also a high level of follower engagement amounting to 40.000 likes per post on average. On the Facebook, they have different type of leading the dialogue with followers. First, they post a content that shows what is going on in the company. Then they show their brand's ambassadors and endorsers. They show a lot atelier and their craftsmanship. Moreover, a common nowadays approach is showing what is going on the backstage of the runaways. This all helps in creating value and maintaining their image also online, making it very social, while keeping its "coutureness".

Using Google Trends we can see how the interest in both brands was growing since 2004 (see *Figure 34*).[199] Elie Saab is represented by blue color, and Zuhair Murad by red.

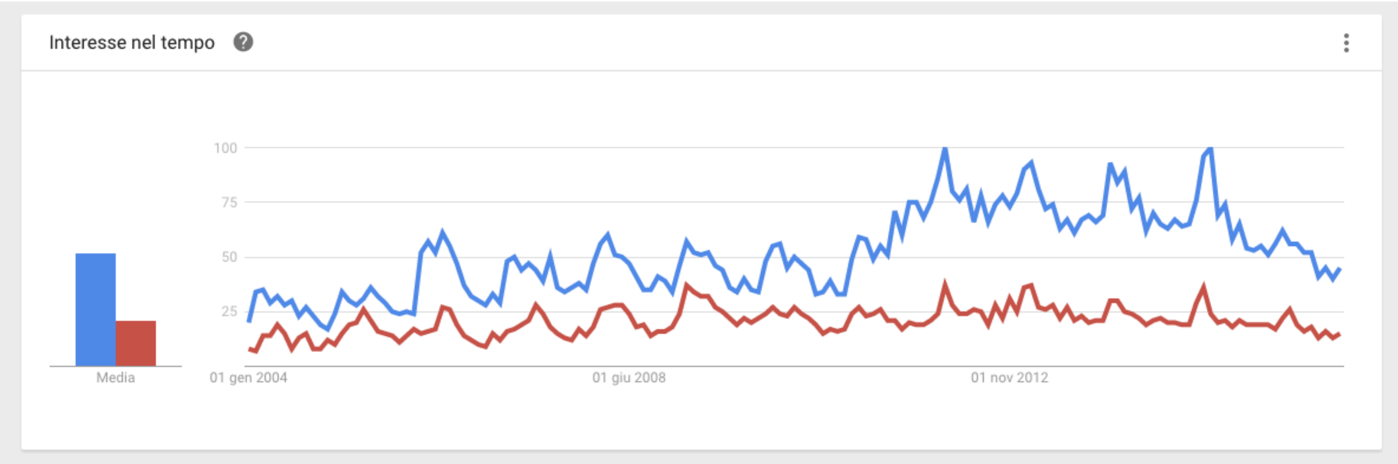

Figure 34

[199] Google Trends. Available at: file:///Users/PolinaBeraja/Desktop/Elie%20Saab,%20Zuhair%20Murad%20-%20Esplora%20-%20Google%20Trends.htm

According to the main countries where the most interest comes from for Elie Saab is Lebanon, followed by Libya, Georgia and Saudi Arabia, then Syria and Macedonia. The presence of Arabic countries is quite understandable due to its proximity and disposable income, whereas presence of Georgia is quite unexpected. Georgia is a Caucasian country with an average monthly average of 400$. However, it can be explained by the mentality that favors posh clothes at least at the wedding, does not meaning that they are buying that expensive dressed for wedding, no, they try to make something similar in terms of model in the local ateliers. Strangely, the United Arab Emirates are only on the twelfth place in the rating. What regards Zuhair Murad, the first country is always Lebanon, however on the second place there is Macedonia, then Saudi Arabia, Qatar, Kuwait, United Arab Emirates.

This was an overview of two main and famous Arabic brands, now let's have a look at the growing sector in Muslim fashion nowadays and it is a modest fashion mentioned earlier.

HUSSEIN BAZAZA

One more youngest Lebanese designer born in 1990. Graduating from his BA in 2011, Bazaza continued with an internship at Maison Rabih Kayrouz in Paris, and later worked for Elie Saab as a junior designer in Beirut, Lebanon. Interesting thing about the designs of Hussein Bazaza is that he uses different cuts as a different story and emotion in the same item. It can be called fashion with a soul. The brand uses high-quality raw materials from all over the world. The main focus is on embroidery and laces of every type. Talking about brand's proposition it is feminine and edgy at the same time. It is a mix of different styles, European and Eastern merged in a one of a kind nouvelle couture outfit. The brand support local craftsmanship. Hussein Bazaza defined very well the target customer of the brand: "*the complex independent woman, the one that clearly represents the "ombre et lumiere" aspect. She is attracted to beauty offered by Mother Nature but not to its simplicity rather to the deep hidden secrets it offers. She is a hopeless romantic but only behind closed doors with herself; to others she is dramatic, edgy and realistic. She chooses to reveal only what she wants you to see, her femininity is her own treasure she allows the world to see it on her own terms. This woman and her particular perception of life is unique and sets her own rules, she doesn't abide by society's customs*."[200] The brand strives to provide the outstanding luxury experience. Nowadays, the brand has stores mainly in Arabic countries like Qatar, Saudi Arabia, Kuwait and Iran. Hussein Bazaza is young but has gained already several awards, that gave him an opportunity to be sold on the famous fashion online platforms. In December 2013 he won Best Upcoming Middle East designer at ELLE Style AWARDS 2013, where winners were chosen based on what the brand stands for in terms of women empowerment and corporate values. Then in Best Emerging Designer in THE MIDDLE EAST BEST EMERGING DESIGNER. Moreover, Hussein Bazaza have partnered with IWC Schaffhausen to exclusively showcase his Resort 2015 collection during IWC's Ladies Only Fashion Dinner hosted at the Salsali Private Museum in Alserkal Avenue, exhibiting the

[200] http://www.husseinbazaza.com/

"Timeless Portofino" exhibition produced and directed by star photographer Peter Lindbergh, with Adriana Lima, as a guest of honor. Hussein Bazaza won an opportunity to showcase his FW'16 Haute Couture collection during Altaroma Fashion Week in Rome.

I managed to get Hussein Bazaza questioned through the email where he answered some questions about the brand. As it is a new brand that can have still much where to grow making them more interesting to talk to. Following are questions and his answers regarding the topic:

"Look Arabic vs. be Arabic". Do you emphasize in your communication that you are a Middle Eastern brand or it is not a part of your value proposition? I never really had to emphasize on this subject; I think the obvious name already does all the work for me. However, if I had to, I definitely would, as it is part of my value proposition.

Who could be your most direct competitors by now? Basically any designer that has RTW line with similar target clients as mine; the modern women with a classic touch.

How would you describe the Middle Eastern fashion industry in a few words? The Middle Eastern fashion industry is always expanding, and it is very diverse. Nowadays, it's getting more and more exposure.

Storytelling: for new brands it is hard to find a story to tell, and it is totally fine. Do you use/will you use brand related storytelling or you prefer collection related storytelling? Collection related storytelling: Every collection I ever launch has a fairytale behind it. My creative process starts by researching a specific topic at first. After the extensive research and data retrieved from the subject, I make up a character to go with the theme of the collection. Later on, after all the pieces of my story are put together, we walk through it step-by-step all the while creating outfits to match the tale. This is how the collection is created.

As by now your main market is Arabic. Do you incorporate some religious morals/values into your communication and brand DNA? Like for example, "Be humble… Be noble…" It goes intuitively or it has nothing to do with market specifics and you keep separately religious issues and fashion? The quote you have retrieved from my website has nothing to do with market specifics, it is just one of my favorites. I keep religious issues and fashion separated from each other.

Standardization vs. Adaptation: Will Your communication and positioning style change with expansion in countries like UK, Italy and France, EU in general? I am not so sure but I think when there is room for expansion, there is room for change. For the better, of course.

How do you address Ramadan period in your shops? Special collections, promotions, events? Ramadan period does not affect anything in my showroom; no changes occur.

If you had to choose 3 brands (any brand) with whom you could co-brand for a collection, who would they be? Valentino, Balenciaga, and Givenchy.

JEAN LOUIS SABAJI

Jean Louis was raised by a fashion designer. Following his graduation from the Lebanese American University in 2009, Jean Louis' motivation and creativity led him to Milan Domus Academy; which gave him the opportunity to share his creations with famous Italian designers. In 2011 Jean Louis' allegiance to his father's studio evolved to the responsibility of carving the new paths of couture ahead.[201]

What are Your brand's DNA and Codes? Jean Louis Sabaji is all about uniqueness; it's about thinking outside the box.

What is your value proposition? The brand's value proposition is edgy designs that are very comfortable with very high-end finishings from tailors who have been in the industry for 30 years.

"Look Arabic vs. be Arabic". Do You emphasize in your communication that You are a Middle Eastern brand or it is not a part of your value proposition? I always mention that I am a Lebanese designer, after all Lebanon is where I was born and raised, it's the place that made me who I am today and it's where I am actually based today. Lebanese designers are recognized all over the world and are known for their creativity and distinguished styles. However, I also mention that I learned a lot and changed my perspective when I spent a year in Milan where I did a Masters in Fashion Design from the Domus Academy.

Can You describe please your target customer? My Target customer is a woman who appreciates art and dares to be different.

Which are your main channels of distribution and communication? My only point of sale at the moment is my Showroom.

Could You, please, describe Arabic woman as a customer in a few words? Enthusiastic, feminine, glamorous.

[201] http://www.jeanlouissabaji.com/index.asp

How does religion impact your brand? Marketing, communication? It doesn't, I believe that religion is something private.

Who could be Your the most direct competitors by now? Any designer who has the same profile as mine, there are new designers rising every year.

How would you describe the Middle Eastern fashion industry in a few words? A melting pot.

What is your next step in the brand development? I would love to start a ready-to-wear line as soon as I am ready.

Storytelling: for new brands it is hard to find a story to tell, and it is totally fine. Do You use storytelling and if yes, how? I use storytelling when it comes to my work, because each piece has a story. I love to take my time and get inspired in order to make every look I work on interesting with a definition.

How do You address Ramadan period in Your shops? Special collections, promotions, events?
Since a lot of my clients are from the GCC area, the orders usually happen before Ramadan in order for the clients to wear them during the festivities period.

If You had to choose 3 brands (any brand) with who You could co-brand for a collection, who would they be? There are so many good brands out there that I love more than ten equally; therefore, I cannot choose.

RAMI AL ALI

Syrian born couture designer. Upon graduation in 1995, moved to UAE to work for famous fashion houses and after the successful experience there, created his own Rami Al Ali label in 2000. Through growing recognition of his brand, Al Ali was selected to participate in many events alongside key international designers, including the 2006 Asian Olympic Games in Qatar and Swarovski's beautiful coffee table book, UNBRIDALED. In 2009 he participated at AltaRoma couture week and His success was further cemented by being named as one of the top 50 most influential Arabs by The Middle East Magazine. In January 2012, Ali Ali debuted during the Couture Fashion Week in Paris, showcasing his Spring/Summer 2012 collection amongst the crème de la crème of the fashion world. Now on his ten consecutive season in Paris, Al Ali's transition from daydreamer to global trendsetter is complete. [202]

[202] http://www.ramialali.com/

What are your brand's DNA and Codes? Femininity and attention to detail is the essence of the brand's DNA and this is reflected in all the designs. I am always eager to create a long-lasting effect and have every woman feel special in my designs. There is a clear element in my designs, which is Arabesque; it gives the distinctive nature of my designs, which comes naturally as a result of the internal Syrian heritage that I live with.

"Look Arabic vs. be Arabic". Do you emphasize in your communication that you are a Middle Eastern brand or it is not a part of your value proposition? I'm proud that the brand has Arabic roots and is based in this region. It has not only reached the Middle Eastern market, but also achieved international exposure. As a brand we do mention that we are based in Dubai and that we are Middle Eastern, but we also aim to remain unique and appeal to a global market through our designs that are not only catered to Arabic women, but also Western.

Who could be your most direct competitors by now? There are many fashion designers in the region that are extremely popular and have showcased beautiful designs. The Rami Al Ali brand has a unique identity and aims to stand out within the region.

Could you, please, describe Arabic woman as a customer in a few words? Arabic women are very stylish; they are completely in love with fashion and understand the power of a good presentation.

What is your next step in the brand development? We are working on a lot of things at the moment, many exciting things are coming up, you will just have to wait and see.

How would you describe the Middle Eastern fashion industry in a few words? The Middle East has become a lot more accessible over the years and is certainly creating its own fashion footprint. Middle Eastern countries represent a fascinating world and market with people who want to purchase beautiful, high quality and well made products. Dubai is becoming the Middle Eastern fashion hub and it is continuously growing and evolving to cater to both the Middle Eastern and Western markets.

Storytelling: Do you use brand related storytelling? Do you see the need of storytelling for your brand? Our collections always relay a story, for us clothes are a reflection of society and convey ideas. Whether it is our couture line, ready-to-wear or bridal collection, all our collections start with an idea and narrate our point-of-view on a subject

How does religion impact your brand? Marketing, communication? It is a factor to consider being based in Dubai and operating mainly in the Middle Eastern market. The brand takes into account the general taste of women in the region, as some prefer more traditional and conservative dressing, therefore the brand caters for this in both design and communication.

Standardization vs. Adaptation: Will Your communication and positioning style change with expansion in countries like UK, Italy and France, EU in general? We do not believe in one-size fits all model, so we definitely take market dynamics, trends and culture into consideration as we expand globally. However, while we adapt our brand message to new geographic locations, we are careful to do so in keeping with the Rami identity of luxury and elegance in all our endeavours.

How do you address Ramadan period in your shops? Special collections, promotions, Events? We always strive to be culturally relevant and to cater to our customers' needs and desires in the best way possible. As we are based in the GCC and most of our clients are based in the region, Ramadan is a big consideration for us. For our SS 17 RTW Collection we have included beautiful kaftan designs with intricate detailing perfect for the frequent Suhoor and Iftaar gatherings prevalent during the month. Also, in keeping with the Spirit of the month we host an annual Suhoor event inviting several members of the press along with influencers for a fun-filled night.

If you had to choose 3 brands (any brand, any industry) with you could co-brand for a collection or any event, who would they be? The Rami Al Ali brand is synonymous with elegance, luxury and sophistication. If we were to collaborate with a brand, it would have to be one with similar brand traits. Some that could be a possibility are:

1. BMW – The BMW brand is known world-over for its classic, sleek lines and elegant details. The company offers a combination of luxury, functionality and beautiful design, all of which are traits we relate to. It represents and drives forth a strong female character that is chic, elegant and has good taste. For these reasons it is a brand we would most certainly partner with.
2. Nada Debs. We are big fans of this brand and have a special inclination towards the founder Nada herself. Bold, elegant and independent, her style is unique in the minimalism and sophistication it offers. Their products, much like ours, are a perfect blend of luxury modernity and heritage, featuring arabesque detailing on clean lines. Therefore, this is another brand we would definitely consider collaborating with.
3.Lladro. Lladro is the epitome of luxury with its exquisite, handcrafted specimens. The intricately constructed Spanish porcelain art is impeccable in its design, and each piece is meticulously created to decorate ones space. We feel this approach draws parallel with our approach for haute couture and for that reason we would definitely consider partnering up with them.

On the example of one young Arabic brand we can see what are the main steps for new brands to take, because more or less all of them share the same weaknesses. The case will be about Hussein Bazaza brand introduced before. It is easily seen, that brands are young because they lack essential things, that do not require much of experience, they have where to grow and develop themselves, which is very good for the market since such brands are new to the world and can shift interest from well-established brands, because the price range is the same, but has a completely new appeal to the customer.

BUSINESS MODEL	
VP	"Be humble, for you are made of earth. Be noble, for you are made of stars." Merge of classic and modern. Feminine and edgy. RTW with couture details. European and eastern. Fashion for all occasions with outstanding luxury customer experience.
CUSTOMER SEGMENTS	The complex independent woman, who does not abide society's norms. Rich fashion savvy women.
CRM	Intimacy, attention and personal assistants.
CHANNELS	Stores in the Middle East. Few e-commerce websites.
KEY ACTIVITIES	RTW
KEY RESOURCES	High quality raw materials, premium quality fabrics. Carefully selected handicraftsmen from Lebanon.
KEY PARTENRS	Fabrics suppliers,
REVENUES STREAM	Sale of RTW

SWOT	
STRENTGH	• High quality of fabrics • Authentic • Several Fashion Prizes • Creative design • Fast growth, the brand is becoming known outside the region • Original approach to collections: starts with the fairy tale. • Couture RTW • Present on Moda Operandi for Shows translation • Sold on Moda Operandi • Local brand • Universal design that will perfectly suit also the Western world
WEAKNESSES	• No e-commerce • Stores only in the Middle East: Kuwait, Qatar, Bahrain. • No store in Dubai, Doha. • No accessible line of clothes or accessories • Old Facebook Page
OPPORTUNITIES	• Dubai Design District for business expansion • One store in Paris • Create buzz • Owned e-commerce for better control • Collaboration with European and Arabic artists

	• Accessories • Bridal • Find influencers as they become brand assets • Improve social media presence and activity, lead a conversation • Free giveaway of tickets to a catwalk to increase awareness and to trigger social media posts, increasing audience exposure. • Use newest technologies in store and for CRM • Customize as this is required nowadays not only by HNWI but also by Generation Z. • Create short movies telling a story of each collection • Expand to Europe • Need for development of business side of the brand
THREATS	• Other Middle Eastern brands with relatively similar use of materials • Western brands • Copying

4.3.MODEST FASHION

The last two decades have seen the development of a rapidly expanding and diversifying market for modest fashion as a response to evident needs of women from the three Abrahamic faiths who are motivated to dress modestly for religious reasons. This market includes also women whose 'look' may share many elements of modest styling but who do not regard their processes of self-fashioning in terms of religion or modesty as such. For both groups the internet has been essential for growth of the modest fashion sector, fostering the development of a niche market through e-commerce and providing virtual platforms for debates on modesty and fashion on websites, blogs, and discussion forums.

The modest fashion is the market opportunity that was missed by many brands worldwide. Such a direction is sort of women empowerment within Muslim society. It is a contemporary Islamic expression of the youth nowadays, who strive for individualism while staying noble. This fashion direction gained its fame and spread across the whole world and nationalities. Due to its diversity in products H&M and Zara are two mass-market brands that are currently covering this niche. Basically, modest clothing is functionality mixed with fashion.

These fashion directions usually start as home hand-made designs, but once detected the need for economies of scale these brands should consider the expansion in the region and overseas. Nowadays, e-commerce reduces expansion costs and risks, collaboration with the local retailer helps a brand to enter the market without thinking about the logistic costs, it is a win-win solution for both. Such a partnership requires control from the brands side and collaboration on promotions and marketing communication. *Understanding the most relevant and attractive markets is a key step when considering market expansion. Turkey, UAE and Indonesia are top Muslim clothing consumption markets but the highest projected growth in fashion spending* *among Organization of Islamic Cooperation (OIC) countries is Sudan, Iran and Ghana, with each country showing triple digit growth.*[203]

The notion of Modesty became relevant and meaningful for some international brands lately. DKNY, Oscar De La Renta and Uniqlo, in order to make themselves modest in front of the eyes of the Muslim society, have collaborated with modest fashion bloggers to shape their Ramadan collections. However, the most success in modest fashion is totally on the local Arabic brands' side.

Modest fashion makes sense not only for Muslim, it holds relevant also for Jewish and Christian worldwide as a means of expressing identity and belonging. Moreover, being modest does not mean to be backward. It is commonly seen as something extremely traditional and anti-Western, while it is not like that. It is a new niche to tackle for all brands. In the product range of many Western brands we can find long dresses, closed blouses, long-sleeved items, but they never emphasize the fact, that these items or whole lines could be a part of the modest fashion offering. It is also true, that majority of luxury brands incorporate sexiness in their DNA like Tom Ford for example, and it would be controversial to communicate sexiness together with the modesty. However, it shows that brands already have such items, it does not require that much of an investment for them to cater to modest fashionistas, brands must integrate this message into their communication without additional costs.

[203] Fitriati.A., (2015). *How to scale your modest fashion brand seamlessly into new markets?* Available at: http://www.salaamgateway.com/en/fashion-art-design/story/how_to_scale_your_modest_fashion_brand_seamlessly_into_new_markets-salam04092015111757/

CONCLUSION

The given thesis has analyzed the Arabic fashion and luxury industry from four main perspectives: from the economic background, consumer deep psychological profiling, market itself and the driving force Dubai. It was necessary to have all details named because they are the building block of the successful ecosystem with sophisticated demanding consumers, developing economy, growing fashion and luxury market, talented local designers and Western brands doing their best in integrating into the society and all this is highly concentrated in several major cities, but mainly – Dubai.

ECONOMIC: Due to the geopolitical and fiscal changes, GCC region had a slowing growth that reached 2.7% in 2016, that is a bit lower than world average 2.9%.[204] In context of these events, luxury sector that experienced steady growth during three decades, now is taking moderate growth. What is actually happening in GCC countries is transformation of the infrastructure and business environment. The regulation system is also being developed, covering more and more issues necessary for the region to strive, to protect customers, workers, businesses and sustainability. This impacts also luxury industry, bringing changes to consumer profiles and retail landscapes, that will reshape the industry in the nearest future.

The main change in the region's economy is diversifying the main source of countries' income, because oil prices are at their historical low and not expected to recover in the following years, hence government invest much in development of retailing, fashion, media, tourism, leisure time and other businesses. Currently in emirates like Dubai, there is not income tax and VAT. However, with the shift in the economy in the coming years, government wants to imply these taxes and expand corporate schemes as well. Moreover, the currency fluctuations make life in the region artificially expensive. All these event serving as economic tightening negatively influence on the consumption across the region. Consumers are more prudent in spending nowadays. According to statistics at the end of 2015 consumers wanted to cut their expenditure on clothing and leisure time. This has lead also to the transition of shopping of luxury goods from the region to Europe, looking for a lower price.

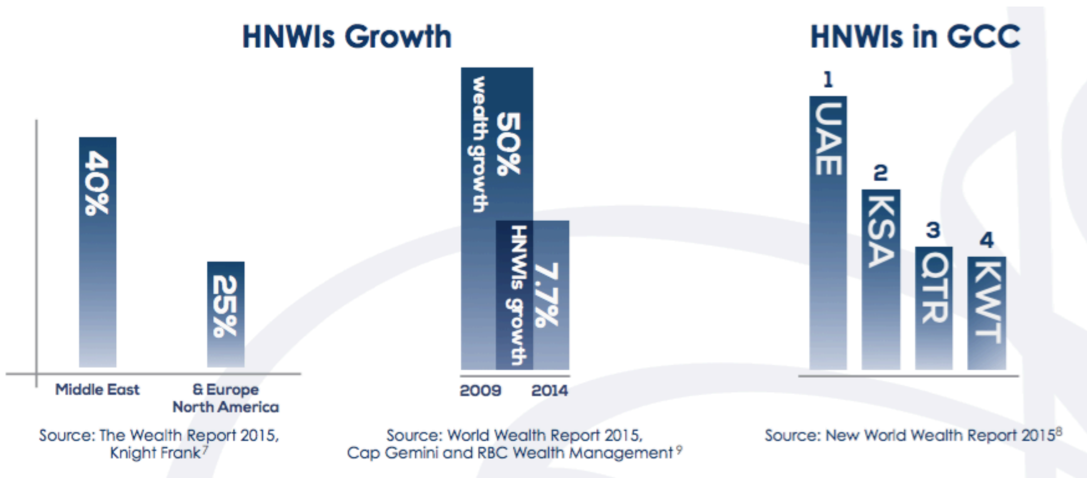

Figure 35

[204] Global Economic Prospects World Bank, January 2016

In terms of consumption, the region is still striving even under the tightening and consumer profile is changing. Number of HNWI in the Gulf countries is growing at 40% pace in comparison to Europe's 25%.[205] UAE having the highest number of HNWI – 72,100, in Saudi Arabia – 59,000 and Qatar and Kuwait after[206]. See *Figure 35.*[207]

Governments managed to attract not only the expats to the workforce, but also locals with favourable labour regulations. Due to these regulations the middle class is growing: in Saudi Arabia 67% of the population represent the middle class.[208] What is important about the middle class consumption is their need for self-gratification and aspirational consumption pattern and this leads to the increasing demand for wider spectre of goods and services. Another trend is growing women consumption power because they tend to work more in different industries, hence it is now easier for them to spend money on what they want without a need to ask for them, especially when it comes to apparel and luxury goods. Consumers become more brand-savvy because of the wider brand exposure online, digital media and due to the level of travelling. Moreover, according to the report done by Chalhoub Group, the third of the wealth in the region is controlled by NHW women: 105 female HNWIs in Saudi Arabia and the UAE hold nearly US$22 billion in wealth. [209]

The whole society is changing such that it empowers women in the Gulf. Nowadays, they make significant percentage in the universities and have 91% of literacy.[210] After universities, they grow professionally and develop themselves as teachers, businesswomen, medical professionals, researchers and working in the government institutions. UAE, has created a gender equity project that supports women and encourages to join the workforce. One of four new start-ups are created by women.

This is a great moment for start-ups, as governments provide support in form of incubators for small businesses giving them a chance to grow. Young generation views positively university as a mean to succeed in the future. 50% of the population is under 30, they foster creativity, innovation, transform society's dynamics and develop non-oil and knowledge intensive industries. As Chancellor of the American University of Sharjah said: "*The dynamic shifts in the region's economic, demographic and social landscape will continue to impact the higher education sector in the Middle East. Institutions of higher education throughout the region are contending with a young regional population and are catering to their requirements in sync with the overall needs and demands of the marketplace. In tandem with its strategic vision, AUS has charted a course that keeps these various factors in sight, offering a wide variety of business programmes that prepare*

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[205] The Wealth Report 2015, Knight Frank

206 New World Wealth Report 2015

[207] World Wealth Report 2015, Cap Gemini and RBC Wealth Management.

[208] Gulf Research Center - The study de nes the middle class as Saudi families having a monthly income between SR 3,900 and SR 38,200

[209] GCC Women - Improving the odds - Al Masah report, March 2015

[210] GCC Women - Improving the odds - Al Masah report, March 2015

the student for a dynamic and competitive global marketplace.”[211]

As a part of economy transformation, government of UAE implemented large infrastructure projects like DUBAI 2020 Expo or FIFA 2022 in Qatar, Kuwait develops its City of Silk, while Saudi Arabia is building economic and industrial cities. As mentioned before, one of the main development directions is tourism. Abu Dhabi, for example, plans to create Cultural District with Le Louvre, the Guggenheim and Zayed National Museum. Saudi Arabia is going to build 450 km high spend rail road to connect Makkah and Madinah for religious tourism. So the whole system is changing, in regulatory, consumer protection and improved corporate governance terms, making the region be very attractive for the entrepreneurs and brands from all over the world.

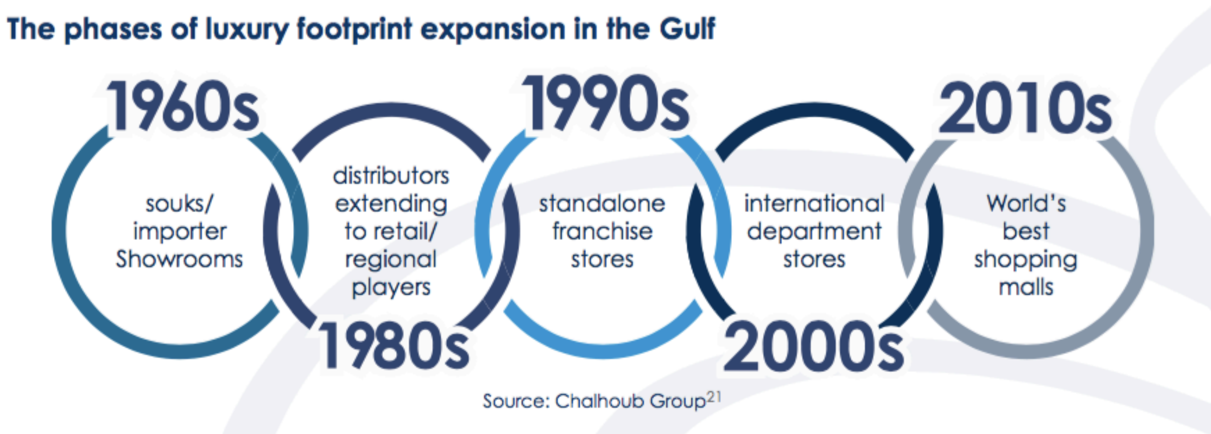


Figure 36

All these changes have remodelled the luxury sector. Nowadays, brands face more challenging operating environment. The reason for that is previously mentioned slowing growth. A decade ago there were many huge development projects and booming retail. But historically, the luxury market transformed from local souks to large retailers and shopping malls (see *Figure 36*).[212]

In the retailing, there is a high costs of staff, because customers who used to travel, request to be treated on the European level, hence staff must be intensively trained. Moreover, the workforce turnover is higher, because Europeans, Americans and Asian come to Dubai for some year to earn, and then move back to their countries or move to the other countries. Just to add, malls set longer operating hours for their staff which result in additional costs for brands. Even if the whole region is not considered to be developed, in terms of retailing it approaches its maturity, thanks to what the cities with highly developed mall infrastructure can be

[211] (2015).“*The evolving face of luxury. In the Gulf: on our way to new norm*?” by Chalhoub Group,
[212] Chalhoub Group. Pp.9

compared to some developed cities in developed countries (see *Figure 37*)[213]

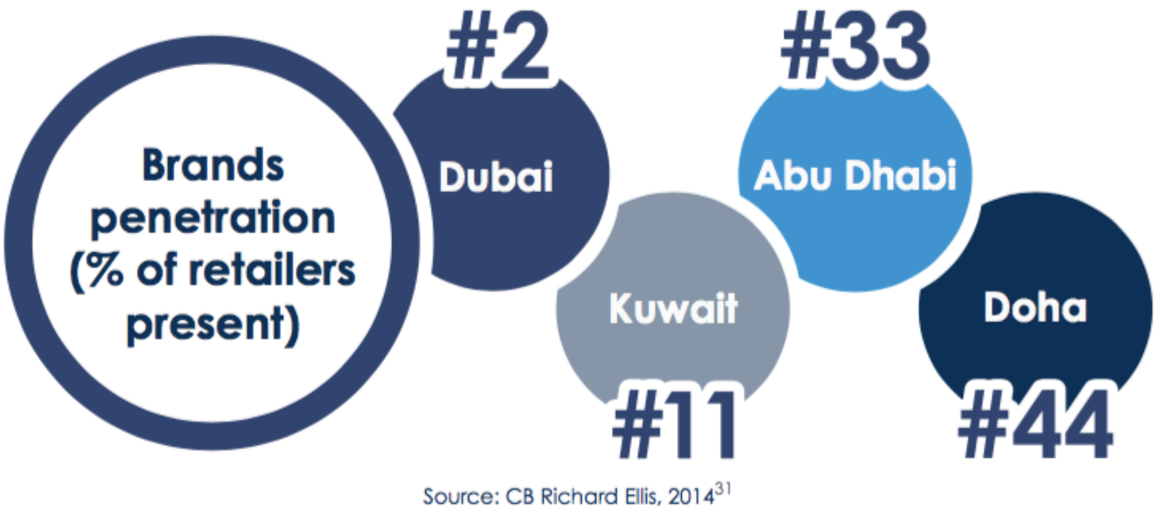


Figure 37

The main shift in retailing was from large malls to open-air like the Beach in JBR and City Walk in Jumeirah. Whereas in Saudi Arabia government goes for large scale city mall but with luxury positioning. However, the case by case approach is needed, because this with foster the luxury growth by 2020, but the efficiency and contribution of each particular brand must be also taken into consideration.

What regards the future of luxury sector, the GDP is still expected to grow faster than in Europe. Even if the oil prices remain low and are expected to be so, the region still has some of the largest reserves of hydrocarbons on the planet, providing a reliable source of income for the long term and fuel for their economic diversification efforts.

This Gulf region is also characterised by the "tourist effect" in luxury consumption. However, this year, the level of luxury consumption has dropped significantly due to the 50% decrease of Russian tourists in Dubai, who made up a huge percentage of shoes, bags and clothes acquisition. Alongside this, the number of Chinese visitors has also decreased by 57%.[215] Considering both factors, the change of the tourist mix and slowing luxury consumption growth, meant for the brands, that only those who know how to adopt to the changing environment and consumer profile would be able to keep up with competition. David Vercruysse, Former General Manager, Sephora Middle East, said: "*Rental costs across the region are definitely something that retail companies need to carefully monitor as leasing rates are reaching higher levels than before. In a region where the retail culture is immensely relying on mall presence and flagship developments, managing these costs requires more discernment and agility. With each renewal term comes the difficulty for retailers to negotiate leasing contracts and conditions, as well as mitigate the pressure rental hikes induce.*" [216]

[213] CB Richard Ellis, 2014

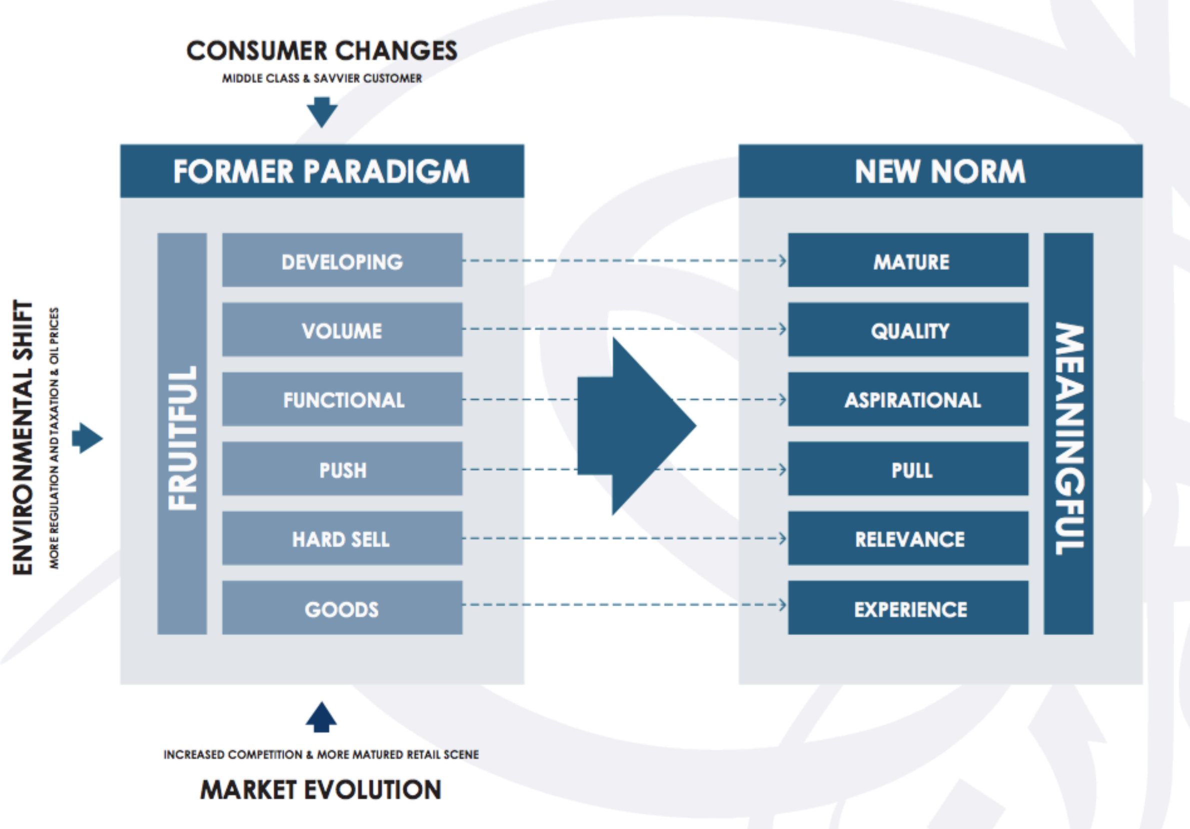
[215] Dubai Tourism

[216] Chalhoub Group. Pp. 9

Moreover, the growing middle class are now active luxury buyers, that make the brands bought by them downgraded by this fact, and HNWI crease further the gap

The region has its timing, that is different from European and it is in the interest of brands to grab these opportunities, because Ramadan period, for example, is a cash cow of the year. Many brands have learned well how to address consumers during it, whereas, some new brands, according to given research, do not pay much attention to Ramadan as a revenue booster, which is a huge mistake, because of the extremely high demand for many categories of product.

The New Norm starts from now on. New Norm means new set of standards, to which luxury sector should adapt. In fact, it proves that values preserved by brands in Europe are highly applicable also in the Gulf



Source: The Chalhoub Group, February 2016[43]

countries. Probably, the most developing Arabic cities are doing it even better, because these changes are enforced by the government in the whole system. As the infrastructure and ecosystem is built from the scratch there are no barriers impeding these values to be adapted. These values can be meaningfulness or sustainability, just to name a few. Following are the implication of these norms[220] into theory:

- **Know the region!** Knowing the evolution of regulation and being updated to the lasts amendment can help avoiding risk and find new opportunities. It is important because Middle Eastern countries are not all the same, they have similarities and differences in different terms, hence for a brand operating in

[220] Chalhoub group. (2016).

some of them, each country is a new experience and these difference cannot be undervalued.

- **Know local consumer!** International trends must be adapted to the regions consumption, hence the market intelligence and consumer knowledge are very important. By doing so, brands will be able to face the demand fluctuation that are not the same across countries and come up with the product range adapted to the region.
- **Tell the story!** Staff must know brands DNA, values and history. The storytelling invites customers into the world of brand and calls to experience it. Brand's staff are primary advocates of the brand. As the story and brand's values must be seen at the first sight, visual merchandising is extremely important, it is a powerful storytelling device. Moreover, it triggers emotions and connects to customers' personal stories. Storytelling should be incorporated in the marketing activities and brand communication. Having looked at the middle eastern brands, there is a lack of storytelling or it has a different form, like in the case of Hussein Bazaza who uses fairytales and storytelling talking about collections, but not about the brand. Western brands, of course, are masters in storytelling, while newly established brands avoid it. It is true that new brands do not have history or special story to tell that dates back to a century ago, but they can create stories that express what brand stands for.
- **Recognize your customer!** CRM cannot remain traditional as it was before limiting itself to loyalty programs. Now it must put a customer in the center of the brand and build relationship in the store starting with the customer recognition. For example, recognition by name, what Arabic consumers like the most. Brands must spend on CRM technologies, like Medallia that analyzes feedbacks from social media and other sources.
- **Hospitality!** Hospitality is part of Muslim culture and a tool for customer experience. Shops must be convenience and comfortable, it must be an extension of the customer's home. Region's customers appreciate to surprised in the store. Hence an in-store experience has to extend and bring memories to whoever visits it.
- **Be perfect online and offline!** E-commerce is starting to grow and statistics show that in the UAE, the e-commerce industry is expected to be worth US$10 billion by 2018.[221]
- **Extended product range!** It is very important to have in-store the wide range of products as well as the best sellers across all the fashion capitals of the world. Arabic consumers would appreciate if the line launch in the East were at the same time as in the West. However, there must be also some part of the product range that is adapted to the area in terms of fabrics, models and scents. "We like the idea of dressing women all around the world. In the past we have created special collections for countries like China, Russia, Brazil, Mexico and we now wanted to create something also for the women of the Middle East and the Arab community taking into consideration the local taste and adding our Italian

[221] Iran holds first ever Fashion Week - Al Monitor, March 2015

touch." Domenico Dolce and Stefano Gabbana - founders of Dolce & Gabbana.

- **Fair value!** Modern consumers travel more and more and have an internet access on all of their devices, hence they have a possibility to check prices on different platforms, that's why the industry remains pretty much price competitive. Arabic customers will not pay the price if the level of service does not justify it. Many brands are trying to align prices globally, it is not easy especially for countries like India where you have to pay high taxes on the imported goods, but brands have started this process.
- **Efficient logistics!** Efficient logistics can support brands in the price competition, example could be Zara with its value proposition of a fast response to a market. The whole value chain must be optimized. It includes strict stock management, back office operations, supply chain, category management. It is extremely important to have a supply chain optimized, because the exogenous factors that the brand cannot control may influence it in an unexpected way and all operations must be able to adapt to changes in possibly less time.
- **Innovate to stay relevant!** One of the trends in cosmetics is make-up resistant to the heat. Local brands launch such product lines which could be the call for action to international brands who have not covered this niche much.
- **In-store technology!** By using 3D printers, intelligent mirrors, iPads, virtual reality glasses, holograms, recognition devices and bio-sensors in their stores, luxury brands can demonstrate their digital sophistication to customers and communicate the brand from 360 degrees.
- **Celebrate occasions!** Create occasion to present the brand in creative ways. Develop strategies around these occasions.
- **Find the balance!** It is particularly true for many Arabic brands making mainly couture or RTW and absolute luxury level prices. These brands must find an equilibrium and add more accessible items.

CONSUMERS: Targeting Arabic consumers, brands must be very careful in understanding who are they talking to and what is this conversation about. Philanthropy, humanity, concentration on achievements, hasanat - karmic rewards, striving for the "better me", sharing, hereafter life, moderation of oneself, balancing body and soul – is all what these consumers are about, that also can be easily used in communication, along with the other part that feeds brands economically, and it is a willingness to spend, to show-off, to make gifts that speak for themselves, to succeed, to grow in terms of life standards. All this has sense only in case if brands implicitly incorporate consumers' beliefs. It has been found, that there is no strong and direct relationship between luxury spending and religion, it is necessary to remember, that spending is an action, and any action is governed by the religion in these area. Dynamic consumerism with a flavor of religion should not be a barrier to brands, it instead challenges brands communication. The market is youthful, with technologically savvy and developed consumers, willing to get new experiences for 360 degrees in everything they do and opt for and very much brand conscious, but also insightful, and it is so easy to stumble in the eyes of these consumers as dignity and faith are at stake in any dialogue they make. The collective identity and self-concept are shifting towards individualism triggered by high number of expatriates, wide choice, race to stand out and evolution of technologies that support a lot both socialization and self-focused ecosystem for personal development. As consumers buy mainly the symbolic meaning nowadays, there is a big room to play with communication using the right information to deliver and fulfil the hidden aims of consumers, adding value on different levels: giving to promises for worldly life using emotional appeal and hereafter life, adding implicit spiritual meaning. In other words, the consumer value system must be addressed by culture-fit communication. Result of the study underlines the main factors of luxury goods: quality, uniqueness, conspicuousness and extended-self. Personal development has many shades, hence brands have a long list of inner strings to play on. As study also showed, the values across generations did not changed that much, there were more similarities than differences. The values that hold across generations are hospitality, generosity and dignity, with no mentioning of religion. The reason is that culture is flexible and evolving, it is not inherited, instead it is learnt and shared, can be called also "mobile identity"- the one that transforms and adapts. Nowadays, along with sharing of culture there is a renegotiation of values on global-local level. It impacts also consumption habits and preferences. The main change was to experiential luxury from simply owning a luxury item. It can be through the sophisticated shopping experience; it can be through the extension of brand like luxury lifestyle spas, hotels, resorts and sports, what you can share with family and friends and get a long-lasting emotional effect. In fact, customers named the worthiness, emotions and experience as something they looked for in brands. However, value transformation is a long process, and shopping is still being a family&friends time spending. Consumers are highly socially active online and offline. The internet penetration is very high across all GCC countries, as stated in the paper. In terms of offline social life, majority of female consumers have 30-40 weddings per year to visit, wearing every time a new dress is a must, creating a competition of fame and of the price tags. What a good news for brands, in fact the region is full of couture gown ateliers and brands specialized in it due to the high demand for evening dresses.

The brands and government have to create an efficient infrastructure to give an opportunity to brands to tackle the market and address it in a more individualized way, while for the government it means economic growth. If governments are to create a stable social and governance platform that can foster economic growth, they must continually monitor generational differences and adapt to ensure they are addressing the individual requirements and priorities of all groups in their citizenry. Similarly, companies must understand the characteristics of these generations to create a stronger workforce and to stimulate value creation through the promotion of e-commerce and digital technologies. [222]

As for marketing the key words are: enjoyment, high value context, beauty, modesty, respect for elderly, nature and values-all are topics to elaborate in communication. It has been found, that Arabic countries use indirect communication, where people have associative symbolic role and there is more aestheticism, entertainment and emotions in ads. The role of communication is not to focus on the product, but to create and

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maintain an emotional relationship with customers. In large power distance countries, the focus should be on the status, respect, difference, social class and life standards.

WILL DUBAI BECOME A FASHION MECCA?

Definitely yes. This is a breathing market, with many talented, creative, untouched and distinctive designers that did not have previously exposure. Arabic fashion market was a huge gap, that now was bridged and is successfully going out on the international arena. Many of these brands existed 10 years ago, some of them even 20 year ago, what means that this market was always there, but it was not taken in the consideration by the Western world. Only a few designers like Elie Saab and Zuhair Murad got their worldwide fame, but there are many more genuine brands, that are fresh and different. They need exposure, infrastructure, an industry example or supervisor, they need to feed their creativity and learn more the business side of this industry. This is exactly, what Dubai can offer. A place of meeting for everyone from the supply chain. Dubai Design District is a platform, where industry leaders, suppliers, freelancers, new brands and people with great ideas meet. The city has its long-term vision and perfectly structured plan for till 2030. The plan, that sounds reliable and even more attractive. Being one of the main tourists' destination and also important one-day stay place for the people from all over the world, make it extremely attractive for brands to be. An international airport that brings millions of people per year, due to its convenient location. Dubai is industry booster, that intelligently uses regulations, marketing, business law and strong dynamic urban development. So it is a place to be in the future years, considering all the projects that are yet to come, like EXPO 2020, that will exceed in number of visitors EXPO MILANO and many other projects stated in this paper that will give a chance to everyone to find their target customer and acquire it. Given thesis has analyzed all the activities made to foster the fashion industry in the Middle East, and as a result, the positive outcome for Dubai being a fashion mecca was also supported by several Arabic brands that were interviewed. In fact, some of them are already based in Dubai, some are planning to move there as they see a lot of potential for their brands to grow.

Due to the high flow of tourists, high number of companies coming to the area and high interest of the world in the development of this city, brands expanding there are getting quite quickly also international exposure by w-o-m, events and because of the support by the main figure of fashion and luxury industry. They bring experience and established brands to the Middle East and bring back to Europe new, fresh Arabic brands, that can cater to any type of customer, not being limited in their designs. Moreover, brands quite quickly get international exposure due to the high Muslim population worldwide, who start giving high value to the fashion originating in the Middle East, what means a beginning of the stronger competition on the worldwide market, as new and creative Arabic brands are stepping in the game with the help of Dubai fashion infrastructure.

Private equity is still interested in the luxury brands, and is going to continue to invest in luxury in the new attractive and promising markets, like Middle East, according to Deloitte.[223] Global brands, instead, will have to innovate in order to remain relevant, they will have to act quickly, be real, cooperate and elaborate data. To drive new brand value, newcomers have to focus on these metrics: innovation, potential and love drive value. Brands scoring high on these metrics are expected to have high brand value growth. But first, brands have to become salient, different and meaningful. Young brands, have to be sincere-emotions help to connect; have to be clear and coherent.

Arabic fashion industry will prosper and will not stay local, instead Dubai fashion infrastructure will help integrating these brands into the lifestyles of the worldwide audience.

[223] *Global powers of luxury goods 2016. Disciplined innovation.* (2016). Pp.46

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ABSTRACT

With the discovery of the oil in the region and many more other decades later, the Middle East went out of the stereotypic Bedouin life and appeared to the world as sophisticated, educated, open-minded, fashionable, respectful and rich consumer. A consumer that is visionary, innovative and creative enough to be able to attract the rest of the world and to give them jobs (ex. 227.000 job places will be created from 2016 till Expo 2020) asking in return a certain level of innovativeness to maintain new dynamics of the region.

Nowadays, in the light of extremely low oil prices, Islamic economy (of particular countries like UAE, Saudi Arabia, Qatar and Kuwait) governed totally or partially by Sharia Law, is commendably pushed forward by diversification, new market regulations, travel industry, large infrastructure and cultural projects, created a melting pot for well-established and new businesses from all over the world. Inner and outer development of the society has a religious touch on it, however, that does not impede the evolution, that theoretically could be contra-traditional, but it is not. This transformation has its reflection also in Quran, that is quite often frivolously interpreted, however, it always remains the first, the last and the only source of truth for Muslim population, which makes the majority in the Middle East. Quran says, that people have to develop themselves in order to reach the better self, which explains their thirst for knowledge, travelling, beauty, fashion, and also explains, why do they strive to be rich and have a luxurious lifestyle. The answer is again in Quran and it calls for having decent lives. This is also a call to action for brands and companies of different industries, that are also wise enough in their approach to the market, to be able to grab the slice of a pie. The "pie"- the population and, hence, the market of Muslim consumers that is expected to grow by 35%, what cannot go unnoticed and is even more interesting to analyze. However, the region's consumption is not build only by Muslim consumers, another part of the mix is represented by travelers and affluent expatriates, which leads to more diversified consumption patterns, creating a challenge for Western and local brands to cater the market.

The purpose of this paper is to investigate economic, social and cultural base for the development of the Middle Eastern market and industry, including exogenous (economy, regulations, legislation, urbanization, westernization, FDI, inflow of industry leading companies) and endogenous (transformation of norms and values, change of generations, means-end approach to consumer behavior, collectivism vs. individualism, impact of religion on consumption, attitude to western brands, uncovered gap of needs) factors that reshape brands' approach to the market in terms of calendar, marketing, communication, timing, advertising and pricing. The main subject of reference for the present thesis is fashion and luxury market analysis, hence anything analyzed in it will have or will lead to a fashion and luxury consumption perspective in both directions: Arabic consumers willing to buy luxury western brands and Arabic designers willing to cater to western consumers. The before mentioned analytical base serves, in simple words, to show who, for who, why and how created such a retail hub, main travel destination and new fashion Mecca like Dubai.

The main research topic is: Analysis of the Middle East fashion and luxury market: Success of UAE through the prism of economic development and consumer behavior transformation. In order to be able to reach a complete and logical conclusion, three intuitive parts must be analyzed to different extents:

- Economic overview: moderate depth of analysis, because there is no need to go deeply in all legal, economic and environmental issues that are not fashion and luxury industry related.
- Consumer specifics and consumer behavior building blocks: deep analysis, because it is a main differentiation point in comparison to Western consumers. It influences the Arabic consumer from 360° and, hence it is the most important driving force of the society. Moreover, it brings changes in the marketing approach of brands willing to cater to Arabic market.
- Fashion and Luxury market and its infrastructure: moderate depth, it is an outcome of all previous changes and steps. It shows what was created to make Dubai fashion focused (and not only), and which brands were attracted by the area, gave birth to or inspired.

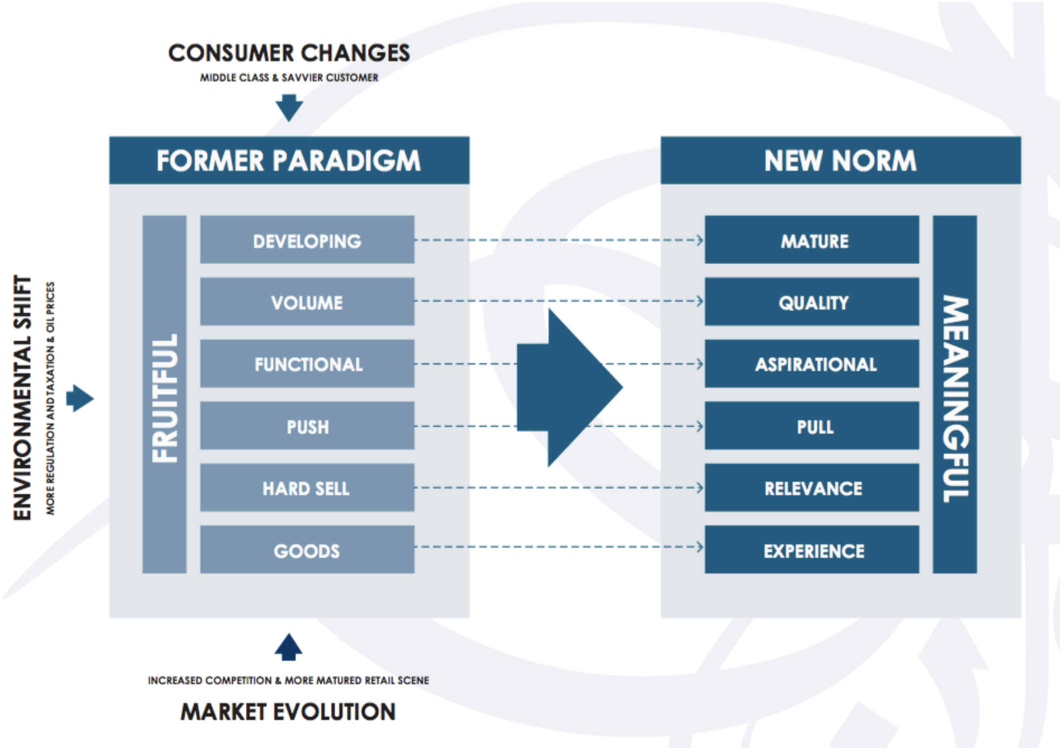
The first chapter gives an economic overview of the middle east as a target market for luxury brands. This part includes an overall introduction to the Middle Eastern countries, but as not all of them are relevant to the subject of reference, the UAE was chosen as a main country of analysis. Consequently, the short history and the main economic indicators are described followed by the deeper PESTLE analysis of the UAE, that shows macro-environmental factors that influence the organizations. The second chapter moves on to the analysis of the building blocks of the psychological portrait of the Arabic consumer: how Islamic traditions and values influence consumer behavior. For a complete representation of a consumer, Islamic norms and values must be investigated; as we move to the consumption patterns' analysis, it is interesting to see the main differences in the Middle Eastern and Western consumption patterns; values and norms alone does not make sense for a research, hence following is the analysis of the impact of these values on the luxury consumption and the sub-question asked, is whether there is a real relationship between religion and luxury consumption; as one of the most important global issues is a Muslim woman, which is considered (by Western world) to be oppressed by an obligation of abayas and hijabs, however who wears luxury accessories and fashionable clothes under abayas and goes for couture dress on average 15-30 times a year (weddings and holidays). A straightforward conclusion is that Arabic women make the biggest part of the target market for luxury brands and hence it is indispensable for a brand to know "What is like to be a Muslim woman?" or "What are the main building block of a Muslim woman?"; moving back to the whole market we cannot ignore the fact of globalization or westernization of the Arabic society and its impact on it, together with the investigation of the possible differences and similarities across different generations of consumers. The third part of the present thesis is about the marketing approach to the Arabic market. The first three parts of this chapter give a quick and basic introduction to a traditional marketing mix, moving to the short theoretical concept behind Islamic marketing and showing what has to be changed in theoretical part of marketing mix when it gets Islamic touch. Followed by the theory of market segmentation and investigation of the main segmentation variables in the

Middle Eastern market (UAE) based on statistical data. One of the most important and varying from country to country is advertising. It is of particular interest, because it incorporates messages based on what is important for a target audience, offering a product or service in response to their needs. Again, due to the specifics of the market, brands should find a right approach because of taboos, values, habits, traditions and as a perfect example of brands' increased advertising activity is Ramadan. The whole Ramadan is like 14th month of the year of revenues for food industry; and some days before and after it – are highly profitable for luxury and fashion brands, firstly, consumers buy what to wear every evening and on the Holiday, secondly, they buy a lot of high-value presents. Differences in cultures raise a question for brands: to adapt or standardize, both strategies bring risks and opportunities, so the decision depends on the brands positioning, industry and budget. The last part of this chapter is about storytelling and its digital implication. The last chapter describes the actual place – Dubai or more specifically, Dubai Design District as a fashion platform and incubator for new brands and a business-related hub for well-established brands like Chanel, just to name one. Its tremendous success raises many questions like "Why Dubai?", "How come just in two decades?", "How is it organized?", "If it is an artificial fashion cluster, what is the difference from the natural European or American industrial clusters?". Having presented the place, now it is relevant to see who are the players of this market apart from well-known Western brands, because they incorporate the Middle Eastern soul. Many of them are Lebanese, Egyptian or Syrian by origin, however, some of them choose to be based in Dubai or plan to move to D3. A modest fashion is an integral part of Arabic culture, this chapter covers also this issue, also because it is a new global trend embraced not only by Arabic brands, but also by any other religion, having many followers worldwide. This paper is followed by conclusion on all the parts, summing up the main trends and findings.

Economic analysis showed that GCC region had a slowing growth that reached 2.7% in 2016, that is, however, a bit lower than world average 2.9%, due to the geopolitical and fiscal changes.[224] In UAE, for example, all the forces are used to improve the whole infrastructure, regulation system distribution channels essential for business in the area, improve environment trying to make it the most advanced and green one, focusing on sustainability. Eliminating trade barriers, UAE facilitated trade and its own economic development just in a short period of time, making it a safe place for FDI. As for the ease of doing business, it is a free zone-100% ownership of business, where Free Zone Authority issues operating license to run business without corporate tax and no custom duty. However, it is planned to impose VAT of 5% and imply corporate tax schemes by 2018. The main change in the region's economy is diversifying into non-oil industries such as development of retailing, fashion, media, tourism, leisure time and other businesses. Governments managed to attract not only the expats (almost 90% in UAE) to the workforce, but also locals with favourable labour regulations, which is why the middle class is growing: in Saudi Arabia 67% of the

[224] Global Economic Prospects World Bank, January 2016

population represent the middle class.[225] In fact middle class are now active luxury buyers, that make the brands bought by them downgraded by this fact, and HNWI crease further the gap. Middle class consumers need self-gratification and show aspirational consumption pattern and it leads to the increasing demand for wider spectre of goods and services. Consumers become more brand-savvy because of the wider brand exposure online, digital media and due to the level of travelling. Moreover, according to the report done by Chalhoub Group, the third of the wealth in the region is controlled by NHW women: 105 female HNWIs in Saudi Arabia and the UAE hold nearly US$22 billion in wealth. [226] The whole society is changing such that it empowers women in the Gulf. Nowadays, they make significant percentage in the universities and have 91% of literacy.[227] The following graph will show the main changes in consumer profile due to the environmental shift:



Source: The Chalhoub Group, February 2016[43]

Analysis showed that being a Muslim country, it has proved to be the most liberal one, where society is changing its behaviour and consumption patterns, however having strong traditions**.** The UAE has become a model of political stability at the regional and global levels. Interestingly, it is the least corrupt country among Arabic states. However, due to the political and civil unrest brands risk their trademarks influencing the IP strategies for brands. Political events can raise islamophobia harming the reputation of the region and brands. As a part of economic transformation, government of UAE implemented large infrastructure projects like DUBAI 2020 Expo or FIFA 2022 in Qatar. Kuwait develops its City of Silk, Abu Dhabi plans to create

[225] Gulf Research Center - The study de nes the middle class as Saudi families having a monthly income between SR 3,900 and SR 38,200

[226] GCC Women - Improving the odds - Al Masah report, March 2015

[227] GCC Women - Improving the odds - Al Masah report, March 2015

Cultural District with Le Louvre, the Guggenheim and Zayed National Museum. What regards the future of luxury sector, the GDP is still expected to grow faster than in Europe, because the region still has some of the largest reserves of hydrocarbons on the planet, providing a reliable source of income for the long term and fuel for their economic diversification efforts.

In comparison to the western systems of conventional capitalist and socialist economic consumption, the middle east area is characterized by Islamic rationalism where the utility maximization is reached through the development of religious, social, national, historical and cultural values. Moreover, Islamic economy rewards present and hereinafter lives for both moral and immoral deeds, what does not exist in the western types of economic consumption theories. What is common is that all types of theories of consumption are focused on customer satisfaction. In socialist and capitalist economies self-interest and rationality are preserved, whereas in the Islamic consumption scale of welfare, ethics and morals are brought to the first plan. During the life, Muslim accumulate hasanat – rewards they will get in the hereafter life for present deeds.

Targeting Arabic consumers, brands must be very careful in understanding who are they talking to and what is this conversation about. Philanthropy, humanity, concentration on achievements, hasanat - karmic rewards, striving for the "better me", sharing, hereafter life, moderation of oneself, balancing body and soul – is all what these consumers are about, that also can be easily used in communication, along with the other part that feeds brands economically, and it is a willingness to spend, to show-off, to make gifts that speak for themselves, to succeed, to grow in terms of life standards. All this has sense only in case if brands implicitly incorporate consumers' beliefs. It has been found, that there is no strong and direct relationship between luxury spending and religion, it is necessary to remember, that spending is an action, and any action is governed by the religion in these area. Dynamic consumerism with a flavor of religion should not be a barrier to brands, it instead challenges brands communication. Gulf Arabs are lifestyle consumers who buy for themselves, because they know who they are, and the purpose of acquisition does not lie in group satisfaction or face saving in front of the family or society. However, hedonism which appeared to be not very important for Levant countries, plays a bigger role for Gulf countries as they seek pleasure from what they do and hence exclusivity can also play a bigger role, whereas in Levant countries it is not viewed positively as it may undermine the harmony of the group.[228] That does not mean, that Gulf countries completely changed and went away from the society-focused culture, it is still true that they value family as a priority, but it is a really close community, where they preserve the harmony. The common feature holding valuable for both areas is self-development as promoted by Quran. The study on the relationship between religiosity and luxury goods consumption has found that there is no particular connection, and that religious Arab women were not against of being defined by non-Arabic brands.

The market is youthful, with technologically savvy and developed consumers, willing to get new

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experiences for 360 degrees in everything they do and opt for and very much brand conscious, but also insightful, and it is so easy to stumble in the eyes of these consumers as dignity and faith are at stake in any dialogue they make. It has been found that young do not think that nationality brings value to them. Although teenagers are highly sensitive to the diffusion of the global youth culture, they also construct their individualized identity and lifestyle in search for common differences. And according to the second opinion, it is solely the re-negotiation of values and attitudes on the local-global level, but saving all the socio-cultural aspects of identity.[229]

According to Hofstede, Arabic countries and in particular UAE, can be characterized as collectivist. For brands, that means that decision making process is not individual, it is influenced by family or friends, that customers will follow the trendsetters and loyalty is paramount. Which means for marketers, that the message delivered to the target customer must be appealing also to the whole family which includes different ages of family members and different backgrounds, has the idea must be very strong in addressing Arabic consumers. Society accepts inequality and hierarchy and is highly intolerant to risks. Masculinity earned 50, what means that the society is half driven by the competition, success and achievement, and half by morals and intangible values like caring, love, quality of life. Spiritual and religious beliefs affect which part of income will be spent for self-indulgence, for family and for charity, and hence disposable income will be a function of three instead of two variables: consumption, saving and expenditure on religious purposes.

The collective identity and self-concept are shifting towards individualism triggered by high number of expatriates, wide choice, race to stand out and evolution of technologies that support a lot both socialization and self-focused ecosystem for personal development. Nowadays, consumers take on a mobile identity that consists of many dynamic variables, consumers identify themselves with more cultural groups rather than only based on social class, what matters are consumption trends and patterns; moreover, the knowledge brokers like TV shows, magazines, fashion books and social media accounts, are increasing in numbers, making the information more available. As consumers buy mainly the symbolic meaning nowadays, there is a big room to play with communication using the right information to deliver and fulfil the hidden aims of consumers, adding value on different levels: giving to promises for worldly life using emotional appeal and hereafter life, adding implicit spiritual meaning. In other words, the consumer value system must be addressed by culture-fit communication. Result of the study underlines the main factors of luxury goods: quality, uniqueness, conspicuousness and extended-self. Personal development has many shades, hence brands have a long list of inner strings to play on. As study also showed, the values across generations did not changed that much, there were more similarities than differences. The values that hold across generations are hospitality, generosity and dignity, with no mentioning of religion. The reason is that culture is flexible and evolving, it is not inherited, instead it is learnt and shared, can be called also “mobile identity”- the one that transforms and adapts.

[229] Ibd. Pp.3

Nowadays, along with sharing of culture there is a renegotiation of values on global-local level. It impacts also consumption habits and preferences. The main change was to experiential luxury from simply owning a luxury item. It can be through the sophisticated shopping experience; it can be through the extension of brand like luxury lifestyle spas, hotels, resorts and sports, what you can share with family and friends and get a long-lasting emotional effect. In fact, customers named the worthiness, emotions and experience as something they looked for in brands. However, value transformation is a long process, and shopping is still being a family&friends time spending. Consumers are highly socially active online and offline. The internet penetration is very high across all GCC countries, as stated in the paper. In terms of offline social life, majority of female consumers have 30-40 weddings per year to visit, wearing every time a new dress is a must, creating a competition of fame and of the price tags. What a good news for brands, in fact the region is full of couture gown ateliers and brands specialized in it due to the high demand for evening dresses. However, it represents a challenge in terms of CRM for the brands. Because Arabic women tend to compete with their dresses be it a brand, price, uniqueness of the material, so they would not appreciate the fact that someone else in the hall is in the same dress.

The brands and government have to create an efficient infrastructure to give an opportunity to brands to tackle the market and address it in a more individualized way, while for the government it means economic growth. If governments are to create a stable social and governance platform that can foster economic growth, they must continually monitor generational differences and adapt to ensure they are addressing the individual requirements and priorities of all groups in their citizenry. Similarly, companies must understand the characteristics of these generations to create a stronger workforce and to stimulate value creation through the promotion of e-commerce and digital technologies. [230]

As for marketing the key words are: spiritualistic, ethical, realistic, humanistic, enjoyment, high value context, beauty, modesty, respect for elderly, nature and values-all are topics to elaborate in communication. Marketing in Islam is institution or channel for the transactions that can maximize financial goals leading to a reward in a hereafter life, if it improves society's well-being. But it is not only about transaction, it combines present life transactions and hereafter life's benefits. The self-interest is recognized by Islam, but it should not be harmful to no one else in the society. Product must be according to Sharia Law, bargaining is prohibited by Islamic Law. In order to guarantee the fairness in prices, Islam prohibits hoarding, black markets, and the concentration of market power in any form and fashion. Islam prohibits hoarding, black markets, and the concentration of market power in any form and fashion. As for promotion: The holy Quran condemns all forms and shapes of false assertion, unfounded accusation, concoction and false testimony. It has been found, that Arabic countries use indirect communication, where people have associative symbolic role and there is more aestheticism, entertainment and emotions in ads. In terms of Islamic marketing ethics, it is unethical for the sales person or customer relation advisor to over-praise products and attribute to said products qualities which

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they do not possess. Distribution channels: Distribution channels are aimed at creating value and improving the living standards providing satisfactory services in terms of ethics. Regardless of the advertising model or type brand choses, Islam will influence it on different levels. And here are the examples of cultural and religious differences and their impact on advertising. Main advertising attributes are: modesty, beauty, nature, values, enjoyment, respect for elderly, high context. Meaning that customers have to listen carefully and read between the lines to be able to interpret the message. The best speech for Arabic countries is a short phrase with a few carefully chosen words that are full of meaning.[231] The consumers do not require from advertising a lot of explanations with many product details. There are three periods to take into consideration: before, during and Eid-Al-Fitr. Before Ramadan consumers look for offers, discounts and deals that brands do for the holy month. The best way to grab consumers during pre-Ramadan period is bumper ads, engagement ads and search ads to show the promotion to come. When Eid-Al-Fitr comes it is time for engagement ads calling for celebration and gifting. This is definitely the period for luxury brands to come in as consumers look for perfumes and celebrity clothes. spending during special time for Muslim – Hajj is another example, in terms of sales Hajj is like the 13th month, if a brand misses these few days of promotion and brand exposure, it is like losing sales of the whole month. For example, Sony gets 40% of their sales during this time.[232]Moreover, these are not the people of one region, these are the people coming from more than 150 countries and this year (2016) more than 1.5 million pilgrims are expected to do the Hajj in Mecca starting on September 10th,2016. And brands have a real opportunity to follow them while in Saudi Arabia and also back home. In the future probably the advertising framework will be similar to the Western one, because regulations will be less strict, perhaps except Saudi Arabia. The use of omnichannel marketing will be way higher than now with highly developed digital marketing and e-commerce. Social media will prosper and consumer generated content will be more valuable, qualitative and credible. The main approach in general, must be "glocal" (global+local), companies cannot ignore cultural differences among West and East, and even within one particular area, therefore adaptation of marketing strategies is important and the development of technologies and digitalization of the society will only feed up more progressive and open advertising than it is now. However, the development of advertising in the area will bring also the control difficulties to the brands, which might make them opt for more standardized approach in the future.

Consumers are maturing due to the accessibility of information and willingness to expand their individuality through fashion. According to Chalhoub Gourp research on Arabic consumer, they spend around 2.000$ a month on perfumes and cosmetics, RTW, shoes and bags; then 25.000$ on watches and jewellery and 10.000$ annually on gifts.[233] Chalhoub Group in White Paper "Gulf Luxury Consumers: A World Apart?",

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[231] De los santos, Dagher, Kalliny, S. Minor, (2008). "*Television advertising in the Arab world: A status report*", pp. 220
232 Vijay M., (2013, February 19), *Understanding the Potential and Power of Arab Consumers.* Knowledge@Wharton Retrieved from http://knowledge.wharton.upenn.edu/article/vijay-mahajan-understanding-the-potential-and-power-of-arab-consumers/

[233] Chalhoub Group Gulf consumer research, 2015

divided consumers into three groups: the Horse, the Gazelle and the Falcon (see *Figure 2*).[234]

Figure 38

When we speak about Arabic consumer we cannot refer only to locals, because the main shopping areas are also highly touristic and full of expatriates as said before, hence it is relevant to define a present consumer profile of those who actually shop in destinations like Dubai, Qatar and etc. One more reason for which we cannot see this area as homogenous is the composition of those who live there and shop. We have national consumers, expatriates and travelers.

- **National consumers:** these are young consumers who are wealthy from the childhood and seek the individualism and hence coming to the stores of well-known brands they buy even limited editions or personalized things what makes them a very interesting target. When they shop, 80% they rely on their friends' suggestions, 65% seek for spouse opinion and 40% shop with their families. This is a part of leisure time and shopping process. Emirati are deep into design, aspirational and 80% want visible and recognizable brand. [235] Moreover, there is even a difference between Dubai and Abu Dhabi: Dubai citizens are indulgent checking the stores regularly, and 56% [236]Dubai women desire to have "unlimited access to luxury brands". Whereas Abu Dhabi nationals are elitists and for them luxury is something that just a happy few can afford.[237] Kuwaiti are assertive -92% buy because they like it.[238] They seek for a sophisticated shopping experience. Kuwaiti have a strong community of bloggers and fashion; they are socially active. Saudi look for something unique, but still are fixed with a limited set of brands and require a strong connection with the sales staff. Women in Qatar are sheltered, while

[234] Chalhoub Group White Paper. "Gulf Luxury Consumers: a world apart?"
[235] Chalhoub Group (2012), Luxury in the Middle East: easy sell? Pp.6
236 Ibd.
237 Ibd.
238 Ibd.

men are highly image –conscious. In terms of generations, the overall outcome is that generations are more similar than different.

- **Expatriates**: these are westerners both Europeans and Americans, then Indians, Iranians and others. There are around 30% expats in Saudi Arabia when in UAE it is close to 90%. Arabic expats seek for reputation, Asians look at location and Europeans value atmosphere and service.
- **Tourists:** due to the huge success of Dubai during the last decade, the tourism became important to the whole GCC zone.

Segmenting by the nationality has also had its evolution. It is true that Asians and Europeans are different, hence theoretically they should be grouped separately. But it is incorrect, because there is common feature which drives their consumer behavior and it is the fact that they are expatriates willing to earn and spend for self-gratification and something they could not afford before. It means, the shopping cycle start from different steps for expatriates and locals. Foreigners have a predefined budget for an acquisition and according to that they choose the product, whereas locals a driven by the simple emotional attachment. Hence companies must drop off the standardized way of segmentation and look into the real practical way of consumer behavior particularly in the region, because it is not the same and people live there for different reasons which trigger their behavior. So when a company launches new product or promotional campaign, it is advised to use mix and match approach: bringing together a number of sub-segments with some predefined common features and using a single approach to them.[239]

Currently there is an issue whether the government can create a cluster. For example, some universities have incubators to push businesses forward. But the important difference between a real organically emerged cluster and incubator, is that clusters are highly competitive inside, they prosper in creativity and development, there is a lot of competition among the players. Static and closed clusters are those dying first nowadays. Whereas, those clusters created by universities or governmental institutions they are made for the cooperation, which differs from the reality of cluster existence. Cooperation does not lead to the development of the industry, there must be competition. Dubai Creative clusters host 4.200 businesses with a diverse and young workforce of more than 64.000 people. In the last 15 years, Dubai became the hub for the key knowledge-based industries: production, broadcasting, publishing and higher education. The whole project started in 2013, just in one year it already signed 100 licenses. For a cluster to prosper there must a leader company, and in case of d3 it is Chalhoub Group that joined d3 project as flagship tenant partner in 2015. The Chalhoub Group is an expert in retail, distribution and marketing services based in Dubai, the Group has become a major player in the beauty, fashion and gift sectors regionally. So it is a perfect company to lead the Design District, share

239 Nossei,M., (2015). Mix and Match: Clever customer segmentation in the Middle East. Available at: http://gulfbusiness.com/mix-match-clever-customer-segmentation-middle-east/

its experience and serve as an intermediary between the real luxury and fashion market and new brands. Apart from Dubai market related reasons, one more cause of such an interest coming from brands exactly now is due to the accumulated market intelligence and a knowledge of the MENA consumer. Brands did spend time on learning what is it serving to Arabic consumers and now was exactly the time to approach them. The support from such important figures in the fashion world like Karl Lagerfeld and Franca Sozzani in promoting new Arabic brands through Fashion Forward Dubai Platform, showed many brands that the market it speeding up. Franca Sozzani started the initiative called Vogue Fashion Dubai Experience after which many brands started making new launches and special events in Dubai. Like for example, Chanel Cruise Show, Marc Jacobs launch of a new perfume or Swarovski couture exhibition.[240] It is very important because these important fashion figures endorse the place and bring credibility to Dubai as a fashion center of Middle East.

Fashion industry in the Middle east is at its infancy phase. Local designers are known country by country. However, this trend started to change as with social networks like Facebook, Instagram and Flickr, Fashion Forward and Dubai Design Distric they got more exposure. Arabic designers have seen the potential and the interest of local customers as well as international. In this chapter I based theory more on the interviews of brands, made an overview of Elie Saab, Zuhair Murad, Hussein Bazaza, Jean Louis Sabai, Rami Al Ali and took Hussein Bazaza as a case study to create his business model and analyze it through SWOT.

Finally, having analyzed all the sphere relevant to the given subject being researched, the answer is definitely yes. Dubai can become a real fashion Mecca. This is a breathing market, with many talented, creative, untouched and distinctive designers that did not have previously exposure. Arabic fashion market was a huge gap, that now was bridged and is successfully going out on the international arena. Many of these brands existed 10 years ago, some of them even 20 year ago, what means that this market was always there, but it was not taken in the consideration by the Western world. Only a few designers like Elie Saab and Zuhair Murad got their worldwide fame, but there are many more genuine brands, that are fresh and different. They need exposure, infrastructure, an industry example or supervisor, they need to feed their creativity and learn more the business side of this industry. This is exactly, what Dubai can offer. A place of meeting for everyone from the supply chain. Dubai Design District is a platform, where industry leaders, suppliers, freelancers, new brands and people with great ideas meet. The city has its long-term vision and perfectly structured plan for till 2030. The plan, that sounds reliable and even more attractive. Being one of the main tourists' destination and also important one-day stay place for the people from all over the world, make it extremely attractive for brands to be. An international airport that brings millions of people per year, due to its convenient location. Dubai is industry booster, that intelligently uses regulations, marketing, business law and strong dynamic urban development. So it is a place to be in the future years, considering all the projects that are yet to come,

240 Young,R., (2016). Momentum in Dubai, Middle east's Fashion Mecca. Business of Fashion.

like EXPO 2020, that will exceed in number of visitors EXPO MILANO and many other projects stated in this paper that will give a chance to everyone to find their target customer and acquire it. Given thesis has analyzed all the activities made to foster the fashion industry in the Middle East, and as a result, the positive outcome for Dubai being a fashion mecca was also supported by several Arabic brands that were interviewed. In fact, some of them are already based in Dubai, some are planning to move there as they see a lot of potential for their brands to grow.

Due to the high flow of tourists, high number of companies coming to the area and high interest of the world in the development of this city, brands expanding there are getting quite quickly also international exposure by w-o-m, events and because of the support by the main figure of fashion and luxury industry. They bring experience and established brands to the Middle East and bring back to Europe new, fresh Arabic brands, that can cater to any type of customer, not being limited in their designs. Moreover, brands quite quickly get international exposure due to the high Muslim population worldwide, who start giving high value to the fashion originating in the Middle East, what means a beginning of the stronger competition on the worldwide market, as new and creative Arabic brands are stepping in the game with the help of Dubai fashion infrastructure.

Private equity is still interested in the luxury brands, and is going to continue to invest in luxury in the new attractive and promising markets, like Middle East, according to Deloitte.[241] Global brands, instead, will have to innovate in order to remain relevant, they will have to act quickly, be real, cooperate and elaborate data. To drive new brand value, newcomers have to focus on these metrics: innovation, potential and love drive value. Brands scoring high on these metrics are expected to have high brand value growth. But first, brands have to become salient, different and meaningful. Young brands, have to be sincere-emotions help to connect; have to be clear and coherent.

Arabic fashion industry will prosper and will not stay local, instead Dubai fashion infrastructure will help integrating these brands into the lifestyles of the worldwide audience.

[241] *Global powers of luxury goods 2016. Disciplined innovation.* (2016). Pp.46