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"An analysis of the Japanese eyewear market: the sunglasses case"

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Alla mia mamma

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INTRODUCTION

The basis of this study is the analysis of the sunglasses perception in Japan. The focus goes from the luxury market, which demonstrated to be crucial in this country to the causes which generated a discomfort in the Japanese when it comes to sunglasses. The barrier in the daily utilization of this products comes from behaviors and attitudes deeply rooted in the Japanese culture.

The reasons that led me to the development of this analysis are the courses I followed in the last years, which have touched the luxury and fashion market, focusing on the "Made in Italy". I had the opportunity to look closely at the eyewear market in Japan thanks to the stage opportunity I undertook in Tokyo. After having analyzed the studies addressing similar topics, I have been motivated by the lack of literature covering this intersection: Japanese luxury market and eyewear.

My objective, in this dissertation, is to find which strategies and actions could be implemented by international companies selling sunglasses in Japan. Since the Japanese population is founded on the principle of collectivism and it seems shameful to wear sunglasses on a daily basis, some triggers could be found to help companies find the right match between the local culture and the advantages of using sunglasses to be incorporated in their marketing plan. In order to better understand what opportunities sunglasses manufacturers have in this country, I analyzed the major marketing penetration strategies. The purpose of this work is to give a suggestion on how to reach the target and which course of action can translate into a more frequent sunglasses utilization.

It has been conducted a survey in loco, using questions that provide a sample composed entirely by Japanese people, both men and women having from 18 years to more than 65 years. The questions proposed mainly cover the perception of the sunglasses and possible situation that could trigger the usage of this product. Japan is one of the most luxury consuming country, this is the reason why half of the sample has been shown a medium range pair of sunglasses and the other half has been shown a luxury pair of sunglasses. The analysis performed has compared the results coming from both the samples and another analysis wanted to understand if existed a difference between the triggers for women and for men.

The work is structured in 7 chapters. The first chapter presents a brief review of the mysterious creation of the spectacles followed by the introduction in the market of the sunglasses. The second chapter focuses on the overview of the global luxury and fashion markets, overview that will be compared to the Japanese market analysis in the same chapter. The third chapter intersects the Japanese market with the eyewear market giving some insights about the trends of the different categories composing the segment. The fourth chapter explains why the sunglasses segment is not growing and which causes can be related to the situation. The fifth chapter has the scope of furnishing the main market strategies that can help in addressing the problem, particular attention is given to the market penetration strategies. The sixth chapter is dedicated at the specific case, beginning with a brief review of Luxottica’s competitive analysis and going through the survey questions and hypothesis.

Thanks to this work it has been possible to study some significant correlation between luxury brands and people’s perception. Those results will be deeply analyzed in the conclusive chapter of this dissertation.

Chapter 1

EYEWEAR HISTORY

Much has been written, ranging from the valuable to the worthless, about the invention of eyeglasses; but when it is all summed up, the fact remains that the world has found lenses on its nose without knowing whom to thank.

Vasco Ronchi[1]

1.1 Eyeglasses

Invention

When trying to research about eyewear invention and history, it is very hard to catch information, the story seems to go far back in the history of humanity. Some legends trace the spectacles invention to the Indians or Chinese but if we refer to reliable sources still there isn't one coherent direction in dates or location. However, it is possible to say with some certainty that the Romans already could use spheres of glass to see the smallest things bigger and better. These spheres had the capacity to magnify things, making easier to read a small text or analyze natural objects.[2] First solid evidence of the introduction of spectacles can be found in Veneto, specifically in Treviso. A painting, made by Tommaso da Modena, figures the Dominican cardinal Hugh of St. Cher, dating 1352. In the Capitolari Delle Arti Veneziane of 1284, a clear distinction is made between the glasses (roidi da ogli) and magnifying glasses (lapides ad legendum). Penalties were foreseen for those who manufactured eyeglasses, meaning that the art of building them was not recent. Indeed, only a consolidated art is profitable in such a way as to justify a forgery. In the Capitular dated 2 April 1300, in chapter XL (40), a series of objects are shown including magnifying glasses and, for the first time, spectacle lenses (roidi de botacelis et da ogli and lapides ad legendum). A new chapter will

[1] Rivista di oftalmologia, 1946, I, 140

[2] Frugoni, C. (2004). Medioevo sul naso: occhiali, bottoni e altre invenzioni medievali. Laterza.

follow in 1301 and later until 1330, going from the Latin to the vulgar and assuming the name: rodoli de vero per ogli per lezer.[3]

Picture 1.1 – Dominican cardinal Hugh of St. Cher

Source: https://en.wikipedia.org/wiki/Hugh_of_Saint-Cher

On February 23, 1305 in Santa Maria Novella in Florence, the Dominican Giordano da Pisa, also known as Rivalto, was having a sermon, in which, informed the people that: "It is not yet twenty years since there was found the art of making eyeglasses which make for good vision, one of the best arts and most necessary that the world has".[4] A few years later, in the document called "Chronicle" of the Dominican convent of Santa Caterina (Pisa), where Giordano resided, he remembers Brother Alessandro Spina, who died in 1313. Spina was described as "a monk of most excellent character and most acute mind, who understood whatever had been made, when he [Spina] saw it with his own eyes, he too knew how to make it; and when it happened that somebody else was the first to invent eyeglasses and was unwilling to communicate the invention to others, all by himself he made them and goodnaturedly shared them with everybody." Thanks to those sources, Carlo Roberto Dati wrote "Veglia", a work about the spectacle invention, tracing the eyeglasses creation shortly after 1286.[5]

[3] Frugoni, C. (2004). Medioevo sul naso: occhiali, bottoni e altre invenzioni medievali. Laterza.
[4] Amati, G. Ricerche storico-critico-scientifiche suite origini, scoperte, invenzioni e perfezionamenti. Milan, 1828-30, vol. 4, p. 144.
[5] Quando sono stati inventati gli occhiali? (2019). Retrieved from http://www.focus.it/cultura/storia/quando-sono-stati-inventati-gli-occhiali - Accessed: 05/25/2019

All those findings refer to convex (converging) lenses that are useful in correcting presbyopia, as I said, invented around 1286.[6] No allusion to spectacles using concave (divergent) lenses have been traced before the middle of the sixteenth century. The first piece of evidence is being represented by "Diaphanorum libri tres", a work of Francesco Maurolico, which was written in 1554 and published in 1611. From that moment it is possible to find sources talking about spectacles usage. Just after the second half of the sixteenth century, some writers (Maurolico, Barbaro and Giovan Battista Della Porta) started to recognize the advantages of using eyeglasses. The way was set for Galileo to ultimately prove the usefulness of optical devices for observation. This realization was also the starting point for Kepler to develop the recondite modern optical theory in his work "Dioptrice". There is quite a certainty about the popularity of eyeglasses, therefore it astonishes the fact there is so little study by the scientists about the properties of this device until the late sixteenth century. One of the first records is a letter dated October 21, 1462, sent by Duke Francesco Sforza of Milan to the ambassador in Florence, Nicodemo Tranchedini di Pontremoli. In this letter, the duke, asks for three dozen pairs of spectacles, defined as "distant vision, that is for the young, another [dozen] that are suitable for the near vision, that is for the elderly; and third [dozen] for normal vision".[7] From this correspondence, it is possible to infer that there were different types of lenses and from the rapidity with which the order was delivered, it appears that there was already some degree of sophistication in the production process. In the same letter, it is said: "Because there are many who request of us eyeglasses that are made there in Florence, since it is reputed that they are made more perfectly [there] than in any other place in Italy". This part of the letter suggests that there were both a high demand for spectacles and that somehow Florence was a leader in the eyeglasses manufacturing.[8]

To conclude the ancient story of the invention of eyeglasses, I want to go back to the Letter of the Duke of Milan, indeed, he orders spectacles for “normal vision”, this suggests that, at list

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[6] Jackson, E. ‘Historic Evolution and Use of Spectacles’, American Journal of Ophthalmology, 10 (1927), 607-608, and Gordon, ‘A short history of spectacles’ p.7

[7] Ilardi, V. (1976). Eyeglasses and Concave Lenses in Fifteenth Century Florence and Milan New Documents. Renaissance Quarterly, 29(3), 341–360. doi10.23072860275

[8] Following this reasoning, something still seems to be wrong; if spectacles with diverging lenses were only available from the middle of the fifteenth century, as the evidence seems to confirm, then, Ronchi's reasoning about the knowledge by Leonardo Da Vinci of diverging lenses should be refused. It is not possible, as well, to ignore the fact that Leonardo in his Codex W (written around 1490 and 1516) nominates and explains the use of those types of lenses as an instrument to look at the moon.

in Milan, there was some kind of fashion around wearing spectacles, perhaps due to the 'intelligent' or 'erudite' appearance that the use of eyeglasses convey.

Creation of the Rods

Eyeglasses were an improvement over magnifying glasses, as they allowed objects to be seen clearly in their actual size. The first glasses rested directly on the nose, like a sort of pince-nez; the rods, resting on the temples and ears, appeared around the middle of the 18th century. Over the years, the eyeglasses masters replaced the segment of rivet glasses with a bow and the material of the frame changed from wood to lead. The result marked another important step in the evolution of visual aids: with rods, the glasses looked very much like those we know today. The materials used were increasingly varied. Hence, the glasses, we see and wear today, began to take shape at the beginning of the 18th century. The main problem was adherence to the face, the glasses tended to slide down the nose, in fact, keeping them steady was very difficult and a source of frustration for the wearer. An advantage of the "glasses with rods" that rested on the ears compared to the previous models was their structure, they had a bridge on the nose and rods to keep the lenses still by gripping the ears. A metal ring was often attached to the end of the temples for a more comfortable fit. The first specimens of glasses of this type appeared in London and their presence is confirmed by a promotional brochure by the English optician Scarlett dated 1728. Also in the United States, the way to improve glasses was studied. Benjamin Franklin created a pair of bifocal lenses in 1784 or the forerunners of today's varifocal lenses. For this reason, bifocal lenses are still called "Franklin glasses".

Diffusion

The modern "glasses with temples" began to spread in the early 1850s. Their shape has remained mostly the same for the last century and a half. However, wearer comfort has increased over time due to improved design of the temples and nose pads until anatomical perfection was achieved in the early 20th century. At that time the quality of the glasses had reached unexpected levels.

The rational application of this aid is due to Franciscus Donders, a Dutch ophthalmologist, who first prescribed lenses with a power corresponding to the correction of the visual defect[9]. Franciscus Donders in 1858 founded an ophthalmic hospital which later, in 1888, was named

[9] Frugoni, C. (2004). Medioevo sul naso: occhiali, bottoni e altre invenzioni medievali. Laterza.

the Donders Foundation. This means that until this year there was no coherent diffusion of this device. The first industrialization of eyewear, in Italy, took place in 1878 by Angelo Frescura who opened the factory in Calalzo di Cadore, starting what has become the eyewear industrial district[10].

1.2 Sunglasses

Invention

The very first sunglasses with lenses and frames, as they are today, were invented in China around the 11th century. The first specimens were made by the Inuit to protect themselves from the glare of snow and ice. It consisted of frames without real lenses, in wood or animal bones, generally of walrus, with a slit that allowed a narrow view but no reverberations.[11] Also Plinius, in his works, tells about Nero watching the gladiators fights through an emerald, presumably to see better and relax the sight. [12] In China, smoked quartz glasses were used in the 12th century to protect the eyes against glare and to hide the expressions from the eyes of the judges during interrogation.[13]

Diffusion

Surely among the first to develop sunglasses in the modern sense was the Duke Gian Vincenzo Pinelli, having the title of Duke of Acerenza and Giugliano, (Naples, 1535 - Padua, 31 August 1601), an exceptional Italian humanist, known as a scholar and a mentor of Galileo Galilei. His love for books and manuscripts and his interest in optics stemmed from a disability: a childhood accident had destroyed the vision of one eye, forcing him to protect his weak vision with tinted green lenses. It, therefore, appears to be the first one to have applied colored lenses (so-called Venetian burned lenses) to eyeglasses, so he is considered among the possible inventors of sunglasses in the modern sense. Only in the early 1700s, over 100 years after Pinelli's death, in Venice, began to mount lenses on glasses in a widespread manner.[14]The lenses were produced by Murano glassworkers. They were used during gondola

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[10] Eyeglasses Timeline – Retrieved from http://www.luxottica.com/en/about-us/museo-dellottica/eyeglasses-timeline - Accessed 05/27/2019
[11] Prehistoric Inuit Snow-Goggles, around 1200, Canadian Museum of Civilization
[12] Pliny the Elder, The Natural History, Book XXXVII, Ch. 16
[13] Sunglasses History - The Invention of Sunglasses, The Great Idea Finder. Retrieved from http://www.ideafinder.com/history/inventions/sunglasses.htm - Accessed 30/05/2019
[14] Glinni, R. (2018). 'Gli occhiali da sole un'invenzione del lucano Giovanni Vincenzo Pinelli', Quotidiano Roma

transfers, especially for ladies or children. Venetian lenses could filter out UV[15] rays, which had not yet been discovered. Only in the twentieth century, then, were colored lenses produced precisely to shield the sun's rays.

Picture 1.2 – Doge Sunglasses

Source: Ministero per i beni e le attività culturali

American Lieutenant John A. Macready suffered eye damage after a balloon flight and asked Bausch & Lomb (now Ray-Ban) to create a model of lenses that would protect the sight of pilots, but it was in 1929 that Sam Foster founded the first company that produced sunglasses, no longer to exclusive use of the military.

[15] Occhiali da Doge. Gli occhiali da sole nella Venezia del Settecento, Ministero dei beni e delle attività culturali e del turismo. Retrieved from http://www.beniculturali.it/mibac/export/MiBAC/sito-MiBAC/Contenuti/MibacUnif/Eventi/visualizza_asset.html_57889661.html. - Accessed: 30/05/2019

Chapter 2

GLOBAL FASHION AND LUXURY MARKETS

2.1 Fashion and Luxury Market Overview

INTRODUCTION TO FASHION

The idea of the international fashion industry is a result of the modern age.[16] Before the mid-nineteenth century, most of the clothes were uniquely designed. It was handcrafted for people, either as home creation or on request to dressmakers and tailors. By the start of the twentieth century, thanks to the ascent of new innovations, the proliferation of the capitalistic thought, the improvement of production processes in factories, as well as the multiplication of retail outlets, fashion had progressively come to be mass-produced in standard sizes and sold at fixed prices. Although the fashion business was created in Europe and America, as of 2019, it has become a universal and extremely globalized industry, with attire being designed, produced, distributed and sold all around the world. The industry follows different steps to reach the final consumer. It goes through design and production, retailing and merchandising, marketing and fashion shows in order to finally get in contact with the consumer, indeed, the ultimate goal is to fulfill consumer needs, and most of all, desires, to make profits.

FASHION FIGURES

The fashion industry, as of 2018 data, was worth more than 3 trillion dollars[17], meaning, 2 percent of the current world's Gross Domestic Product (GDP). This success is partly due to the Luxury Market, indeed, its retail value accounts for 920 billion dollars[18]. Those numbers are produced by an increasing quantity of companies entering the market even though most of the time it's not the huge groups that generate interest in the consumers but their single brands. Those companies are normally incredibly big houses of brands. They own the brands even though the latter does not bring the name of the group. Inditex group is probably one of the most known and biggest in its category. Inditex, indeed, owns more 8 Brands and none of

[16] Encyclopædia Britannica, Retrieved from http://global.britannica.com/EBchecked/topic/1706624/fashion-industry - Accessed: 07/06/2019
[17] Global Fashion Industry Statistics – Retrieved from https://fashionunited.com/global-fashion-industry-statistics/ - Accessed: 07/06/2019
[18] Boston Consulting Group. (2019). *2019 True - Luxury Global Consumer Insight*. Milan: Altagamma

them takes the name of its house. The fashion industry is ever-evolving, in 2018 it has reached an incredible turning point, most of the apparel and footwear sales were being generated in the Asia Pacific and Latin America. Those numbers are highlighting how the sales in the Fashion industry are moving away from North America and Europe, notoriously the best buyers in the world as regards this category. This stunning event touched many of the industry executives. In the areas of the Asia Pacific and Latin America defined their future in more optimistic terms compared to those working in the old continent. The circumstances are affected not only by geography but by the segments as well. The progressing polarization of the business through people moving up or down from mid-market price range is worrying those companies working in the middle segment, while, those brands dealing with luxury, value or discount segments, further get speed. The curiosity about the top segment growth is about absolute luxury growing together with affordable luxury. These advancements happen at the same time as the fashion business is experiencing other transformative movements. As soon as consumers are getting more and more familiar with digital, their expectations are increasing too. People, in fact, are able to perform more investigations regarding convenience, value, quality, freshness, and customization. In order to succeed in their segment, players need to gather very clear consumer insights to plan actions and take decisions, ultimately changing their business model in an attempt to stand out from the competition. The performance gap among leaders and strugglers keeps on increasing: from 2005 to 2015, the main 20 percent of fashion organizations contributed 100 percent of the monetary benefit, while in 2016, the main 20 percent contribution had expanded to 128 percent. The difficulties of working in an ever-changing, unstable industry and in an uncertain macroeconomic environment have made players come to acknowledge ‘unpredictability’ as the business new normal. APAC emerging countries and emerging Europe will probably increase their spending, viewing more international companies entering those markets. To predict how this industry will evolve in 2019, McKinsey & Company report[19] can help in understanding the situation better. To the question: What are the 5 adjectives you would use to describe how you feel about the fashion industry in 2018 so far?[20] The figure below shows the summarized answers.

[19] Survey carried out by McKinsey & Company; it has been submitted to executives working in the industry.
[20] Amed, I., Berg, A., Beltrami, M., Rölkens, F., & Balchandani, A. (2018). The State of Fashion 2019: A year of awakening. McKinsey & Company.

Figure 2.1 – Answers to McKinsey Survey

New

	2016	2017	2018
First	**Uncertain** 54	**Uncertain** 53	**Changing** 34
Second	**Changing** 31	**Challenging** 32	**Digital** 26
Third	**Challenging** 29	**Optimistic** 21	**Fast** 25

Source: BoF-McKinsey State of Fashion Survey

It is clear how this industry is changing very fast, especially in the digital field. The answers to other questions, in the McKinsey report, specified that the main challenge of the year will concern the uncertainty and the volatility in the economy. By geography, it seems that the best expectations on 2019 are expressed by North Americans followed by Europeans, last Asians. By segment, luxury executives are those who conveyed more optimism.

FOCUS ON LUXURY

The term Luxury is hard to define since its etymology goes far back in history. The one I stick to is supplied by Oxford Dictionaries that define it as *"From Middle English (denoting lechery), from Old French luxurie, luxure, from Latin luxuria, from luxus 'excess'. The earliest current sense dates from the mid-17th century."*[21]

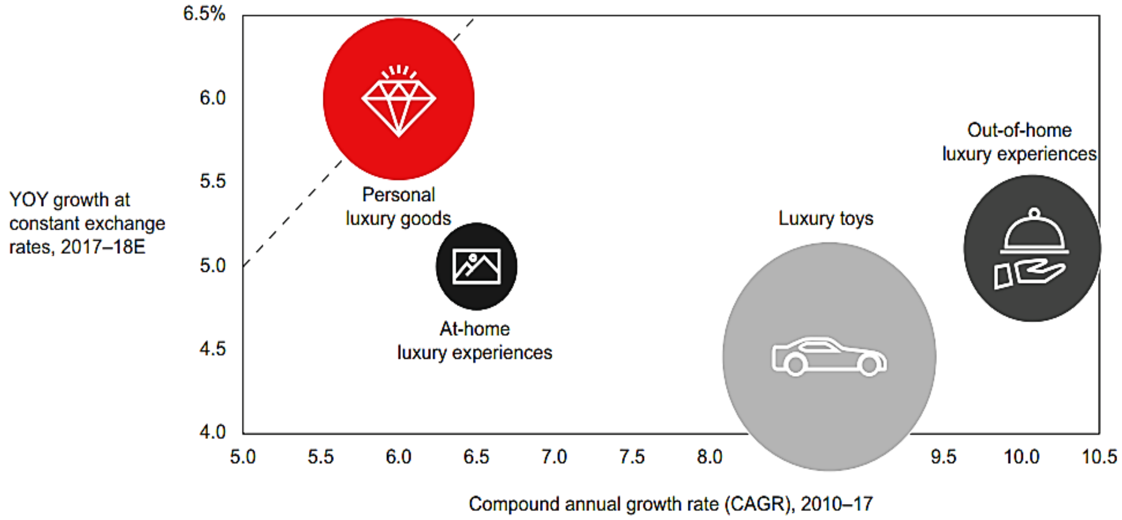
As microeconomics teach us, luxury goods have a higher income elasticity of demand: as individuals become wealthier, they will purchase proportionately more luxury products. Likewise, as the wealthiness of people decreases, the demand for luxury goods decreases too, more than proportionally. This means that luxury goods may turn into necessity goods or even inferior goods at various income levels. Some luxury items have been professed to be Veblen goods, meaning that they have a positive price elasticity of demand[22]. Going deeper into the luxury market makes it possible to gather some more detailed information about luxury

[21] Oxford. (2019). Luxury. *Oxford Living Dictionaries*. Retrieved from https://en.oxforddictionaries.com/definition/luxury - Accessed: 06/20/2019

[22] Kemp, S. (1998). Perceiving luxury and necessity. *Journal of Economic Psychology*, *19*(5), 591-606

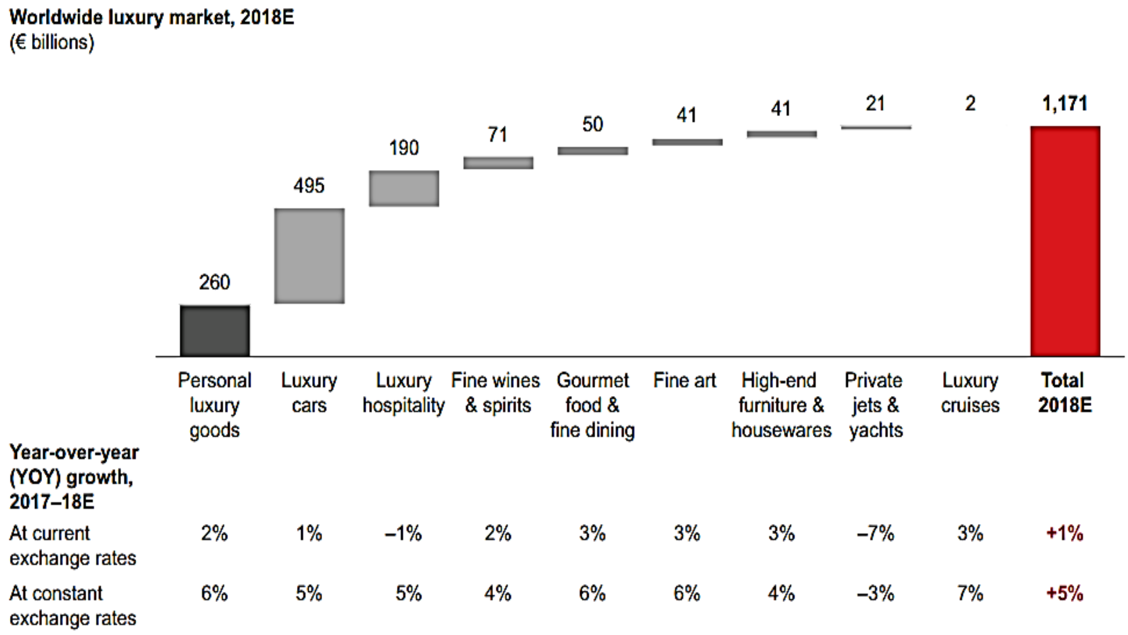
brands and luxury market segments that are to grow in the next future. The luxury market is worth around 920 billion euro in 2018. Forecasts are positive about this market to growth 4-5 percent annually until 2025[23]. Personal luxury goods have been able to account for €260 billion (6 percent growth)[24].

Graph 2.1 – Growth rate in the luxury market by macro-segments



Source: Bain & Company

Graph 2.2 – Growth rate in the luxury market by segments



Source: Bain & Company

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[23] Boston Consulting Group. (2019). *2019 True - Luxury Global Consumer Insight*. Milan: Altagamma.
[24] Bain & Company. (2019). Luxury goods worldwide market study, fall–winter 2018. Altagamma.

- By segment, shoes and jewelry have recorded the highest growth rate, obtaining 7 percent each, just below we find handbags and beauty. Watches stayed constant, while apparel slowed down, mainly due to lackluster sales in the menswear segment.
- By geography, Europe remained the top seller in luxury, maintaining 32 percent, followed by America (31%), Asia, ex-Japan (24%) and Japan (8%).
- By demography, the Chinese gained 32 percent share of sales followed by American (22%), European (18%) and Japanese (10%). As for 2017, the main contributors to the increasing rate of growth in luxury have been Chinese people. Indeed, they seemed to increase the demand versus the previous year, increasing their share of sales from 32 to 33 percent. In Japan, luxury sales growth reduced a little, expanding 6 percent to €22 billion. Throughout the rest of Asia, sales raised 9 percent to €39 billion.

As regards the distribution trends, there is evidence that the wholesale remains the preferred channel for luxury consumers, even though owned retail is growing rapidly[25].

The last years' hot topic has been the online sales in luxury, in fact as of November 2018 data, they accounted for 10 percent. Since online sales are expected to grow up to 25 percent by 2025, it represents an incredible opportunity for brands to work on to beat the competition.

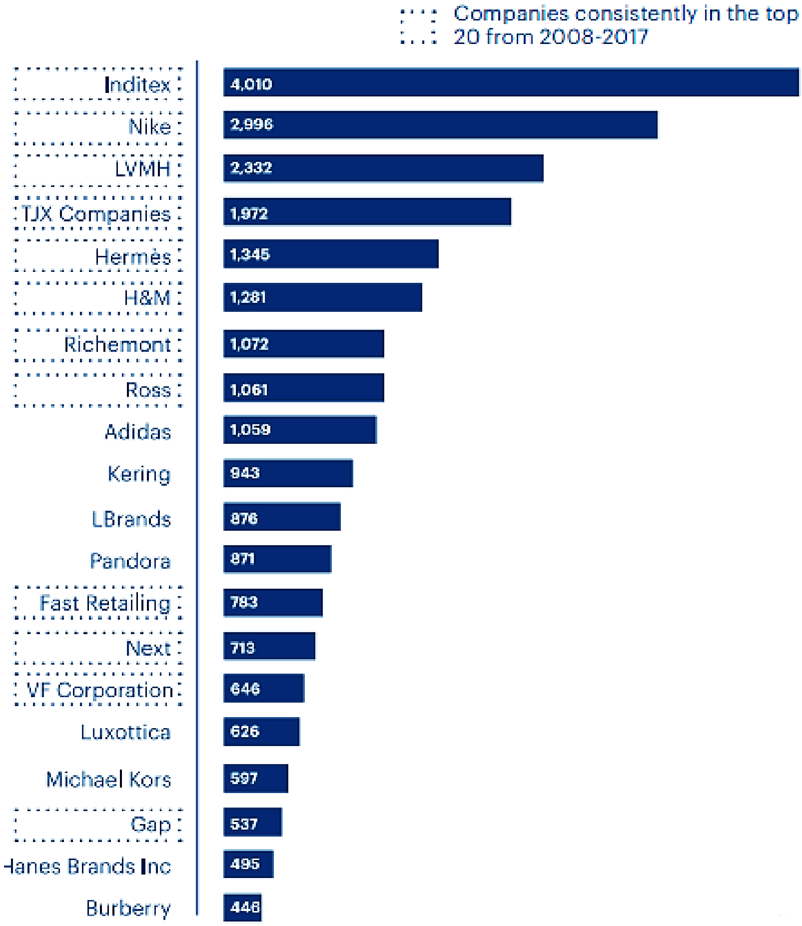
2.2 Major Groups Owning the Market

Understanding the fashion and luxury business world is not an easy task. The market is formed by some huge groups which own the most famous brands. Here I will explain briefly what the main competitors are, in order to have an idea of the market composition.

It is almost impossible to make a division between luxury groups and fashion groups since many of them own both luxury brands and fashion ones. The graph can help in showing the most significant ones.

[25] Bain & Company. (2019). Luxury goods worldwide market study, fall–winter 2018. Altagamma.

Graph 2.3 – Top 20 players 2017, by economic profit, US$ in million



Source: McKinsey Global Fashion Index (MGFI)

Those 20 companies generated 97 percent of the global profit of the entire industry during 2017. This figure demonstrates that Inditex is the unbeatable group, owning 8 of the major Brands competing in the fast fashion industry. In this ranking other two companies capture the attention, in fact, both Nike and Adidas are solid players, both worth more than 1 billion dollars. By 2024, sportswear is expected to grow up to 231.7 billion dollars. This growth is probably due to the new trend of living healthier lives by practicing more sports and more often. This is increasing the activities people participate to, increasing year after year the sales of sportswear brands. It should be noticed the presence in the ranking of big luxury conglomerates such as LVMH, Richemont, Kering, and Luxottica. As I showed in the previous section, luxury brands are leading the fashion industry growing both in sales and in internationalization. LVMH Group is by far the most important one, with its more than 80 different Brands, the group is succeeding thanks to sophisticated management and to its differentiated portfolio. LVMH owns absolute luxury brands as well as premium ones, allowing the group to compete in different markets, to target many segments and ultimately to satisfy different needs. To filter the research about 'who rules the industry', another ranking can be addressed. The following table considers just luxury Brands, not including fashion ones.

Table 2.1 – Savigny Luxury Index

Index Components	Market Cap Eur m	MTD Price Change (%)	P/E 2019 (x)	EV/2019 Sales (x)	EV/2019 EBITDA (x)	Est. Sales Growth (%)
LVMH	141,282	8.3	20.1	2.7	10.4	7.6
Hermès	55,520	8.2	37.6	7.7	20.3	9.1
Kering	55,406	6.3	17.2	3.6	10.9	11.4
Estée Lauder	43,254	4.9	25.3	3.1	14.4	6.1
Richemont	31,394	8.6	20.9	1.8	8.6	6.9
Luxottica	25,254	0.4	23.9	2.8	12.9	5.7
Swatch	13,762	(0.5)	14.8	1.9	9.1	2.9
Tapestry	9,803	14.7	12.5	1.7	7.3	5.3
Tiffany	9,451	10.2	18.2	2.3	9.8	2.5
Burberry	8,494	3.8	21.0	2.3	10.5	2.4
Moncler	8,433	13.7	23.5	4.6	13.4	14.5
Ralph Lauren	8,163	12.3	15.7	1.2	7.1	1.4
Prada	7,384	0.4	203.4	2.1	10.4	6.8
Capri Holdings	5,577	12.0	8.7	1.1	5.4	20.2
Ferragamo	2,961	(0.9)	25.3	2.0	12.1	3.5
Brunello Cucinelli	2,152	5.0	38.2	3.3	18.7	9.1
Tod's	1,347	(1.6)	21.5	1.5	10.1	3.2
Safilo	223	15.0	(24.8)	0.3	9.4	2.9
SLI	429,861	7.1	25.5	3.3	12.0	7.7

Source: Reuters, January 2019

According to the 'Savigny Luxury Index', LVMH enjoys a Market Cap that almost triples that of the second-ranked, Hermès. Capri Holdings, the last arrived in the conglomerates' battlefield, has been introduced in the ranking with double-digit growth estimations.[26]

*Figure 2.2 - Global average revenue per capita by category comparison, 2012,2019,2023**

Category	Average Revenue per Capita 2012	Average Revenue per Capita 2019	Average Revenue per Capita 2023
Luxury Leather Goods	US$3.07	US$4.98	US$5.71
Luxury Watches & Jewelry	US$6.46	US$7.91	US$8.30
Luxury Fashion	US$12.60	US$15.32	US$16.17
Luxury Eyewear	US$2.54	US$3.01	US$3.12
Prestige Cosmetics & Fragrances	US$8.46	US$11.74	US$13.33

Source: Personal elaboration

[26] The Growth of Sales in Sportswear | Markets Insider. (2019). Retrieved from https://markets.businessinsider.com/news/stocks/the-growth-of-sales-in-sportswear-1002249734 – Accessed: 07/19/2019

From here, it is clear how the division of Revenue per capita is distributed. In fact, the luxury eyewear in the 7 percent of the entire revenue. This numbers are very good for the category, as the figure shows, the segment has grown over the last years and will continue to increase its share in the next.

2.3 Japanese Market Overview

The Japanese economy has popularly been lethargic in the last 20 years, still, the market is incredibly vast and the government has applied many extensive reforms that are intended to bolster the recovery even further. Japan is, in fact, continuing to shape different remarkable statistics. For instance, the economy of Tokyo is larger than that of entire Russia, while the Chubu region of central Japan is valued more than the GDP of South Korea. Like any country, Japan is experiencing dramatic social changes, including the quick aging of its population, positioning itself as the eldest country in the world. As a matter of fact, it offers good occasions for businesses that focus on the elderly-care sector and connected businesses as these elder consumers rise in number and, their dietary requirements change.[27] Another area with upright potential is education, indeed, more parents are starting to acknowledge the importance of imparting their children a more globalized outlook, with specific stress on English language learning from an early age.

A few facts supporting the Japanese Market are:

1. 62 Fortune 500 companies are Japanese (the UK has 26).
2. Japan claims the highest number of millionaires in Asia.
3. Japan has the fourth highest R&D expenditure in the world at 3.39 percent of world GDP.
4. A stable place to do business: commitments are supported and things happen on time.

With a stunning 1.9 million Japanese people being millionaires, there is obviously a great number of people willing to spend money on products they like. Moreover, the Japanese are, without hesitation, enthusiasts of both cutting-edge technologies and services and, high-quality imported products. Consumers seem to look for products that show particular attention on quality and reliability, as well as, on the style and the sense of tradition. The people that

[27] Business Opportunities in Japan – Retrieved from http://www.agr.gc.ca/resources/prod/Internet-Internet/MISB-DGSIM/ATS-SEA/PDF/6779-eng.pdf - Accessed: 06/07/2019

today have high levels of disposable income are those who made money during the rapid economic ascent of Japan, now, those consumers are likely to be retired. The over-60s, indeed, are the kind of consumers that are not worried about spending money on their families nor on themselves. The Japanese personal wealth appears to be particularly high; it amounts to $12.8 trillion in net financial assets, held by households.

Japanese consumers show particular love for European products going from fashion to automotive as well as food and drinks. Another factor attracting the Japanese to the European companies concerns the latter strong know-how about chemicals, construction, engineering, transportation, communications, consulting, energy, biotechnology, pharmaceuticals, and many other sectors.

Japan boasts one of the world's major fashion markets. In Asia, Tokyo constitutes a center of creative fashion, with foreign designer together with Japanese ones operating in ultra-trendy neighborhoods such as Harajuku, Shibuya, Daikanyama, and Omote Sando. Trends change frequently guided by fashion-savvy and affluent consumers. Japan claims about 250 department stores, 500 fashion boutique chains, and several other independent stores. The European and US fashion is well regarded between Japanese consumers who value the uniqueness of the design and appreciate the heritage of the fashion brands.[28]

JAPANESE LUXURY OUTLOOK AND HOW IT IS CHANGING

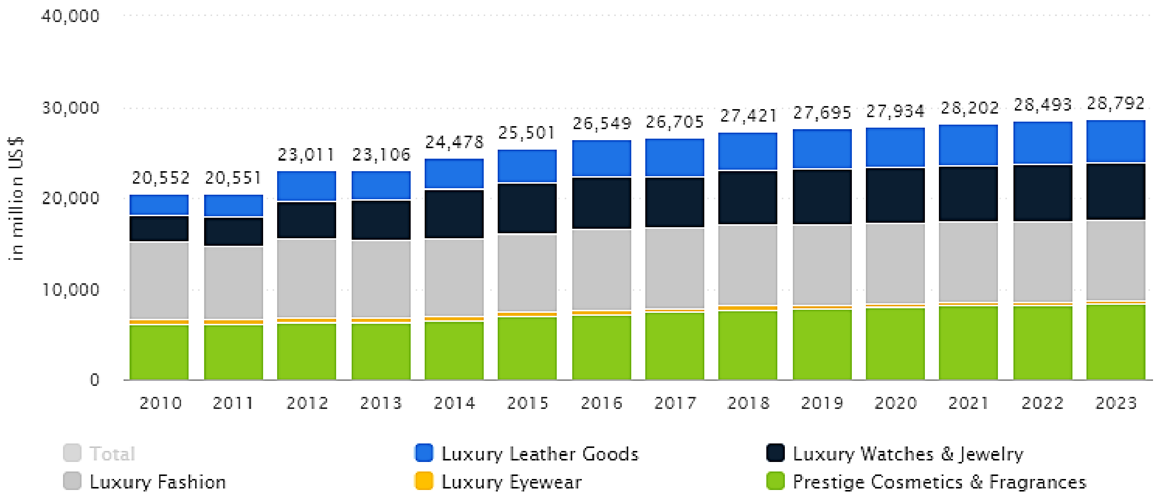
Japan's luxury products market is developing consistently yet again, around five years after it was knocked off course. The worldwide financial crisis in 2011, trailed by the Tōhoku and Fukushima disasters, hurt shopper confidence that caused luxury spending in Japan to recoil and saw the world's third-biggest economy to fall into long stretches of lukewarm development and deflation. Nowadays, Japan appears changed. As indicated by another report by McKinsey and Co,[29] the Japanese consumers are currently spending 3.6 trillion yen (around $33 billion) every year on luxury. This is little in contrast, still not significantly, with what has been found out from another report from Statista that claims the revenue in the

[28] Japanese Market overview – Retrieved from https://exporttojapan.co.uk/guide/getting-started/japanese-market-overview/ - Accessed: 06/07/2019

[29] This original report is only to be shared with Business of Fashion, thereby, it is only consultable the article which uses McKinsey' report data.

luxury goods market amounts to US$27,695m in 2019, expecting the market to grow annually by 1 percent (CAGR 2019-2023)[30].

Graph 2.4 – Revenue in Japan by category in the luxury market 2010-2023



Source: Statista

The companies who are leading the market are likewise feeling increasingly optimistic, with over 50 percent of luxury executives, reviewed by McKinsey, which consider Japan a growth organ for profit generation. As a matter of fact, Japan constitutes from 30 to 40 percent of some worldwide brands' profitability. The nation is in the groove again, this new positive environment has been set out by the economic policy, known as "Abenomics" implemented by the prime minister Shinzō Abe[31]. The arrangement pushed the Japanese economy into rising wages, addressing spending and inflation, since its launch in 2013[32].

Japan is the third-biggest luxury market in the world, behind the United States and China, and it is projected to grow around 1 percent throughout the following 4 years.

[30] CAGR 2019-2023 in Japanese Luxury Market - https://www.statista.com/outlook/21000000/121/luxury-goods/japan - Accessed 08/15/2019

[31] Abenomics – Retrieved from https://www.japan.go.jp/abenomics/about/ - Accessed: 08/15/2019

[32] Macnaughtan, H. (2015). Womenomics for Japan: is the Abe policy for gendered employment viable in an era of precarity?. *The Asia-Pacific Journal*, *13*(12/1).

Figure 2.3 – Global comparison in revenue in US$

Top 5	
United States	US$69,365m
China	US$48,558m
Japan	**US$27,695m**
United Kingdom	US$20,254m
Germany	US$16,007m

Source: Statista

Globally, indeed, the highest revenue in this market has been produced in the US in which the luxury market worth is US$69,365m in 2019.[33]

As we can see from Figure 3.2 the average revenue per capita, as regards the Japanese luxury market is very high, touching US$218.3.

Figure 2.4 – Japanese Luxury Market Revenue and revenue per capita in US$

Revenue (2019) +1.0% yoy

US$27,695m

Average Revenue per Capita (2019) +1.3% yoy

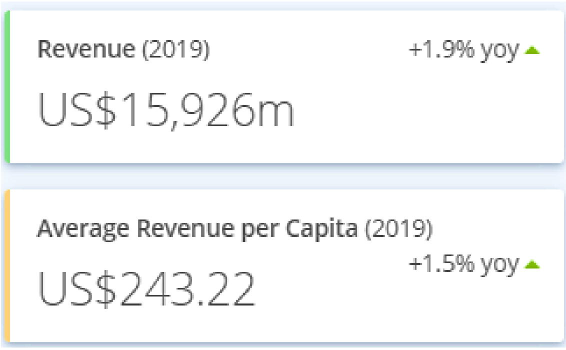
US$218.32

Source: Statista

In order to provide an idea of the magnitude of these numbers, the comparison with France can help. France, as a matter of facts, has always been one of the main luxury consumers and one of the richest countries in Europe.

[33] The "Revenue" graph shows the forecasted revenue development of the selected market (market segment, region) in millions of US$ for each year. The was published by Statista.

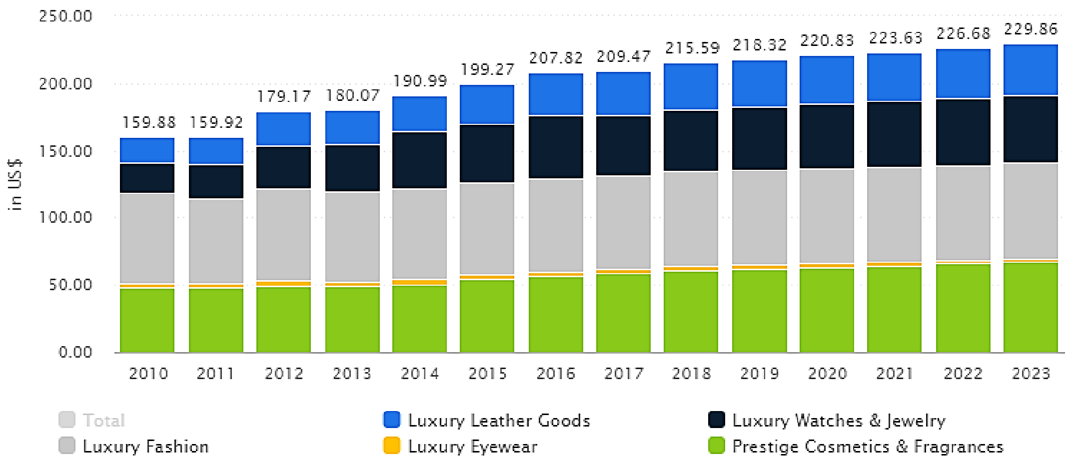
Figure 2.5 – French Luxury Market Revenue and revenue per capita in US$



Source: Statista

The comparison between the two nations' economies gives a scale to look at. Japan demonstrates to be very profitable even though the Average Revenue Per Capita is still quite below the French one. This comparison suggests the potential that international companies are trying to take advantage of, as increasing the spending per person would give a jump to their profits.

Graph 2.5 – Japanese average luxury revenue per capita in US$ 2010-2023



Source: Statista

This graph shows how the revenue per capita changed over the years and, while it is visible the increase by almost US$70 in total revenue per capita from 2010 to the projection for 2023, some more tables are needed to see how the segments moved during those 13 years of analysis.

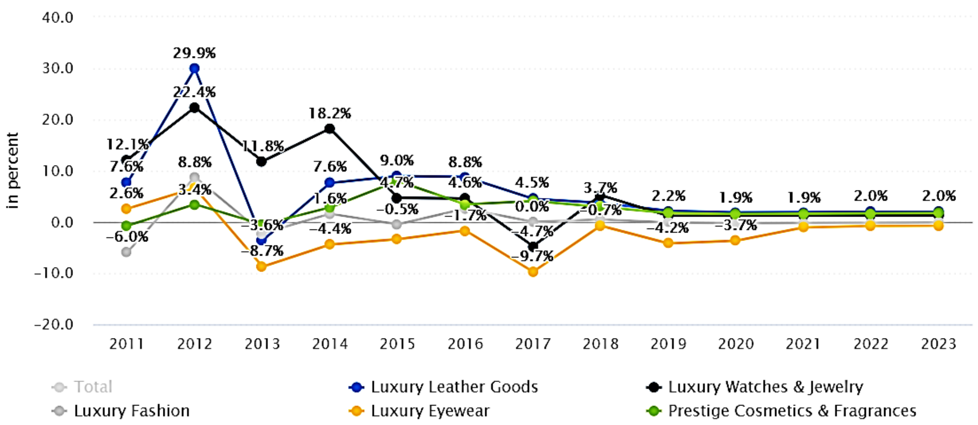
*Figure 2.6 – Japanese average revenue per capita by category comparison, 2010,2019,2023**

Average Revenue per Capita 2010		Average Revenue per Capita 2019		Average Revenue per Capita 2023	
Luxury Leather Goods	US$18.46	Luxury Leather Goods	US$35.59	Luxury Leather Goods	US$38.91
Luxury Watches & Jewelry	US$23.22	Luxury Watches & Jewelry	US$47.40	Luxury Watches & Jewelry	US$50.46
Luxury Fashion	US$66.45	Luxury Fashion	US$70.17	Luxury Fashion	US$70.52
Luxury Eyewear	US$3.66	Luxury Eyewear	US$2.88	Luxury Eyewear	US$2.74
Prestige Cosmetics & Fragrances	US$48.09	Prestige Cosmetics & Fragrances	US$62.28	Prestige Cosmetics & Fragrances	US$67.23

Source: Personal elaboration

This figure illustrates the different luxury sectors composing the market together with their individual value. Comparing the three different years, we can see that all the categories have been growing, but one, the luxury eyewear segment, in fact, decreased over the years by 21 percent from 2010 to 2019 and is still projected to decrease within 2023. The best-growing segment is 'Watches and Jewelry' that saw an increase of 104 percent, followed by 'Leather Goods' with 93 percent increase, 'Prestige cosmetics and Fragrances' got a 30 percent growth and last the 'Luxury Fashion' with just 4 percent. From 2019 to 2023 the situation seems to stay constant enough, confirming the 1 percent CAGR claimed before. Moreover, the luxury eyewear segments accounts around the 2 percent of the total revenue per person.

Graph 2.6 – Japanese luxury revenue growth by category 2011-2023

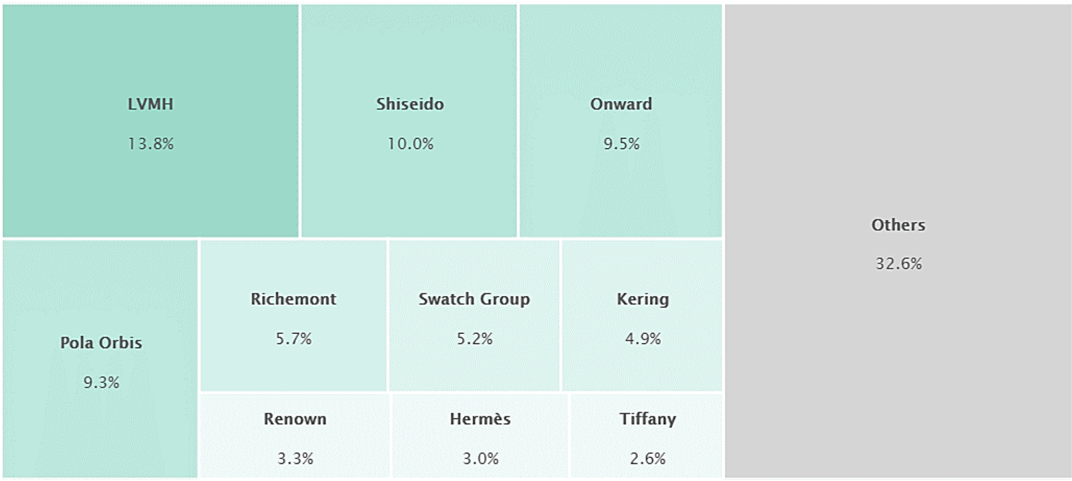


Source: Statista

Graph 3.3 shows the revenue growth by category over the years, from 2011 until 2017 there have been many up and downs for the categories under analysis, but if we look at the most recent years, mainly from 2018, we can see how the market is getting stable.

It could mean that market maturity has been approached, inducing the market to grow little and constantly.[34] The competitive landscape in Japan saw many entrants in the last decade. Many luxury companies caught the opportunity and sought to increase their market share; these circumstances brought the competition up to the current situation which sees the LVMH Group leading luxury in Japan with a 13.8 percent market share.

Figure 2.7 – Japanese luxury market share



Source: Statista

As we see from the figure above, LVMH is followed by the domestic brand Shiseido, going on with Onward and Pola Orbis, arriving at shares worth less than 6 percent owned by the other big European groups. Interesting, more than a third of the market is jeopardized between smaller brands.[35]

Insights On Japanese Luxury Consumers

Analyzing a little bit more the demographics fondness, Millennials are showing a preference for brands like Céline, Balenciaga, and Gucci, which are fashionable all over the world. On the opposite, older generations of Japanese are making purchases to declare their status quo, getting closer to brands like Hermès and Chanel, which are viewed as very reliable and owning a heritage. Nonetheless, caution should be taken since individual expression continues to play a fundamental role, mainly through affordable price points and accessory driving the

[34] Revenue Growth: The "Revenue Growth" box shows the year-over-year revenue change of the Japanese luxury market by category in percentage terms.

[35] Luxury goods in Japan – Retrieved from https://www.statista.com/outlook/21000000/121/luxury-goods/japan#market-arpu - Accessed: 06/12/2019

way. Indeed, Millennials are expected to wear not just one single luxury brand, but they will probably prefer to use them together with less-known brands. Japanese Millennials seem to be very optimistic about the future, and how much they will spend on luxury, will depend on how they will like to express their own style. This fact poses a big challenge to the companies since the Japanese styles are very different, going from the doll-like kawaii to the avant-garde fashion-forward designers.[36] Japanese department stores have seen a period of decline, encountering a 4 percent decay every year from 2010 to 2016, yet they remain the essential spot for Japanese to purchase luxury products. Among the buyers reviewed in the report, 70 percent still purchase luxury items in a department store. The distinction currently is that department stores face competition from brands' free-standing stores, duty-free stores, outlets, and online stores. Nevertheless, department stores still appeal to older customers who keep on doing most of their shopping there, yet future development will originate from other more youthful focus shopping channels. Home to the most recent affordable luxury brands are the "fashion buildings", multi-story malls frequently situated inside or near train stations. Fashion buildings are now representing 15 percent of luxury shopping and are increasing at 7 percent every year. Fashion buildings and select stores have likewise grasped another pattern, that is influencing the Japanese luxury, that is the "experiential shopping". Examples of these malls are Ginza Six in Tokyo or Doton in Osaka that recently opened and that offer exceptionally experiential spots. In fact, it appears that the younger generation places more importance to the place in which they go to buy instead of the brand that they are going to buy. Tourism is one of the contributors to the positive image of Japan, just Chinese tourists make up 7 to 10 percent of the Japanese luxury market, mainly because of the higher prices for luxury goods in China. The trend to buy in Japan to come back to China and resell the luxury good for higher prices is speeding up, getting quite popular. In the wake of the 2020 Tokyo Olympics, tourists should be able to further increase the market. If the Japanese government undertakes actions to improve the attractiveness of its cities and works on methods to ease the visiting journey of tourists could exploit at best the event that it's going to take place next year. Although cities like Kyoto and Osaka are becoming more popular in the last years, the Japanese luxury market numbers are driven almost by Tokyo alone. Indeed, the capital city accounts for one-third of the country luxury market and has been driving 40 to 45 percent of the market growth in the last four years. Looking at the data, 10 million overseas

[36] Japan's Luxury Market enters a New Era – Retrieved from https://www.businessoffashion.com/articles/global-currents/japans-luxury-market-enters-a-new-era - Accessed: 06/07/2019

travelers went to Osaka in 2016, this indicates a 363 percent increase in five years. This unexpected huge increase in visitors is clearly boosting the local economy. Indeed, duty-free revenue at department stores, in the region, grew 60 percent in the first eight months of 2017 from the same period a year earlier. Japanese online sales concerning luxury reached just 7 percent penetration, positioning the country below China and Korea. Indeed, many brands are unwilling to develop a better online sales channel, this is due to the importance that retailers still have between the luxury available channels. The Japanese put extreme focus on the services provided in the shop, thus evaluating the staff kindness and the overall service quality. This point is crucial to consumers, in fact, it is one of the main reasons for the Japanese in deciding if to come back to the store in the future. Nevertheless, companies that are able to create a comprehensive digital journey have more chances to succeed in the channel. Luxury consumers, younger and older, need to be getting used to the online journey in order to prepare themselves to ultimately choose what product and brand they could purchase. Looking at the dedicated luxury e-commerce, there are a few working both in English and Japanese. Not just locals but even international famous e-commerce portals are missing in Japan, not even department stores invest in the online shop, although platforms like Net-a-Porter show an increasing presence. Shoppers are not comfortable in purchasing luxury on the internet and in order to change the consumer mindset it is needed some strong actions implemented by the key players, managing to create ‘the’ perfect offer allowing the consumers to be educated about online luxury shopping.

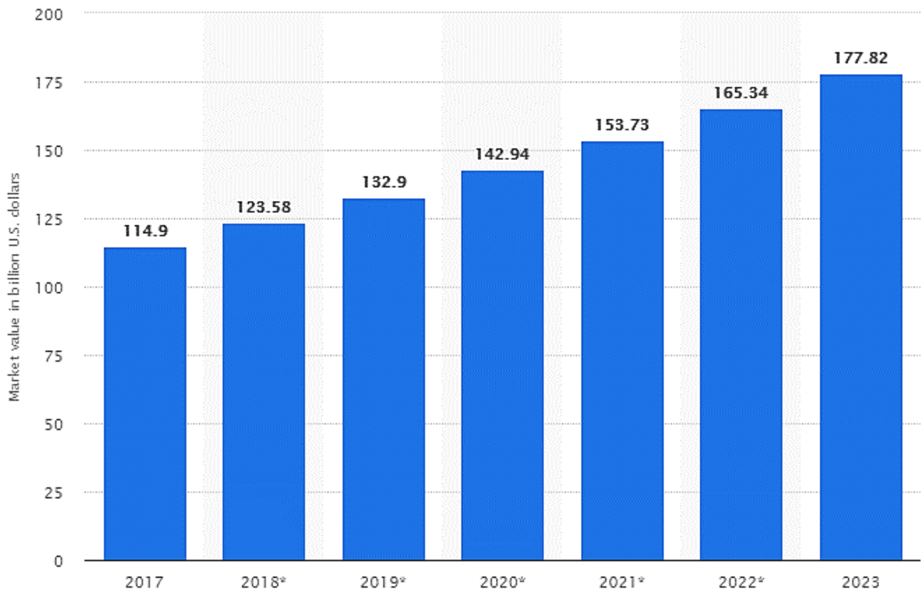
Chapter 3

EYEWEAR MARKET

3.1 Global Eyewear Market

According to a research report by Global Market Insights, Inc, the global eyewear market was estimated to be worth around 115 billion U.S. dollars in 2017 and it is projected to exceed U.S. dollars 180 billion in value and 1.3 billion in volume by 2024.

Graph 3.1 – Value of the global eyewear market from 2017 to 2023



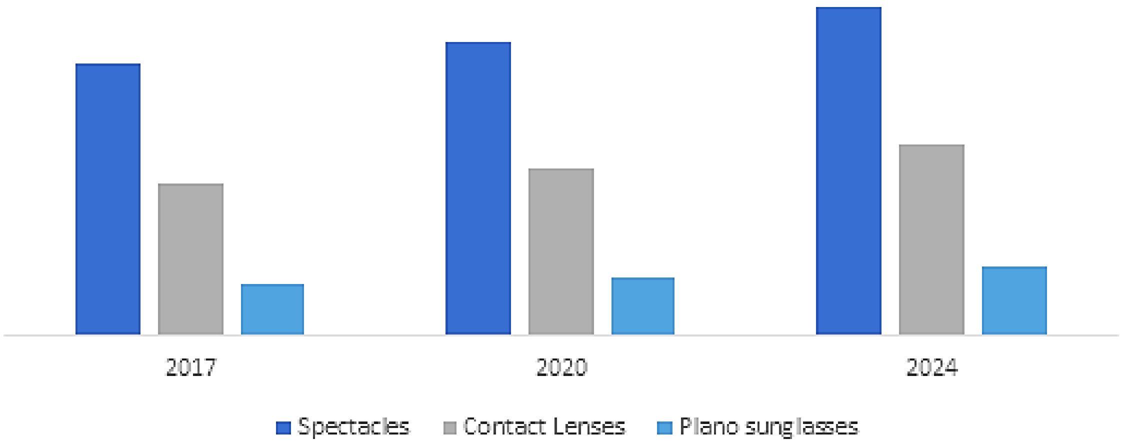
Source: Statista

To comprehend how this industry works, first, a good understanding of the products which compose it, is needed.

The entire market revolves around three main product types:

- prescription (Rx) eyeglasses,
- non-prescription (plano) sunglasses,
- over the counter (OTC) readers, and
- contact lenses.

Graph 3.2 – Europe Eyewear Market Size, By Product, 2016, 2020, 2024, in million units



Source: Global Market Insight

Growth Drivers

Demand will increase significantly due to both consumers moving toward fashion spectacles and rising living standards. Indeed, increasing consumer purchasing power will propel the demand for lifestyle products, leading to the enlargement of the eyewear industry. Moreover, the working schedule is getting always busier boosting the eyes chronic diseases, as well as the aging population, urbanization and diabetic incidence all around the world, are all factors that tend to support the eyewear industry. Consumers seem to prefer high-end products or, at least, premium ones. As a matter of fact, companies will be encouraged to develop their products to ultimately create qualitative, technological vision wear. Advancements could bring increased profits to manufacturers. Most of the revenue growth will, probably, be generated by spectacles for children, remedial for myopia and by frames for reading[37]. The necessity for those solutions comes from the increase in usage of the digital display as smartphones as well as tablets and computers. In fact, blue light cut glasses have been introduced in the market in the last years, in order to prevent eye fatigue from the time spent watching digital screens. As concern contact lenses, they constitute a big segment of the industry, as much as 30 percent of the market share in 2017. Contact lenses will experience growth thanks to the development of the retail industry and rising demand for disposable lenses.

[37] Wadhwan, P. (2019). *Global Eyewear Market size worth $170bn by 2025.*

Essilor foresees that people who suffer forms of presbyopia will increase at a CAGR of 2.5 percent between 2015 and 2030[38], as well as, half of the global population will contract myopia by 2050. It's a key public health matter that will require global consideration on eye care prevention and action to avoid people becoming extremely myopic in the future.[39]

By Material

Concerning the type of frame, the one that will grow the fastest will be made by cellulose acetate. That kind of frames will account for more than 140 million units by 2024. This material is very resistant, can be adapted to the face of the wearer, it is lightweight and relatively cheap. As concerns, metal spectacles are projected to increase over 3 percent up to 2024. Rising demand for up-to-the-minute frames, especially between the younger generations. Coloring variants are getting the appeal, even the multi-colored frames or sunglasses. This change is creating demand, supporting the industry growth[40].

By Channel

Optical stores covered more than 25 percent of the industry share. The reason behind is the easy access to eye examination as well as consultation services offered.

The e-commerce in this industry is strong, indeed, it reached a value of USD 48 billion in 2017. The researches foresee a rapid development of the online channels due to competitive pricing along with lucrative discounts and offers, fueling sales for contact lenses and eyewear in general. Independent brand showrooms are estimated to produce a CAGR of over 3 percent up to 2024. Customer oriented service, consultation, and brand loyalty are the major factors driving sales through this channel. Another factor influencing market growth is the after-sale service provided by brands to build strong customer relationship and ultimately, loyalty.

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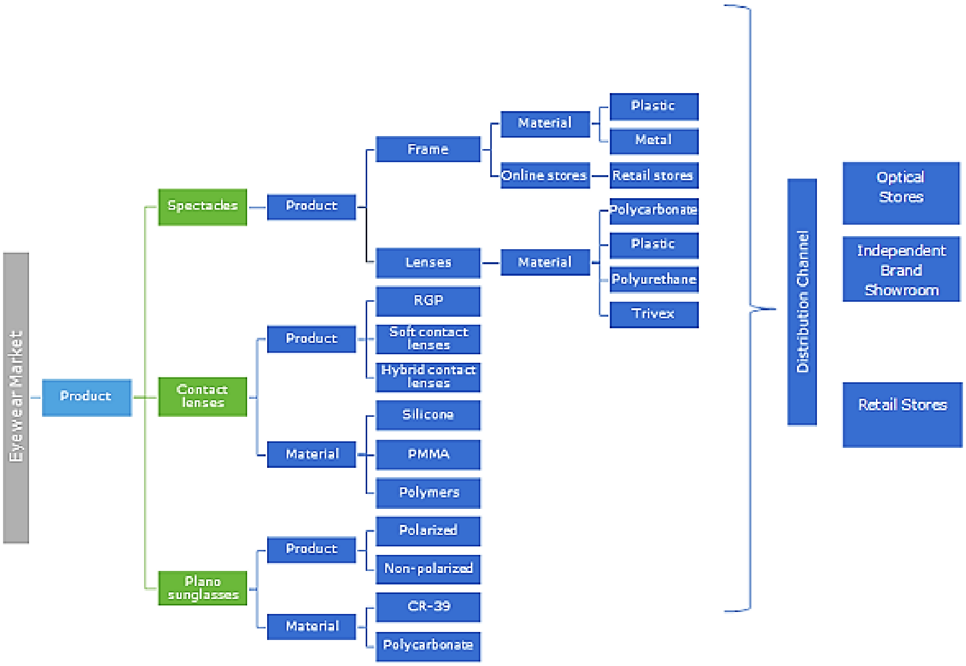
[38] Essilor leading the fight against myopia epidemic. Retrieved from https://visionworld.news/essilor-leading-the-fight-against-myopia-epidemic/ - Accessed: 08/22/2019

[39] Myopic people by 2050 – Retrieved from https://www.essilor.com/en/medias/news/according-to-a-study-half-the-world-will-be-myopic-by-2050/ - Accessed: 06/04/2019

[40] Wadhwan, P. (2019). *Global Eyewear Market size worth $170bn by 2025.*

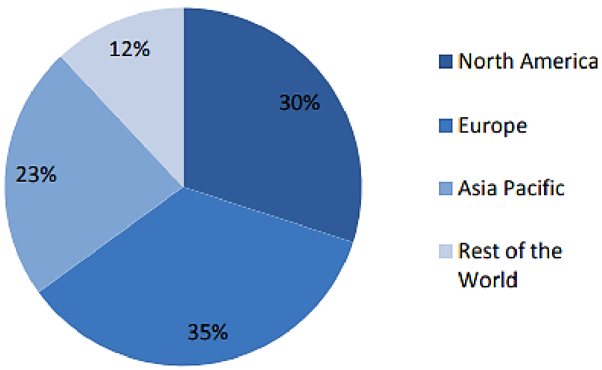
Figure 3.1 – Industry Background



Source: Global Market Insight 2017

By Geography

Graph 3.3 – Global eyewear market share by region (2016)



Source: Global Market Insight 2017

As the Graph shows, Europe is the major player as regards revenue share in the eyewear industry. This continent enjoys a high demand for eyewear that is expected to increase in the following years. According to Eurostat, 18 percent of the regional population aged over 65 in 2016 and a significant portion suffers vision diseases such as myopia, hyperopia, presbyopia, and astigmatism. This spurred demand for corrective eyewear in the region. North America produces high profits; it owns more than 30 percent of the market sales in terms of volume. The reasons behind this result are attributable to the high disposable income enjoyed by this region and to the increasing concern on eye healthiness. The Asia Pacific covered 20 percent of the total sales, with China catching over 30 percent of the share. APAC is expected to witness significant growth reaching 1,200 million units by 2024. Increasing penetration of luxury eyewear products along with a rising standard of living will fuel industry growth. Consumer awareness on regular eye checkups coupled with continuous government support, activated through various health programs, will propel regional industry growth. Latin America, with Brazil and Mexico as the main contributors, is expected to grow fast, with a 4,5 percent CAGR up to 2024.

Picture 3.1 – Global Statistics, Eyewear Market

Source: Global Market Insight

For having a medical support to what has been said, the World Health Organization (WHO), in 2018, claims that in the world, 1.3 billion people were estimated to suffer a form of vision impairment either near or distance types. As concerns the distance vision, 188.5 million have a mild vision impairment, 217 million suffer moderate to severe vision impairment, and 36 million people are blind. As concerns the near vision, 826 million people live with a near vision impairment. Since the population is experiencing growth and at the same time aging, there is a high probability of more people acquiring vision impairment.[41]

[41] World Health Organization – Retrieved from https://www.who.int/news-room/fact-sheets/detail/blindness-and-visual-impairment - Accessed: 06/04/2019

3.2 Eyewear in Japan

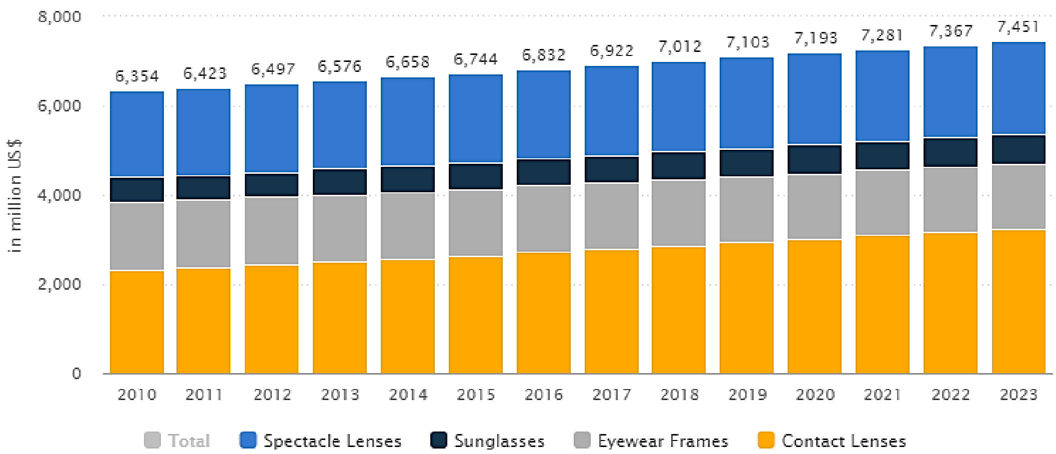
Eyewear in Japan, as I already mentioned, is always been a controversial topic, mainly in as regards sunglasses. Still, this industry proved itself a conspicuous source of revenue, it gained US$7,103m in 2019. The projected CAGR is 1.2 percent for the years 2019-2023. The country producing more revenue in the eyewear market is the United States with US$ 32,288m in 2019. The Average Revenue per Capita equals US$55.99.

Figure 3.2 – Japanese eyewear revenue in 2019

Source: Statista

Looking at the evolution of the revenue along a considerable time frame it is visible how the sales improved, particularly in the contact lenses segment.

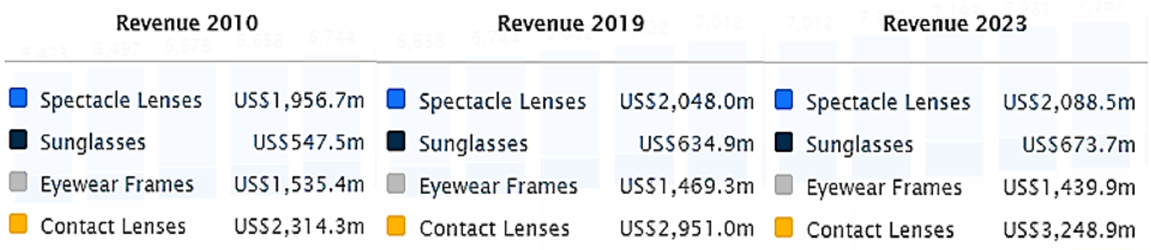
Graph 3.4 – Japanese eyewear market revenue in US$, 2010-2023



Source: Statista

In order to understand how the 4 segments changed over time, a closer look may be helpful.

Figure 3.3 – Segment Revenue Comparison 2010,2019,2023



Source: Personally elaborated

In the figure above, it's hard to say how those segments contribute to the total and how they've increased in 13 years. The share of total revenue that each category gained is much more useful in creating a rank of the most money-making segments.

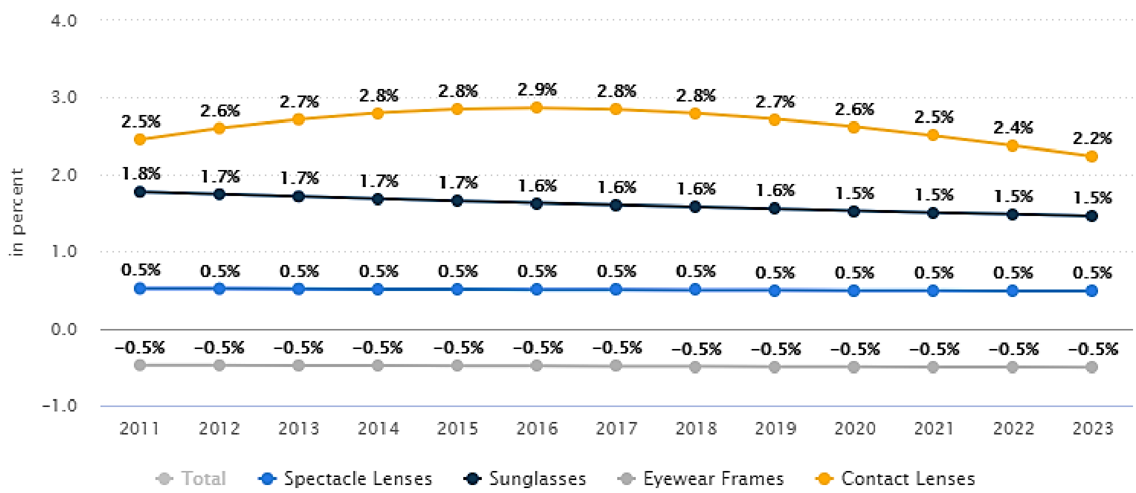
Table 3.1 – Share of revenue by segment comparison, 2010,2019,2023

	2010	2019	2023
Spectacles Lenses	31%	29%	28%
Sunglasses	9%	9%	9%
Eyewear Frames	24%	21%	19%
Contact Lenses	36%	41%	44%
Total	100%	100%	100%

Source: Personally elaborated

The table makes it very clear that the most incredible growth happened in the Contact Lenses where from 2010 to 2023 became almost 45 percent of the Japanese eyewear market. Eyewear frames and spectacle lenses have decreased their slice respectively 5 and 3 percent. Sunglasses have maintained the same Revenue proportion during the years, indeed their share didn't increase nor decrease over the years stabilizing at 9 percent.

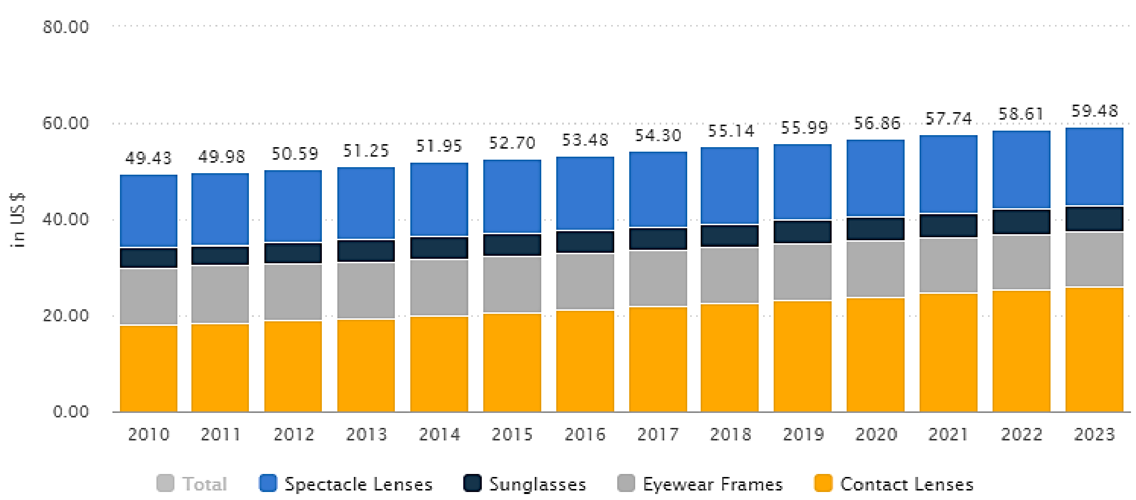
Graph 3.5 – Revenue growth by segment in percentage points, 2011-2023



Source: Statista

A small but constant growth has been registered in the Average Revenue per Person, in 13 years, this figure increased by US$10.05[42].

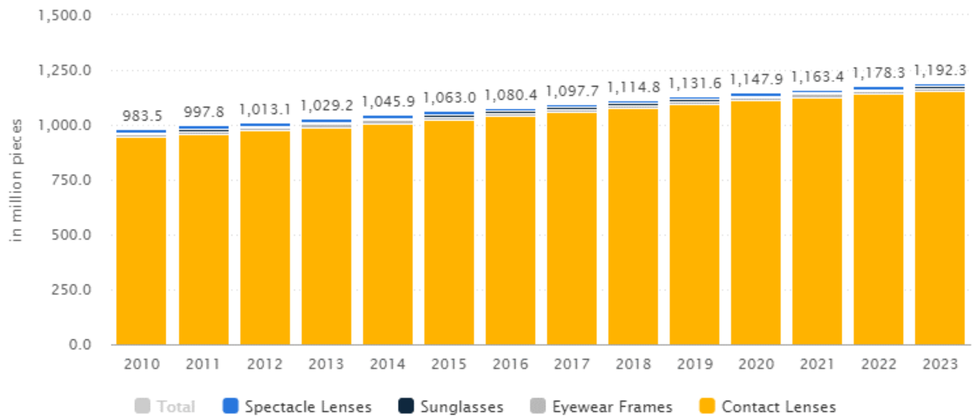
Graph 3.6 – Average revenue per person in US$, 2010-2023



Source: Statista

[42] Japanese Luxury Market - https://www.statista.com/outlook/21000000/121/luxury-goods/japan - Accessed 08/15/2019

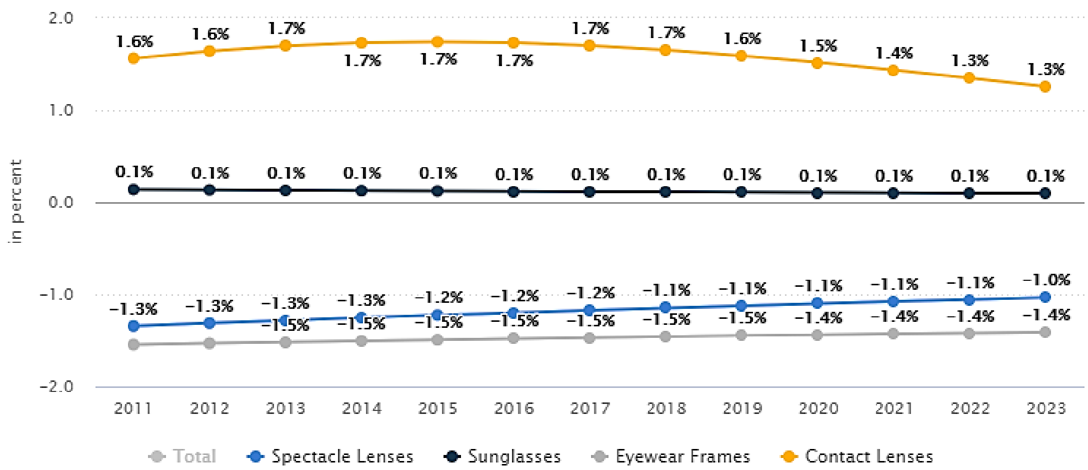
Graph 3.7 – Segments sales by volume in US$, 2010-2023



Source: Statista

In terms of volume, the graph above confirms the point made above, the most interesting growth was made by eye contact lenses.

Graph 3.8 - Segments sales by volume in percentages, 2010-2023

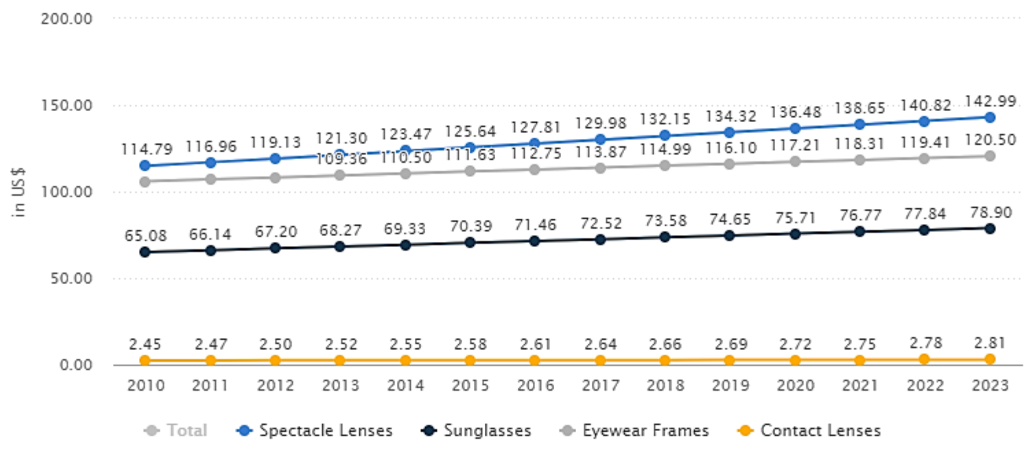


Source: Statista

In many graphs it seems that the segment of spectacles is losing the appeal, this is in part true. Still, as graph 3.5 shows, the revenue generated by the segment is increasing, indeed it has grown by 0,5 percent each year until today and is expected to grow at the same rate even in the following 4 years. To explain this, it proves helpful the next graph in which it is possible to see how the price per unit of spectacle lenses has had the largest increase.

This clarifies why the revenue is growing constantly while the units sold decrease year over year. The price increase in the segment has contributed to the revenue growth.

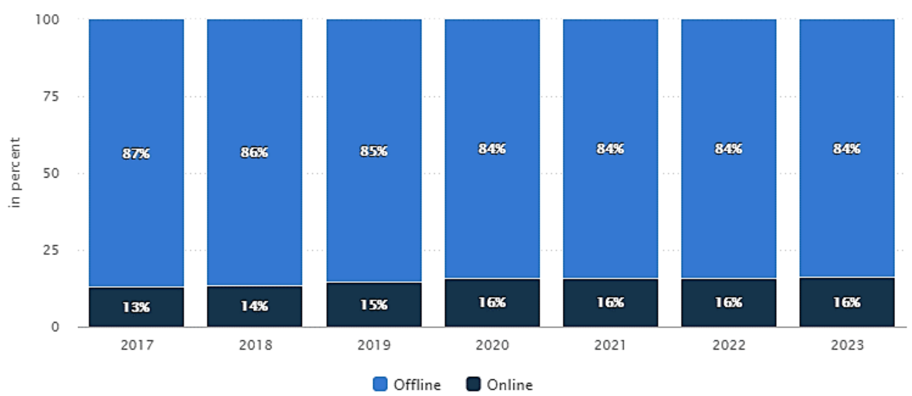
Graph 3.9 – Price per unit in US$, 2010-2023



Source: Statista

As regards the sales channels, the online sales did increase in the last 2 years and are expected to grow 1 percent point in the next 4 years. With around 85 percent share owned by offline channels, retailers can still claim their supremacy in the country, as the preferred way to buy eyewear. One of the limits of the offline channels are related to the need of consumers to try on sunglasses or spectacles before buying, in fact, the successful online sales are mainly involving the contact lenses segment.

Graph 3.10 – Online vs offline sales channel by percentage, 2017-2023



Source: Statista

3.3 Category Analysis

CONTACT LENSES AND SOLUTIONS

Since sales in the online services are growing, store-based retailers are trying to compete creating some special in-store services. An example is given by Visionary holdings Co that started a service through which the buyer can find its nearest retail store that supplies the specifically prescribed contact lenses. To be sure they're in stock it is possible to use the well-known smartphone app "LINE@". Visionary holdings Co additionally provides a reservation service where the client is able to reserve its contact lenses, picking them up later on[43]. Cosmetic contact lenses have increased sales in the period under analysis, indeed, the desire for bigger and enhanced eyes by Japanese women is getting stronger. Even influencers are using them more, making women curious about this product. In March 2018, a famous fashion icon/comedian Naomi Watanabe released her own cosmetic contact lens line called N's Collection. Naomi Watanabe held the highest number of Instagram followers in Japan as of December 2017.

Competitive Landscape

Johnson and Johnson is leading the market even though its value share had decreased, this lower share is given by the slower growth this company had compared to its competitors. Johnson and Johnson has created cosmetic contact lenses 1-Day Acuvue Define Moist introducing them into the market in June 2017. J!NS decided to enter contact lenses in December 2017, introducing J!NS 1 Day. This new introduction could lead to price competition between companies working in the contact lenses market. J!NS is already a giant in the spectacles market and announcing the possibility to offer a special discount for those buying spectacles and contact lenses together, can make significant changes in contact lenses competition. The research period is limited to July 2018, so we do not have data about J!NS 1 Day actual sales[44].

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[43] Visionary Holdings' Line@ service - Retrieved from https://www.visionaryholdings.co.jp/ - Accessed 07/26/2019

[44] Jins 1 day - Retrieved from https://www.jins.com/jp/1day/ - Accessed: 07/26/2019

SPECTACLES

Spectacles are stagnating in current value terms in 2018, maintaining around JPY393.9 billion. The highest growth in terms of value growth has been performed by readymade glasses for reading. J!NS leads frames category having recorded a 10 percent value share. It seems that in order to maintain the value share of spectacles, manufacturers need to impress costumer in value-added products, this means features addressing eye fatigue and preventing hay fever symptoms, as well as, protection from blue lights. J!NS created "J!NS Pollen Cut Moist" in January 2018 in order to protect customers from pollen allergy symptoms. In fact, the major manufacturers are promoting spectacles based on their specific functionalities; meaning that classic spectacles won't be enough in order to satisfy consumers. Considering the Japanese aging population, there has been an increase in progressive vision lenses demand even though an increasing number of consumers is buying daily eyecare supplements to prevent or slow down presbyopia symptoms. This success is due to the pioneer Enkin by Fancl Corp, which has been the first to introduce the food claiming functionality as daily eye care.

Competitive Landscape

Hoya Corp reached the second position in 2018; chances are that, as cheaper spectacles dealers (e.g. J!NS) increase their offer, the more difficult will be for Hoya to maintain its position. Cheaper products attract the younger generation with trending spectacles at speed. J!NS' strength in 2017 was its blue light cut spectacles, the reason why the brand introduced the same version for children. In 2017, JINS opened a co-working space named 'Think Lab', this space is guaranteed to supply an environment that allows the maximum level of focus.

Picture 3.2 – Jins MEME Glasses

Source: J!NS MEME website

Think Lab concept was born from the J!NS' product named J!NS MEME, smart glasses claimed to monitor concentration[45].
Although the business of running a co-working space is out of scope for the company, the concept of experiencing new technology will help it maintain an innovative image.

SUNGLASSES

Sunglasses grew in value by 1 percent hitting JPY 67 billion in 2018, the reason why this category has increased in value is due to the changing happening in consumers' mindset. In 2017 the Leader was Mirari Japan Co with a 23 percent value share. In Japan sunglasses are not well accepted and are not immediately associated with UV protection by Japanese. In fact, when eye care or eye protection are concerned, umbrellas and hats are the first choices. In terms of functionality, spectacles are guaranteeing UV cut and clear lenses. This will represent the biggest challenge for sunglasses manufacturers. Fashion could remain the one important trigger. Helping in repositioning sunglasses could be a key action. In fact, sunglasses have always been associated to Yakuza, moreover, if the frame is recognizable as a premium brand, it is a synonym of wealth and showing off, creating an aura of a cold and unfriendly person. Last, sunglasses are seen as inappropriate in a working environment. Since many tourists visit Japan, the people idea is slightly changing to the point that they feel comfortable in wearing sunglasses when they are out of their home country[46].

Competitive Landscape

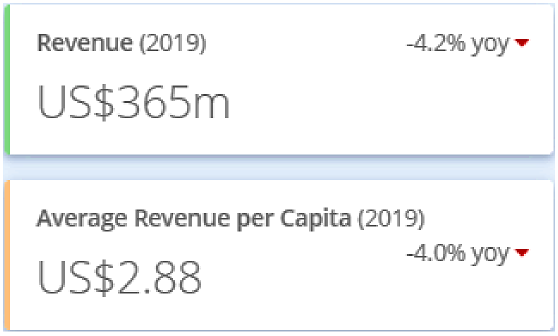
Mirari Japan Co (GBO Luxottica Group) is leading the market thanks to its well-known and established brands like Ray-Ban and Oakley. Since the category of sunglasses is still not mature there is room for growth in both value and volume terms, two conditions that attracted new players entering the market in the year reviewed. Domestic manufacturers are focusing on creating frames that perfectly fit not just the Asian face but the Japanese one. This is appealing to a lot of consumers, since their little knowledge about this product. Companies that will be able to understand Japanese consumers are expected to gain significant share.

[45] Jins MEME glasses – Retrieved from https://jins-meme.com/en/ - Accessed 07/26/2019
[46] Euromonitor. (2019). *Eyewear in Japan*. Passport - Retrieved from https://www.euromonitor.com/eyewear-in-japan/report - Accessed: 09/22/2019

3.4 Focus on Luxury Eyewear

According to Statista's Market overview, the luxury eyewear in Japan is worth around US$365m in 2019.

Figure 3.4 – Japanese luxury eyewear revenue in US$ in 2019



Source: Statista

Even if the value is good, this market segment is expected to decline in revenue by -2 percent CAGR from 2019 to 2023. Globally, the first ones in the category are the United States generating US$9,007m.

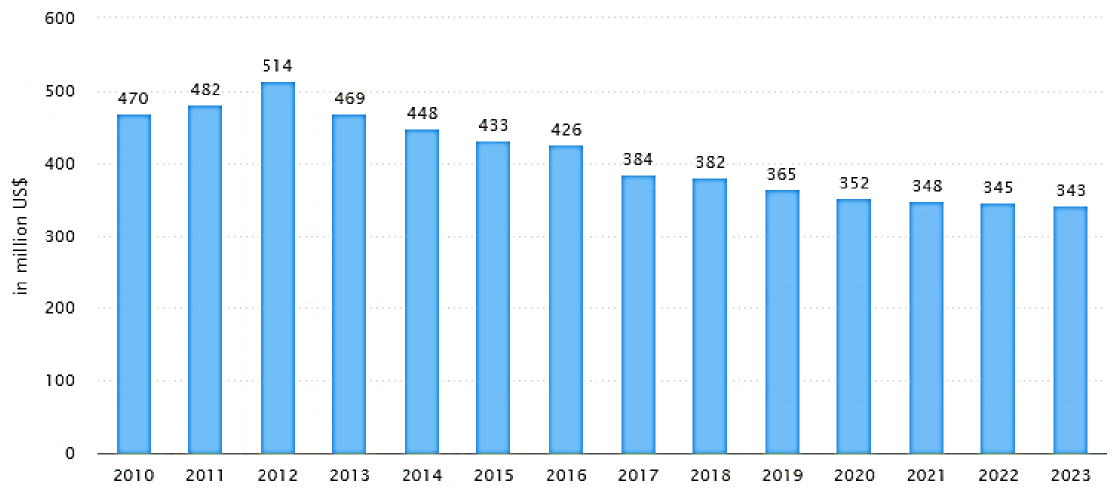
Figure 3.5 – Global luxury eyewear market revenue

Top 5	
United States	US$9,007m
China	US$1,065m
France	US$1,039m
Germany	US$1,028m
United Kingdom	US$842m
Japan	**US$365m**

Source: Statista

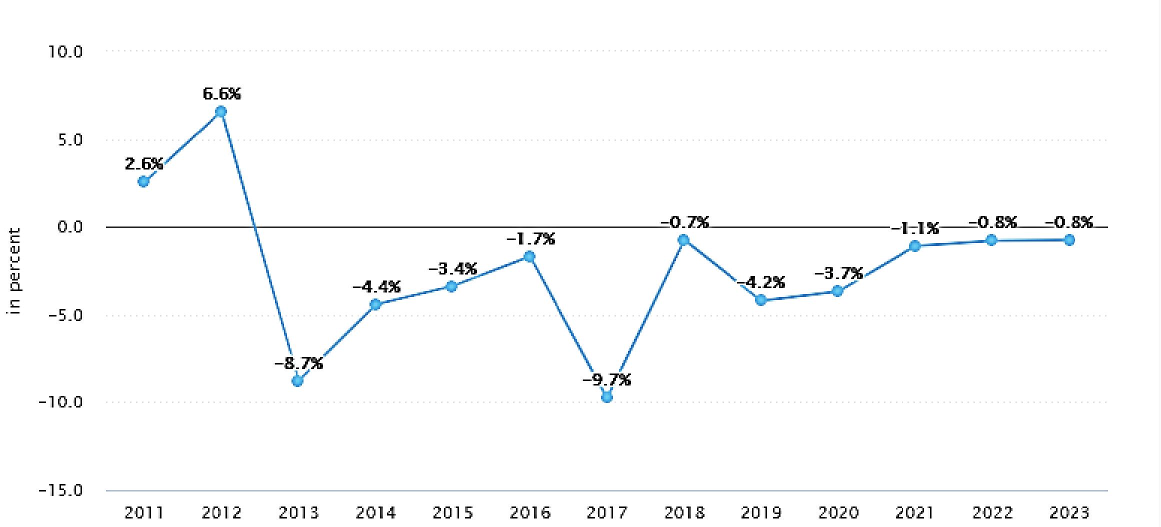
The following graph shows the trend over the years, the luxury eyewear segment experienced a peak in 2012 and from that moment a steady decline year over year. Projections show the revenue declining by 6 percent in the next 4 years.

Graph 3.11 – Japanese luxury eyewear revenue trend, 2010-2023



Source: Statista

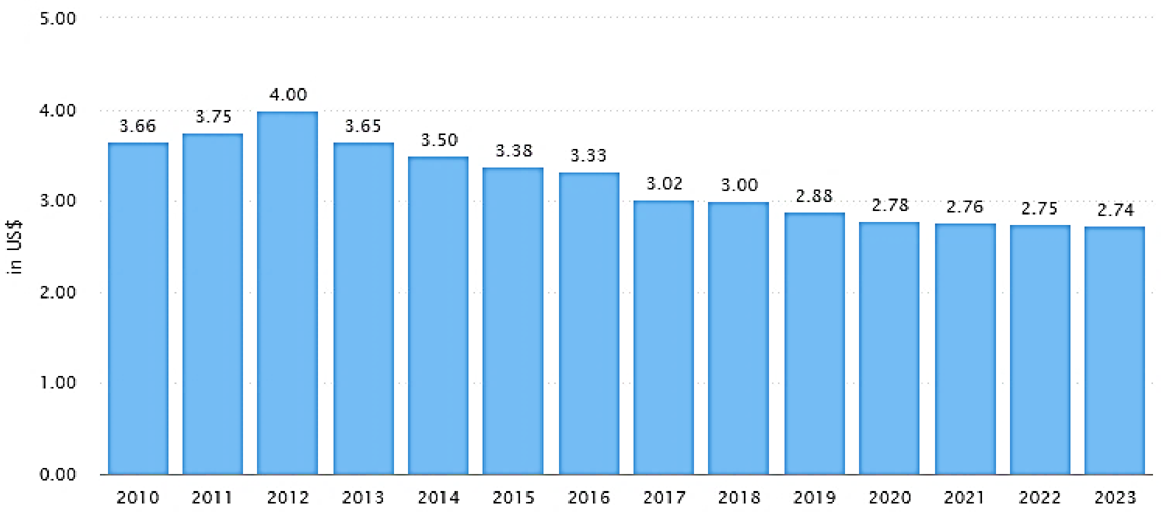
Graph 3.12 – Japanese luxury eyewear revenue in percentage terms, 2010-2023



Source: Statista

As we would expect, the average revenue per person suffered a decrease too.

Graph 3.13 – Average luxury eyewear revenue per person in US$, 2010-2023



Source: Statista

According to what the figure below displays, the competitive landscape seems to position Luxottica as the undiscussed leader in the luxury eyewear. Marcolin and De Rigo got both around 4.5 percent market share, followed by Safilo with 2.4 percent.

Figure 3.6 – Japanese luxury eyewear market shares

Source: Statista

Situation In The Japanese Luxury Eyewear Market

High-Quality Japanese Frames Gain Global Attention

In the last years, Japanese eyewear, particularly spectacle frames are hitting the internationalization, finally catching the attention of both domestic and foreign consumers. As in Italy the district of Cadore is the staple in the industry, in Japan Sabae-shi, a city part of the Fukui Prefecture, represent the heart of the Japanese eyewear, indeed, it claims the production of the spectacle frames sold in the country[47].

Competition With Mass Market Brands Continues

Even if the targets set by luxury companies are very different from the ones set by fast fashion companies, the latter are still disturbing the sales of many premium and luxury brands. The reason for that will be better explained later, for now it is sufficient so anticipate that the fashion aspect of a frame is not a compelling issue for Japanese consumers, which, instead, are more worried about the social reaction to wearing some sunglasses or unusual spectacles. Non-luxury players such as J!NS Inc and Zoff[48] (Intermestic Inc) are still dominating the market in the country. Their strengths rely in providing frames that fulfill the Japanese social requirements at an incredible affordable price[49].

Picture 3.3 - Jins designed for by the Japanese for the Japanese

The frames of JINS eyewear created by Japanese designers are specially designed to fit the face and head shapes of Japanese. Studying the Japanese skull structure as well as the subtle curves of nose pads and arms, we have come to offer an ever comfortable fit for Japanese. JINS continues to spend its time and effort to develop comfortable, safe and lightweight eyewear. Our concern is not only maintaining comfort and safety but also introducing great looks. Each of our shops regularly carries over 1,200 frames from classic to fashionable styles to serve every customer's individual needs. Find your best frame in your favourite colour and style.

Source: Jins website

In the last year it has been seen the firsts steps of an attempt to enter the premium segment, indeed, those non-luxury companies have become to introduce some eyewear holding a higher

[47] Fukui Hub – Retrieved from https://www.nippon.com/en/views/b00601/sabae-fukui-a-town-with-an-eye-for-design.html - Accessed: 09/26/2019
[48] Zoff's Information – Retrieved from https://www.zoff.sg/about-zoff/ - Accessed: 09/26/2019
[49] Jins' frames design – Retrieved from https://www.jins.com/jp/about_en/ - Accessed: 09/26/2019

price compared to the normal lines sold as well as shaping an improved customer service tailoring the special needs that the Japanese people really care about[50].

Non-Grocery Specialists Still Dominate Distribution

Although internet retailing continues to see strong growth, non-grocery specialists still dominate sales of luxury eyewear. This is mainly due to the efforts of the store retailers and department stores in configuring a service that strives to meet the consumer needs and wants, they sometimes offer what it is called ‘Concierge Service’ which takes care of the customer from when it first enters the shops through the entire journey in there. This approach is slightly different from the one offered in European countries, in fact, Japanese consumers are harder to serve. On average, they ask many questions and they want to know any single useful information on how to use a product or how to maintain the product as well on how to clean it and many other questions.

Competitive Landscape

Luxottica in Japan is leading the luxury eyewear in Japan, in fact it has been able to organize two major events in the biggest department store in the country. Isetan Shinjuku, in fact, is known by anybody and it is the staple when it comes to luxury products. Luxottica organized the first smaller event in 2017 providing a concierge service for sunglasses. This one being the first event ever, held for sunglasses alone, the objective was to offer a customized service to provide support to those customers interested in the category. In May 2019 this event has been replicated in the best pop-up position within Isetan Shinjuku. Gucci remains a strong player in eyewear, in fact it recently opened a pop-up store in Shibuya, the very center of the city, pulsing with both Japanese commuting to work and international tourists. This Brand has been able to invite up to 50 important influencers in order to promote their eyewear. As those actions show, it is a player that wants to compete in the market possibly gaining share.

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[50] Euromonitor. (2019). *Eyewear in Japan*. Passport - Retrieved from https://www.euromonitor.com/eyewear-in-japan/report - Accessed: 09/22/2019

Picture 3.4 - Shinjuku event organized by Luxottica

Source: Personally taken

3.5 Eyewear market trends in Japan

Eyewear Continues To Record Growth in 2018

Growth has been supported by daily disposable contact lenses and cosmetic contact lenses. Consumers are always more aware of UV rays and blue light produced by PCs and Smartphones; this is the reason why manufacturers are trying to address these concerns. Such a struggle is decreasing the replacement cycle, supporting growth.

Alternative Eye Care Solutions Trigger Industry Blending With Consumer Health

The Japanese population is aging and with aging presbyopia is increasing. Even though there is concern about UV and blue lights, Japanese are taking into consideration to implement preventive actions beyond eyewear, indeed they are considering taking supplements or using eye drops. In May 2018, JINS, one of the biggest domestic players, entered OTC medication retailing services by opening J!NS Drug +. Their objective is to provide the final customer with a comprehensive eye care solution.

Domestic Players Record Growth With Locally Tailored Products

In 2018 the leader in eyewear has been Johnson and Johnson, mainly thanks to its contact lenses; still, the domestic market has grown significantly. J!NS, Seed Co and Intermestic are the most important contributors. They are addressing perfectly topics as “UV protection”, “pollen” and “Japanese face shape”.

Internet Retailing Registers Growth, While Optical Shops Offer A Unique Service

Internet retailing has registered a growth in the contact lenses market, store-based channels, as optical stores, should consider revising their business. As regard spectacles and sunglasses, e-commerce has not grown significantly, indicating the importance to try on those products before buying.[51]

Technology and Innovation Become Threats To Traditional Spectacles

In 2018, Mitsui Chemicals introduced a new technology (TouchFocus) whereby the focus is automatically adjusted using a liquid crystal panel as spectacle lenses.[52] Consumers, in the period analyzed, become aware of orthokeratology, medical innovation in vision recovery.[53]

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[51] Euromonitor. (2019). *Eyewear in Japan*. Passport - Retrieved from https://www.euromonitor.com/eyewear-in-japan/report - Accessed: 09/22/2019

[52] Touch Focus Information – Retrieved from https://www.touchfocus.com/ - Accessed: 05/23/2019

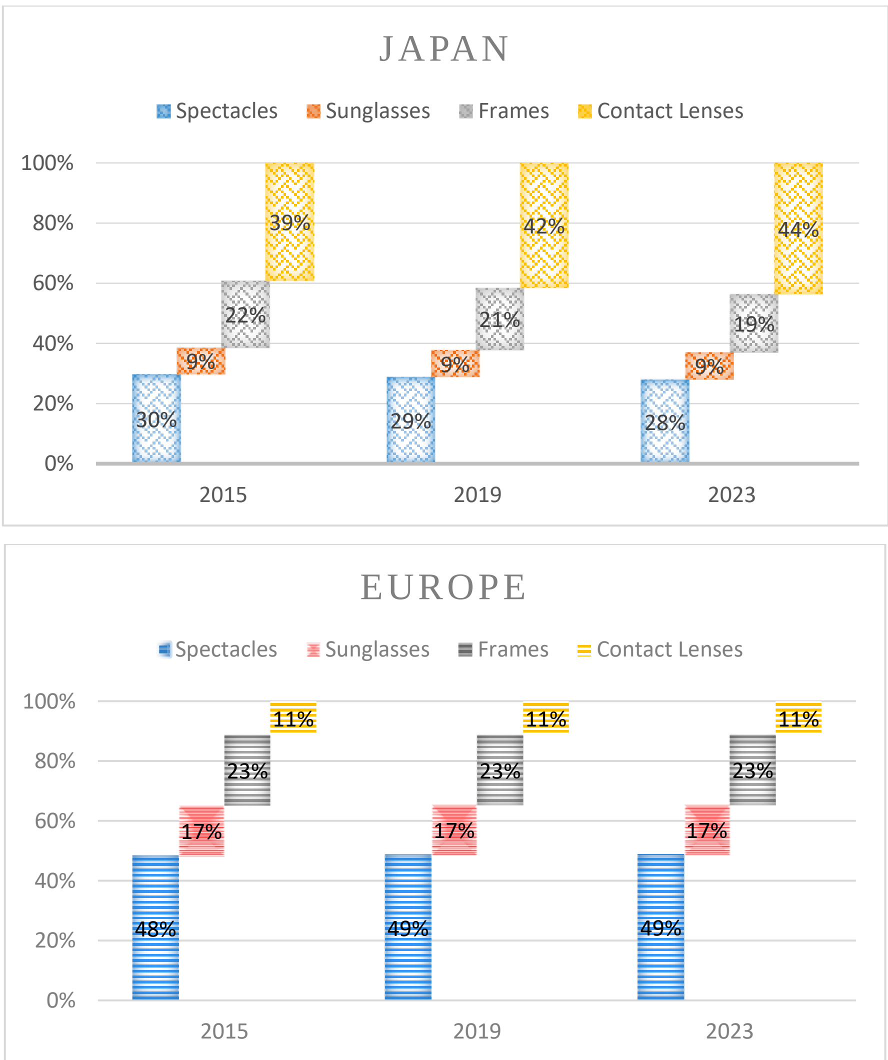
[53] Contact Lenses Information – Retrieved from https://www.contactlenses.org/orthok.htm - Accessed: 05/23/2019

Chapter 4

WHY THE SUNGLASSES SEGMENT IS STUCK

Eyewear in Japan is broadly adopted by people, particularly when it comes to optical frames. As we saw in the 'Category analysis' in Chapter 3, sight correction instruments and tools are very profitable spreading around a large part of the Japanese population. Looking at data about the composition of the sales in this market can help in understanding where asymmetries with other countries are visible, here below the table gives a better focus on the weight that each category claims.

Graph 4.1 - Japan vs Europe: category percentages



Source: Personal elaboration

At first sight, what comes into attention is how an important segment the contact lenses are in Japan, indeed they now accounted for 42 percent of sales in the eyewear sales. Then the spectacles capture a huge amount of sales in Europe, they got almost 50 percentage points in Revenue. To get to the aim of this chapter, the highlight needs to go on sunglasses that, as we see, the Japanese sales in this segment are nearly half of the sales compared to what European countries produce. Both in Europe and Japan, the share remained stable over the last four years and is perceived to stay the same in the next four. The question is why in Japan, a country that demonstrated to appreciate so much luxury goods and that cares about details and accessories, is not looking at sunglasses. The share in the country has been stable at 9 percent not giving any reason for us to think about growing more than that. The situation is extremely different in European countries when the slice of the pie amounts to 17 percent.
According to this data, the volume sold is:

- 8,47 million pieces in 2015,
- 8,51 million pieces in 2019, and
- 8,54 million pieces in 2023.

This makes the point; the segment is stagnating. It seems important to investigate why people do not use or use less sunglasses compared to Europeans. The reason behind that is not easy and immediate. Indeed, the first thing that can come up to someone mind is about the weather but gathering information about that doesn’t help in clarifying the situation, indeed the Japanese weather is very sunny with few rainy periods. Some Japanese to which I talked to also said that they are not into wearing sunglasses because their eyes are stronger than Western people. Even though to western thinking this argument appears unsolid right away, many people in Japan seem to have the same idea about it. Looking at researches to have a better view about the topic it seems partly true. According to Mitchell, P., Smith, W., & Wang, J. J. (1998). Iris color, skin sun sensitivity, and age-related maculopathy: the Blue Mountains Eye Study[54], dark eyes are more resistant to sun damages such as Age-Related Macular Degeneration.
The research, however, doesn’t tell that darker eyes are immune to UV rays and, more in general, sun caused eyes damages. So even if this may be a reason for less using sunglasses, it doesn’t seem the main cause why the Japanese don’t like the use of sunglasses.

[54] Mitchell, P., Smith, W., & Wang, J. J. (1998). Iris color, skin sun sensitivity, and age-related maculopathy: the Blue Mountains Eye Study. *Ophthalmology*, *105*(8), 1359-1363.

Talking with Japanese people, helped me in looking in the right direction, in fact, the reason behind this attitude is slightly related to the increased protection that dark eye color guarantees. In order to assess this issue, I needed to look at the cultural background and Japanese behavior.

4.1 Studies And Researches Assessing The Japanese Behavior

Searching through articles and literature, the best source I found is called “Japanese patterns of behavior”. It is a book published by Lebra in 1976, from Hawaii university. I think the location of publishing is no case. Indeed, one of the preferred places to go on vacation to, for Japanese is Hawaii.[55] This book tries to asses different behavioral pattern that helps foreigners understand the culture and behavior in 日本 (Japanese Kanjis for Japan). Even though it is an old book, for many reasons I believe that it is still valid and useful today. First, it is one of the most recent and at the same time comprehensive books I could find, second because the behavioral patterns which the book studies are very rooted in people. In fact, it is about how they create relationships and how they see life, as well as how they live the collectivity and what values matter to them. All extremely fundamental concepts in my research study.

ESTABLISHMENT OF IDENTITY

The first thing to look at, in order to understand the Japanese behavior, is understanding how a person establishes the ‘identity’ of another person, especially when he meets others for the first time. First people tend to assess the provenience and the belongingness. When belongingness is concerned, it doesn’t mean necessarily family, in fact, more likely it refers to the company the person works for. After the formal presentation the first question someone would ask is "*Dochira desuka*?" or translated "Where is it (that you work or belong)?". The answer depends very much on the stage the person in living, indeed, if the other individual is still going to school, the expected answer would be the name of it. Therefore, many young people push themselves so much in their teenage years, they try to get in the best universities, that name will then define their identity. If the person is older, the question requires as an answer, the name of his company. The typical Japanese will look for a life employment, this gives the company in which such a person would work in, great importance. People would

[55] Lebra, T. S. (1976). *Japanese patterns of behaviour*. University of Hawaii Press.

then look for the best companies in order to define their identity for a lifetime. Besides the formal face-to-face introduction, the Japanese heavily rely on *meishi* ("business cards"), which officially clarify the others' identity. The same ideology of belongingness to a company as well as to a group of people or a part of the society has contributed to the Japanese adoption of other visible indicators such as school uniforms, badges, caps. The purer and more unmistakable the belongingness is; the prouder people are about their identity. A Japanese that was born and lived in Tokyo his entire life would be considered a pure *Edo* child, giving him great proud. The Japanese are still very happy when they can claim their pure '*Yamato* race' which indicates that their blood has not being mixed with other races. Indeed, uncertainty in belonging generates contempt. Some more conservative Japanese still feel uncomfortable when dealing with people of multicultural backgrounds and tend to dislike those people racially mixed or "hybrid" people (*ainoko*). Another type of response is a sensation of mystery mixed with admiration. This fact is demonstrated by the outstanding approval of *ainoko* actors and singers. Finally, it is possible to say that the Japanese could both admire or dislike such kind of persons, in any case, they tend to set such a person apart from themselves.

COLLECTIVISM

Another fundamental concept to talk about in order to make sense of Japanese preferences involves the concept of 'Collectivism'. All the concern about belongingness together with the identity discovery through it is based on the tendency toward collectivism. People normally have a habit of identifying someone else through the collective goal that the other's group has. Collectivism includes cooperation and solidarity, making people crave the feeling of *ittaikan* ("feeling of oneness") related to the reference group. To make the comparison, what normally is a private business in our society, it would be commonly considered a community deal in Japan. The Japanese people seem to be happy only when they are part of a community, thus, they have the possibility to share principles and experiences. Although it could seem hard to claim, researches demonstrated that Japanese tend to go wherever others go. The example that many people provide tries to explain that when the Japanese go to the beach or at the restaurant, unlikely what a Western would like, the Japanese look for the most crowded places. To furtherly tighten the filter and justify the non-usage of sunglasses, 'conformism' trend needs to be explained.

CONFORMISM

Conformism is, in fact, a result of collectivism. The rules to be a collectivist country are based upon harmony and others' consensus, creating inevitably a pressure to be as the others are. Noticeable eccentricity and opposition are dodged or repressed, and agreement is supported as the main system for maintaining consensus. Unexpectedly, conformism has helped as a social foundation for egalitarian ideology in Japan, which, otherwise is a strictly hierarchically ordered country. The logic of identity attached to group belongingness is therefore encouraged by going along with peers. This is sustained by the need for people to be accepted by peers, as well as, concerns about being left out, and a compelling longing for always being "in". The person inclination to follow the group norms joined with his prejudice for the others' failures or rejection to conform; the showing of eccentricities or the showing of disagreement is an unquestionable manner to make one person be disliked by the group. On the inside, such conformism works as a democratic pressure in contrast to arrogant, haughty group members; on the outside, it is organized to shape a united front, particularly when the community faces an external threat.

APPEASEMENT

There is general credence amid Japanese people that wants the children totally free from frustrations and preoccupations. Childcare is consequently basically focused on the pacification of the children sentiments. This is what strikes foreign people that could see the behavior among Japanese children, indeed, it can appear as a total lack of discipline, which is particularly stunning when the contest in which the adults live is totally the opposite. The typical life cycle of people is represented by a U-curve with maximum liberty and tolerance permitted to babies and to old people. Adulthood embodies the highest obligation level and responsibility that society expects from people, leaving no liberty to the individual. This U-curve is just overturned when dealing with Americans. It is doubtful whether Japanese in the old age can enjoy their freedom as in their childhood, as the U-curve proposes. The high rate of suicide among the aged seems to reject the U-curve principle and should probably be substituted by an L-curve. Expectancies by the society concerning people conformity often end up in a sort of self-discipline named '*enryo'*, making people avoid expressing their own thinking, especially if it involves disagreement with the majority's belief. Interestingly, the lack of opposition, instead of the occurrence of agreement, is the foundation for taking decisions. Community identity is so internalized that even the internal experience of a person could trigger group consequences. For instance, both pride and shame of a single person are collective in the community, consequently, the community's pride and shame are felt by every single person between the members. This is why the individual wants to increase and highlight the reputation of his reference community through his accomplishments and at the same time, the same individual tries to avoid any action that could reveal in a source of shame. No one who generates a shame feeling is accepted.

MAINTENANCE OF CONSENSUS

The Japanese word *'Omoiyari'* addresses the capacity and inclination to feel what others are feeling, to understanding the happiness or pain that other group members are undergoing, and possibly to help them accomplish their objectives. The supreme situation when *omoiyari* is concerned is when a person is able to arrive into the other's *kokoro*, ("heart"), and to get what the other is feeling without having anybody telling verbally. *Omoiyari* needs abnegation of a person's own philosophies or desires if they collide with those of the others. This is demonstrated in the conservative way of communication where one tries not to state his thoughts unless the other seems to think in the same way. Typically, during a conversation a person doesn't conclude the sentence rather he leaves it open-ended, this gives the possibility for the people listening to reply, thus finishing the sentence, before the first person exposes himself. This way of communicating can sound peculiar to westerns, but the Japanese language is built in a way in which makes it very easy to leave the sentence open so that the speaker can avoid stating and imposing his thoughts before knowing the listener's response. To confirm the pressure that people have in being in line with others' opinion is shown by the frequency of usage of the word *ne* ("isn't it?"), that gives kind of rhythm to the speech as if the speaker tries to generate agreement in the listeners. If rightfully empathetic, the listener makes the speaker feel comfortable by regularly nodding and saying, "I am listening," "That is so!" or "Yes." This is very clear in a telephone conversation, where there are no hints other than vocal ones. The listener continually interrupts his silence to make the speaker know that he is listening with curiosity and agreement. The speaker, by his side, expects to have such reassurances in order to continue. Even in the concept of empathy, there are cultural differences in the notion. To Americans, the idea of empathy is given by letting the other person be free in what he thinks, to Japanese, empathy is shown when a person is able to anticipate the needs of the other person and starting to take care of his or her needs. In the

Japanese thinking, empathy goes beyond this basic concept, indeed it is not just about trying to make other people and the community happy, a person needs to try avoiding other person displeasures. In a conversation is very common to tell the interlocutor that one doesn't want to cause trouble or to stand in the other's way or to disappoint him. Japanese are really worried about offending the sensibility of other people both with words and behavior. Therefore, *enryo*, "self-discipline" is extremely important to them, not just to comply to with the community pressure for conformity but to prevent causing annoyance for others, irrespective of their community membership. The obligation of self-discipline to not make the other unhappy can get to an extreme that the same Japanese think that corresponds with immaturity. Indeed, one may accept a disturbance on his rights or independence only because he is unwilling to offend another person by appealing to his rights. For instance, the Japanese do not look at the bill or check the change at a restaurant because he does not want to upset the waiter or cashier by showing mistrust in public.

INTUITIVE COMMUNICATION

Considering the imitation in the social interaction, which results in the social union, brings directly to the importance that the Japanese assign to implicit, nonverbal, instinctive communication over an explicit, verbal, coherent one. In the setting of empathy, the following may apply. First, the existence of social compassion is important enough to produce a social reverberation which makes unnecessary any explicit, verbal communication. If one person is sensitive and receptive enough to what is in the other's mind, verbal communication from other people will only be redundant or unessential. And more than to prevent unnecessary information flow, the Japanese who underline the value of empathy believe that language is an unfortunate replacement for an instinctive understanding of what is happening in other people's minds. Second, the Japanese find artistic refinement and superiority in a person who shares nonverbal, indirect, implicit, subtle messages. Such a "sophisticated" way of information flow is thinkable by the empathy between the person who sends the message and the one who receive the message. The Japanese think that only an unresponsive, rude person needs a straightforward, vocal, whole message. Along the same line, most of the Japanese don't like looking straight in the others' face when talking. Especially when a serious conversation is happening, direct look in the eyes is considered a very difficult task. Besides the dialogue, the eyes are the most easy-to-read of one's state of mind. A society that emphasizes instinctive communication is normally not to encourage straight eye-to-eye communication. If people are extremely receptive to external stimuli, the communication sent and received by the eyes may be overwhelming. *Omoiyari* thus includes both a constraint upon verbal communication and upon eyes expression. In fact, *omoiyari* is based upon a person capacity to enter other people's internal state but, at the same time, it also requires the inhibition of that capacity in some respects. Instinctive talking takes in both sides of *omoiyari*.

THE CONCEPT OF BUN

Most explanatory of this philosophy is the Japanese word *"bun"*, meaning "share" or "part". The notion of *bun* has three consequences, all come from the culture seen as an organic whole, individuals are just parts of the entire, bigger organism. First, the individual is considered as a part, he understands his self-identity thanks to his bun, indeed, he doesn't have importance as an individual but only as a fraction of the total. The individual as a single entity is considered as a no one, it doesn't have importance, if that said person manages to occupy a share of the community, then he becomes valuable thanks to his contribution to the group. Second, individuals who are part of a group are interdependent. One, as a fraction, cannot be self-reliant, instead, he must be dependent on other fraction of the same group, basically on other community members. The consciousness of the individuals' self-insufficiency, meaning interdependence with others is the one vital belief involved in the bun concept. Third, each person hypothetically should be considered a bun-holder. Indeed, any person is only valuable as a part, thus depending on other people, but at the same time to any person is given such a part, this part makes each person life meaningful and useful. The Japanese think that everyone should be part of a bun and if someone occurs to not being part of any bun, then something must be mistaken in the community. Some of the duties, an administrator has, are to make sure that every member of his community owns a proper place and role. If everybody is part of a bun, then it follows that, given the aforementioned interdependence amid group members, no one is superfluous; everybody can know his own social meaning.

SENSITIVITY TO RANK ORDER & STATUS DISPLAY

The Japanese in order to orientate themselves in the interaction with other people need to first take into consideration the rank order to adapt the behavior to any specific situation.
One person is very much dependent to the status that person has compared to the person to which he or she is talking to. They follow a hierarchical scale, the behavior needs to be

adjusted based on the interlocutor position, mainly if that person is higher or in a lower position in the ranking. Recognizing the role of others in a hierarchical scale is fundamental to maintain in the society the sense of social relativism. For an individual to be recognized and respected, his role needs to be respected first. In the majority of the situations, in order to show the status a common title displaying honor is attached to the name of the person; an example is "*sensei*" which means both "teacher" and "master".

Status orientation can involve a reason for displaying one own status creating a sense of competition. The most known way for displaying status is the "meishi", ("business cards") exchange, on which the status is specified. One might display the last-model product as well as knowledge. This way of thinking is amplified by their desire for conformity, so that one need to exhibit the best Swiss watch or a Chanel perfume, as well as the best cars and valuable paintings or club memberships. Most of the times the status is shown by possessing products coming from Western countries, mainly Europe and USA. It appears It appears that the identity as it comes to the status of the Japanese can be found only if it is strictly related to Western products[56] This behavior reveals clearly the Japanese ambivalence concerning their identity that could indicate a kind of inferiority complex. This statement is not necessarily true for other types of foreigners, indeed, the Japanese seem to be pretty impolite attitude toward other Asian people.

SHAME

Anything, going from attitudes, appearance and behaviors that is not consistent with the status can create a sense of shame in an individual. Considering this definition, it might be thought that the more a person is aware of his own status, the higher the risk of felling a sense of shame is. It seems that the inhibition of own status is the only way for eluding shame. In particular, two situations are needed in order to connect shame and status; one is when a behavior is not consistent with someone's status and this status need to be known and recognized by other people. This can explain why this population is very complex when shame is concerned, indeed, the Japanese normally share and show their own status making it very easy to identify by others. It is very important to the scope of my research to specify that this status is not displayed and loses its importance when the Japanese go abroad in a private travel. In this particular occasion all the structures above mentioned do not hold anymore. In

[56] Riesman, D. (1964). Japanese Intellectuals-and Americans. *The American Scholar, 34*(1), 51-66.

Japan it exists even a proverb, translated it means “a traveler can do anything he wants without feeling shame for it”.
The other situation is that the particular behavior, which is considered not consistent with the status that person detains, should be exposed to other people in the group that know the status of the person adopting the behavior.

4.2 Consequences On Japanese Sunglasses Market

The behavior, the studies describe, could be the cause of the Japanese resistance in the utilization of sunglasses. Indeed, their tendency for collectivism pushes them to look for a community and once a Japanese finds it, this community will define his identity. This attachment for the community makes people want to share principles, ideas, rules and problems with the other members of the community. To have the privilege to pertain to a particular “circle”, people tend to conform to the group. The tendency that as aforementioned is known as conformism. Other than values people, thanks to conformism, lean toward sharing the same appearance. This can be translated into good manners at work as wearing the black suit and the typical white shirt for men and showing heels in the case of women. Any eccentricity can make on member feel left out or disliked. Sunglasses have always been associated with Yakuza exponents, the same goes for people displaying tattoos; this imagery is not helping the Japanese to get closer to sunglasses. Indeed, for them wearing such an accessory would make them “show off”, appearing differently compared to other reference group members or the other coworkers, this unconventional appearance could make them bear the risk of being judged negatively by both the boss and the peers.
Another sociological support is given by the preference the Japanese have for intuitive communication, in fact the facial expression and the eye movement are two fundamental elements in understanding what the interlocutor feels and thinks, this “reading” process of the others emotions gives people the right empathy that makes them to be appreciated by the society. This reasoning again does not help the circulation and the adoption of sunglasses, in fact, they tend to cover the entire area of the face and some frames can even cover parts of the cheeks and eyebrows making the understanding of the interlocutor’s expression really hard.
Last important focus point involves the Japanese sensitivity for the rank order in fact any one person should act and think as a person of that particular position of the rank. So if an individual’s coworkers wear a yellow shirt they are expected to wear a yellow shirt too, in the

same way if a person of that position in the rank is not expected to wear sunglasses when commuting at work then wearing them could mislead the impression that person gives to others about his position in the rank. Since anyone pretend to be part of the group and any type of deviancy is highly condemned, even just wearing sunglasses when others don't can be a strong source of shame both for the person and for the group this person is in. The only situation in which the status of a person is not public is when a Japanese decides to travel privately, specifically not for work. In this unique and peculiar situation, the Japanese traveler is immune to any kind of shame, indeed it seems that the Japanese can wear sunglasses when travelling, especially if abroad and in very sunny days.

4.3 Cultural barriers

By monitoring social networks, it's clear that functional barriers play a minor role, whereas cultural barriers are pivotal in preventing sunglasses usage. The key-issue is the "transformative power" of sunglasses, as they offer a very different image from a person authentic and real self; wearing sunglasses, is like disguising oneself. Wearing them makes people feel like they are appearing much cooler than what they really are as well as scary and aggressive. The Japanese' reaction to people wearing sunglasses sounds ambiguous: a sort of frightening coolness. It's the fear of looking like someone they are not: "people wearing sunglasses are scary, looking cool and beautiful at the same time". The scary/dark side of this ambivalence comes from the traditional iconography depicting bad guys wearing black/dark sunglasses, starting from Yakuza boss imagery. From magazines to movies, manga and video games, bad guys wearing sunglasses are a staple. Confirming the "transformative power" of sunglasses, two widely known characters are "bad guys fighting for good":

- The Blood of Wolves → Ogami(Koji Yakusho) is an unhinged cop who deals with the very gangsters he's supposed to contain and eradicate àand it takes a rogue to deal with rogues and the rouge wears sunglasses
- Trigun → Vash is known as The Humanoid Typhoon due to the destruction and chaos that often surrounds him. Wielding a huge nickel revolver (and wearing sunglasses), he travels from town to town to protect love and peace.

The traditional Yakuza-like iconography is also evoked from young subcultures, mixing American codes with kitsch and scary looks, inspired from the bad guy stereotypes. They clearly use sunglasses to communicate badness and they are definitely disguising their selves as bad and scary people.

There are exceptions in sunglasses usage that relate to “special targets”, nominally the celebrities. These people are apparently outside the social contract but in reality the system recognizes them as “ruled exceptions”. They follow other extra-ordinary rules that people recognize as such. In particular, men appear very sensible to male celebs that wear sunglasses in public occasions (movie presentation, tv shows …), because they show self-confidence, inner-direction: they do not fear showing their individuality. The cool side comes from Western fashion system and from Japanese celebs wearing sunglasses as a signature to enhance their image, a way to put themselves under the spotlight, especially music celebs are famous for wearing sunglasses. Hikakin (a Japanese Youtube celebrity) and Yorke (member of a Japanese rock band) are fond of sunglasses and they never perform without them, sunglasses are an obsession and their public image always features their sunglasses. Gackt (Japanese musician, singer, songwriter, and actor) is often pictured with sunglasses, and Rina Suzuki (Japanese musician, singer and songwriter) even posted on social networks about her makeover boasting sunglasses.

Other exceptions are represented by:

- High-end people and extra-beauties:
    - well-off and sophisticated elegant ladies who always dressed-up with their branded bags; or
    - people with a clear-cut face
    - ladies who follow overseas codes, normally hanging around with foreigners
- Young men in their 20s
    - They wear sunglasses in swimming pools in order to impress women. they are allowed to show-off and exaggerate (also wearing sunglasses) in order to reassure themselves about their self-confidence and activate seduction games
- Mature men in their 40s or over
    - They feel free to express personal needs and desires even though they still tend to feel legitimated by functional drivers (e.g. protecting tired eyes).

Sunglasses are recognized by the Japanese as a must-have fashion accessory but just for Westerns. The Western fashion system, indeed, promotes sunglasses as a super-cool item, they are a key-accessory in glamorous situations to show a trendy image, in other words, a must-have item in fashion forward outfits. Among youngsters, fashion is a leverage also thanks to social networks (esp. Instagram, Youtube), a sort of “imitation game” where the need for enhancing one personal image outweighs embarrassment.

What emerges is that Japanese people love and desire sunglasses, they are looking for an “excuse” to access the category. In Instagram pictures and fashion bloggers’ posts on social media, sunglasses are a fashion accessory, as it is always emphasized but never really worn, just laid on their head or shirt and, also when young people wear them, they lay sunglasses on their nose, making their eyes always visible.

Figure 4.1 – Instagram Posts

Source: Instagram

The occasions for wearing sunglasses seem to be very limited by circumstances. Sunglasses usage is limited to social spaces that can allow such an exception. The issue pops up when mixing public and private. Private spaces include: the car, sometimes sports, high-end shopping (when all dressed-up), when BBQ, when with stylish people, at the seaside, when abroad. All these occasions have the privilege to answer to the dominant social rule, being compatible with the group you approach.

Studies confirm the strength of the social barriers but most of all the strong desirability related to sunglasses. Usually the “idea” of buying sunglasses springs mostly because of occurring of specific events (e.g. a newborn to bring to the park, a new job that gives more time for barbecue or park, the change of season) or realizing the strength of functional issues. Barriers are around the usual social diktats and in particular women feel the fear of not looking nice or even to look ridiculous because of their flat nose or their not clear cut face, commonly associated to a not compatible face shape for the existing sunglasses shapes.

Chapter 5

MARKETING PENETRATION STRATEGIES

ADDRESSING THE PROBLEM

5.1 Competitive Strategies for Market Leaders

Changes affecting prices, new products entering the market, coverage in distribution channels and types of promotion are all action that are generally taken by the market leader, defined as the one having the higher market share. Market leaders most of the times are at the top of mind and people know a lot about the brands, still if no monopoly has been established then even the market leader needs to carefully control the market to avoid losing his supremacy. This is the case of Luxottica in Japan, in fact, it has more than 88 percent market share, clearly demonstrating to be the leader in this market. Sometimes the smaller firms, or the market-challenger can develop a very innovative and appealing product, it can decide to increase its spending in marketing as well as finding another market perspective that allows the competitor to increase its presence in the market. Here I analyze some strategies that could help the company in the maintaining and eventually improving its market position. To maintain the supremacy in the market, the leader can decide to adopt different strategies:

- Expand the market demand
- Protect the existing share
- Ultimately continue increasing the market share

EXPANDING TOTAL MARKET DEMAND

New Customers

Any product category has the capacity to appeal customers who were previously not aware about the good or those customers that for some reasons rejected the product for pricing or characteristics. In this situation companies could look for new consumers looking to three categories, people who could use the product but for some reason don't, people who never tried the product, people who live elsewhere. Respectively the strategies to use are: market-penetration, new-market segment and geographical expansion. The specific case of Luxottica in Japan does not really require the third strategy (geographical expansion) since the distribution allows the company to have a good reach in all the strategic cities of the country. More useful would be the market penetration strategy. It demonstrates to be very hard to implement, in fact, to convince customers that are not using the product to use it because the reasons that could trigger this behavior are not be studied sufficiently. The case of people who never used the product are still a good target for Luxottica, may be that consumers that are using optical eyewear could have interests in some sunglasses solutions.

More Usage

Luxottica could try to increase the, level, amount, and mainly the frequency of usage and purchase. To increase the amount or level of utilization and purchase they could work on the features the sunglasses have, like the possibilities to change the lenses often, may to change the colors of the lenses manually (something that they already did with Oakley). And in order to increase the amount it could be possible to develop strategies targeting families, if a client buys one pair of sunglasses may he could be given a discount on the children's pair. Increasing frequency of usage could be made thanks to the individuation of more situation in which people feel the desire to use the product and identifying new ways of utilizing the same product. It is a hard task for the company, since is not just about a people desire of wearing sunglasses, but at the opposite people don't want to be seen wearing them in public. This makes the frequency of usage to increase, a topic I will discuss more in the next pages.

Additional Opportunities to Use the Brand

Marketing communication in this case is more than fundamental. To make people evaluate more situation in which the product, in this case sunglasses are useful one strategy could be to combine the need for replacement in some specific period or event in the year. For instance, in the very hot and bright days in Japan, consumer should start thinking about replacing their pair of sunglasses, or the idea of replacement could be attached to the days before going at the seaside, in many cases Japanese have a preference for Hawaii. Even a better information on the life time of the product could be key.

New Ways to Use the Product

This way of increasing the frequency of purchase or usage involves the finding of new ways to use the same product. It seems pretty immediate when thinking about foods or soaps but is not so straightforward when thinking about sunglasses. Thinking about the possible utilities, one concerns the women tendency for wearing sunglasses above their heads, just like a hair accessory. This could be one of the possibilities Luxottica can try to implement in Japan, in fact, women love there, love to be trendy and to match their outfit with accessories. Sunglasses thought as something a person dent necessarily need to wear on their eyes could be a very creative alternative to make the Japanese get used to see sunglasses around.

PROTECTING MARKET SHARE

In the attempt to increase one's own market size, the leader company need to take care of its existing business. In order to be able to do that, the dominant organization should implement a politics of continuous innovation. The leader should be able to actually be a first mover, thanks to the innovation ability, the superior customer experience and the distribution capacity, all of this performed in a cost effective manner. Comprehensive offers improve the competitive position of a company, ultimately delivering more value to the consumers.

Proactive Marketing

It is important to understand what difference lies in the definitions of responsive, anticipative and creative marketing. Basically practicing anticipative marketing means foreseeing the needs the customers will have in the next period ahead. Responsive marketing is the opposite of anticipative marketing, indeed, they try to spot a need and once they find it they try to fill it. Last the creative marketing is different in some ways, it wants to find products or services that the consumer didn't think of but to which they are happy to know about. Companies practicing the latest are those ones that do not please themselves knowing they are market-driven; they try to be proactively market-driving companies. In many cases, firms make sure to satisfy some relevant customer needs, still remaining reactive and not proactive because of their overly confident falling in the "tyranny of the served market". Long lasting leaders are those firms which proactively try to give shape to the market based on the firm's needs. Companies to be proactive need to be:

1. Responsive anticipators which means capturing the signals the market sends in order to make react before changes happen.

2. Creative anticipation which involves the planning of innovative ideas and solutions. Organization able to practice and implement proactive marketing can reshape the industry relationships and they can educate consumers.

Firms seem to need some experience in “uncertainty management”. Indeed, proactive companies:

- Know how to be mistaken and to take some risks,
- Always keep an eye on the future, creating their vision and not having fear of investing in it,
- Want to maintain bureaucracy low and be flexible,
- Train managers how to have a proactive thinking.

Companies who are totally risk-averse will never have the possibility to win.

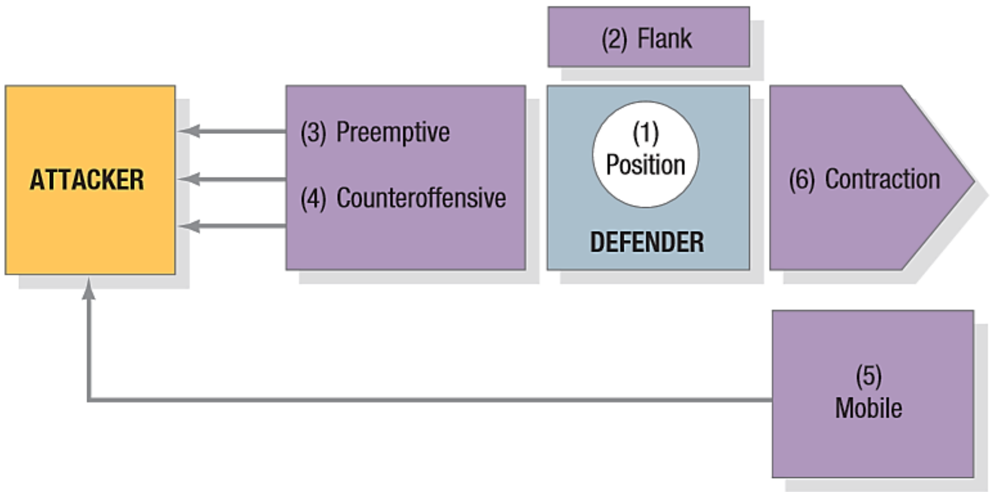
Defensive Marketing

When companies are not thinking to create strategies that can hurt some other competitor, they can’t lower the guard. To do that there are a set of defensive strategies that give the firm the capacity to lower as much as possible the attacks, mislead competitors’ attacks in “controlled”, meaning expected, areas. If they succeed in planning those strategies, even in the case of an attack, the intensity would be lowered. In this dangerous situations, being very fast in the responses can be key in avoiding or reducing profit losses.

- Position Defense → Defending the position concerns the occupation of the best and most desirable position in the consumers’ mind.
- Flank Defense → The front runner should be able to create outposts to take care of exposed flank or to hold up a counterattack.
- Preemptive Defense → It is a form of attack, pretty aggressive, in which a company initiate action (e.g. guerrilla action) in order to destabilize all or some competitors. Another way is to signaling other companies not to attack thanks to a wide market development announced in advance.
- Counteroffensive Defense → It is when the offended part faces the attacker vis-a-vis and then attacks its side. Examples involve the utilizations of political as well as economic clout. The dominant firm could destroy the competitor’s business by subsidizing lower prices for a delicate good and then gaining profits by another. Common Counteroffensive Defenses happen at a political level by making pressure on lobby with the aim to favorably reduce competition.

- Mobile Defense → In this tactic, the leader tries to enlarge its business competence not just by focusing just on the existing product but focusing on the more general need the product satisfies. This way, companies are able to diversify the market and to broaden it.
- Contraction Defense → When companies realize that some areas are no longer profitable than can plan a contraction (or strategic withdrawal) in which they renounce to some areas in order to redistribute resources to stronger areas.

Figure 5.1 – Six Defensive Strategies



Source: Marketing Management, Kotler

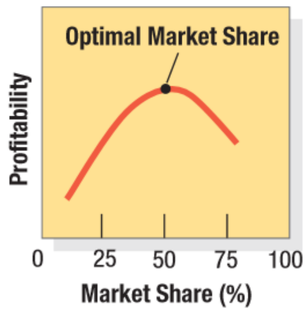
INCREASING MARKET SHARE

Nowadays share points are so much valuable that even one point can be worth millions of dollars. Being able to gain more share is not a sufficient condition for the company to enjoy increased profits, this is particularly true for labor intensive service firms that in this way do not exploit economy of scale. Most of all it is on the company to find the right strategy. The most immediate way of gaining share is by buying some competitors, the acquisition path carries many risks, one is that the cost for purchasing the company is higher than the revenue value. Firms should consider some conditions before proceeding:

1. The eventuality of generating antitrust actions → competitors could claim that the leading company is attempting monopolizing the market, the way to interfere would be through asking for a legal action.

2. The cost is a very relevant factor → in fact following an acquisition profits could even decrease in the case of gains in the market share over some points. It exists an optimal market share, indeed, many times customers could avoid buying through the new company, they liked very much the competitor or even some clients could prefer purchasing from a smaller manufacturing brand[57].

Figure 5.2 – Example of Optimal Market Share



Costs to be kept into consideration are the PR, lobbying activities that normally rise with market share and legal costs.

Source: Marketing Management, Kotler

It is not advised to pursue market share where the segments are mostly unattractive, high exit barriers as well as few economies of scale applicable. Example in which decreasing market share in weak areas demonstrated that if the decision is wisely made can bring to increased profits.

3. Going after wrong marketing actions → indeed the firms which manage to reach higher market share are usually stronger than competitors in the areas involving activities for the new products.

5.2 Ansoff' Product-Market Growth Matrix

When we talk about the market for the company it is considered the entirety of the potential customers who have:

- the interest to take advantage of the offered good,
- the economic possibility (income) for the acquisition,

[57] Kotler, P., Keller, K. L., Ancarani, F., & Costabile, M. (2014). *Marketing Management* (14th ed.). Pearson.

- the access to the good (in the sense that the distribution channel is available to the customer) and
- requirements that are a precondition for the purchase.

Once the potential market has been defined, the company sharps its served market, normally it includes all the slices of the market whose characteristics are deemed to be favorable to the company. The market penetrated is considered as the subset of the customers of the served market who actually bought the product offered.

Market penetration discusses the methods and strategies which are suggested or adopted in order to form a niche in the already existing market. Penetration strategies can be implemented during the course of the company's life, even if it is considered very helpful most of all during the planning phase, the one in which the business has not yet entered the market. It supports the companies in defining the businesses current situation and outlining which direction the company has the possibility to expand in order to realize market growth. Effective results come from a very careful observing performed by important company managers and front-runners. Another essential factor to take into consideration to have positive outcomes in achieving market growth is the timing. The main influencers in the timing are the global market condition, the competitor situation and the political events involving the business. To assess the perfect timing some action can be taken, mainly brainstorming, curiosity, constructive discussion and market researches are key to be able to understand the best time to attempt to make the market grow. An important thing to consider is whether the market share is growing or declining. Sometimes it can happen that even though the sales are facing a decline, they can create occasions for the company, indeed, it could be the symptom that an action is needed and could represent the best moment to implement strategies to make the market share grow. Market penetration can be useful right in the moment when sales are slowing-down, in fact, the re-introduction to a company or the understanding of the product offering and the benefits that it carries can be incredibly needed and beneficial to the customer. Since in the last decade it has been shown the decreasing attention of the consumers, businesses need to occupy top of mind position in order to be important to the consumer and to maintain high their relevance to existing and new customers[58].

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[58] Porter, M. E. (1980). Competitive strategy: Techniques for analyzing industries and competitors. *New York, NY: Free Press*

Some issues addressing market penetration involve costs management, technology applications, as well as, advanced inventory administration practices, economies of scale and supply chain issues.[59] The main drivers of market growth for an organization are the market penetration, the market development and the product development. Even though the possibilities to make sales grow are many, the best outcomes are achieved thanks to the implementation of strategies involving the existing markets with already developed products or using the same products in fresh markets. The companies can still retain the possibility to innovate themselves creating new products to reinvigorate their presence in existing markets. It all revolves around the ability to find a formula that allows to improve sales while capturing new customers letting the market share increase, without forgetting the current consumers trying to maintain them close to the company and ultimately make them become loyal customers. When planning adjustments, organization need to be cautious to avoid degrading already achieved levels of revenue and customer base. For instance, if visual elements are revolutionized, making the company's products hard to recognize, customers could be reticent in buying the product once again, provided that they are able to recognize it. The lost recognition not only can be harmful for the company. It might make clients buy another product that satisfies the same need that the previous company addressed, risking to never win back those lost customers. To avoid such a shock in the existent consumers, it is very important to implement any kind of change in a delicate and intelligent way, to achieve an improved market share and to develop profits. To achieve those positive outcomes, it is key a continuous and precise monitoring by the company's managers. Even though the implementation phase is clearly very much important so is the preemptive phase of planning; this stage is the one that can minimize risks prompting the success chances in the process of change.

Between the different possibilities of market penetration strategies, it is possible to find:

- Structuring new strategies to induce an increasing number of customers to buy or continuing to buy the product or service
- Develop a strategy of price competitiveness creating a favorable condition for customer to switch their purchases from a company to another
- Studying some relevant matrices in order to understand on which product it is worthy to invest more as well as deciding to stop spending money on other products that prove themselves to be less profitable

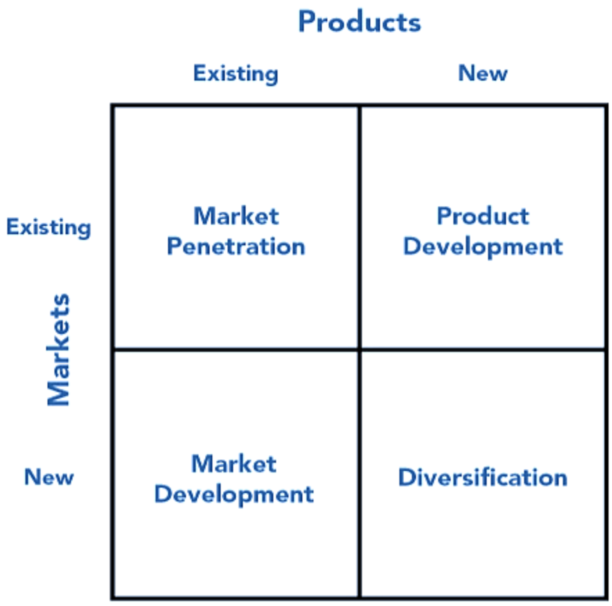
[59] Raman, A., Gaur, V., & Kesavan, S. (2005). David Berman.

- Develop offerings and promotion captivating consumers
- Buying a company or merge with a competitor which allow the company to gain market share

Basically it may be said that all those factors try to capture the brand popularity. The definition is based on a computation calculating the entire number of people who purchase the products and services of a brand (or category of goods) at least once in a given period divided by the size of the relevant market population.[60]

Market penetration is one of the four strategies described by Ansoff in his Product-Market Growth Matrix. This matrix is a tool to recognize and analyze the possible growth opportunities. Its major strength is on the division between existing product or service and new product or service and between the existing market and new market. Any of this strategies options are based on both internal and external possibilities and stimuli. The dimensions characterizing the matrix are the products and the market axes. This construction permitted to create the original matrix.

Figure 5.3 – Ansoff's Product-Market Growth Matrix



Source: Personal elaboration

[60] Farris, P. W., Bendle, N., Pfeifer, P., & Reibstein, D. (2010). *Marketing metrics: The definitive guide to measuring marketing performance*. Pearson Education.

This matrix supports an organized way to define strategies catching growth opportunities.

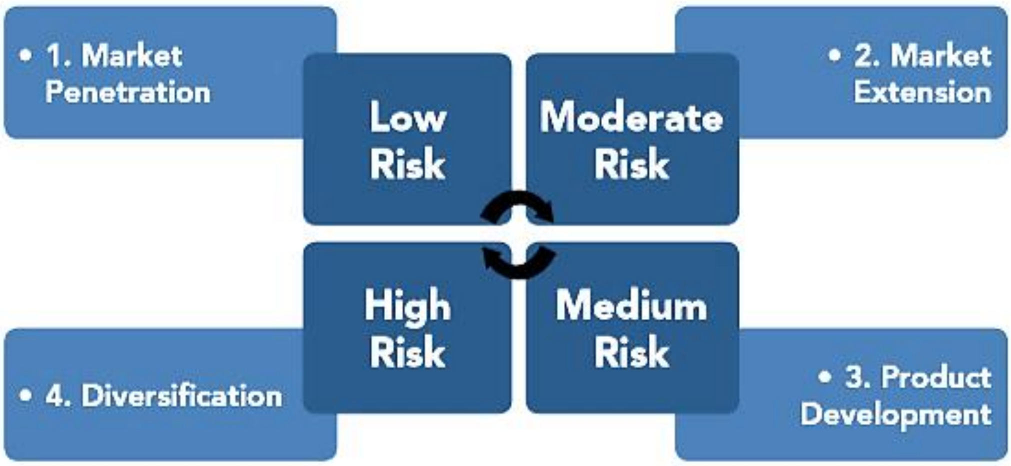
The other strategies that Ansoff supported in his Matrix are:

- Market penetration (existing market, existing products): Solvay promoting its alternative usage for cleaning or for whiten teeth.
- Product development (existing market, new products): Zara operates always in the same fashion business still often it tries to create new products.
- Market development (new markets, existing products): Huawei entered the smart phones industry with their version of the already existing product.
- Diversification (new markets, new products): Spotify created a service in a new market.

It is important to remember that the strategies proposed by the matrix are not mutually exclusive, in fact it is possible to use some in combination or to go for just one of the four possibilities depending on the situation.[61]

Each of the possibilities in the matrix displays different risk levels, in fact, each strategy requires different investments and different commitment levels[62].

Figure 5.4 – Risk levels attached to the Ansoff's Matrix



Source: Management e-book

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[61] Ansoff, H. I., Sullivan, P. A., Antoniou, P., Chabane, H., Djohar, S., Jaja, R., … Wang, P. (1993). Empirical proof of a paradigmic theory of strategic success behaviors on environment serving organizations'. In D. E. Hussey (Ed.), International review of strategic management (pp. 173-203). New York, NY: John Wiley

[62] Management Ebooks. (2013). *Ansoff Matrix: Strategy skills*

MARKET PENETRATION

Market penetration involves selling the same products in the same market, in doing so, the goal would be to increase the market share.

Figure 5.5 – Market penetration process

Source: Management e-book

In this case market penetration can happen when a business wants to penetrate a market where some similar products are offered, basically when a company wants to enter a red ocean. One of the methods to achieve success in a red ocean is to be able to win some of the competitors' customers. Clearly, there are other strategies, they generally involve the attraction of the so called "non-users", people who consider the product or service not useful for them. As it is possible to convince non users to try, it is possible to convince users to increase their usage of some products or service. Ansoff built the matrix to help companies recognize the benefits, if present, of entering a market.

Market penetration encompasses targeting on selling current goods or services in the targeted markets to build a better market value and an improved market share. This desired outcome can be reached through increasing the market share of prevailing goods, managing to gain the supremacy of the mature market in which the company operates, trough the monopolization of an already mature market by forcing out competitors and last through improving the dosage the customers that already buy the company's product utilize[63].

Since each of this strategies implies some advantage sand procedures, following I will briefly summarize the option a company has when going toward a market penetration strategy.

[63] Ansoff, H. I., Sullivan, P. A., Antoniou, P., Chabane, H., Djohar, S., Jaja, R., … Wang, P. (1993). Empirical proof of a paradigmic theory of strategic success behaviors on environment serving organizations'. In D. E. Hussey (Ed.), International review of strategic management (pp. 173-203). New York, NY: John Wiley

Figure 5.6 – Strategies for Market penetration

Source: Management e-book

Maintain or increase the market share of existing products or services

This goal can be reached thanks to some strategies created through the mix of advertising and sales promotions, and in some cases through the implementation of competitive pricing strategies. This process is very dependent on the sales and marketing department, which, in fact, determine the advertising expenditure and the promotions. Good advertisement and customers' relationship management are key factors in maintaining the current market share safe and sound.

Dominance of growth markets

In this strategy the process starts with identifying some different demographics to target. An example is to identify a variation in the distribution of age in the range of people using the product, in this way the company is able to recognize the role of the different generations. The subsequent step is to market the existing product to the new growth segment. For instance, luxury market has recognized in the millennials the best target to pursue, compared to the previous typically older customers. If the segment identified is not in the customer base then it is not to be considered a market penetration strategy, the strategy would be more in line with the market development.

Driving out competitors

This is the case of companies working in a mature and probably saturated market. When the firms find themselves in this situation the strategy needs take other routes. To drive competitors out, the marketing needs to be very aggressive, it can exploit the promotional campaigns in line with the temporary pricing that can make the market unappealing for small companies. In the saturated market is not possible to find some demographics to enlarge the customer base and the market share, the only way is to take the share points from other companies operating in the same market.[64] This strategy could be, in many cases, considered as borderline. Driving competitors out of the field could be a tactic that may involve some law violation and regulations compliances. This course of action is one of the last to be considered.

Increase usage by current customers

Figure 5.7 – Increase usage chain

Source: Management e-book

This strategy has been analyzed in the previous paragraph, here I will insert just the additional suggestion made by Ansoff. He highlights the importance of loyalty programs which are able to tie the customer to the company and at end to make it difficult to switch from one provider to another. A way to increase the frequency is to often change or update the technologies to make clients want to upgrade. The best example is the smartphone market, where many companies launch some different and better product each six months or one year.

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[64] Ansoff, H. I., Sullivan, P. A., Antoniou, P., Chabane, H., Djohar, S., Jaja, R., … Wang, P. (1993). Empirical proof of a paradigmic theory of strategic success behaviors on environment serving organizations'. In D. E. Hussey (Ed.), International review of strategic management (pp. 173-203). New York, NY: John Wiley

Figure 5.8 – Market penetration requirements

Source: Management e-book

In this case another way of computing the market penetration requires to understand whether the dividend growth rate is greater than the ratio of the percentage population of wealth distribution. If the first element is bigger than the second element, then market penetration is possible. Market penetration is a method to define the effectiveness of the business model and marketing strategy for a product.

Market penetration is a tool for considering potential earnings of a business and is integral to calculating a resourceful business model.

Market Development Strategy

The market development strategy is characterized by the company trying to find new markets in order to sell their current products or services.

Figure 5.9 – Market development strategies

Source: Management e-book

New Geographical Markets

This strategy suggests to find new places to sell the product, it could involve going abroad in a new country as well as enlarging the business in new regions or new continents. Clearly, this strategy is risky, the level of the risk incurred can change based on whether the companies has the ability or not to use the same set of channels in the new region, country or continent.

New product dimensions or packaging

It is about repackaging the product following people needs, it is the case for companies selling in big volumes to other firms, a B2B, deciding to package the same product in smaller volumes in order to enter the B2C market.

New Distribution channels

This strategy involves the selling through different retailers or wholesalers, as well as distributing better the investment on each. A company that has always sold online that decide to open its first store, or vice versa, are good example of the implementation of this strategy.

Different Pricing Polices to Create a New Market Segment

Companies adopting these prices polices are companies offering some good or service in different price ranges. For instance, it is possible to sell an item for the entire price when offering the best quality, at the same time it is possible to sell an item with slightly different features for reduced pricing. In this way a firm is able to catch different segments, people who wouldn’t pay the entire price because they didn’t need all the features could be willing to pay less for the product with a smaller set of function or features.

A peril to keep into account when trying to implement market expansion strategies is the one that alienate the existing customer base. By creating new distribution channel or executing pricing policies is that the product could not be suitable or desirable for current customers anymore. To avoid this risk, some companies decide, in fact, to create different sub brands to not use the name of the main product they sell.

Figure 5.10 – Market development strategy requirements

Source: Management e-book

PRODUCT DEVELOPMENT STRATEGY

This strategy implies to spend a considerable amount of money in R&D, this expenditure can allow the company to develop new products that could appeal to the existing market[65].

Figure 5.11 – Product development strategies

Source: Management e-book

Research and Development

Before undergoing an R&D project is very important to understand in which direction a company wants to move. Technologies in this case are key to achieve a satisfying result. Investing on Research and Development enable an organization to introduce in the market a

[65] Calantone, R., Garcia, R., & Dröge, C. (2003). The effects of environmental turbulence on new product development strategy planning. *Journal of Product Innovation Management*, 20, 90-103.

better and upgraded product as well as creating something totally new. This is fundamental in almost any industry. Thinking to the fashion industry, a continuous research on new materials and new features is what can maintain a mature market very dynamic, it creates the need for people to buy new garments every season.

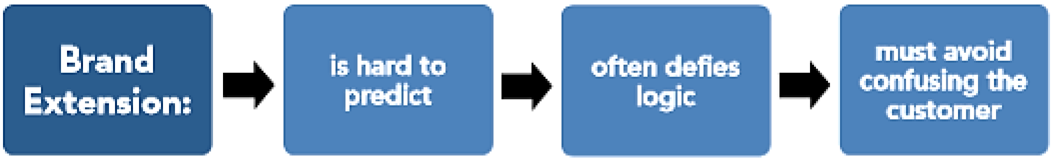
Assessing Customers' Needs

This is one of the best way to understand in which direction to go. Firms have the possibility to submit questionnaires to their own clients and to organize users groups to understand what are the needs and which of the them the firm can satisfy. This information can be gathered from sales personnel or from the call center, in fact, those are employees who face every day the customers' complaints and that knows where the company is failing in delivering.

Brand Extension

This is a procedure that many companies undergo. It concerns the utilization of the same brand name on new products in different categories. Companies that decide to introduce a brand extension wants to exploit their customers' loyalty and their brand reputation[66].

Figure 5.12 – Brand extension process



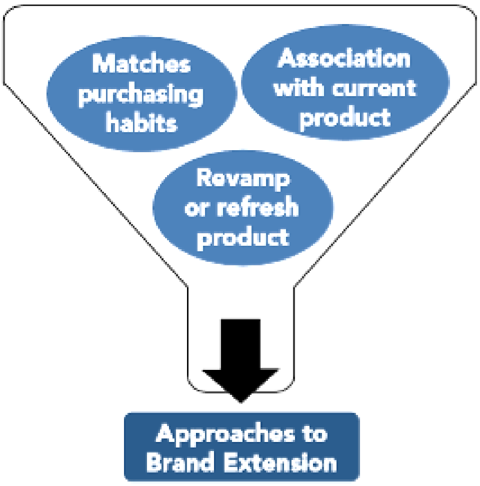
Source: Management e-book

This strategy can be very dangerous since if the brand extension reveals to be a failure, it can damage the parent company[67]. Some would support the idea of the maintenance of a connection between the parent company product and the extension's one. To be remembered is the capacity of many brands to create extension totally unlinked with the parent company still incredibly successful (e.g. Virgin).

[66] Mishina Y., Pollock T. G., Porac J. F., (2004). Are more resources always better for growth? Resource stickiness in market and product expansion. Strategic Management Journal. 25, 1179–1197

[67] Mishina Y., Pollock T. G., Porac J. F., (2004). Are more resources always better for growth? Resource stickiness in market and product expansion. Strategic Management Journal. 25, 1179–1197

Figure 5.13 – Brand extension approaches



Source: Management e-book

DIVERSIFICATION STRATEGY

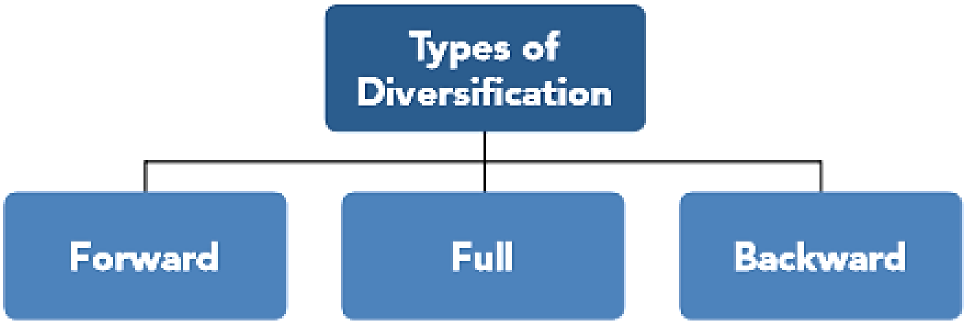
The diversification strategy is very ambitious; it tries to develop new products to introduce in new markets. The main risk incurred is the lack of knowledge, companies do not know the new market, hence the new potential customers and they have little experience on the product as well. It is worth mentioning the conspicuous investment in marketing and R&D.

Figure 5.14 – Diversification strategies

Source: Management e-book

Organizations try approach this strategy by acquiring companies operating in some totally new field compared to the theirs.

Figure 5.15 – Types of diversification



Source: Management e-book

Diversification can happen in different ways[68]:

- ***Full Diversification***: companies which want to serve a new market with a completely different product compared to the one currently own.
- ***Backward Diversification***: it happens when a company chooses to propose product or service that links to the preceding phase of the existing product or service.
- ***Forward Diversification***: it is the example of a company deciding to serve the market with a product that links to the existing products or service in a later phase.

5.3 Successful examples: Coca-Cola and Heinz

The Coca-Cola case is very exhaustive in explaining every strategy in the Ansoff's Matrix[69].

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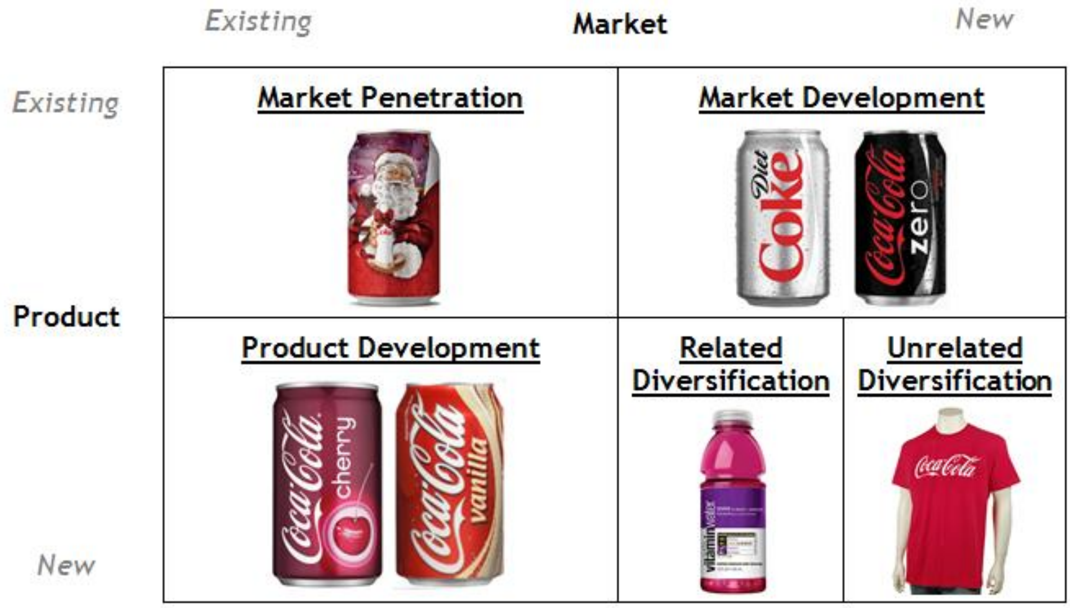
[68] Ansoff H. I. (1957). Strategies for Diversification. Harvard Business Review. 35, pp.113-24

[69] Coca-Cola Case – Retrieved from https://themarketingagenda.com/2015/03/28/coca-cola-ansoff-matrix/ - Accessed: 09/15/2019

Figure 5.16 - Coca-Cola and Ansoff's Matrix



Source: The Marketing Agenda

The company is the trade name having the higher degree of awareness, they have been working in the industry for more than 100 years and they now operate in more than 200 countries, making Coca-Cola a very complete example.

Over the years, the multinational has been able to apply any of the strategies proposed by Ansoff. The best example in the Coca-Cola case involves the ability they had to link in the consumers' mind the festive days of Christmas with their product. This was possible thanks to huge investments in advertisings showing families drinking Coca-Cola, moreover, they launched some limited edition packages displaying Santa as well as other renown Christmas figures. The same strategy was applied with other limited edition packagings such as the ones having people's name on them or the bottles designed by Moschino.

In the product development, Coca-Cola introduced in the market the Cherry Coke which demonstrated to be a real success, they watched more customers in the same market by just adding a flavoured syrup in their already famous recipe. Since the lucky cherry coke introduction, the company exploited the trend to launch new flavoured beverages.

In the market development strategy Coca-Cola was particularly brilliant, it introduced diet coke in more than three decades ago still the type of beverage was considered for years a very feminine drink. No matter their effort to change the perception about the Diet Coke, it still remained a coke drunk by women; the company then decided in 2005 to create another product having exactly the same concept and possibly a very similar recipe: the Coca-Cola Zero, they carefully designed the packaging and the advertisement in order to make it as masculine as possible.

The diversification path was clearly undertaken as well. Coca-Cola went for the acquisition of Glaceau which guaranteed the firm to penetrate a new market and moreover to safeguard its future since the trends seem to be moving toward a healthier diet and beverages poor in sugar amount. The advantages in taking the route of a related differentiation involve the knowledge the company already gained in its beverage field and the eventual applicability of scale economy.

Last Coca-Cola experienced the unrelated diversification. They started producing merchandising products which are not in the bundle of capacity of its core business. This step was possible thanks to the strength of its brand and to its customers' loyalty and advocacy.

Another case, worth including in the examples, concerns the Heinz case. The company which core product is tomato ketchup was losing grip on its customers because of the private labels selling very similar products at a more affordable price. Since 2011 the company has been failing in keeping its market share safe, a campaign has been useful in helping the company reestablish a bound with its consumers. In the advertising, lasting 30 seconds, the company showed familiar situation evoking positive memories in its customers[70]. The main scene showcased parents putting Heinz Tomato Ketchup over the dishes of their children, this powerful image has been able to make the new generation of parents the need for doing the same for their children right because their parents did the same with them and the advertising was perfectly able to evoke this clear and evocative message. This is an example of a best practice in the market penetration strategies applications.

[70] Heinz Case – Retrieved from https://themarketingagenda.com/2015/03/14/heinz-market-penetration/ - Accessed: 09/15/2019

Chapter 6

LUXOTTICA JP

6.1 Luxottica History

Origins

In 1961, Leonardo Del Vecchio opened a laboratory that produced components for eyeglasses in Agordo in the province of Belluno. The choice of location has strong motivations: in Veneto there are the largest companies in the sector. The territory is historically strong in expertise and skilled labor. Leonardo Del Vecchio was 26 years old. During the day he worked, in the evening he followed some classes in drawing and engraving at the respected Accademia di Brera.

70s and 80s

The new project to which Del Vecchio was passionately dedicated was to produce and sell the complete frame. 10 people worked at Luxottica (the founder included) at that time: their expertise was recognized and appreciated by all client companies. Starting from this solid foundation, Luxottica focused on production by investing in new machineries and technologies. The first eyewear made by Luxottica was born in 1971 and is presented at MIDO, the most important international eyewear fair. Luxottica, the newest member of the sector, makes people curious and attracts attention, it experienced for the first time a great demand for its models. The company hadn't its own distribution on the market yet. To sell its frames and lenses, it depended on small independent distributors. Leonardo Del Vecchio was aware of the importance of direct control over the commercial activities to learn more about the market and, most of all, to acquire information to develop products and strengthen customer relationships. This intuition started a path of vertical integration of activities that will be the hallmark of Luxottica's strategies over the years. In 1974, Luxottica acquired Scarrone S.p.A, an important distributor on the Italian market. 1981 was the year in which the international expansion begun. Luxottica created a subsidiary in Germany, a country with a consolidated tradition in the production of glasses, and entered the United States market with the acquisition of Avant-Garde Optics Inc., one of the main distribution channel of the time. Over the course of ten years the firm acquired other channels, opened subsidiaries and joint ventures in the most strategic foreign markets. Luxottica constantly invested in research and development, design and technology. To improve functionality and resistance of the frame, for example, it acquired an innovative patent for an elastic hinge that allowed the rods to adapt to the size of the face. 1988 is the year of another major breakthrough. The eye glasses in many people's lives were considered merely as a vision correction tool, the company understood the potentiality for evolving into a fashion accessory and a powerful expression of style. Luxottica embraced the extent of this change and decided to anticipate it. Thus the company signed a license agreement with Giorgio Armani, a stylist, symbol of the "made in Italy" excellence, for the production of his own line of glasses. This first collaboration which was completed in 2003 and followed by a new agreement in 2013, started the development of a prestigious license portfolio with the main international fashion houses.

90s

On 24th January 1990, the day on the New York Stock Exchange opened with the entry of a new title: Luxottica. The decision to go public in the United States was strategic: it meant entering an increasingly important market for the Group, increasing international visibility and accessing further growth opportunities. Ten years later, in 2000, Luxottica will also debut on the Milan Stock Exchange. The decade begun with the development of a proprietary brand portfolio that balanced the growing portfolio of licenses - with Brooks Brothers (1992), Bulgari (1997), Chanel (1999) - and diversified the offer with the acquisition of strong, popular and prestigious brands to satisfy heterogeneous consumers with different tastes and lifestyles. In 1990 Luxottica bought Vogue Eyewear. 1995 marks the entry into the Group of a historic Italian brand: Persol. In 1999 Luxottica moved overseas to the United States, for another important acquisition: Ray-Ban. The American brand, from its debut in 1937 with the Aviator model, designed to protect the eyes of American pilots, has maintained its recognizability and cultural relevance. Luxottica invested in the image of the brand with new collections, contributing concretely to the definitive affirmation of Ray-Ban as an icon of style and freedom of expression. In those same years, Luxottica further accelerated the Group's vertical integration strategy. In 1995 it became the first eyewear manufacturer to enter the optical retail business directly with the acquisition of The United States Shoe Corporation, a company that owned one of the main optical chains in North America: LensCrafters. The stores allowed Luxottica to create a real relationship of trust with the consumers, without intermediaries, to respond quicker and more effectively to their needs and improve their service. With LensCrafters, the company joined the "Give the Gift of Sight" Group, a non-profit program of eye care support which strated in 1988, based on the principle that seeing well is a right of every human being.

The new millennium

The expansion of the retail network continued in the new millennium with the acquisition of important optical chains in Australia, North America and China. In this period, in addition to investing in the brand portfolio with RayBan, Luxottica expanded its retail offer in 2001 with the acquisition of Sunglass Hut, one of the leading chains specialized in the sale of sunglasses in North America, Australia and the United Kingdom. At the same time, new, prestigious licenses enter the Group's brand portfolio: in 2003 the Prada Group and Versace, in 2004 DKNY and Dolce & Gabbana (2006), then Burberry (2006), Ralph Lauren (2007) and Tiffany (2008), Tory Burch (2009), Coach (2012) and the more recent Michael Kors (2015) and Valentino (2017). Luxottica also invested in proprietary brands: in 2007 it took control of the Californian company Oakley Inc. The integration into the Group will bring new synergies and growth opportunities. In 2013, the portfolio further strengthened with the acquisition of Alain Mikli International, an exclusive brand with an unmistakable, unconventional and innovative design. In 2008, the activities of the Give the Gift of Sight program merged into a new independent organization: OneSight. Its mission was to help all the people of the world, in particular those who live in situations of economic, social and cultural distress, to access quality eye care and glasses. Over the years, Luxottica's production system continued to develop with new acquisitions and investments in Italy and abroad. In 2012 Luxottica took over the control of Grupo Tecnol, the main eyewear operator in Brazil. The new production and distribution platform made it possible to improve the level of services offered to Brazilian customers and expands the Group's presence in the largest Latin American market.

Wearable technologies are still in the early stages of development, but Luxottica has already taken a leading role in the exploration and development of smart glasses, in particular through the partnerships announced in 2014 with Google and Intel. In 2016, the first result of the collaboration between Luxottica and Intel is Radar Pace, Oakley smart eyewear that offers a personalized training system that can be activated by voice.

During 2017, Luxottica initiated and completed the delisting procedure from the New York Stock Exchange (NYSE), where it was listed until 16 June 2017.

On 26th February 2018 Luxottica Group S.p.A. has signed the purchase contract for 67% of Fukui Megane Co. Ltd, one of the most important Japanese manufacturers in the eyewear district of Fukui, specialized in the production of high-quality titanium and solid gold glasses.
October 1st, 2018 Delfin S.à.r.l., the majority shareholder of Luxottica Group S.p.A. and Essilor International, announced the completion of the merger of Essilor and Luxottica groups. The new holding company, EssilorLuxottica, is a global leader in the design, production and distribution of ophthalmic lenses, optical frames and sunglasses. From 1st January 2019 Mirari Japan Co. Ltd. - a subsidiary of the Italian Luxottica group - changed its name to Luxottica Japan Co. Ltd. The decision follows the absorption of Oakley Japan KK and Mikli Japon KK by Mirari Japan, and aims to integrate the main Luxottica Group companies in Japan. The company headquarters remains unchanged.
On 30th August 2019, Luxottica Group S.p.A. has completed the acquisition of Barberini S.p.A., the most important manufacturer of optical glass lenses in the world. The operation allows the Group to strengthen its "made in Italy" production and the know-how in sun and prescription glass lenses, which has always been a success factor for the iconic models of Ray-Ban and Persol, adding to its manufacturing excellence in Italy the Barberini production center in Abruzzo[71].

Figure 6.1 - Timeline based on acquisitions

1974	Scarrone S.p.a	2007	Oakley
1981	Avant-Garde Optics Inc.	2011	Multiópticas Internacional (GMO)
1990	Vogue Eyewear	2012	Grupo Tecnol
1995	Persol	2013	Alain Mikli International
	LensCrafters	2014	Glasses.com
1999	Ray-Ban	2016	Salmoiraghi & Viganò
2001	Sunglass Hut	2017	Óticas Carol
2003	OPSM	2018	Fukui Megane Co. Ltd
2004	Cole National (Pearle Vision, Target Optical, Sears Optical)	2019	Barberini S.p.A.

Source: Luxottica.com website

[71] Company history – Retrieved from http://www.luxottica.com/en/about-us/our-history – Accessed 09/19/2019

Figure 6.2 - Timeline based on licenses

1988	Giorgio Armani	2007	Paul Smith Spectacles
1992	Brooks Brothers		Ralph Lauren Corp.
1997	Bulgari	2008	Tiffany
1999	Chanel	2009	Tory Burch
2003	Gruppo Prada	2012	Coach
	Versace	2013	Gruppo Armani
2005	Donna Karan Int.		Starck Eyes
2006	Dolce & Gabbana	2015	Michael Kors
	Burberry	2017	Valentino

Source: Luxottica.com website

6.2 Competition in the industry

To understand better what are the main elements impacting the profits a company is able to generate, Porter's five forces analysis is valuable tool to apply to the case. Since any company is subject to competitive pressures coming from its environment, this analysis allows to recognize the opportunities coming from within the company and from the industry in which it operates. The strength and the impact that the 5 forces have depend on the special characteristic defining the sector under analysis[72]

The main forces of the analysis proposed by Porter are: competition, threat of new entrants, substitutability of products, bargaining power of suppliers and customers[73].

PORTER'S FIVE FORCES ANALYSIS

The companies which work in this industry share the purpose of developing captivating frames for both for sunglasses and for prescription eyewear. In order to make them valuable, the companies tend to place much importance on the quality of the frames and the lenses. Ultimately, most of the companies competing in this industry have developed over the years

[72] Martin, M., 2018. "Porter's Five Forces Model: Tips and Examples." Business news daily

[73] Porter, M. E., 1985. Competitive Advantage: Creating and Sustaining Superior Performance. Free Press, Collier Macmillan.

an important distribution system. In the Luxottica case it is possible to leave out from the competitors all those manufacturing companies that produce low end products, in the same way companies manufacturing and distributing contact lenses or whose core business is represented by the prescription lenses are out of the scope of this analysis. Following this concept, the competitive environment can be reduced in order to have just big groups dealing high end sunglasses and prescription lenses and whose interest is strictly linked with the luxury and fashion industry. In fact, those groups not only want to provide a high quality product made of the best materials and produced thanks to a unique coexisting of the latest technologies with the craftsmanship of the artisans, these companies want to distribute the most fashionable eyewear, considering and analyzing the latest trends in the market. The set of companies analyzed are EssilorLuxottica, De Rigo, Safilo, and Marcolin. The advantages of all those groups are many. The history in the sector is very long for many of them, so is the experience in producing the frames and in spotting the trends. Since they tend to have long history, those companies had the opportunity to invest in industrial facilities managing to reach economic of scale, clearly reducing production costs; moreover, the big four are all vertically integrated. Having created a market that is managed by few companies whose market power is strong, the principles for an oligopoly has been set down. The few competitor in an oligopoly have the capacity to agree on prices and to find ways to create a hostile environment for all the other player in the industry. The decrease in the strengths of competitors makes the burden fall on the consumers that will need to pay higher prices for eyewear products. This mechanism gives the four players in the industry an incredible powerful markup on their sales. Even the geography helps in creating the eyewear oligopoly, intact all the big groups come from the northern part of Italy. This condition of proximity between the companies has generated the ground for an industrial cluster to born. Industrial clusters are considered as a set of companies which are interrelated between themselves as well as they are interconnected with suppliers and institutions. A clarification is important at this point, in fact, the big four are very different in size. Luxottica is the biggest group, it could be defined a colossus compared to Marcolin, which is smaller. In the light of the sizes of the companies, it is possible to conclude that the eyewear industry is structured in a way that makes it appear an Oligopoly, even though the real leader is Luxottica. Looking at the information available to the public is clear that the target geographies differ between those companies. While Luxottica has created a huge business in the US, different is the situation for Safilo and Marcolin which the highest sales share stays in Europe. (Coppola, 2012) & (Lucchetta, 2016)

Threat of new entrants

The main factors influencing this force are the following: the entry barriers and the retaliation by incumbents. The best condition in a market would be the one in which the entry barriers are very high, discouraging possible entrants, and in which the competitors are small and few. Indeed, this industry can be quite captivating in the eyes of potential entrants thanks to the opportunity to earn very interesting margins. On the other side it is known that the incumbents are international groups, all considerable in size and that can exploit their economies of scale, they have a long lasting heritage and vertically integrated businesses. Incumbents own many other companies and some of them even purchased retailers and have created strong networks with wholesalers; this factors have created a well-designed breached distribution. Those circumstances make the industry pretty much inaccessible for potential new entrants, they would need a conspicuous capital to enter the market and years of experience to create a convenient network of suppliers and distributors. In the rare case in which some companies prove themselves to have the right capital and network to be able to run the business for a significant period of time, the giants in the industry would probably try to purchase the entrants. Concluding, the entry barriers are moderately high, and even though it is quite unrealistic for a company to succeed, the barriers to entry could be surpassed.

Substitutability of Products

Some of the core business of the existing firms in the industry are the prescription lenses which could suffer from the offering of contact lenses and from new and improved surgeries promising to solve the eye conditions. In any case, the surgeries can be a good solution for people undergoing severe sight diseases but they can’t guarantee a lifelong solution. Many people, after having got an optical surgery has still had the need for lenses. For what concerns contact lenses, they provide a very good solution for eye conditions, still many companies focus not just on the correction provided by lenses but also on the fashionable side of prescription eyewear, doing so they reduce the risk for people to switch from spectacles. Sunglasses are a safer category, in fact, consumer tend to purchase them mainly for fashionable reasons, especially in western countries. However, the risk of substitution exists, in fact those people who are interested mainly in the UV protection offered by the category could prefer using a hat or reduce their sun exposure. This risk, in my opinion, is very low; consumers who buy luxury sunglasses are probably motivated in significant measure by the fashion side of the eyewear, making it more an accessory than a way to protect the eyes.

Bargaining power of suppliers

As explained above, incumbent in the industry have the advantage of the vertically integrated model, giving little space to the power that the supplier can exert on the producers. It is true that the companies which run their business in the luxury eyewear industry have a strong need for high quality materials, and enormous quantities, but it is also true that their production volumes are so huge that it hard to think that the supplier can enjoy a significant enough bargaining power. Even the kind of material that the big four make us of are quite homogeneous and as such can be provided by different suppliers. This situation allows the companies to create a supplier base, composed of many different firm, a condition that makes the bargaining almost impossible to support and that gives the players in the oligopoly high negotiating power.

Bargaining Power of Buyers

The customers in this context can be considered as both other businesses (retailers and wholesalers) and the single buyer.

As regards the individual buyer, meaning the final customers, they have no power in the bargaining process. The buyers in this sense are incredibly numerous and none of them has a role important enough to make one of the players in the oligopoly to bother in negotiations.

As regards the B2B, the businesses who buy from those companies in order to sell the products in their optical shops or in their corners in the malls do not have much power for different reasons. First, some of these companies own their own branded stores and even some optical shop chains, this allow them to directly control the prices they charge to the final consumers. Second, the businesses that want to buy from the four main seller of luxury eyewear do not have significant choice; either they decide not to display the best and more appealing models or they accept to pay high prices in order to have the best and latest frames in their shop.

SWOT ANALYSIS

Strengths

- One of the Luxottica strengths is its capacity to **innovate** the product, as soon as a model gets old they refresh it and make some change to make it appealing again. This continuous innovation process is possible thanks to the substantial use of technologies that Luxottica does. To understand how important this point is, it is sufficient to mention that Oakley, one of the Luxottica house brands has more than 850 patents worldwide. Luxottica is surely a trend setter in the luxury eyewear context. In 2018 the group decided to invest in R&D almost €600,000 (+187 percent versus previous year) in order to be able to create something different from the previous years, the reason why they do that is because the trends in the eyewear industry are very fast and apart from the iconic models, any season people expect Luxottica's Brands to introduce something innovative. Innovation allows the group to always catch new customers creating a very solid consumer base.
- The **Brand Portfolio** is for sure one of the elements that make this giant so big. Luxottica can count on Brand names like: Valentino, Chanel, Prada and many other worldwide known eyewear brands. The segmentation of their offer comprehend sport, fashion and luxury eyewear. Thanks to those strategies Luxottica can claim its capacity to penetrate different markets, gaining customers trust achieving customer loyalty.
- The group, over the years, has implemented **vertical integration** strategies, which permitted to get the control over the value chain, managing the quality of the products. The vertical integration allows the group to control the majority of the production process internally, giving them the capacity to rapidly adapt to the market changes and to the new trends. Their time from production to the market is short compared to many other businesses. This agility in monitoring and reacting to market demands is also given by the very strategic location in which they decided to position the production hubs.
- In the Japanese market Luxottica has a huge share in the Luxury segment, guaranteeing low levels of competition and thus it allows the company to enjoy the advantages of being an undiscussed market leader.

Weaknesses

Luxottica is without doubt a market leader in the luxury segments of the market, mainly given by their control on production which guarantees very high levels of quality and their spending in R&D gives the consumer ever-innovating eyewear. The luxury claims its price that not all the economies around the world are prepared to spend for sunglasses or optical lenses, their business indeed is very geographically clustered finding their major country sales in North America. It is worth to mention between the weaknesses the main company currency, it is subject to any Euro appreciation and depreciation, and it clearly influences the company very much. The reason behind is very simple: Luxottica produces in Euro even though its main source of revenue come from the US dollar. Considering the Japanese subsidy, Luxottica is facing a very hostile environment, the population, in fact, refuses a daily adoption of sunglasses, this behavior reduces the deterioration of the sunglasses giving them a purchase cycle inconveniently long.

Opportunities

One of the core abilities of the company is its slyness in making acquisitions. One example is the purchase of Oakley which allowed Luxottica to enter a whole new market, capturing the sportive segment in their customer base. These acquisition skills allow them to catch new markets and to create synergies wherever possible. Another opportunity is in the blue-light filter applied on the lenses, in fact, as many people spend more and more time in front of the displays, the need for correction or even protection is undeniable. In catching opportunities Luxottica has demonstrated to be very future oriented, the firm bought last year Fukui Megane, a very high-end Japanese eyewear producer. Opportunities in the market are given by the attention that the blue-light filter has gained in the last period, a campaign sponsoring this kind of product could be very useful, both increasing the sales of the frames as well as the sales of the lenses. This strategic opportunity could even be very beneficial for encouraging people to buy the prescription lenses that Luxottica offers, particularly in the case of Ray-Ban which has introduced last year its own branded prescription lenses.

Threats

One of the possible threats that the company may encounter is the alternative ways to correct vision. In the case consumers starts preferring contact lenses over prescription glasses, this could menace the solidity of the optical category in the sales. In the near future improvements in the surgeries offered for eye correction are promising to get cheaper and more precise. Even though those remain threats to keep into consideration, up to date do not represent a real risk for the company's sales. People who use contact lenses still need some pairs of spectacles, at most this could reduce the purchase cycle, stretching the time between one person purchase and the subsequent one. In my opinion the worst scenario for Luxottica is represented by the possibilities to lose their licenses from the most profitable brands. The last threat can be represented by the numerous brands that are entering the market as small boutiques selling very special sunglasses made in limited series and displaying very vintage or hippie frames. Those businesses are becoming fashionable in the last years, people seem to prefer some unique products over the industrialized ones, giving their preference to the craftsmanship and the very detailed and qualitative customer service offered by the boutiques. Specifically involving the Japanese market one threat are the Japanese companies which are aggressively sponsoring their products claiming their frames made specifically for the Japanese face shape. Indeed, addressing one of the main points that make people avoid sunglasses. They think that other companies' frames do not fit well both their eye shape and their face shape. In this sense, Luxottica introduced some frames designed for the Japanese, the "D" frames. Inconveniently, those "D" models are available only in a small number of models and Luxottica didn't introduced it for the sun category. Companies like Jins and Zoff not only are producing those special frames, they created a customer service focused on delivering the best possible experience. They implemented very specific types of consultancy for helping clients understand which solution best suits them. They can make a complete optician-like visit in store, some of the stores have a second floor dedicated to this purpose, utilizing the best machineries and following the customer since the first moment they enter the shop. The Ray-Ban Store in Shibuya has created a small corner addressing the eye check before the order of optical frames and lenses, still this service needs to be improved compared to the one offered by the competitors.

Chapter 7

SURVEY

After having performed a detailed analysis of the eyewear market at the global level and after having focused specifically in the Japanese market, the analysis moved toward subtler attitudes intrinsic in the Japanese culture. All these concepts together allowed us to have a better understanding of the problems and myths concerning the perception that the Japanese have when utilization of sunglasses is concerned. The causes of the lack of confidence characterizing the issue have been clarified. To make the point: the Japanese do not feel comfortable in wearing sunglasses for many cultural reasons, between them we found the collectivist behavior in which the status quo is dominating and doesn't allow them to deviate from what the other people in the community expect from one person, otherwise the individual lives a condition called shame. The only moments in life in which a deviation from the 'standard', and expected, behavior are those situations in which the status quo is not publicly shared. Normally the occurring of this particular and rare conditions happen when the Japanese go abroad, other situation that allow a deviation are when the deviation is permitted or justified by some incumbency. In the specific case of sunglasses, the coordinated occurrence of some condition make the Japanese feel more comfortable in wearing the sun device. The situation recognized up to date are in the case of a vacation abroad, in the case of barbecues in the weekends and only during very sunny days, and sometimes at the seaside or in the countryside, location in which atmospheric condition justify the use of sunglasses.

The purpose of the experiment is to understand the main triggers, as triggers are intended all those circumstances that can facilitate the adoption of sunglasses in the traditional daily life. It concerns the distancing of the concept of sunglasses with the occasional, and thus 'allowed', situation. The best way to analyze these triggers is to submit a questionnaire to a sample of people. The method aims to connect not only the perception of sunglasses to some possible facilitator scenarios making their adoption easier, but also to find an eventual proximity to the world of luxury. The ultimate aim is to understand whether it is possible to exploit the close link between the Japanese population and luxury power, eventually changing the popular perception about eyewear.

The survey has the purpose to answer to the following research questions:

1. The visualization of a luxury brand rather than a mid-level brand can positively influence the perception of sunglasses?
2. Which scenarios trigger the most the respondent when coming to a daily utilization of sunglasses?
3. What issues (eye wrinkles, sight diseases, etc.) are relevant enough to furnish a good leverage in promoting the functional utility of sunglasses?

In the questionnaire there are some questions that can measure the comfort people feel in wearing the product, other questions investigate on other variables such as the reason to wear and the pleasure in having a clear and visible brand logo on sunglasses.

SURVEY PLANNING

The preparation of the survey included the separation of the sample into two parts. This decision was fundamental to analyze how a luxury brand influenced the perception of eyewear rather than a mid-level brand. In both cases the questions submitted were the same. The questionnaire, common to both samples, involved the use of 14 questions, each with different purposes.

The software selected for the submission of the survey is Qualtrics XM.

The survey has been divided into seven sections:

- Demographics
- Comfortableness with sunglasses
- Triggering Scenarios
- Personal match with the sunglasses concept
- Brand importance
- Reasons for wearing wear
- Attention test

The demographic section was composed of 4 questions investigating: gender, age, education and occupation. Those factors are very important in order to probe the case in which demographic differences modify the perception people have about the concept under analysis. Nationality was not asked, in fact, the sample was only composed by Japanese people, the main language of the survey was Japanese in order to avoid misleading results arising from a misunderstanding of some questions.

Since the questionnaire was submitted in Japanese (see Appendix) the version that I insert in this part is in English. The first thing people saw in the questionnaire was a welcoming message in order to make them feel the importance of the analysis and to induct the best mindset for completing the survey.

Good morning! This survey will be very short; it will take no more than 2 minutes. I really appreciate your effort in helping me completing this survey.

Right after the welcoming message the demographic questions followed. The first question asked the age grouping the sample in ranges, the first range went from 18 to 25, the second from 26 to 35, the third from 36 to 45, the fourth from 46 to 55, the fifth from 56 to 65 and the last range proposed grouped all the people having more than 65 years. After that, the gender question could be answered in three ways: women, men, other/prefer not to share. The last two questions were made to better understand the level of education and the current occupation of each respondent. The education level went from "No high school diploma" to "Higher than Master Degree" and the occupations included the "Homeworkers". The "Not working" as well as people "Working for a salary" and other categories (see Appendix).
Only after the completion of the demographic section one of two pictures could be shown, the two samples had the same number of questions, the difference was only in the image each group saw, the tool utilized to do so was the randomization tool.

Photo number 1, which shows a pair of high end sunglasses. The brand is very well known in Japan and the logo is very visible.

Picture 7.1 - Sample Image 1 - Chanel

Source: Chanel Website

Photo number 2, this is the other picture representing a pair of Ray-Ban sunglasses, a brand very well known in Japan and with a clear and visible brand logo.

Picture 7.2 - Sample Image2 - Ray-Ban

Source: Ray-Ban Website

The two frames are very similar and both display the same color and a very similar perspective and shape. The sentence introducing the image was: *Please familiarize yourself with the image below*. The questions submitted, hereafter to the sample, provided for different possibilities of response. Some quantitative responses asked the respondent to select the degree of comfort about some specific concept and some qualitative questions aimed at understanding which problems the Japanese recognize as most relevant.

The scales utilized in the quantitative questions went from 1 to 5, to simply the response the interviewed people has seen the qualitative version of the scale. For instance, some questions investigating the degree of comfort respondent felt when using sunglasses went from:

- Extremely comfortable
- Somewhat comfortable
- Neither comfortable nor uncomfortable
- Somewhat uncomfortable
- Extremely uncomfortable

In order to choose the best fitting questions and the most reliable scales, they have been taken and elaborated form some known sources as Marketing scales handbook, "Multi-item measures for consumer insight research." (G. Bruner, 2013)[74] and Marketing scales handbook, "A compilation of multi-item measures for consumer behavior & advertising research" (G. Bruner, 2012)[75].

The example of a question follows:

What is your initial reaction to this image?

- Extremely positive
- Somewhat positive
- Neither positive nor negative
- Somewhat negative
- Extremely negative

The survey was submitted through the use of a link and it has been optimized to be opened and completed through electronic devices, most of all IPads and Smartphones.

After the visualization of the Photo 1 or 2, randomly submitted, the sample has been asked to answer some questions concerning their level of comfort with the product. The question was: "*What is your perception of the image?"* The scale for the response was from 1 to 5, corresponding 1 with "extremely positive" and 5 with "extremely negative". The middle

[74] Gordon C. Bruner, II, Marketing scales handbook, *Multi-item measures for consumer insight research*. Volume 7-GCBII Productions (2013)

[75] Gordon C. Bruner, II., Marketing scales handbook, *A compilation of multi-item measures for consumer behavior & advertising* research, Vol. 6.-GCBII productions (2012)

levels were, “somewhat positive”, “neither positive nor negative” and “somewhat negative”. The other question testing the comfortableness was: “*How much do you feel comfortable in wearing sunglasses every day when going to work?”* The same scale from 1 to 5 was used to collect the responses.

To analyze the possible scenarios that might trigger a more frequent utilization, the question asked was: “*As one of these situations occur, how likely would you wear sunglasses when going to work?”* This question provided for a matrix form of response. The situations proposed were: people in the streets wearing them, your boss wearing them, your colleagues wearing them. The respondent needed to choose for each variable a level of likelihood of utilization, the scale went from 1 to 5, from “extremely likely” to “extremely unlikely”.

After the scenarios, the personal match with the product was asked to confirm the validity of the first question asking for an initial reaction to the image, the specific question was: *How well sunglasses match your image?* The scale was even in this case from 1 to 5, from “extremely well” to “not well at all”.

The subsequent question, investigating the brand importance, was key in order to understand if a manipulation of the independent variable (the image) could influence the sample in their declared affinity with the brand. “*How much do you like a visible luxury brand logo on sunglasses?”* The scale was coherent with those presented previously, from 1 to 5.

From this moment on, the scales were abandoned and more qualitative question were asked. The focus was to understand which issues were important for the respondent in order to have a hint of which situation could be a leverage. To apprehend this the first question was: “*What would be the main reasons for you to wear sunglasses on a daily basis?*
(You can choose more than one answer)” The possible choices were: “UV rays cut function”, “Fashion”, “Makes me look better”, “People around me wear them”, “Prevent eye wrinkles” and “I wouldn’t wear them anyway”. To implement this question and to gather a more complete view on which problems worry the most the Japanese the following question was submitted. “*Eye wrinkles, Sight diseases, Eye fatigue, Skin tanning.*
Rank number 1 the condition that matters to you the most to number 4 the condition that matters to you the less.” The sample could answer by ranking the condition from 1 to 4.

The last section was designed to test the reliability of the responses obtained through understanding the attention given to the survey. To do so the question asked was: *What was the Brand on the sunglasses you saw at the beginning?* The option given had just one correct answer and were: “Dior”, “Police”, “Gucci”, “Chanel”, “Jins”, “Versace”, “Ray-Ban”, “I don’t remember”.

DISTRIBUTION AND MEASURES

The survey was submitted mostly during an event in Tokyo in which people had the opportunity to complete the survey on preset IPads, for gathering more responses the link opening the survey circulated through personal messages or emails. The total number of question was 14. The sample size obtained was 332 even though 14 of them were not completed and thus discarded from the analysis. The relevant responses were 318, eliminating from some analysis the people who didn’t declared his or her gender were excluded, arriving in this way to a sample of 312 people. The sample was perfectly divided between the two randomized photos, getting 156 responses in both cases. The respondents’ age went from 18 years old to people older than 65. The sample age mean is 40,51 years and 57 percent (178 in absolute numbers) are women and 43 percent (134 in absolute numbers) are men.
The questions have been designed following example in Marketing scales handbook[76], “A compilation of multi-item measures for consumer behavior & advertising research” (G. Bruner, 2012), in order to avoid influencing the sample toward a specific option. All the scales present in the survey ae from 1 to 5.

The hypothesis that created the basis of the questionnaire logic are:

1. The part of the sample looking at Chanel sunglasses will have a more favorable reaction (Q1) to the image compared to those looking at Ray-Ban.
2. The part of the sample looking at Chanel sunglasses will like more the presence of a visible brand logo on sunglass compared to the part of the sample that saw Ray-Ban sunglasses.
3. The scenario which has the most positive result will be: Collogues wearing sunglasses.

[76] Gordon C. Bruner, II., Marketing scales handbook, *A compilation of multi-item measures for consumer behavior & advertising research*, Vol. 6.-GCBII productions (2012)

4. Differences between women and men will be more relevant in the “Reasons for wearing” section.

Following the first regression analysis it seemed interesting to analyze another independent variable. Additional to the image seen: the gender.
It led to creating new hypothesis:

A. Women will put more attention on eye wrinkles than man
B. Men will focus on eye fatigue which is more felt on a daily basis compared to the eye diseases
C. Men will be mostly interested in UVR cut function
D. Women will be more focused on other people around them wear sunglasses compered to any other function

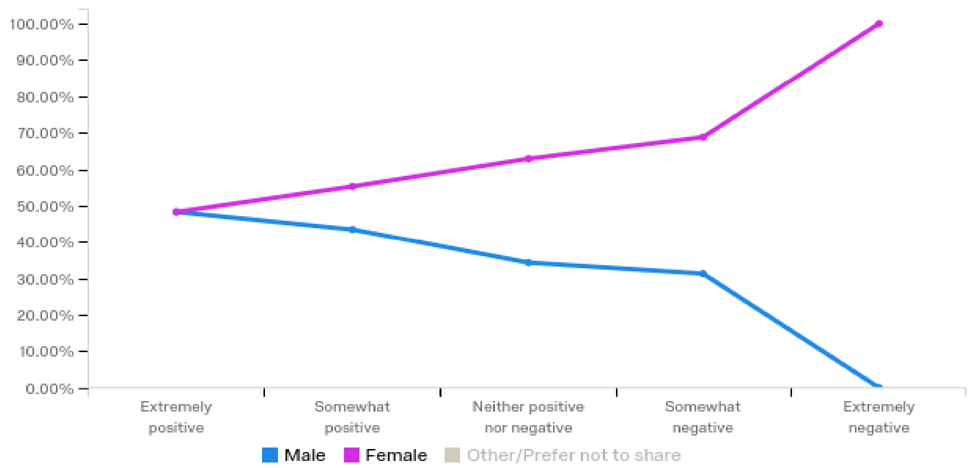
SURVEY DESCRIPTIVE ANALYSIS

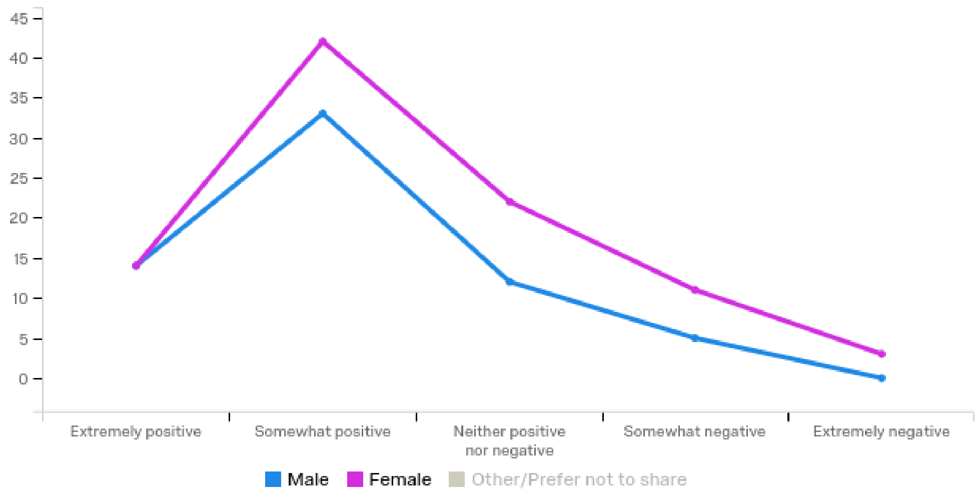
After having described the survey planning and after having gathered the responses, it is possible to analyze the results. First of all, the data set was exported in excel to order it and to cluster the variables, creating a preliminary descriptive analysis.

Ray-Ban vs Chanel - Gender Differences in Sunglasses perception

First, the Initial reaction could be very interesting to analyze in order to understand if the sample that saw Ray-Ban differ in the reaction compared to the sample which saw Chanel.

Figure 7.1 - Males vs Females vs Initial Reaction – Ray-Ban





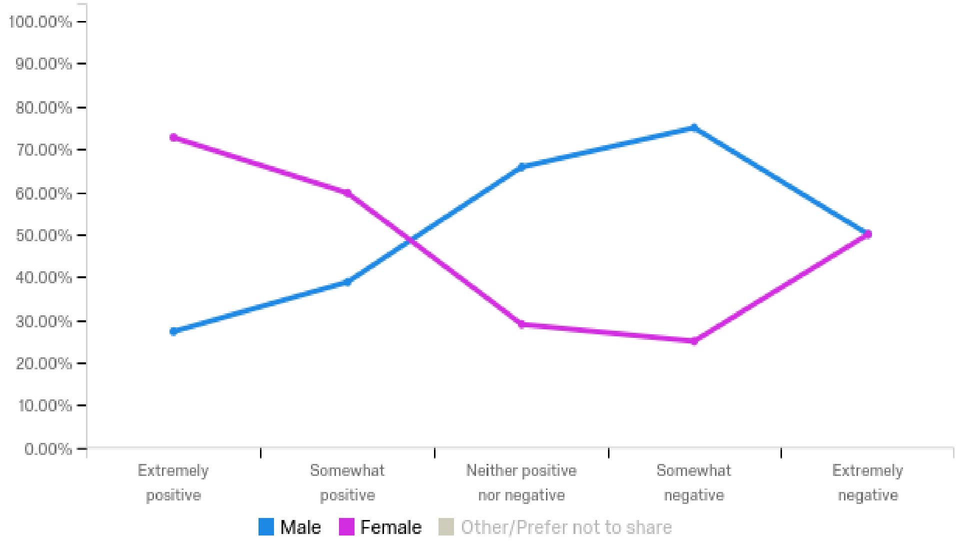
What is your initial reaction to the image?	Male	Count	Female	Count
Extremely positive	22%	14	15%	14
Somewhat positive	52%	33	46%	42
Neither positive nor negative	19%	12	24%	22
Somewhat negative	8%	5	12%	11
Extremely negative	0%	0	3%	3
Total	100%	64	100%	92

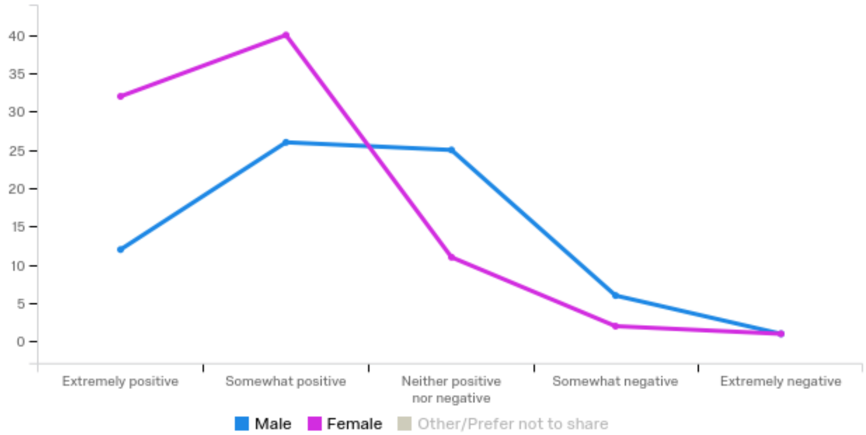
Source: Personal elaboration

The values presented in the first graphs have been normalized to percentages while the values in the second graphs are based on the total count. This choice allows to have a clearer view on how the gender differences may modify the perception of sunglasses. It is interesting to see how both sexes agree in perceiving the image as “Somewhat positive” even though from the normalized graph we can see how women tended to be move toward the negative part of the scale. This behavior gives us some insights about how the Japanese perceive sunglasses, in fact they tend to like the product, in this particular case men more than women.

This is the Ray-Ban case, let’s compare it with Chanel.

Figure 7.2 - Males vs Females vs Initial Reaction – Chanel





What is your initial reaction to the image?	Male	Count	Female	Count
Extremely positive	17%	12	37%	32
Somewhat positive	37%	26	47%	40
Neither positive nor negative	36%	25	13%	11
Somewhat negative	9%	6	2%	2
Extremely negative	1%	1	1%	1
Total	100%	70	100%	86

Source: Personal elaboration

In the Chanel case the same logic has been applied in which the first graph has been normalized to percentages and the second one is based on the total count. It is interesting to notice that in this case the reactions to the image were more diverse. The extremely positive

score has been given more than 70 percent by women. This conclusion captures the attention, since the reactions between the two images was particularly different for women, the question asked investigating on the brand could bring to some significant results.
To better analyze that a table displaying the mean, standard deviation and variance for both the cases may be useful.

Table 7.1 - Brand Logo Attraction

Ray-Ban	Minimum	Maximum	Mean	Std Deviation	Variance	Count
Male	1.00	4.00	2.13	0.84	0.70	64
Female	1.00	5.00	2.42	0.99	0.98	92
Other/Prefer not to share	1.00	3.00	2.00	0.82	0.67	3

Chanel	Minimum	Maximum	Mean	Std Deviation	Variance	Count
Male	1.00	5.00	2.40	0.92	0.84	70
Female	1.00	5.00	1.84	0.82	0.67	86
Other/Prefer not to share	2.00	3.00	2.67	0.47	0.22	3

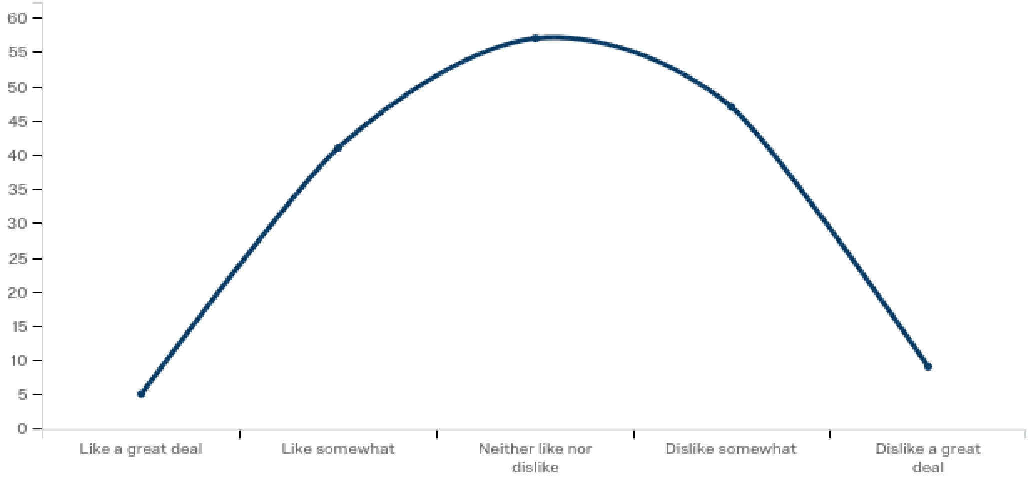
Source: Personal elaboration

From the table above comparing Ray-Ban results and Chanel ones it is possible to see that the mean with the Ray-Ban image has been very similar between men and women whereas with the Chanel image the mean has been more distant for women 1,84 (vs 2.42 with Ray-Ban) and men 2.40 (vs 2.13 with Ray-Ban), demonstrating that women tended to be closer to a positive perception when Chanel sunglasses were shown.

Ray-Ban vs Chanel - Brand Attractiveness

The results coming from the question investigating whether the image might influence the answer regarding the attractiveness of a visible brand logo on sunglasses, the results seem to be promising.

Figure 7.3 - Brand Logo on Sunglasses - Ray-Ban



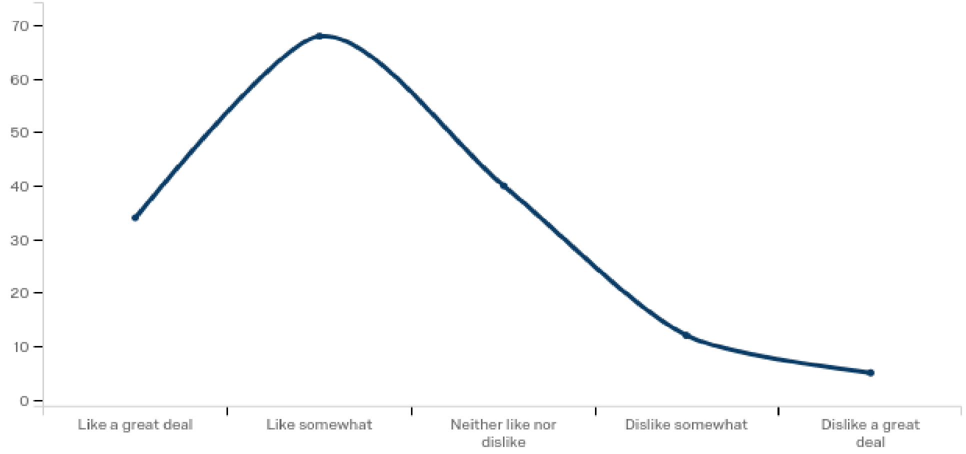
Ray-Ban	Minimum	Maximum	Mean	Std Deviation	Variance	Count
How much do you like a visible luxury brand logo on sunglasses?	1.00	5.00	3.09	0.95	0.90	159

Answer	%	Count
Like a great deal	3.14%	5
Like somewhat	25.79%	41
Neither like nor dislike	35.85%	57
Dislike somewhat	29.56%	47
Dislike a great deal	5.66%	9
Total	100%	159

Source: Personal elaboration

The distribution of the responses seems to aggregate on the middle part and its mean confirms the result (3.09). The sample was neither particularly attracted from a visible brand logo nor particularly disliked the idea of wearing sunglasses with the logo on it.

Figure 7.4 - Brand Logo on Sunglasses - Chanel



Chanel	Minimum	Maximum	Mean	Std Deviation	Variance	Count
How much do you like a visible luxury brand logo on sunglasses?	1.00	5.00	2.28	0.98	0.97	159

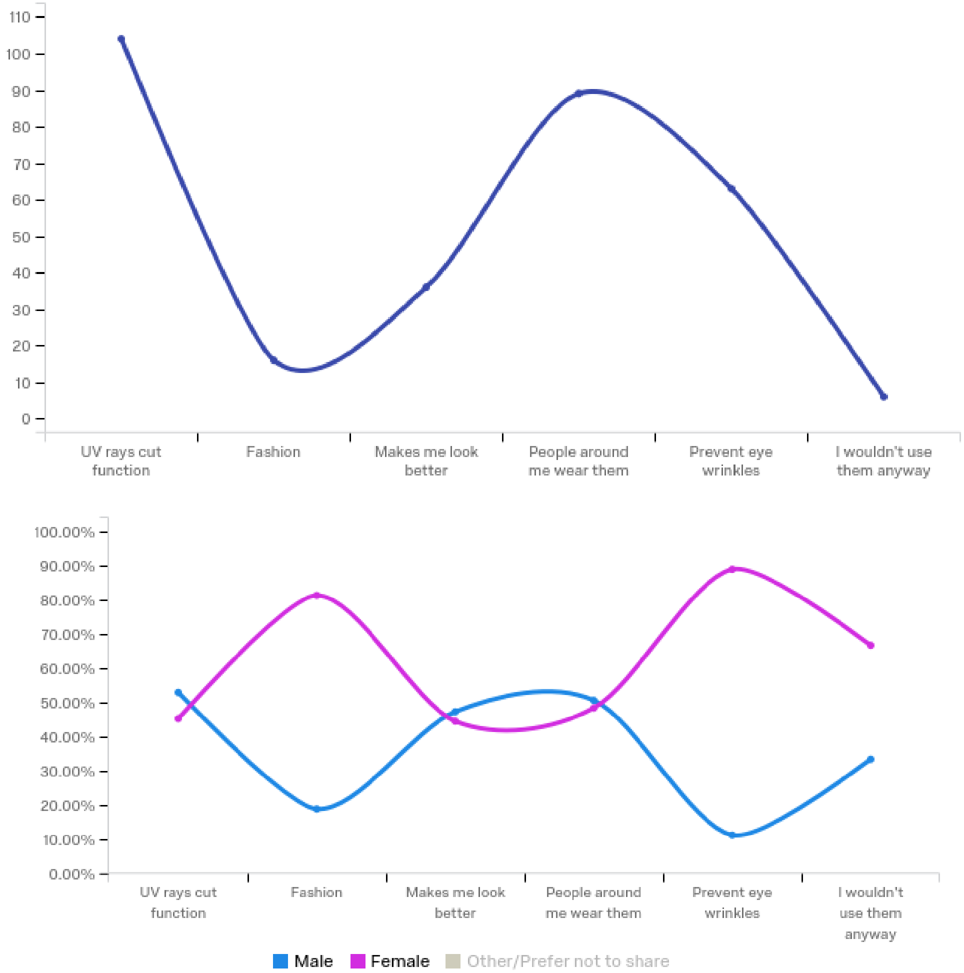
Answer	%	Count
Like somewhat	42.77%	68
Neither like nor dislike	25.16%	40
Like a great deal	21.38%	34
Dislike somewhat	7.55%	12
Dislike a great deal	3.14%	5
Total	100%	159

Source: Personal elaboration

When comparing the results obtained by Ray-Ban with those of Chanel we can see that the mean is respectively 3.09 and 2.28 showing that the image submitted could have influenced the perception people had on the attractiveness of a recognizable brand logo. In order to test the significance of this variable a regression analysis follows in the next section of this chapter.

Reason for wearing sunglasses

Figure 7.5 - Reasons to wear – Ray-Ban



Source: Personal elaboration

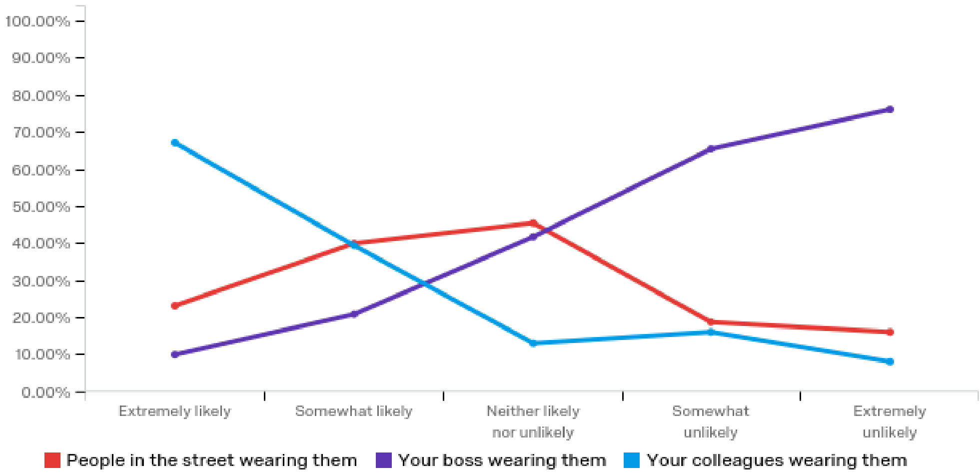
From those graphs it is very visible the different reasons people would have for wearing sunglasses, particularly relevant is the difference between the gender. The sample composed by women seemed to give more importance to “Fashion” and “Prevent Eye Wrinkles” while men give slightly more importance to “UV Rays Cut Function” and “People Around Me Wear Sunglasses”. This relationship will be analyzed later on to understand its correlation and P-Value.

Age and Scenarios

The graphical salient differences in the descriptive analysis are less visible, thus, from now on, the independent variable instead of being the image that the two sample saw become the age to show other fundamental diversities in the sample’s responses.

The responses were connected to the three scenarios depicting “People in the streets wearing sunglasses”, “Your boss wearing sunglasses” and “Your colleagues wearing sunglasses”. The question pretended a matrix response type, evaluating to which degree one of this situation could incentive the sample’s utilization of the product.

Picture 7.3 - Age vs Colleagues wearing sunglasses

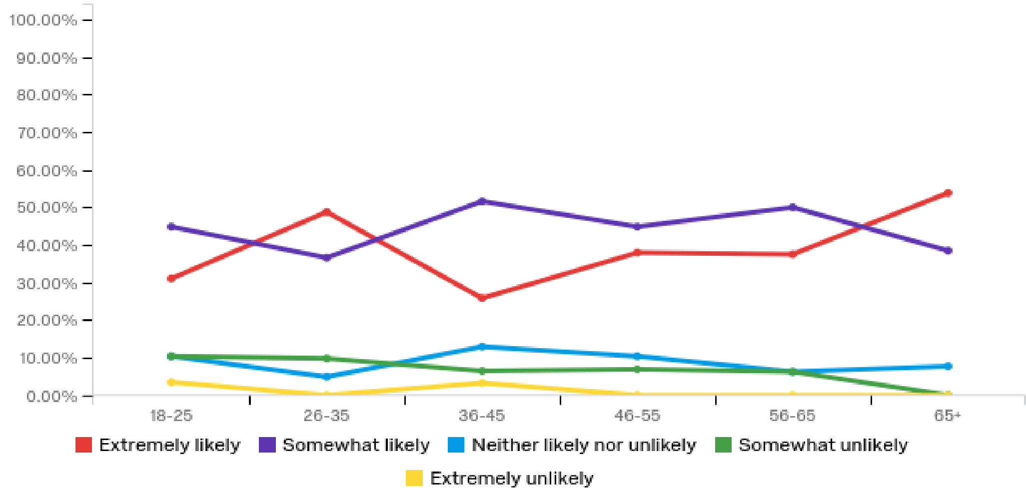


Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
People in the street wearing sunglasses	1.00	5.00	2.43	0.91	0.84	159
Your boss wearing sunglasses	1.00	5.00	3.20	1.10	1.20	159
Your colleagues wearing sunglasses	1.00	5.00	1.89	0.94	0.88	159

Source: Personal elaboration

From the graph and the connected means, it is visible how the most relevant scenario that might influence the population’s behavior is connected with the condition “Your colleagues wearing sunglasses”. To better clarify how and to see how people of many diverse generations have answered the next graphs and table could be useful.

Figure 7.6 - Age vs Colleagues wearing sunglasses



Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
18-25	1.00	5.00	2.10	1.06	1.13	29
26-35	1.00	4.00	1.76	0.93	0.87	41
36-45	1.00	5.00	2.10	0.96	0.93	31
46-55	1.00	4.00	1.86	0.86	0.74	29
56-65	1.00	4.00	1.81	0.81	0.65	16
65+	1.00	3.00	1.54	0.63	0.40	13

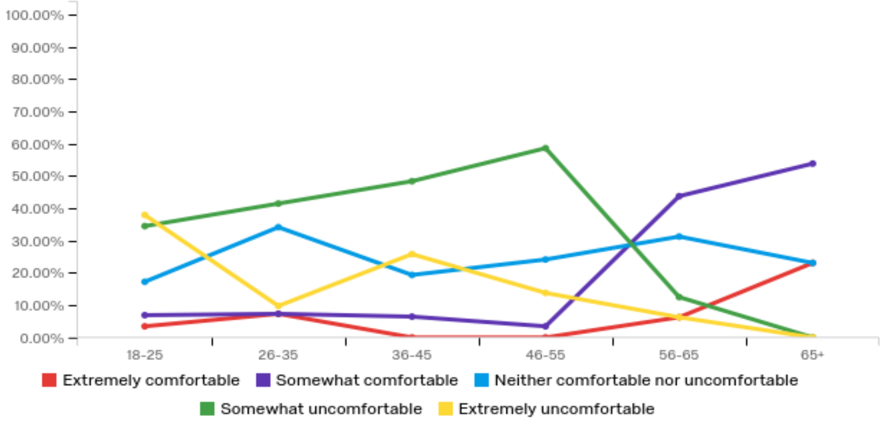
Source: Personal elaboration

From unpacking the age and the likelihood of wearing the product we can notice how relevant this variable is, the comparison with the Image (Ray-Ban and Chanel) does not appear because the difference was very small and it seemed to be more interesting to link the result with age.

Age and Comfort

From the data, which have been normalized to percentages, is visible that the age influences a lot the comfortableness that the sample experience when wearing sunglasses. It seems that the most comfortable condition is experienced by the 65+ category, of which almost the 50 percent declared to feel “Somewhat comfortable” and another 20 percent “Extremely comfortable” followed by another 20 percent that responded with “Neither comfortable nor uncomfortable”. Totally opposite the experience is for the respondents going from 18 to 55 which responded around 40 and 50 of them to feel “Somewhat uncomfortable”.

Figure 7.7 - Age vs Comfort

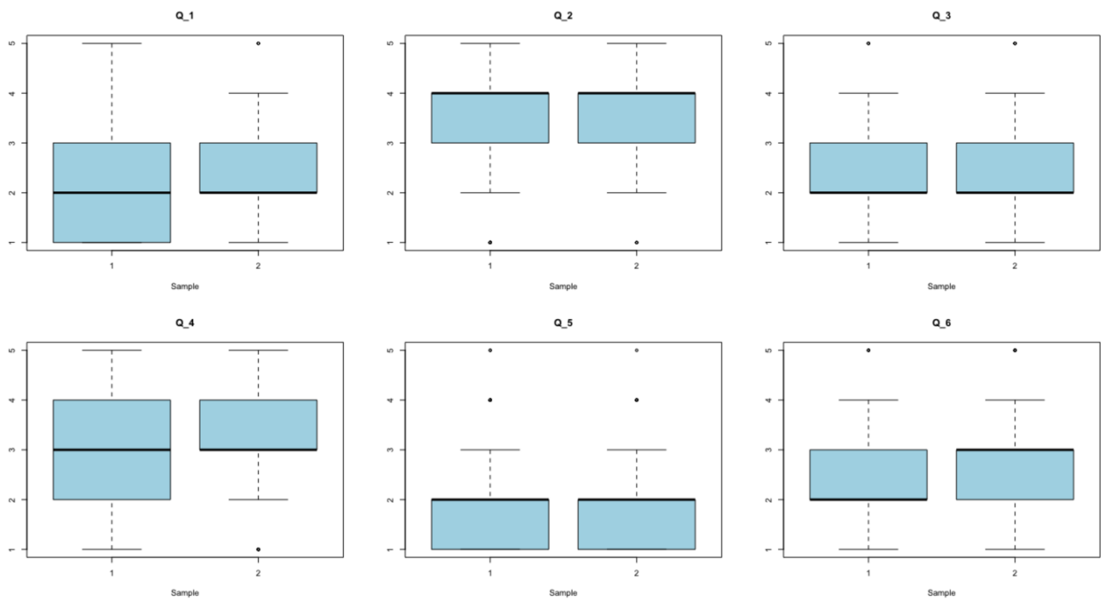


Source: Personal elaboration

SURVEY QUANTITATIVE ANALYSIS

The descriptive analysis gave some insights to understand the tendency in which the Japanese population is moving toward. Before proceeding to the regression analysis it is important to understand whichever graphical significance exists. From the analysis some questions have been excluded to be analyzed later on following other criteria.

Figure 7.8 - Boxplot Ray-Ban vs Chanel



Source: Personal elaboration

The question order goes from Q_1 meaning the first question asked which investigates around perceptions and Q_2 refers to the comfortableness degree. Q_3, Q_4, Q_5, each represent a row of the matrix question, being Q_3 "People in the street wearing sunglasses", Q_4 "Your boss wearing sunglasses", Q_5 "Your colleagues wearing sunglasses". Last, Q_6 embodying the question involving the luxury brand logo attraction. As can be noticed from the figure, the boxplots represent the distribution of the six variable in relation with the sample. The sample has been divided into two groups, "1" being the cluster which saw Chanel and "2" the cluster which saw Ray-Ban. The graph shows interesting results, in fact, Q_6 shows a graphic significance, as anticipated in the previous paragraph. This make it clear that more studies should be made on this question.

Ray-Ban vs Chanel – Luxury Brand Logo (Q_7)

Regression Statistics	
Multiple R	0.3811
R Square	0.1452
Adjusted R Square	0.1425
Standard Error	0.9751
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	50.0801	50.0801	52.6689	0.0000
Residual	310	294.7628	0.9508		
Total	311	344.8429			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.4872	0.1746	8.5189	0.0000	1.1437	1.8307	1.1437	1.8307
Image	0.8013	0.1104	7.2573	0.0000	0.5840	1.0185	0.5840	1.0185

When comparing the two sample responses, regarding the question investigating around the Japanese attraction toward a luxury brand logo, the results are satisfying. We have reasons to believe there is a linear relationship between the cluster and the variable analyzed at the .05 level of significance. Since the P-Value is smaller than alpha[77] we can reject the null hypothesis. Concluding, the greater the x becomes the less the Japanese are attracted by the brand logo, specifically in our case, as the image changes (from "1" to "2", meaning from Chanel to Ray-Ban) the less likely it is for people to give a high score to the variable.

[77] α (Alpha) is the probability of Type I error in any hypothesis test–incorrectly rejecting the null hypothesis.

Ray-Ban vs Chanel - Attention

Regression Statistics	
Multiple R	0.2983
R Square	0.0890
Adjusted R Square	0.0860
Standard Error	1.8313
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	101.5513	101.5513	30.2798	0.0000
Residual	310	1039.6667	3.3538		
Total	311	1141.2179			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	2.6410	0.3279	8.0553	0.0000	1.9959	3.2861	1.9959	3.2861
Image	1.1410	0.2074	5.5027	0.0000	0.7330	1.5490	0.7330	1.5490

In order to understand if the sample was reliable, the attention was tested asking respondent to recall the brand they saw in in the image of the sunglasses. As the table show the P-Value is approximately 0, and the Significance F in the Anova table show that the relationship exists. We reject the null hypothesis because P-Value is smaller than α; therefore there is overwhelming evidence that at the $\alpha = .05$ level $b1 \neq 0$ so we find it reasonable to believe that a linear relationship[78] between the image showed and the variable exists. This results demonstrate that the sample was reliable in the answers given.[79]

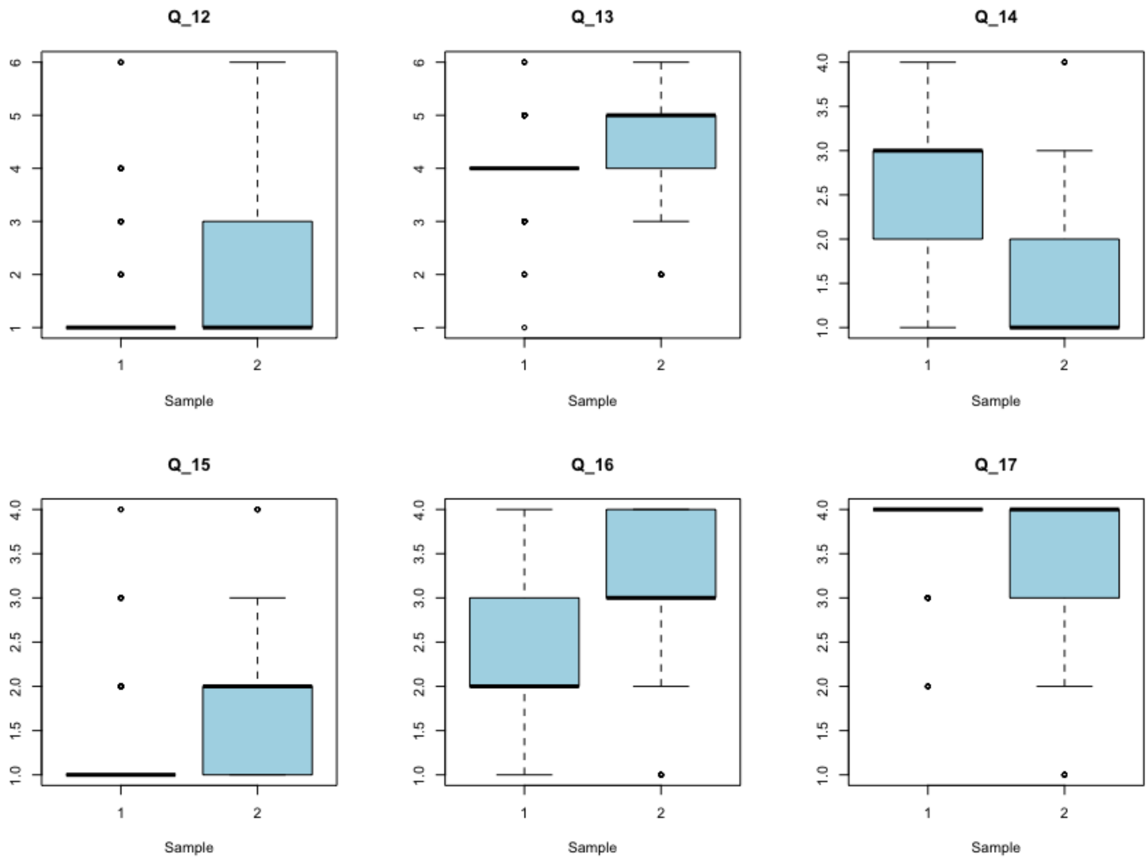
GENDER

From this point the other relationships between the independent variable being the clusters and the dependent variables being the question didn't displayed significant results. For this reason the tables can be found in the Appendix and the analysis was carried out from here by using as independent variable the gender of the participants and as dependent variables the responses to the questions. The results have been consistent with the expectations, finding relevant differences in the issues considered important by the two genders.

[78] B1 is the regression slope coefficient

[79] To understand the results it is important to know the order of the variables presented being: 1=Dior, 2=Gucci, 3=Chanel, 4=Ray-Ban, 5=Versace, 6=Police, 7=Jins, 8=I don't remember

Figure 7.9 - Boxplots Males vs Females



Source: Personal elaboration

The box plot is helpful in spotting the graphical significance of the responses, as we can see, compared to the previous one, more significance has been found. The questions correspond: Q_12 and Q_13 with reasons for wearing sunglasses, the options were given between many alternatives. Since it was a multiple choice question it was analysed separately. The Q_14, Q_15, Q_16, Q_17 are parts of the same question, asking to rank some conditions based on their importance each condition has to the respondent. Since all of them seem to be graphically interesting, it follows the regression analysis for each of the variables.

Gender - Ranking of issues #1

Regression Statistics	
Multiple R	0.5452
R Square	0.2972
Adjusted R Square	0.2949
Standard Error	0.7675
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	77.2199	77.2199	131.0865	0.0000
Residual	310	182.6134	0.5891		
Total	311	259.8333			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	3.6617	0.1445	25.3326	0.0000	3.3773	3.9462	3.3773	3.9462
Gender	-1.0050	0.0878	-11.4493	0.0000	-1.1778	-0.8323	-1.1778	-0.8323

The question asking to rank from 1 to 4 the conditions (between eye wrinkles, eye disease, eye fatigue and skin tanning) that interested more to the sample. The first variable analysed is the importance of eye wrinkles. The model gives the position each gender gave to the variable. Explaining better, it gives as the statistics about the rank, from 1 to 4 were the gender positioned the variable the most. The analysis demonstrated that the P-value is very small and certainly smaller than .05 making the null hypothesis rejected. To study the strength of the relationship between the gender and the eye wrinkles importance, I can use the correlation coefficient and the coefficient of determination. In our case the coefficients demonstrates that 1 additional point in x, changing the subject from men to women the position in the rank decrease in absolute numbers, this means that women tend to make eye wrinkle box step up in the rank, positioning it most of the times at first.

Gender - Ranking of issues #2

Regression Statistics	
Multiple R	0.3233
R Square	0.1045
Adjusted R Square	0.1016
Standard Error	0.7530
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	20.5152	20.5152	36.1801	0.0000
Residual	310	175.7796	0.5670		
Total	311	196.2949			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.7954	0.1418	5.6087	0.0000	0.5164	1.0744	0.5164	1.0744
Gender	0.5180	0.0861	6.0150	0.0000	0.3486	0.6875	0.3486	0.6875

The second issue concerned eye diseases. Even in this case the P-value is very low, smaller than α, thus we can reject the null hypothesis. We have reasons for believing that a linear relationship between the genders and eye diseases importance at the .05 level of significance. The Significance F confirms the analysis, compared with the α, the Significance F is smaller confirming the rejection of the null hypothesis. Since the relationship between the genders and the dependent variable is valid we can control the strength of the effect thanks to the coefficients. The male population, when x is equal to 1, makes the variable stay small, this allow to maintain an high position very close to one, meaning that the eye damages are the main concern for males. The female population, x equals 2, make the relationship grow faster, positioning eye diseases at the second place.

Gender - Ranking of issues #3

Regression Statistics	
Multiple R	0.5006
R Square	0.2506
Adjusted R Square	0.2482
Standard Error	0.7597
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	59.8367	59.8367	103.6837	0.0000
Residual	310	178.9037	0.5771		
Total	311	238.7404			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.3317	0.1431	9.3081	0.0000	1.0502	1.6132	1.0502	1.6132
Gender	0.8847	0.0869	10.1825	0.0000	0.7137	1.0557	0.7137	1.0557

This variable involves the eye fatigue, and seems significant as well. The P-value equals .000, the same goes for the Significance F, it is possible to reject the null hypothesis being the P-value smaller than .05. The effect the gender has on the variable is shown by the coefficient, for each unit increment in x, the effect increases by 0.8. This relationship means that women make this results higher (being women associated with absolute value "2"), declaring to give less importance to eye fatigue compared to males. A women would value at the third position the issue while men would value it ranking eye fatigue at the second place.

Gender - Ranking of issues #4

Regression Statistics	
Multiple R	0.2594
R Square	0.0673
Adjusted R Square	0.0643
Standard Error	0.7352
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	12.0917	12.0917	22.3691	0.0000
Residual	310	167.5718	0.5406		
Total	311	179.6635			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	4.2111	0.1385	30.4128	0.0000	3.9387	4.4836	3.9387	4.4836
Gender	-0.3977	0.0841	-4.7296	0.0000	-0.5632	-0.2322	-0.5632	-0.2322

This variable is linked with Skin tanning, it wants to now in which place, between 1 and 4, males and females tend to position it. Even in this case the two variable seem to have a correlation relationship (P-value < .05) and the null hypotheses is rejected. This time the slope is smaller, just -0.3977, again as in the first condition it is negative meaning that women (x = 2) make the result get smaller. This results mean that women tend to position skin tanning factor higher than men. The result seem not to be surprising since the tanning of the skin is typically a women issue in Japan.

Now it appears useful to analyze which reasons the Japanese selected as the most important function the sunglasses can offer.

Gender - Product functions

Regression Statistics	
Multiple R	0.2397
R Square	0.0574
Adjusted R Square	0.0544
Standard Error	1.2542
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	29.7207	29.7207	18.8950	0.0000
Residual	310	487.6126	1.5729		
Total	311	517.3333			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	0.8541	0.2362	3.6160	0.0003	0.3893	1.3189	0.3893	1.3189
Gender	0.6235	0.1434	4.3468	0.0000	0.3413	0.9058	0.3413	0.9058

The question asked was the same for both the following tables. The P-value in both cases is almost 0 and the same result is given by the Significance F, since α is equal to .05, the null hypothesis is rejected. The coefficient indicate that women increase the results moving toward the option Fashion[80], opposite compared to males, which are closer to the UV rays cut function.

Regression Statistics	
Multiple R	0.2696
R Square	0.0727
Adjusted R Square	0.0697
Standard Error	0.8568
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	17.8330	17.8330	24.2945	0.0000
Residual	310	227.5516	0.7340		
Total	311	245.3846			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	3.4722	0.1614	21.5193	0.0000	3.1548	3.7897	3.1548	3.7897
Gender	0.4830	0.0980	4.9289	0.0000	0.2902	0.6758	0.2902	0.6758

The second table is statistically significant too, for the same reason of the previous cases. This time the gender coefficient is slightly smaller compared to the previous table , still it shows a difference between men and women. Women are closer to the prevent eye wrinkles function while men feel better in knowing that other people around them wear the product.

RESULTS SUMMARY

Some hypotheses have been verified some other were not describing the reality, so they were discarded. The hypothesis which have been accepted are H2, H3 (just graphically), H4. As the gender is concerned the hypotheses accepted are HA, HC, and partly HD.

At the end of the results analysis, it is possible to conclude that:

- A luxury brand logo seem to be important and having seen Chanel sunglasses during the survey influenced the sample in giving better evaluations to luxury brands which are visible on the frames.
- The scenario which has displayed a higher level of likelihood for people to wear sunglasses has been the one in which the colleagues of an individual wears the product.

[80] 1=UV rays cut function, 2=Fashion, 3=Makes me look better, 4=People around the streets wear sunglasses, 4=Prevent eye wrinkles, 5=I wouldn’t use them anyway

- Men have demonstrated to be more concerned of UV rays cut functionality and the first position was given to eye diseases when some issues were listed.
- Women are very much interested in preventing eye wrinkles and it is the issue which they ranked number one when a list of conditions was given. Some relevance was given to the fashion component in the experience linked to wearing sunglasses.

All the other question results have been analyzed through the regression analysis, since none of them reached a P-value significant enough to show a correlation between the image shown and the dependent variables, they have been inserted in the appendix. In from Q1 to Q6 the null hypothesis was accepted. Reasons why they didn’t reach a good score is probably because they didn’t feel influenced by the manipulated independent variable.

CONCLUSIONS

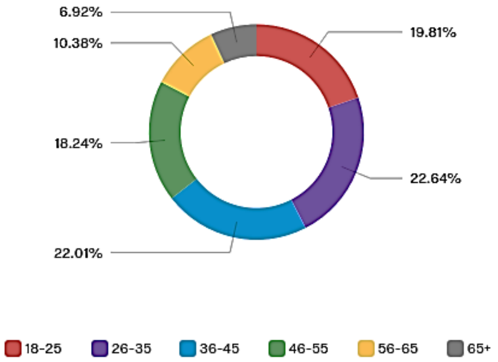
This journey started with the history of eyewear, it has been curious and unexpected. The history of sunglasses goes back of many years, still is not sure who actually invented the device for correcting vision problems. With this mystery behind, it was even more interesting to tackle the modern issues related to the use of eyewear. After having thoroughly understood and analyzed both the global and Japanese luxury market, it was clear that this sector carries a great heritage and at the same time renews itself every year with new models and new ideas. An in-depth knowledge, of the factors that govern this market, has allowed me to carefully study the global and Japanese market for glasses under two different lenses: that of luxury and that of the mass market. It was very important to understand what trends are developing in the area of Asia Pacific, specifically in Japan, in recent years. Once we understood the world in which my subject of analysis was immersed, it was essential to understand what problems this product finds in the market under analysis. From here the glasses, with the purpose of vision correction, have been removed from the study, to focus attention on a much more visible and peculiar concept: stagnation in the sunglasses category. To explain the difficulties related to the adoption of sunglasses it was necessary to bring the analysis closer to the sociology that leads the Japanese population to behave as it does, and even more fundamental was the understanding of the causes that bind the Japanese to a feeling of embarrassment in the use of the product. A key chapter is the one which explains the market penetration strategies that could provide important tools for get over the limitations imposed by the Japanese culture. Above all, the greater frequency of use is at the heart of the subsequent chapters. First, I took a specific case, Luxottica, and after I decided to investigate what scenarios and features could be inserted in the strategy content by companies working in the sector. The investigation had been possible thanks to the formulation and dissemination of a survey. From the results obtained by the survey it was feasible to analyze the factors having gained high degrees of interest by Japanese women and men. The importance of luxury in the perception of the logo on the frame seemed very clear from the survey. Although Chanel brand on the top of the product wasn’t able to change the perception of it, still, it managed to influence the perception that the Japanese have of the logo on the glasses. This has demonstrated the validity of luxury as a stimulator to the customer. This factor could prove decisive for companies like Luxottica where most of the production is concentrated in luxury products. In addition, the new generations seem to be willing to spend more on products that give them the perception of authenticity and quality. Exploiting the influence of the intrinsic uniqueness of the luxury products, could give companies, working in this industry, considerable dominance in the growth markets, thanks to the identification of the generation of millennials as a potential target. Another interesting implication, linked to the results of the survey, concerns the attention that men give to protecting the eyes from UV rays and the greater concern, that men have, compared to women of potential eye diseases, as well as eye fatigue. From this, it seems that men display a strong closeness with the functionality that this product can offer. Developing and promoting the capacities of sunglasses, as well as prescription lenses, could be a winning strategy. The latter would make it possible to highlight the great advantage of preventing eye fatigue and above to protect the eyes in an a population where working hours are very long and in which the daily use of screens endangers the eye healthiness. In this sense, a good sponsorship campaign, focused on increasing the product market share, would declare and demonstrate how blue lights radiating from electronic screens can affect the occurrence of eventual sight diseases. Aiming at becoming the market leader in the eyewear needed for filtering blue lights, allow the companies to catch a new trend that is arising from the market. In the researches on the Japanese trends in eyewear, it was intelligible the importance the consumer start to give to this typology of spectacles. A similar strategy could be designed for women, which apparently are very concerned about developing eye wrinkles. Since the sunglasses can help in maintaining the skin around the eyes younger, it could be useful to promote both the fashion and functional side of the sunglasses. All the strategies have the objective to better penetrate the market. What is undoubted is the functional excuse that the Japanese need in order to adopt the sunglasses on a daily basis and not just for extraordinary situations. On the one hand, they seemed to like very much the product, on the other hand they feel extremely uncomfortable in using it. Increasing the frequency of utilization at this point seems to be the best strategy, indeed the problem is not in the perception of the eyewear itself is on the little comfortableness in using sunglasses in front of other people, especially if other peers do not use them. To confirm this point of view, results show that one of the scenarios that could trigger the constant utilization is the one in which the colleagues publicly show themselves using sunglasses. Being this the situation, an additional measure could be taken. Companies, operating in this market, could find some association or lobby working in the health sector to sponsor the functional benefits sunglasses have. Indeed, the Japanese population is one of the most concerned about the damages of sun rays but just when it comes to protect the skin, when eye protection is involved they seem not to care. Following a sensitization coming from the institutions, another step could help in divulging the product. For example, some insurance companies have sponsored a bracelet counting the steps and the distance walked every day, if the insured walks more, he or she pays less in insurance fee. Since the environment in which the traditional Japanese spends more time is the workplace, a campaign developed to exploit companies connections could help in creating agreements. For instance, Luxottica could have some agreements with other companies for sponsoring the utilization of sunglasses, in the client company, when going to work. Some precedent exists in the bicycle case, people were encouraged to going to work by riding bicycles instead of cars. Concluding, any actions aimed at sensitizing the population about the risks incurred when not wearing sunglasses could give a functional excuse sufficient to trigger utilization. It can be done with PR events, through advertising, as well as social medias. If the target is narrowed to women, then a better communication about the advantages of using sunglasses might be more punctual.

MANAGERIAL IMPLICATIONS

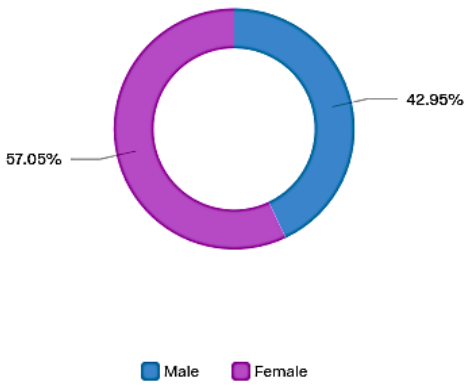
In the sample I gathered there were more women than man and the P-value associated to some question is not particularly significant. This issue come from the presence of two frames of two different brands. Even though Chanel is considered luxury while Ray-Ban doesn't, the difference was not much perceived by the sample. Another limitation of my work links with the limited numbers of scenarios proposed. The scenario involving the colleagues demonstrated to be very important to the participant and may be some other questions aiming at understanding other scenarios responses may enlarge the knowledge in the field. A suggestion I can give to people, that will analyze the topic in the future, is to include in the survey a section dedicated at understanding the way the Japanese live the unprotected childhood of their prole. I think that including the role of children in the perception of sunglasses could be a very interesting continuation of this study.

APPENDIX

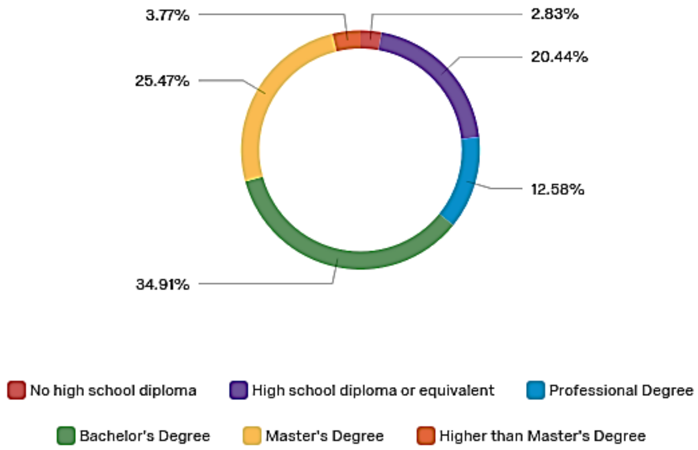
AGE



GENDER

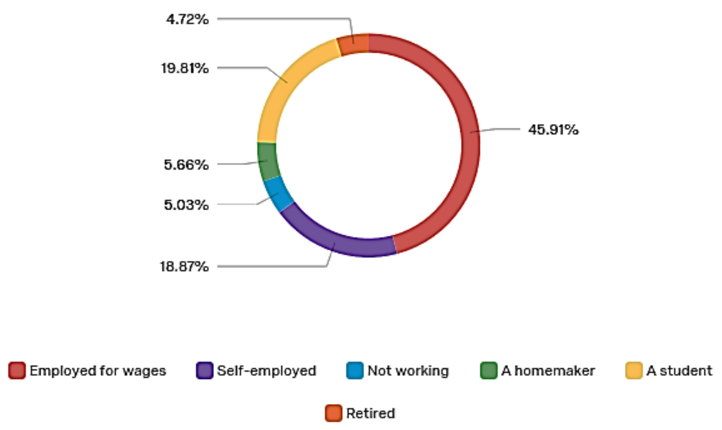


EDUCATION



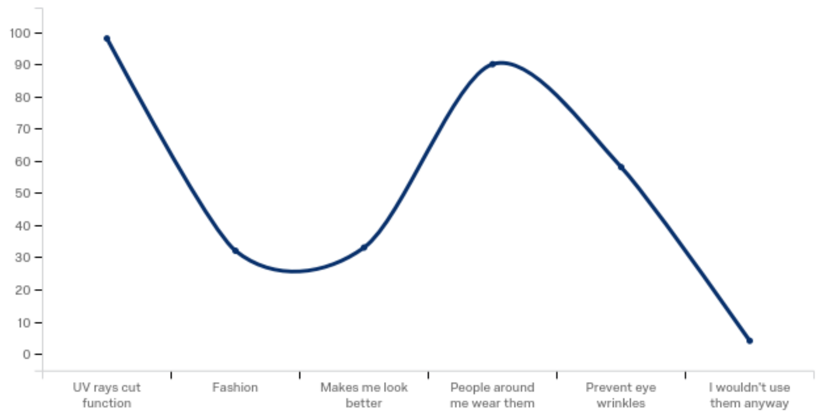
#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	What is the highest degree or level of school you have completed? If currently enrolled, highest degree received.	1.00	7.00	3.78	1.57	2.47	318

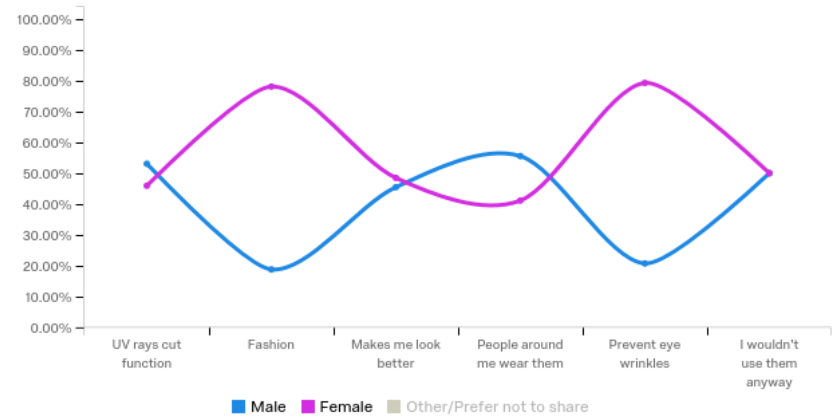
OCCUPATION



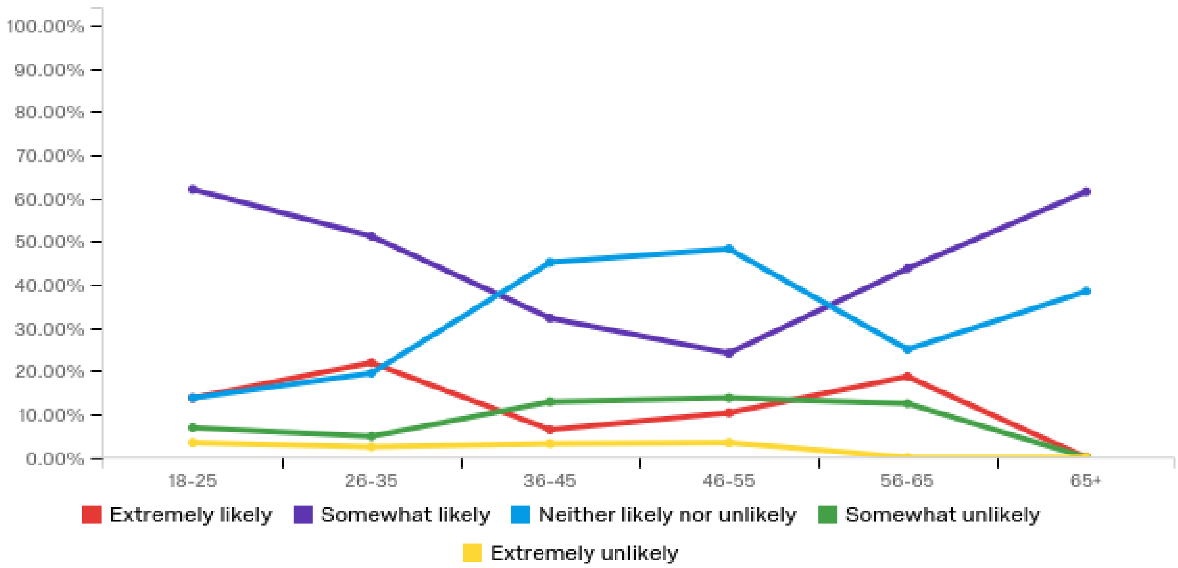
#	Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
1	What is your current employment status?	1.00	10.00	3.92	3.09	9.55	318

Reasons to wear – Chanel



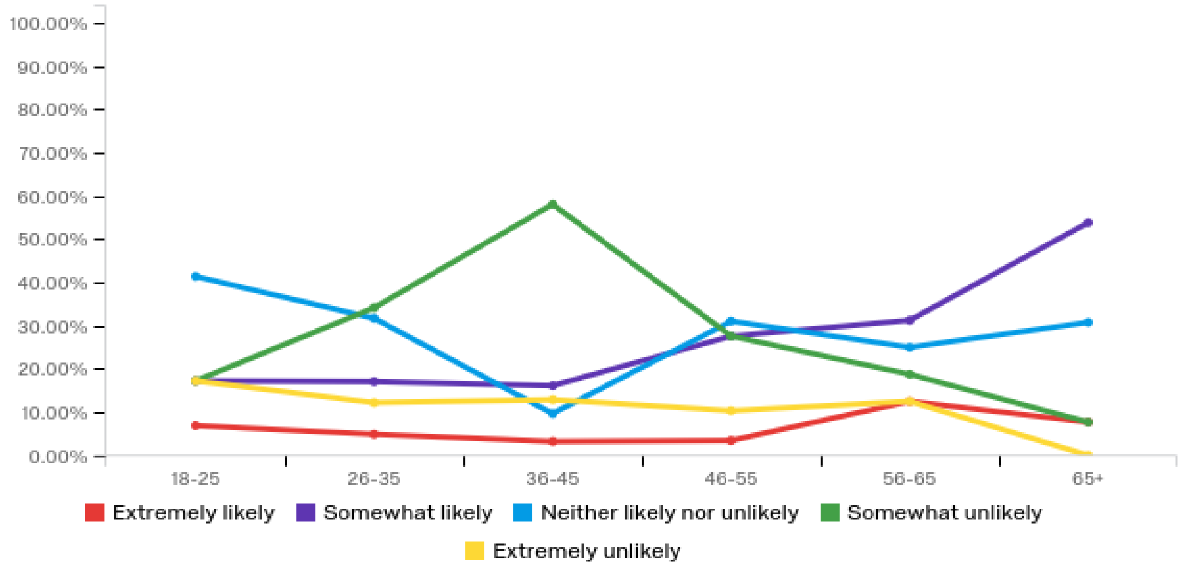


PEOPLE IN THE STREET WEARING SUNGLASSES



Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
18-25	1.00	5.00	2.24	0.90	0.80	29
26-35	1.00	5.00	2.15	0.90	0.81	41
36-45	1.00	5.00	2.74	0.88	0.77	31
46-55	1.00	5.00	2.76	0.93	0.87	29
56-65	1.00	4.00	2.31	0.92	0.84	16
65+	2.00	3.00	2.38	0.49	0.24	13

YOUR BOSS WEARING THEM



Field	Minimum	Maximum	Mean	Std Deviation	Variance	Count
18-25	1.00	5.00	3.21	1.13	1.27	29
26-35	1.00	5.00	3.32	1.05	1.09	41
36-45	1.00	5.00	3.61	1.01	1.01	31
46-55	1.00	5.00	3.14	1.04	1.08	29
56-65	1.00	5.00	2.88	1.22	1.48	16
65+	1.00	4.00	2.38	0.74	0.54	13

IMAGE-Q1

Regression Statistics	
Multiple R	0.1135
R Square	0.0129
Adjusted R Square	0.0097
Standard Error	0.9291
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	3.4904	3.4904	4.0437	0.0452
Residual	310	267.5833	0.8632		
Total	311	271.0737			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.8782	0.1663	11.2920	0.0000	1.5509	2.2055	1.5509	2.2055
Image	0.2115	0.1052	2.0109	0.0452	0.0045	0.4185	0.0045	0.4185

IMAGE-Q2

Regression Statistics	
Multiple R	0.0370
R Square	0.0014
Adjusted R Square	-0.0019
Standard Error	1.0425
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.4615	0.4615	0.4247	0.5151
Residual	310	336.9103	1.0868		
Total	311	337.3718			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	3.4295	0.1866	18.3751	0.0000	3.0623	3.7967	3.0623	3.7967
Image	0.0769	0.1180	0.6517	0.5151	-0.1553	0.3092	-0.1553	0.3092

IMAGE-Q3

Regression Statistics	
Multiple R	0.0102
R Square	0.0001
Adjusted R Square	-0.0031
Standard Error	0.9503
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.0288	0.0288	0.0319	0.8583
Residual	310	279.9679	0.9031		
Total	311	279.9968			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	2.4487	0.1701	14.3927	0.0000	2.1140	2.7835	2.1140	2.7835
Image	-0.0192	0.1076	-0.1787	0.8583	-0.2310	0.1925	-0.2310	0.1925

IMAGE-Q4

Regression Statistics	
Multiple R	0.0425
R Square	0.0018
Adjusted R Square	-0.0014
Standard Error	1.0578
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.6282	0.6282	0.5614	0.4542
Residual	310	346.8590	1.1189		
Total	311	347.4872			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	3.1090	0.1894	16.4172	0.0000	2.7364	3.4816	2.7364	3.4816
Image	0.0897	0.1198	0.7493	0.4542	-0.1459	0.3254	-0.1459	0.3254

IMAGE-Q5

Regression Statistics	
Multiple R	0.0035
R Square	0.0000
Adjusted R Square	-0.0032
Standard Error	0.9149
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	0.0032	0.0032	0.0038	0.9507
Residual	310	259.5064	0.8371		
Total	311	259.5096			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	1.8846	0.1638	11.5055	0.0000	1.5623	2.2069	1.5623	2.2069
Image	0.0064	0.1036	0.0619	0.9507	-0.1974	0.2103	-0.1974	0.2103

IMAGE-Q6

Regression Statistics	
Multiple R	0.1390
R Square	0.0193
Adjusted R Square	0.0162
Standard Error	0.9623
Observations	312

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	5.6538	5.6538	6.1056	0.0140
Residual	310	287.0641	0.9260		
Total	311	292.7179			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	2.1987	0.1723	12.7626	0.0000	1.8597	2.5377	1.8597	2.5377
Image	0.2692	0.1090	2.4709	0.0140	0.0548	0.4836	0.0548	0.4836

QUESTIONNAIRE

Good morning! This survey will be very short, it will take no more than 2 minutes. I really appreciate your effort in helping me understanding the cultural relevance of sunglasses

サングラスの文化的な背景について調査しております。２分以下の非常に短いアンケートです。お答えいただきありがとうございます

What is your age? 年齢を教えてください。

◯ 18-25	◯ 18-25
◯ 26-35	◯ 26-35
◯ 36-45	◯ 36-45
◯ 46-55	◯ 46-55
◯ 56-65	◯ 56-65
◯ 65+	◯ 65+

How do you identify?

- ◯ Male
- ◯ Female
- ◯ Other/Prefer not to share

性別を教えてください。

- ◯ 男性
- ◯ 女性
- ◯ その他/共有したくない

What is the highest degree or level of school you have completed? If currently enrolled, highest degree received.

- ◯ No high school diploma
- ◯ High school diploma or equivalent
- ◯ Professional Degree
- ◯ Bachelor's Degree
- ◯ Master's Degree
- ◯ Higher than Master's Degree

あなたが修了した学校の最高学位またはレベルは何ですか？現在登録されている場合、最高学位を取得しました。高校卒業証書なし

- 高校の卒業証書または同等のもの
- 専門職学位
- 学士号
- 修士号
- 修士号より高い

What is your current employment status?

- Employed for wages
- Self-employed
- Not working
- A homemaker
- A student
- Retired

What is your perception of the image?

- ◯ Extremely positive
- ◯ Somewhat positive
- ◯ Neither positive nor negative
- ◯ Somewhat negative
- ◯ Extremely negative

このコンセプトに対するあなたの最初の反応は何ですか?

- ◯ 非常に良い
- ◯ 良い
- ◯ どちらでもない
- ◯ やや悪い
- ◯ 非常に悪い

How much do you feel comfortable in wearing sunglasses every day when going to work?

- ◯ Extremely comfortable
- ◯ Somewhat comfortable
- ◯ Neither comfortable nor uncomfortable
- ◯ Somewhat uncomfortable
- ◯ Extremely uncomfortable

仕事に行くと時にサングラスをかけることに違和感はありますか？

- ◯ 違和感は全くない
- ◯ 少し違和感がある
- ◯ どちらでもない
- ◯ やや違和感がある
- ◯ 非常に違和感がある

As one of these situations occur, how likely would you wear sunglasses when going to work?

	Extremely likely	Somewhat likely	Neither likely nor unlikely	Somewhat unlikely	Extremely unlikely
People in the street wearing them	◯	◯	◯	◯	◯
Your boss wearing them	◯	◯	◯	◯	◯
Your colleagues wearing them	◯	◯	◯	◯	◯

どのようなシチュエーションでしたら仕事に行くときサングラスをかけると思いますか

	非常にかけたいと思う	ややかけたいと思う	どちらとも思わない	どちらとも思わない	非常にかけたいと思わない
街の人々がかけていたら	◯	◯	◯	◯	◯
上司がかけていたら	◯	◯	◯	◯	◯
同僚がかけていたら	◯	◯	◯	◯	◯

How well sunglasses match your image?

- ◯ Extremely well
- ◯ Very well
- ◯ Moderately well
- ◯ Slightly well
- ◯ Not well at all

あなたのイメージにサングラスはどれくらい合っていますか？

- ◯ 非常に合っている
- ◯ まぁまぁ合っている
- ◯ ややよく
- ◯ やや
- ◯ まったく合っていない

How much do you like a luxury visible brand logo on sunglasses?

- ◯ Like a great deal
- ◯ Like somewhat
- ◯ Neither like nor dislike
- ◯ Dislike somewhat
- ◯ Dislike a great deal

サングラスにブランドロゴがあるのはどれくらい好きですか？

- ○ たくさんのように
- ○ やや好き
- ○ 好きも嫌いも
- ○ やや嫌い
- ○ 大嫌い

What would be the main reasons for you to wear sunglasses on a daily basis?
(You can choose more than one answer)

- ☐ UV rays cut function
- ☐ Fashion
- ☐ Makes me look better
- ☐ People around me wear them
- ☐ Prevent eye wrinkles
- ☐ I wouldn't use them anyway

あなたがサングラスを毎日着用する主な理由は何ですか？
（あなたは複数の答えを選ぶことができます）

- ☐ 紫外線カット機能
- ☐ ファッション
- ☐ 見た目を良くする
- ☐ 私の周りの人々はそれらを着ています
- ☐ 目のしわを防ぐ
- ☐ とにかく使わない

Eye wrinkles, Sight diseases, Eye fatigue, Skin tanning. Rank number 1 the condition that worries you the most to number 4 the condition that worries you the less.

______ Eye wrinkles
______ Sight diseases
______ Eye fatigue
______ Skin tanning

サングラスを着用しないことによって起こり得ること：最も心配なものを１、最も心配ではないものを４として並べるとしたら

______ 目のしわ
______ 視覚障害
______ 眼精疲労
______ 日焼け

What was the Brand on the sunglasses?

- ◯ Dior
- ◯ Police
- ◯ Gucci
- ◯ Chanel
- ◯ Jins
- ◯ Versace
- ◯ Ray-Ban
- ◯ I don't remember

サングラスのブランドは何でしたか？

- ◯ Dior
- ◯ Police
- ◯ Gucci
- ◯ Chanel
- ◯ Jins
- ◯ Versace
- ◯ Ray-Ban
- ◯ 覚えていない

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SUMMARY

The main objective of this research was to analyze the link between Japan and the approach to eyewear, specifically sunglasses.

This research work was divided into seven chapters which have the goal of making the reader immerge in the Japanese world. A world in which luxury plays a dominant role in the market; a luxury that is loved and adopted by many people. The reader will explore the role of luxury in Japan compared with the rest of the world. Afterwards, the work will cross another axis, that of sunglasses. The analysis will give the reader a clear view of the differences between the sunglasses category in Japan versus the rest of the world. From this comparison he will be able to understand what limits, sociological or not, reduce the freedom of the Japanese in wearing sunglasses. In the end, the reader will understand how Japan is a more complex world than what is expected at the beginning, especially when sunglasses are concerned.

History

The modern "glasses with temples" began to spread in the early 1850s. Their shape has remained mostly the same for the last century and a half. However, wearer comfort has increased over time due to improved design of the temples and nose pads until anatomical perfection was achieved in the early 20th century. At that time the quality of the glasses had reached unexpected levels. The rational application of this aid is due to Franciscus Donders, a Dutch ophthalmologist, who first prescribed lenses with a power corresponding to the correction of the visual defect. The very first sunglasses with lenses and frames, as they are today, were invented in China around the 11th century. The first specimens were made by the Inuit to protect themselves from the glare of snow and ice. It consisted of frames without real lenses, in wood or animal bones, generally of walrus, with a slit that allowed a narrow view but no reverberations. Surely, among the first to develop sunglasses in the modern sense, there was the Duke Gian Vincenzo Pinelli, an exceptional Italian humanist, known as a scholar and a mentor of Galileo Galilei. It, therefore, appears to be the first one to have applied colored lenses (so-called Venetian burned lenses) to eyeglasses. Only in the early 1700s, over 100 years after Pinelli’s death, in Venice, they began to mount lenses on glasses in a widespread manner. Venetian lenses could filter out UV rays, which had not yet been discovered. Only in the twentieth century, then, were colored lenses produced precisely to shield the sun's rays.

Luxury and eyewear figures

Eyewear, spectacles and sunglasses, are nowadays considered a fashion item and in some cases even a luxury accessory that people wear for correcting sight, for completing an outfit or for covering the eyes when one's particularly tired. In the global statistics, we see the segment growing year by year, producing more revenue per capita. Globally the luxury eyewear segment represent the 7 percent of the total revenue per capita. In Japan the situation is very different. Comparing three different years, we can see that all the categories have been growing, but one, the luxury eyewear segment, in fact, decreased over the years by 21 percent from 2010 to 2019 and is still projected to decrease within 2023. Moreover, the luxury eyewear segments accounts around the 2 percent of the total revenue per person.

Connecting the dots, the focus goes specifically on the eyewear market. According to a research report by Global Market Insights, Inc, the global eyewear market was estimated to be worth around 115 billion U.S. dollars in 2017 and it is projected to exceed U.S. dollars 180 billion in value and 1.3 billion in volume by 2024.

The entire market revolves around three main product types: prescription (Rx) eyeglasses, non-prescription (plano) sunglasses, over the counter (OTC) readers, and contact lenses.

Demand for this category will increase significantly due to both consumers moving toward fashion spectacles and rising living standards. Indeed, increasing consumer purchasing power will propel the demand for lifestyle products, leading to the enlargement of the eyewear industry. Moreover, the working schedule is getting always busier boosting the eyes chronic diseases, as well as the aging population, urbanization and diabetic incidence all around the world, are all factors that tend to support the eyewear industry. Consumers seem to prefer high-end products or, at least, premium ones. As a matter of fact, companies will be encouraged to develop their products to ultimately create qualitative, technological vision wear. Advancements could bring increased profits to manufacturers. Most of the revenue growth will, probably, be generated by spectacles for children, remedial for myopia and by frames for reading[81]. The necessity for those solutions comes from the increase in usage of the digital display as smartphones as well as tablets and computers. In fact, blue light cut glasses have been introduced in the market in the last years, in order to prevent eye fatigue from the time spent watching digital screens. Essilor foresees that people who suffer forms of

[81] Wadhwan, P. (2019). *Global Eyewear Market size worth $170bn by 2025.*

presbyopia will increase at a CAGR of 2.5 percent between 2015 and 2030[82], as well as, half of the global population will contract myopia by 2050.

Eyewear in Japan, as I already mentioned, is always been a controversial topic, mainly in as regards sunglasses. Still, this industry proved itself a conspicuous source of revenue, it gained US$7,103m in 2019. The projected CAGR is 1.2 percent for the years 2019-2023. The most incredible growth happened in the Contact Lenses where from 2010 to 2023 became almost 45 percent of the Japanese eyewear market. Eyewear frames and spectacle lenses have decreased their slice respectively 5 and 3 percent. Sunglasses have maintained the same Revenue proportion during the years, indeed their share didn't increase nor decrease over the years stabilizing at 9 percent.

As regards the sales channels, the online sales did increase in the last 2 years and are expected to grow 1 percent point in the next 4 years. With around 85 percent share owned by offline channels, retailers can still claim their supremacy in the country, as the preferred way to buy eyewear. One of the limits of the offline channels are related to the need of consumers to try on sunglasses or spectacles before buying, in fact, the successful online sales are mainly involving the contact lenses segment.

Sunglasses grew in value by 1 percent hitting JPY 67 billion in 2018, the reason why this category has increased in value is due to the changing happening in consumers' mindset. In 2017 the Leader was Mirari Japan Co with a 23 percent value share. In Japan sunglasses are not well accepted and are not immediately associated with UV protection by Japanese. In fact, when eye care or eye protection are concerned, umbrellas and hats are the first choices. In terms of functionality, spectacles are guaranteeing UV cut and clear lenses. This will represent the biggest challenge for sunglasses manufacturers. Mirari Japan Co (GBO Luxottica Group) is leading the market thanks to its well-known and established brands like Ray-Ban and Oakley. Since the category of sunglasses is still not mature there is room for growth in both value and volume terms, two conditions that attracted new players entering the market in the year reviewed. Domestic manufacturers are focusing on creating frames that perfectly fit not just the Asian face but the Japanese one. This is appealing to a lot of consumers, since their little knowledge about this product. Companies that will be able to understand Japanese consumers are expected to gain significant share.

[82] Essilor leading the fight against myopia epidemic. Retrieved from https://visionworld.news/essilor-leading-the-fight-against-myopia-epidemic/ - Accessed: 08/22/2019

According to Statista's Market overview, the luxury eyewear in Japan is worth around US$365m in 2019. Even if the value is good, this market segment is expected to decline in revenue by -2 percent CAGR from 2019 to 2023. The luxury eyewear segment experienced a peak in 2012 and from that moment a steady decline year over year. Projections show the revenue declining by 6 percent in the next 4 years. As we would expect, the average revenue per person suffered a decrease too. The competitive landscape seems to position Luxottica as the undiscussed leader in the luxury eyewear. Marcolin and De Rigo got both around 4.5 percent market share, followed by Safilo with 2.4 percent.

Trends

An insight in the Japanese consumers behaviors tell us that the Millennials are showing a preference for brands like Céline, Balenciaga, and Gucci, which are fashionable all over the world. On the opposite, older generations of Japanese are making purchases to declare their status quo, getting closer to brands like Hermès and Chanel, which are viewed as very reliable and owning a heritage. Indeed, Millennials are expected to wear not just one single luxury brand, but they will probably prefer to use them together with less-known brands. Japanese Millennials seem to be very optimistic about the future, and how much they will spend on luxury, will depend on how they will like to express their own style. This fact poses a big challenge to the companies since the Japanese styles are very different, going from the doll-like kawaii to the avant-garde fashion-forward designers.

Competition With Mass Market Brands Continues

Even if the targets set by luxury companies are very different from the ones set by fast fashion companies, the latter are still disturbing the sales of many premium and luxury brands. The fashion aspect of a frame is not a compelling issue for Japanese consumers, which, instead, are more worried about the social reaction to wearing some sunglasses or unusual spectacles. Non-luxury players such as J!NS Inc and Zoff[83] (Intermestic Inc) are still dominating the market in the country. Their strengths rely in providing frames that fulfill the Japanese social requirements at an incredible affordable price[84]. In the last year it has been seen the firsts steps of an attempt to enter the premium segment, indeed, those non-luxury companies have become to introduce some eyewear holding a higher price compared to the normal lines sold

[83] Zoff's Information – Retrieved from https://www.zoff.sg/about-zoff/ - Accessed: 09/26/2019
[84] Jins' frames design – Retrieved from https://www.jins.com/jp/about_en/ - Accessed: 09/26/2019

as well as shaping an improved customer service tailoring the special needs that the Japanese people really care about[85].

Non-Grocery Specialists Still Dominate Distribution

Although internet retailing continues to see strong growth, non-grocery specialists still dominate sales of luxury eyewear. This is mainly due to the efforts of the store retailers and department stores in configuring a service that strives to meet the consumer needs and wants, they sometimes offer what it is called 'Concierge Service' which takes care of the customer from when it first enters the shops through the entire journey in there. This approach is slightly different from the one offered in European countries, in fact, Japanese consumers are harder to serve. On average, they ask many questions and they want to know any single useful information on how to use a product or how to maintain the product as well on how to clean it and many other questions.

Competitive Landscape

Luxottica in Japan is leading the luxury eyewear in Japan, in fact it has been able to organize two major events in the biggest department store in the country. Isetan Shinjuku, in fact, is known by anybody and it is the staple when it comes to luxury products. Luxottica organized the first smaller event in 2017 providing a concierge service for sunglasses. This one being the first event ever, held for sunglasses alone, the objective was to offer a customized service to provide support to those customers interested in the category. In May 2019 this event has been replicated in the best pop-up position within Isetan Shinjuku. Gucci remains a strong player in eyewear, in fact it recently opened a pop-up store in Shibuya, the very center of the city, pulsing with both Japanese commuting to work and international tourists. This Brand has been able to invite up to 50 important influencers in order to promote their eyewear. As those actions show, it is a player that wants to compete in the market possibly gaining share.

Alternative Eye Care Solutions Trigger Industry Blending With Consumer Health

The Japanese population is aging and with aging presbyopia is increasing. Even though there is concern about UV and blue lights, Japanese are taking into consideration to implement preventive actions beyond eyewear, indeed they are considering taking supplements or using eye drops. In May 2018, JINS, one of the biggest domestic players, entered OTC medication retailing services by opening J!NS Drug +.

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[85] Euromonitor. (2019). *Eyewear in Japan*. Passport - Retrieved from https://www.euromonitor.com/eyewear-in-japan/report - Accessed: 09/22/2019

Eyewear in Japan is broadly adopted by people, particularly when it comes to optical frames. Sight correction instruments and tools are very profitable spreading around a large part of the Japanese population. Looking at data about the composition of the sales in this market can help in understanding where asymmetries with other countries are visible. At first sight, what comes into attention is how important contact lenses are in Japan, indeed they accounted for 42 percent of sales in the eyewear category. The highlight needs to go on sunglasses. The Japanese sales in this segment are nearly half of the sales compared to what European countries produce. Both in Europe and Japan, the share remained stable over the last four years and is perceived to stay the same in the next four. The question is why in Japan, a country that demonstrated to appreciate so much luxury goods and that cares about details and accessories, is not looking at sunglasses. The share in the country has been stable at 9 percent not giving any reason for us to think about growing more than that. The situation is extremely different in European countries where the slice of the pie amounts to 17 percent.

Cultural barriers

After having studied some papers addressing the Japanese sociology we can try to explain the Japanese resistance in the utilization of sunglasses. The Japanese tendency for collectivism pushes them to look for a community and once a Japanese finds it, this community will define his identity. This attachment for the community makes people want to share principles, ideas, rules and problems with the other members of the community. To have the privilege to pertain to a particular "circle", people tend to conform to the group. The tendency that as aforementioned is known as conformism. Other than values people, thanks to conformism, lean toward sharing the same appearance. This can be translated into good manners at work as wearing the black suit and the typical white shirt for men and showing heels in the case of women. Any eccentricity can make on member feel left out or disliked. Sunglasses have always been associated with Yakuza exponents, the same goes for people displaying tattoos; this imagery is not helping the Japanese to get closer to sunglasses. Indeed, for them wearing such an accessory means "showing off", appearing differently compared to other reference group members or the other coworkers, this unconventional appearance could make them bear the risk of being judged negatively by both the boss and the peers. Another sociological support is given by the Japanese preference for an intuitive communication. The facial expression and the eye movement are two fundamental elements in understanding what the interlocutor feels and thinks. This "reading" process of others' emotions, teaches people how to be empathic, characteristic that makes a Japanese appreciated in the society. Those factors, do not help the sunglasses adoption. They tend to cover the entire area of the face, moreover, some frames can even cover parts of the cheeks and eyebrows, making the understanding of the interlocutor’s expression really hard. Last important focus point involves the Japanese sensitivity for the rank order. Any one person should act and think as a person of that particular position of the rank. So if a person in a specific position in the rank is not expected to wear sunglasses when commuting at work then wearing them could mislead the impression that person gives to others about his position in the rank. Since anyone pretend to be part of the group and any type of deviancy is highly condemned, even just wearing sunglasses when others don’t can be a strong source of shame both for the person and for the group this person is in. The only situation in which the status of a person is not public is when a Japanese decides to travel privately, specifically not for work. In this unique situation, the Japanese traveler is immune to any kind of shame, indeed it seems that the Japanese can wear sunglasses when travelling, especially if abroad and in very sunny days. Fashion could remain the one important trigger. Helping in repositioning sunglasses could be a key action as sunglasses are perceived as inappropriate in a working environment.

By monitoring social networks, it’s clear that functional barriers play a minor role, whereas cultural barriers are pivotal in preventing sunglasses usage. The key-issue is the “transformative power” of sunglasses, as they offer a very different image from a person authentic and real self; wearing sunglasses, is like disguising oneself. There are exceptions in sunglasses usage that relate to “special targets”, nominally the celebrities. These people are apparently outside the social contract but in reality the system recognizes them as “ruled exceptions”. They follow other extra-ordinary rules that people recognize as such. The cool side comes from Western fashion system and from Japanese celebs wearing sunglasses as a signature to enhance their image, a way to put themselves under the spotlight, especially music celebs are famous for wearing sunglasses.

Sunglasses are recognized by the Japanese as a must-have fashion accessory but just for Westerns. The Western fashion system, indeed, promotes sunglasses as a super-cool item, they are a key-accessory in glamorous situations to show a trendy image, in other words, a must-have item in fashion forward outfits. In Instagram pictures and fashion bloggers’ posts on social media, sunglasses are a fashion accessory, as it is always emphasized but never really worn, just laid on their head or shirt and, also when young people wear them, they lay sunglasses on their nose, making their eyes always visible. The occasions for wearing sunglasses seem to be very limited by circumstances. Sunglasses usage is limited to social spaces that can allow such an exception. Studies confirm the strength of the social barriers but most of all the strong desirability related to sunglasses. Usually the “idea” of buying sunglasses springs mostly because of occurring of specific events (e.g. a newborn to bring to the park, a new job that gives more time for barbecue or park, the change of season) or realizing the strength of functional issues. Barriers are around the usual social diktats and in particular women feel the fear of not looking nice or even to look ridiculous because of their flat nose or their not clear cut face, commonly associated to a not compatible face shape for the existing sunglasses shapes.

Market strategies

Market leaders most of the times are at the top of mind and people know a lot about the brands, still if no monopoly has been established then even the market leader needs to carefully control the market to avoid losing his supremacy. This is the case of Luxottica in Japan, in fact, it has more than 88 percent market share, clearly demonstrating to be the leader in this market. Sometimes the smaller firms, or the market-challenger can develop a very innovative and appealing product, it can decide to increase its spending in marketing as well as finding another market perspective that allows the competitor to increase its presence in the market. Here I analyze some strategies that could help the company in the maintaining and eventually improving its market position. To maintain the supremacy in the market, the leader can decide to adopt different strategies: expanding the market demand, protecting the existing share, ultimately continuing increasing the market share.

Expanding total market demand can be done thanks to new customers. Any product category has the capacity to appeal customers who were previously not aware about the good or those customers that for some reasons rejected the product for pricing or characteristics. In this situation companies could look for new consumers looking to three categories, people who could use the product but for some reason don’t, people who never tried the product, people who live elsewhere. Respectively the strategies to use are: market-penetration, new-market segment and geographical expansion. The specific case of Luxottica in Japan does not really require the third strategy (geographical expansion) since the distribution allows the company to have a good reach in all the strategic cities of the country. More useful would be the market penetration strategy. It demonstrates to be very hard to implement, in fact, to convince customers that are not using the product to use it. The case of people who never used the product are still a good target for Luxottica, for instance, consumers that are using optical eyewear could have interests in some sunglasses solutions.

Increasing the frequency of usage is what Luxottica could try to do. To increase the amount or level of utilization and purchase they could work on the features the sunglasses have, like the possibilities to change the lenses often or to change the colors of the lenses manually (something that they already did with Oakley). And in order to increase the amount it could be possible to develop strategies targeting families, if a client buys one pair of sunglasses, he could be given a discount on the children's pair. Increasing frequency of usage could be made thanks to the individuation of more situation in which people feel the desire to use the product and identifying new ways of utilizing the same product. It is a hard task for the company, since is not just about a people desire of wearing sunglasses, but at the opposite people don't want to be seen wearing them in public. Additional opportunities to use the brand. Marketing communication in this case is fundamental. To make people evaluate more situation in which the product, in this case sunglasses, is useful one strategy could be to combine the need for replacement in some specific period or event in the year. For instance, in the very hot and bright days in Japan, consumer should start thinking about replacing their pair of sunglasses, or the idea of replacement could be attached to the days before going at the seaside, in many cases Japanese have a preference for Hawaii. Even a better information on the life time of the product could be key. New ways to use the product, this way of increasing the frequency of purchase or usage involves the finding of new ways to use the same product. It seems pretty immediate when thinking about foods or soaps but is not so straightforward when thinking about sunglasses. Thinking about the possible utilities, one concerns the women tendency for wearing sunglasses above their heads, just like a hair accessory. This could be one of the possibilities Luxottica can try to implement in Japan, in fact, women love to be trendy and to match their outfit with accessories. Sunglasses thought as something a person dent necessarily need to wear on their eyes could be a very creative alternative to make the Japanese get used to see sunglasses around. Protecting market share means that while attempting to increase one's own market size, the leader company need to take care of its existing businesses. To do that, the dominant organization should implement a politics of continuous innovation. The leader should be able to actually be a first mover, thanks to the innovation ability, the superior customer experience and the distribution capacity, all of this performed in a cost effective manner.

Proactive marketing as a habit. It is important to understand what difference lies in the definitions of responsive, anticipative and creative marketing. Basically practicing anticipative marketing means foreseeing the needs the customers will have in the next period ahead. Responsive marketing is the opposite of anticipative marketing, indeed, they try to spot a need and once they find it they try to fill it. Last the creative marketing is different in some ways, it wants to find products or services that the consumer didn't think of but to which they are happy to know about. Companies practicing the latest are those ones that do not please themselves knowing they are market-driven; they try to be proactively market-driving companies. In many cases, firms make sure to satisfy some relevant customer needs, still remaining reactive and not proactive because of their overly confident falling in the "tyranny of the served market". Long lasting leaders are those firms which proactively try to give shape to the market based on the firm's needs. Companies who are totally risk-averse will never have the possibility to win.

Defensive marketing is useful when companies are not thinking to create strategies that can hurt some other competitor, they can't lower the guard. To do that there are a set of defensive strategies that give the firm the capacity to lower as much as possible the attacks, mislead competitors' attacks in "controlled", meaning expected, areas. If they succeed in planning those strategies, even in the case of an attack, the intensity would be lowered. In this dangerous situations, being very fast in the responses can be key in avoiding or reducing profit losses. Increasing market share is very hard. Nowadays share points are so much valuable that even one point can be worth millions of dollars. Being able to gain more share is not a sufficient condition for the company to enjoy increased profits. Most of all it is on the company to find the right strategy. The most immediate way of gaining share is by buying some competitors, the acquisition path carries many risks, one is that the cost for purchasing the company is higher than the revenue value. The acquisition strategy is one that Luxottica knows really well.

CASE STUDY

Luxottica Group is an Italian company for the production and marketing of glasses based in Agordo (Belluno). Founded in 1961 by Leonardo del Vecchio, printer and engraver of medals, he initially dedicated himself to the engraving of eyeglass frames exclusively for Metaflex. In 1971 he abandoned production for third parties and turned to the creation and marketing of finished eyewear. Since the 1980s it has been the protagonist of a constant growth that has led him, through the acquisition of companies and brands, to establish the company in Italy and abroad (especially in the United States) as a leading brand in the sector. Since 1990 it has been listed on the stock exchange. Luxottica is a company characterized by vertical integration: it manages around 90% of the production process, from the manufacture of individual components to distribution. It is present on the market with the brands Vogue, Persol and Ray Ban. The firm also produces glasses under license for important fashion houses (Giorgio Armani, Giugiaro, Yves Saint-Laurent, Moschino and many others).

Experiment

The purpose of the experiment is to understand the main triggers. As triggers are intended all those circumstances that can facilitate the adoption of sunglasses in the traditional daily life. It concerns the distancing of the concept of sunglasses with the occasional, and thus 'allowed', situation. The best way to analyze these triggers is to submit a questionnaire to a sample of people. The method aims to connect not only the perception of sunglasses to some possible facilitator scenarios making their adoption easier, but also to find an eventual proximity to the world of luxury. The ultimate aim is to understand whether it is possible to exploit the close link between the Japanese population and luxury power, eventually changing the popular perception about eyewear.

Survey Planning

The preparation of the survey included the separation of the sample into two parts. This decision was fundamental to analyze how a luxury brand influenced the perception of eyewear rather than a mid-level brand. In both cases the questions submitted were the same. The questionnaire, common to both samples, involved the use of 14 questions, each with different purposes. The software selected for the submission of the survey is Qualtrics XM.

The survey has been divided into seven sections: demographics , comfortableness with sunglasses, triggering scenarios, personal match with the sunglasses concept, brand importance, reasons for wearing wear, attention test

The demographic section was composed of 4 questions investigating: gender, age, education and occupation. Those factors are very important in order to probe the case in which demographic differences modify the perception people have about the concept under analysis. Nationality was not asked, in fact, the sample was only composed by Japanese people, the main language of the survey was Japanese in order to avoid misleading results arising from a misunderstanding of some questions. Since the questionnaire was submitted in Japanese (see Appendix) the version that I insert in this part is in English. The first thing people saw in the questionnaire was a welcoming message in order to make them feel the importance of the analysis and to induct the best mindset for completing the survey.

Good morning! This survey will be very short; it will take no more than 2 minutes. I really appreciate your effort in helping me completing this survey.

Right after the welcoming message the demographic questions followed. The first question asked the age grouping the sample in ranges, the first range went from 18 to 25, the second from 26 to 35, the third from 36 to 45, the fourth from 46 to 55, the fifth from 56 to 65 and the last range proposed grouped all the people having more than 65 years. After that, the gender question could be answered in three ways: women, men, other/prefer not to share. The last two questions were made to better understand the level of education and the current occupation of each respondent. The education level went from “No high school diploma” to “Higher than Master Degree” and the occupations included the “Homeworkers”. The “Not working” as well as people “Working for a salary” and other categories (see Appendix).
Only after the completion of the demographic section one of two pictures could be shown, the two samples had the same number of questions, the difference was only in the image each group saw, the tool utilized to do so was the randomization tool.

Photo number 1, which shows a pair of high end sunglasses. The brand is very well known in Japan and the logo is very visible. Photo number 2, this is the other picture representing a pair of Ray-Ban sunglasses, a brand very well known in Japan and with a clear and visible brand logo. The two frames are very similar and both display the same color and a very similar perspective and shape. The sentence introducing the image was: *Please familiarize yourself with the image below.* The questions submitted, hereafter to the sample, provided for different possibilities of response. Some quantitative responses asked the respondent to select the degree of comfort about some specific concept and some qualitative questions aimed at understanding which problems the Japanese recognize as most relevant. The scales utilized in the quantitative questions went from 1 to 5, to simply the response the interviewed people has seen the qualitative version of the scale. In order to choose the best fitting questions and the most reliable scales, they have been taken and elaborated form some known sources as Marketing scales handbook, “Multi-item measures for consumer insight research.” (G. Bruner, 2013)[86] and Marketing scales handbook, “A compilation of multi-item measures for

[86] Gordon C. Bruner, II, Marketing scales handbook, *Multi-item measures for consumer insight research*. Volume 7-GCBII Productions (2013)

consumer behavior & advertising research" (G. Bruner, 2012)[87]. The survey was submitted through the use of a link and it has been optimized to be opened and completed through electronic devices, most of all IPads and Smartphones.

Distribution and Measures

The survey was submitted mostly during an event in Tokyo in which people had the opportunity to complete the survey on preset IPads, for gathering more responses the link opening the survey circulated through personal messages or emails. The total number of question was 14. The sample size obtained was 332 even though 14 of them were not completed and thus discarded from the analysis. The relevant responses were 318, eliminating from some analysis the people who didn't declared his or her gender were excluded, arriving in this way to a sample of 312 people. The sample was perfectly divided between the two randomized photos, getting 156 responses in both cases. The respondents' age went from 18 years old to people older than 65. The sample age mean is 40,51 years and 57 percent (178 in absolute numbers) are women and 43 percent (134 in absolute numbers) are men. The hypothesis that created the basis of the questionnaire logic are:

1. The part of the sample looking at Chanel sunglasses will have a more favorable reaction (Q1) to the image compared to those looking at Ray-Ban.
2. The part of the sample looking at Chanel sunglasses will like more the presence of a visible brand logo on sunglass compared to the part of the sample that saw Ray-Ban sunglasses.
3. The scenario which has the most positive result will be: Collogues wearing sunglasses.
4. Differences between women and men will be more relevant in the "Reasons for wearing" section.

Following the first regression analysis it seemed interesting to analyze another independent variable. Additional to the image seen: the gender. It led to creating new hypothesis:

A. Women will put more attention on eye wrinkles than man
B. Men will focus on eye fatigue which is more felt on a daily basis compared to the eye diseases
C. Men will be mostly interested in UVR cut function
D. Women will be more focused on other people around them wear sunglasses compered to any other function

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[87] Gordon C. Bruner, II., Marketing scales handbook, *A compilation of multi-item measures for consumer behavior & advertising* research, Vol. 6.-GCBII productions (2012)

Some hypotheses have been verified some other were not describing the reality, so they were discarded. The hypothesis which have been accepted are H2, H3 (just graphically), H4. As the gender is concerned the hypotheses accepted are HA, HC, and partly HD. At the end of the results analysis, it is possible to conclude that: a luxury brand logo seem to be important and having seen Chanel sunglasses during the survey influenced the sample in giving better evaluations to luxury brands which are visible on the frames. The scenario which has displayed a higher level of likelihood for people to wear sunglasses has been the one in which the colleagues of an individual wears the product. Men have demonstrated to be more concerned of UV rays cut functionality and the first position was given to eye diseases when some issues were listed. Women are very much interested in preventing eye wrinkles and it is the issue which they ranked number one when a list of conditions was given. Some relevance was given to the fashion component in the experience linked to wearing sunglasses. From the results obtained by the survey it was feasible to analyze the factors having gained high degrees of interest by Japanese women and men. The importance of luxury in the perception of the logo on the frame seemed very clear from the survey. Although Chanel brand on the top of the product wasn't able to change the perception of it, still, it managed to influence the perception that the Japanese have of the logo on the glasses. This has demonstrated the validity of luxury as a stimulator to the customer. This factor could prove decisive for companies like Luxottica where most of the production is concentrated in luxury products. In addition, the new generations seem to be willing to spend more on products that give them the perception of authenticity and quality. Exploiting the influence of the intrinsic uniqueness of the luxury products, could give companies, working in this industry, considerable dominance in the growth markets, thanks to the identification of the generation of millennials as a potential target. Another interesting implication, linked to the results of the survey, concerns the attention that men give to protecting the eyes from UV rays and the greater concern, that men have, compared to women of potential eye diseases, as well as eye fatigue. From this, it seems that men display a strong closeness with the functionality that this product can offer. Developing and promoting the capacities of sunglasses, as well as prescription lenses, could be a winning strategy. The latter would make it possible to highlight the great advantage of preventing eye fatigue and above to protect the eyes in an a population where working hours are very long and in which the daily use of screens endangers the eye healthiness. In this sense, a good sponsorship campaign, focused on increasing the product market share, would declare and demonstrate how blue lights radiating from electronic screens can affect the occurrence of eventual sight diseases. Aiming at becoming the market leader in the eyewear needed for filtering blue lights, allow the companies to catch a new trend that is arising from the market. In the researches on the Japanese trends in eyewear, it was intelligible the importance the consumer start to give to this typology of spectacles. A similar strategy could be designed for women, which apparently are very concerned about developing eye wrinkles. Since the sunglasses can help in maintaining the skin around the eyes younger, it could be useful to promote both the fashion and functional side of the sunglasses. All the strategies have the objective to better penetrate the market. What is undoubted is the functional excuse that the Japanese need in order to adopt the sunglasses on a daily basis and not just for extraordinary situations. On the one hand, they seemed to like very much the product, on the other hand they feel extremely uncomfortable in using it. Increasing the frequency of utilization at this point seems to be the best strategy, indeed the problem is not in the perception of the eyewear itself is on the little comfortableness in using sunglasses in front of other people, especially if other peers do not use them. To confirm this point of view, results show that one of the scenarios that could trigger the constant utilization is the one in which the colleagues publicly show themselves using sunglasses. Being this the situation, an additional measure could be taken. Companies, operating in this market, could find some association or lobby working in the health sector to sponsor the functional benefits sunglasses have. Indeed, the Japanese population is one of the most concerned about the damages of sun rays but just when it comes to protect the skin, when eye protection is involved they seem not to care. Following a sensitization coming from the institutions, another step could help in divulging the product. For example, some insurance companies have sponsored a bracelet counting the steps and the distance walked every day, if the insured walks more, he or she pays less in insurance fee. Since the environment in which the traditional Japanese spends more time is the workplace, a campaign developed to exploit companies connections could help in creating agreements. For instance, Luxottica could have some agreements with other companies for sponsoring the utilization of sunglasses, in the client company, when going to work. Some precedent exists in the bicycle case, people were encouraged to going to work by riding bicycles instead of cars. Concluding, any actions aimed at sensitizing the population about the risks incurred when not wearing sunglasses could give a functional excuse sufficient to trigger utilization. It can be done with PR events, through advertising, as well as social medias. If the target is narrowed to women, then a better communication about the advantages of using sunglasses might be more punctual.