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Analysis of Factors Determining the Internationalization Process of a Luxury Fashion Company: The Moncler case

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Introduction

The fashion luxury industry is distinguished by its complexity and dynamism, as well as being characterized by strong global competition and a constant and progressive evolution of consumer preferences. For these reasons, a number of scientific articles have been published in recent years testifying that it is crucial for companies to develop effective internationalization strategies in order to grow and consolidate their market share. This paper aims to investigate the dynamics of the internationalization processes of luxury fashion companies and how they choose the most suitable ways to approach new markets, with a focus on Moncler Group, whose case is the subject of empirical analysis in the last chapter of the thesis.

The main objective of this thesis is to enrich the existing literature on internationalization strategies by delving into the factors that influence corporate strategies and impact their performance. So, through a theoretical review of the literature related to the main internationalization models and general characteristics of the fashion luxury sector and through an empirical case study of Moncler Group, we intend to analyze the strategies implemented by the company to seize the opportunities offered by international markets. The choice of this sector was mainly dictated by its high degree of internationalization. Instead, the selection of Moncler Group was due to the independence of this company, built on the high management skills that have always been a key factor in Moncler's success, and the possibility of tracing Moncler's prosperity back to a management that is still totally Italian. These two characteristics are difficult to find in the big brands in this sector, as luxury conglomerates are becoming increasingly common, depriving companies of their autonomy and also making it difficult to trace them back to their country of origin. In addition, the operations carried out by Moncler Group in recent years, such as the establishment of a joint venture and the acquisition of Stone Island, make it interesting to investigate the internationalization policies of this company.

This thesis has been divided into four chapters, the first two of which are theoretical in nature and aim to define the main characteristics of the internationalization process and the fashion luxury sector, the third introduces Moncler Group, defining its history and business model, and the fourth, finally, provides an empirical analysis of Moncler's case study.

The first chapter aims to provide a comprehensive overview of the concept of internationalization, with a focus on the stages of the internationalization process and its advantages and disadvantages for companies. This first part will also analyze all the various entry modes with their respective risks and levels of control, distinguishing between equity modes and non-equity modes.
The second chapter, on the other hand, will delve into the fashion luxury industry, with an overview of the evolution and definition of luxury and defining the main characteristics of luxury products and the dynamics of this industry. A second part of this chapter will be devoted to the analysis of Porter's five forces in order to assess the competitive environment of this industry and discuss the critical factors that determine the internationalization decisions of fashion luxury companies.
The third chapter will introduce Moncler Group, defining its main historical background and the business model implemented by management that allows the identification of the company's distinctive features and the strategies developed to maintain a strong brand identity and competitive advantage in its market.
Finally, the last chapter presents the empirical analysis of Moncler Group's internationalization strategies, encompassing the choices made regarding entry into new markets, the entry modes adopted, and the results generated by them. One of the objectives of this analysis is to provide insights into the effectiveness of Moncler's strategies and how they have impacted business performance.
In conclusion, this paper aims to make a significant contribution to the understanding of the dynamics of internationalization in the fashion luxury industry, providing useful insights for companies that intend to initiate a process of international expansion and improve their global performance.

CHAPTER 1 – *Internationalization and entry modes: a literature review*

1.1 Definition and background on internationalization

1.1.1 Definition

All companies at some point in their life cycle have to decide whether to limit their operations within local boundaries or to expand through a process of internationalization. This is an ever-evolving phenomenon to which multiple definitions have been attributed over time.

The choice related to internationalization must be made through the analysis of some important factors that managers must refer to. In fact, internationalizing involves costs that can sometimes be high. Therefore, the company can be successful abroad only if it meets the condition that it can take advantage of some kind of innovatory, cost, marketing or financial advantage. From here, it is possible to relate back to the theory of Aharoni (1966), concerning the "liability of foreigness," based on the assumption that expanding abroad is riskier than staying in one's own country and the potential profit one might make does not compensate for the risk. Therefore, according to Aharoni, it is better to circumscribe one's business within national borders and serve foreign markets through exports. Recently, the concept of "liability of foreigness" has been deepened and renamed to "liability of outsiderships" (Johanson & Vahlne, 2009). In fact, while the first model, also known as the "Uppsala model," referred mainly to the additional costs associated with cultural, institutional and linguistic differences, the new reworking considers the important role of relationship networks in firms' internationalization processes. Indeed, firms with an established position within these networks can expand more easily and more likely to succeed because new knowledge is increasingly developed in relationships. Johanson and Vahlne, the two Swedish scholars who have explored this issue, themselves point out that foreignness is at the root of uncertainty and makes the path of internationalization for firms particularly tortuous.

Companies when they decide to internationalize become multinationals. In fact, a multinational can be defined as a company that carries out (any) value added activities in more than one country (Dunning, 1993). Therefore, it is important to specify that for a firm to be considered a multinational, it does not necessarily have to produce its final output abroad, but rather any type of activity that produces value. In this regard, the definition of Hymer, is particularly interesting. He defines a multinational corporation as *"…a substitute for the market as a method of organizing international exchange"* (Hymer, 1970, pp. 441). However, enterprises at the time they decide to produce abroad have two options, of which the first is to do Foreign Direct Investments, while the second is to ask a local company to produce for their company. The second option in most cases is the more convenient one, since market solution is always considered the best solution because it is more efficient. In fact, producing abroad can generate additional costs, which national companies don't bear. The latter therefore have a competitive advantage over FDI firms.

Based on these assumptions, multiple definitions have thus been attributed to the concept of "internationalization" over time. Of all of them, the analysis proposed in 2003 by Knight can be considered one of the most accurate. Knight defines internationalization as *"...the process of integrating an international, intercultural, or global dimension..."* (Knight, 2003, pp.2).

By the term "process," Knight intends to specify how internationalization represents an ongoing and constant effort.

Knight instead uses the terms "international," "intercultural," and "global" as a triad. The first term refers to relations between different nations, cultures or countries. The second term also considers the internal differences related to the various communities and institutions in the countries where one expands one's activities. With the term "global," however, the author intends to give a worldwide dimension to the concept examined.

In his article, the author adapts the concept of internationalization to the context of education, specifying how the three dimensions just analyzed must be integrated with the goals and functions of educational activity. However, the exact same reasoning can be applied to the corporate environment. In fact, companies that intend to expand across borders are required to intertwine the achievement of an international, intercultural and global dimension with policies and programs internal to the company's organizational structures.

1.1.2 Stages and paths of the internationalization process

When talking about internationalization processes, it is often common to attribute the same meaning to "stage" and "path." This is actually a mistake, as these actually refer to quite different semantic fields. Recently, studies have helped to emphasize the difference between these two concepts, defining how "stage" refers to how internationally integrated a company is at a specific point in time (Curci, Mackoy, & Yagi, 2013). Instead, "path" can be associated with the sequence of specific activities in which a firm engages and the location of these activities in the firm as it becomes more international (Curci, Mackoy, & Yagi, 2013).

1.1.2.1 Stages

First, it is necessary to mention the difference between upstream activities and downstream activities in a company's value chain. Upstream activities are all those activities that occur upstream of a production process, such as research and development, sourcing and financing. Downstream activities, on the other hand, represent all those industrial operations carried out downstream of the process, such as those related to marketing, sales and investments (Dawar, Harvard Business Review, 2013).

That said, it is important to specify how a company that carries out both upstream and downstream activities internally will not be classifiable as internationally integrated. Should it instead integrate only one of these two types of activities abroad, it could be considered internationally integrated, but only in partial terms.

Therefore, to delve into the various stages of an internationalization process, it may be useful to introduce the Value Chain Internationalization Framework, which can be seen in Figure 1 below. This model makes it possible to analyze and describe which stage of the internationalization process an enterprise can be traced back to.

FIGURE 1 – Value Chain Internationalization Framework

Intensity of Downstream Activities Intensity of Upstream Activities	Domestic (Home Market)	International (Host Markets)
Domestic (Home Market)	1 Domestically Focused	3 Downstream-Integrated
International (Host Markets)	2 Upstream-Integrated	4 Internationally Engaged

Source: Curci, Yagi & Mackoy, (2013).. pp. 15

As the figure shows, there are four different stages of a company's internationalization process. In the first case, companies are "domestically focused," meaning they conduct all activities, both upstream and downstream, within their local borders. Many people wonder why these companies do not expand their operations internationally. Some mistakenly believe that the answer lies in their organizational size, believing that only large companies resort to these solutions. It is wrong, because the number of small and medium-sized enterprises that have internationalized their operations has grown exponentially in recent years. However, there are many reasons why firms may decide to homologate in this category. As noted in Aharoni's (1971) definition of the concept of internationalization, it pays to expand across borders exclusively if it results in a competitive advantage to be exploited in some sphere. If this advantage is lacking, firms might be better off staying within their home walls, saving an additional cost. Other reasons might simply be attributed to a lack of knowledge on the part of managers about the benefits they might actually reap from internationalization or a lack of the means and resources needed for expansion.

"Upstream integrated" firms, on the other hand, are those that resort exclusively to relocating upstream activities while conducting all downstream activities in their own country. Some companies, on the other hand, make a totally opposite decision, relocating all downstream activities and not upstream activities. These are called "downstream integrated". These two types of companies are only partially internationally integrated. There are many reasons why they decide to relocate only certain activities, and these choices are made only after a comprehensive and detailed assessment of the company's specific needs. However, it is possible to identify the main factors that determine this decision (Faraone, 2009). The first element taken into consideration is the cost of labor, a factor that very often determines the relocation mainly of upstream activities. There are very many cases of companies that have resorted to such a solution. For example, the Italian fashion company Prada has relocated its upstream activities to countries such as China, India, Bangladesh and Vietnam precisely to take advantage of cheaper labor, as well as the presence of less stringent regulations related to environmental sustainability. Through this move Prada has significantly reduced its production costs and increased its competitiveness in the global market (Caiazza, 2013). Other reasons that might lead to such choices are the possibility of taking advantage of easier access to natural resources or technical expertise. In the former case transaction costs could be lowered, resulting in cheaper as well as more stable supplies, while in the latter case companies could internationalize some activities to countries where it would be easier to gain access to a more skilled and specialized workforce. For example, Google has implemented such a strategy, relocating activities such as research and development to India, China, and Israel, taking advantage of highly skilled personnel in the fields of artificial intelligence, machine learning, and robotics. Finally, companies might choose the option of partial internationalization to reduce operational risks by acting in more stable geographic regions than locally, or to improve their supply chain by streamlining logistics.

The last stage includes all firms that can be classified as "internationally engaged," meaning that they have internationalized elements related to both upstream and downstream activities. Managers of these companies often resort to this option because they know that although it may entail additional costs, it can ensure that the organization pursues a competitive advantage within its market.

So, different companies may find themselves at similar stages of internationalization even if following different paths, discussed later.

1.1.2.2 Paths

By analyzing the "path" of an internationalization process, other interesting observations can be made. Indeed, no company can go global overnight. So, managers need to establish an internationalization strategy so that expansion occurs gradually.

According to some recent studies, one can roughly summarize the internationalization path into four different stages (Adler, 1986).

Initially, the company is in a domestic stage and is purely ethnocentric, that is, oriented toward the domestic market. At this stage, the market potential is still moderate, and managers begin to consider the possibility related to possible international expansion. The management of foreign sales is delegated to special organizational units dedicated to export, with all secondary activities, such as those related to transportation and currency exchange, being outsourced.

In the next stage, the company enters an international stage, more seriously considering internationalization. The company is no longer totally ethnocentric (interest is no longer exclusively in the domestic market), but begins to think with a multi-domestic perspective, that is, considering the competitive aspects of each individual country independently of those of the others. Therefore, at this stage the focus is on the firm's international competitive positioning, and the export unit present in the first stage is replaced by an international division. This stage also involves the hiring of a new workforce to handle foreign operations related to sales, services and warehousing.

So, it is also interesting to note how this stage is characterized by an expansion of market potential.

The third stage is the one involving the international explosion of the company, and it is called "multinational," as management's vision definitely changes from ethnocentric to polycentric. At this stage, the company aims to establish itself strongly in foreign markets, and this means incurring significant costs associated with the many investments needed to introduce new structures related to the primary activities to be carried out in each of the countries it enters. At this point in its life cycle, the company is already established globally and usually gets most of its revenues from the very business units located abroad. This is a testament to the fact that only companies that intend to focus strongly on internationalization, and thus fall into the category of "internationally engaged," reach this point in the journey. An example of a company that is at the multinational stage is Sony.

The last stage of a company's internationalization process is the one defined as "global." Its main characteristic is that at this stage companies can hardly be traced back to a country of origin because they transcend from each individual country. In fact, companies at this stage are also known as "stateless corporations." Each country's subsidiary through the competitive position it occupies in its target market significantly influences the others. Of particular importance is the structure in which the company is organized at this stage, which is matrix or sometimes transnational. This is aimed at balancing results in terms of product standardization and geographic location, with a focus on strong coordination regarding the sharing of firm resources (Daft, 2015).

The whole process described obviously is a relative and purely theoretical approximation of the internationalization process. There are in fact practical aspects to be considered equally important, otherwise any organization could successfully expand internationally. The figure of the manager is crucial to the success of the international expansion process. The companies that perform best in the international arena are those that are able to combine corporate culture with professional training (Il Sole 24 Ore, 2021). A company can be said to be truly competitive when it has the cutting-edge tools necessary to support its human resources and their cultural intelligence (Rizzo, 2015), thanks to which they must be increasingly open to integrating new innovative approaches into the company.

It is interesting to note how the onset of internationalization can initiate a virtuous circle, as the development of business units abroad often involves moving part of the company's human resources abroad. In this way, managers and employees living and working abroad step out of their comfort zone and develop an increasingly global outlook that can be critical in creating value for the company.

1.1.3 Pros and cons of internationalization

Before analyzing all the possible options from which managers of companies can choose to enter foreign markets, it is possible on the basis of what has been observed to come to some conclusions about what are the main advantages and disadvantages that lead companies to start or not to start an internationalization process.

The main advantage that companies exploit through expansion often relates to an issue already mentioned when discussing upstream relocation, namely production costs. There are several levers that managers rely on to exploit these cost advantages. The first relates to outsourcing, that is, the possibility of minimizing labor costs by relocating various stages of production to foreign countries where the labor force is not only cheaper but also more specialized (Kakabadse & Kakabadse, 2005). The point made about labor also applies to raw materials. The ability to operate on a global scale allows firms to improve their competitiveness by making raw materials cheaper.

Another advantage related to internationalization concerns the reduction of transportation costs and customs duties. In fact, the company is often able to achieve a higher level of competitiveness because it is able to make its supply chain more efficient, being able to choose the best value-for-money partners in the various countries it enters (Novillo Villegas & Haasis, 2017).

In addition, international expansion offers companies advantages related to innovation and research and development costs, but these can only be exploited through an efficient communication network. Should subsidiary offices be opened in foreign countries, information sharing would facilitate the development of new technologies by allowing managers to reduce investment in this branch.

Additional benefits generated by internationalization can be identified. First of all, one can expand the target audience by offering one's product or service to new consumers, diversifying and preventing business risk. In fact, in this way the company will be able to offset negative periods in one country with positive results in others in which it operates (Siegel, Omer, Rigsby & Theerathom, 1995). Extending the magnitude of intellectual property and branding to new geographic areas could also result in an increase in the visibility of the brand and the reputation associated with it.

Furthermore, entering new countries can be a way to access much greater investment capital than is available in the firm's home country. This last factor is often underestimated by those who manage companies. A clear example can be found in the case of Apple, which issued bonds and obtained financing from European markets by taking advantage of much cheaper interest rates than those offered in the United States. In this way, the American giant raised capital at much lower costs than it would have incurred without resorting to internationalization. This was a major cause of Apple's initial success, and the strategy was in fact later emulated by various competitors (New York Times, 2012).

On the other side, the obstacles facing a company that internationalizes its operations are numerous. First of all, as mentioned above, expanding across borders generates significant additional costs. Additional problems in the path may be the regulations of foreign countries (Agndal, 2004). Indeed, some countries have very stringent regulations that can slow down or sometimes even prevent the company's entry into that market.

Logistical considerations should also be made, which instead are often underestimated. The efficient and coordinated management of the various locations in which you operate can sometimes be more complicated than expected, partly because not all countries have the same resources and level of infrastructure. In addition, although it is an issue that is often overlooked, time zone can be an obstacle as a result of internationalization, since for companies operating in areas of the world with very different time zones, it can be very inconvenient to communicate and this can slow down many operations.

However, these are just a few of the most common problems that company managements encounter when deciding to internationalize. It is crucial to always remember that each company also often has to overcome obstacles that directly relate to its own industry.

To conclude, of absolute interest are the statements made by Andreas Schmidt, CEO of Proteona (a leading international biotechnology company), to an interview in 2021: *"Internationalization means prevailing in a global competition. So, the ambition of the management, the shareholders and the entire team really have to be well aligned to 'think big and build it.'"*

1.2 Entry modes for foreign markets

1.2.1 Definition of entry modes and determinants

After choosing to embark on the path of internationalization, the company must make another important decision, namely through which mode it is convenient to enter foreign markets.

The term "entry modes" refers to the strategies by which a firm can enter a new market, and they are defined as "procedures characterized by great uncertainty" (Acedo & Jones, 2007). This definition testifies to how a high degree of uncertainty makes it very complicated for managers to determine which entry mode is best suited to the company's needs.

Obviously, the choice regarding entry modes does not occur randomly. The management of companies reserves a lot of time for this decision, in which analyses are carried out that take into consideration numerous factors, from the results obtained by competitors present in the sector who have already initiated this process in the past to the policies in this regard present in the countries where they intend to enter. Also, very important are the reasons why the company decides to internationalize, since in fact the entry mode that is most suitable for a company that aims to reduce labor costs may not also prove to be the best option for a company that instead wants to expand its target customer base. Sometimes, another parameter that needs to be considered is asset specificity. In fact, if an asset has little value outside of the company's business model, it is likely to be available in certain parts of the world at very low cost, and this can push the company to make a foreign direct investment in that area in order to be competitive in the market. However, there is a key evaluation element that determines the choice of entry mode that a firm adopts, and that is the relationship between risk and control. In fact, there is a direct relationship between these two variables, as the need to have greater control over internationalization processes also entails a particularly high degree of risk. Therefore, firms find themselves having to choose between low risk but low control and good flexibility but high risk. Many have wondered about the reasons from which this connection between flexibility and risk arises. Before going into the details of these motivations, it is interesting to note that the same concept also applies in the financial sphere. An investment with zero risk will be classifiable as risk free, and consequently will have a very low return. In contrast, an investment in equities with a high risk will offer the investor the possibility of higher returns. Similarly, a company that wants to minimize risk must give up some of the control.

The real motivation to which this relationship must be attributed concerns fixed costs and operating leverage. In fact, by breaking down the traditional operating leverage formula, the following formula can be deduced:

$$\textit{Operating Leverage} = \frac{\Delta EBIT}{\text{EBIT}} \text{ x } \frac{\text{Q}}{\Delta Q} = \frac{Q \ x \ (p-Uv)}{Q \ x \ (p-Uv)-FC}$$

Uv = unit variable cost

FC = fixed cost

From this it can be deduced how an increase in fixed costs, brought about by any investments abroad in order to increase control over management, would lead to an increase in operating leverage, and thus volatility. Higher volatility consequently implies a higher degree of risk.

1.2.2 Non-equity mode vs equity mode

Based on what has been observed, it is important to note that there are two different ways of entering a new market, namely:

- Non-equity mode
- Equity mode

The former refers to contractual relationships that don't entail equity investments by a foreign entrant. Several studies have recently shown that, among non-equity entry modes, foreign entrants increasingly tend to favor effective transfer of the firm's capabilities to the host country unit over maximizing control of the latter (Erramilly, Agarwal & Chekitan, 2002). There are several reasons why managers sometimes opt for this type of entry mode. First of all, entering a market without investment in the form of equity involves less financial commitment and thus significantly reduces risk. In addition, this mode provides faster access to foreign markets. For example, through exports, which is a non-equity entry mode, firms are able to enter international markets very quickly. Likewise, this mode allows the company to exit the market more easily should it need to do so.

An additional advantage lies in the great flexibility available to companies to opt for this type of entry mode, which allows managers to modify their strategies according to changes regarding exogenous factors concerning the market.

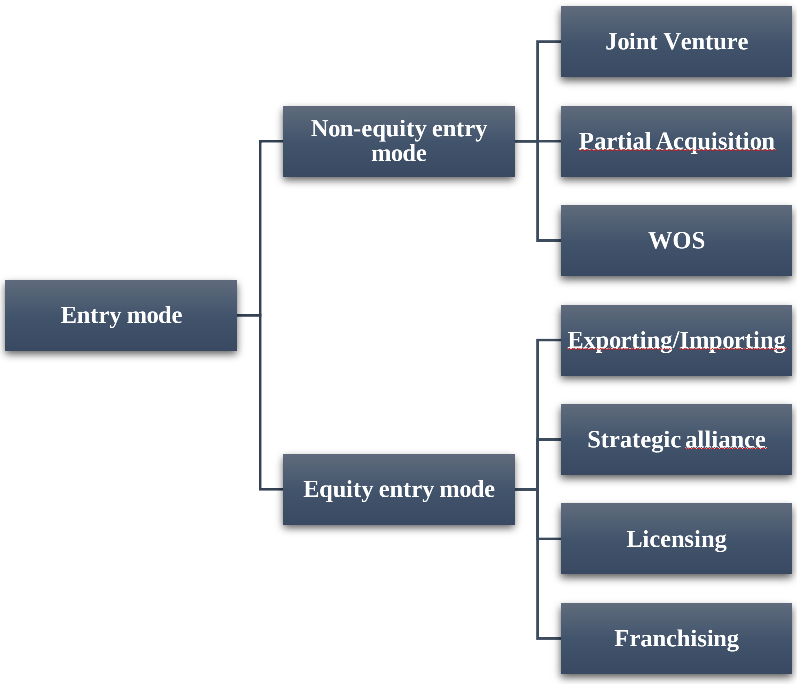
In the case of entry through equity, on the other hand, it is mode based on the local firm's partial or total ownership of the shares of the foreign subsidiary. In this case, managers must decide whether to proceed with the purchase of an existing firm or to partner with a local firm by creating an entirely new establishment through a joint venture, which will be the subject of analysis later (Morschett, Schramm-Klein & Swoboda, 2010).

The main advantage offered by this type of modality concerns control. Indeed, through shareholdings, firms have significantly more influence over the strategies of their subsidiaries. Consequently, this choice offers the firm greater protection of intellectual property, since in fact through joint ventures and acquisitions firms can fearlessly share their knowledge, expertise and resources with their partners, generating synergies that allow them to improve business efficiency in the marketplace. However, there are still significant challenges that arise from investing in foreign markets through equity, as the risks related to financial, management and cultural policy are much greater than those of non-equity entry. Therefore, there is no one option that is objectively better than the other; rather, the choice between these two modes must be made based on the analysis of the goals that the company's management intends to meet. For the sake of accuracy, it should be specified that there have been numerous cases of hybrids over time, companies that have approached the international market by combining elements of both modes.

1.2.3 Overview of entry modes

Figure 2, shown below, shows which entry modes occur through equity and which do not. Joint ventures and FDIs (partial acquisition and whole owned subsidiary) have already been mentioned among the modes shown in the figure 2. Joint ventures are separate entities created by two or more companies (Daft, 2015). Through this approach they have the opportunity to spread development and production costs by exploiting economies of scale.

FIGURE 2 – Equity vs Non-equity entry modes



Source: own elaboration on Pan & Tse, (2000). pp. 538

This is just one of the many benefits offered by the creation of JVs, which also provide all the benefits guaranteed by equity entry modes, such as knowledge sharing. In this regard, it is important to specify that there are two types of joint ventures, namely link joint ventures and scale joint ventures. A joint venture is classified as a "link joint venture" if the assets being shared are dissimilar, as in the case of Nike and Apple, which in the past have combined their skills to enable runners to monitor their performance through a watch. The "scale joint venture", on the other hand, consists of the sharing of similar assets between the parties. An example can be identified in the partnership made in 2015 between General Electric Motors and SAFRAN SA, from which it was possible to design more advanced and innovative aircraft engines, developing economies of scale.

As for other FDIs, on the other hand, whether they take place in the form of M&A or greenfield (the former case takes less time but is more expensive, while the latter is cheaper but can be time-consuming since it requires setting up the company from scratch), it is important to specify that they are the ones that absolutely guarantee total control and therefore high risk, due to the high volatility of operating leverage. Furthermore, it is crucial to distinguish an M&A from a partial acquisition, since in the latter the investor becomes an important shareholder, but not necessarily the main shareholder as in an M&A.

In reference to non-equity entry modes, however, it is relevant to mention export/import activities, strategic alliances, international licensing and franchising.

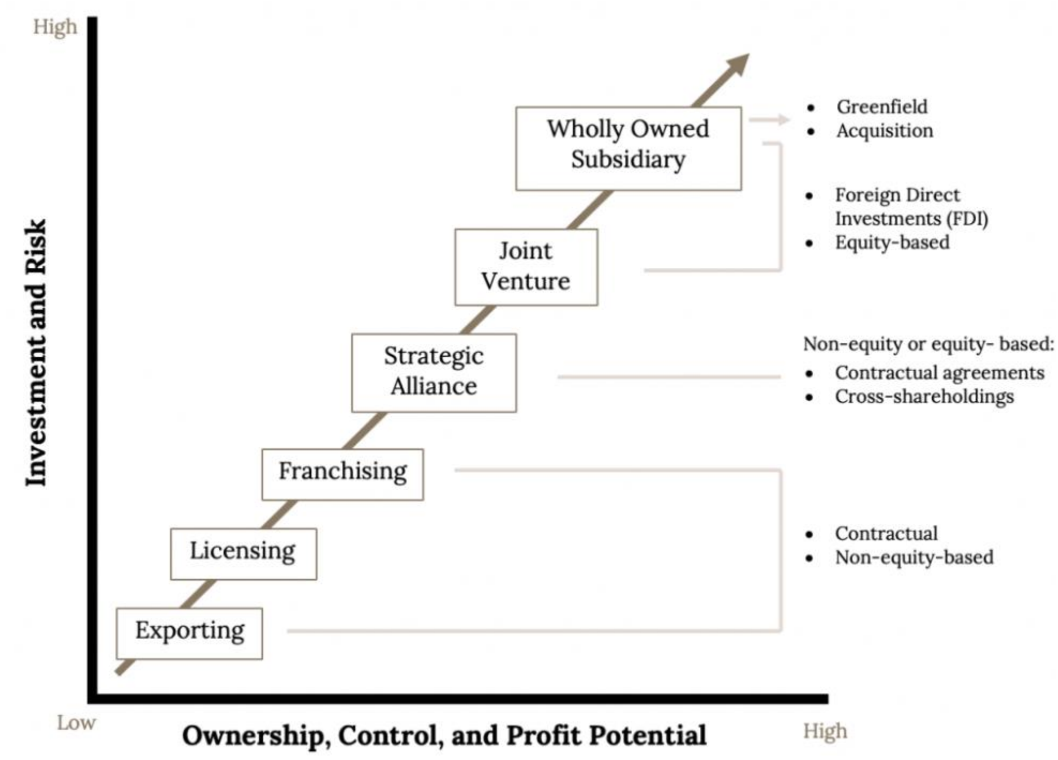
Exports and imports are the modes that have no fixed costs and therefore are mainly exploited by very risk-averse firms. The major disadvantage is thus identifiable in the lack of control.

It is also interesting to analyze strategic alliances. They are defined as "a long-term relationship between two or more firms that intend to improve their competitive position and performance through sharing resources and competencies" (Beamish & Killing, 1997). One of the main characteristics of strategic alliance is the absence of a contract to which the parties can refer. In fact, these alliances rely on trust and reciprocity instead of contracts. The reason why companies might decide to take the risk of internationalizing through strategic alliances lies in the low legal costs and the great complexity of certain transactions, which could not be totally resolved by contracts, which could also generate potential hold-up problems.

Finally, the distinction between the concepts of international licensing and international franchising, which are often mistakenly confused, should be clarified. Both, unlike strategic alliances, involve the drafting of a contract. However, in the case of licensing, the international firm provides another country's firm with the right to use an intellectual property in exchange for a royalty. In this way the firm is able to expand rapidly, being able to diversify turnover. On the other side, franchising is different, as the international firm provides the firm in the other country with all the knowledge needed to replicate the entire business model in exchange for a fee or mark-up on the goods and services it sells. In order to make the difference between these two entry modes clearer, consider two world-class companies, such as Starbucks and Lego. The former is a franchise because it provides foreign subsidiaries with its entire business model, while Lego is a company that manufactures and markets toys but offers its brand to other products such as video games, books, and clothes in exchange for the payment of a royalty. As will be seen in Chapter 4, companies often have to decide whether to opt for corporate-owned stores or franchising. The corporate-owned stores are less profitable but are used to make innovation. Companies often use both franchising and corporate-owned stores, leveraging the latter to experiment and get more direct feedback from the consumer. Indeed, this strategy has been adopted over time by even well-known companies, such as Amplifon, and has led to very positive results, stimulating managers' innovation.

Finally, a summary of how these entry modes fit within the diagram relating risk to level of control can be seen in Figure 3.

FIGURE 3 – The Trade Off between Risk and Control in International Market Entry Strategies



Source: Kennedy (2020). pp. 250

Having given a general overview of the various modes of entry into international markets, it is therefore interesting to remark on what was initially observed, namely how difficult it is for companies to figure out which option is best given that there are so many parameters that need to be considered. Only a few have been reviewed and the literature on this subject is constantly evolving. For example, it has recently emerged from a study how there is an influence of psychic distance on the internationalization strategy of multinational corporations, especially with reference to Indian and Chinese multinationals (Samiolo, 2021). So, according to this study, corporate managers should also consider the human development index when determining their choices. This demonstrates the constant evolution of this issue, testifying how there is no general theory regarding internationalization strategy, which should be studied by managers according to the needs and goals of the company.

CHAPTER 2 – *Impact of luxury fashion features on internationalization choices*

2.1 Overview of luxury fashion industry

The debate over what is the correct interpretation of the concept of "luxury" has a long history. Analyzing the etymology, the term "luxus" has a Latin derivation and means overabundance. In fact, it is no coincidence that Werner Sombart, a well-known German sociologist, defined luxury as "any expenditure that exceeds what is necessary" (Sombart, 1967). Over the centuries, many other scholars have tried to give different definitions to luxury, but the debate can be summarized in the opposition between two different strands of thought (Ko, Costello & Taylor, 2019). On the one hand, luxury has always been seen as the representation of wealth, the recognition of economic success related to an individual's abilities. On the other hand, it has always been associated with bad taste and attachment to everything that represents superficiality and materialism. So, the negative meaning of the concept referring to ostentation that motivates the need to purchase products or services to assert one's status is contrasted with the positive meaning related to hedonistic consumption, that is, the search for personal gratification and satisfaction through the purchase of a good.

In the past, the definition of the concept of luxury has also been the subject of interest in the religious sphere. In fact, according to some religions, luxury expenditures are the result of the weakness of the human soul, contrasting the view of luxury held by other religions, which instead consider such expenditures as a representation of worldly success, the result of divine grace (Brun & Castelli, 2013).

Beyond these diatribes, the perception of luxury has undergone a constant evolution, which is still ongoing. The result of this evolution can be traced in the generation of further interpretations of luxury, related to social identity, the search for new emotions and experiences, gratification and the desire to be satisfied with one's image. This gives rise to the contrast between "Old Luxury" and "New Luxury." While the former concept refers mainly to the past view that luxury is only about objects, the latter is more current because it refers to the entire consumer experience. For this reason, competition among companies in this category is increasingly based on innovation, creativity, and branding.

Companies operating in the fashion world, therefore, no longer have the simple goal of selling clothes, but rather the broader perspective of leveraging these to sell a lifestyle to their customer.

The shift from the "old luxury" to the "new luxury" includes as its main novelty the end of the concept of exclusivity that has always characterized this sphere, opening the door to the opposite theme of inclusivity. In fact, luxury goods, although costing much more than common goods, aim to be within the reach of a wide target of consumers, focusing on the customer's increasing ability to recognize a distinctive value of the product in terms of qualitative and emotional benefits. Many major companies have therefore had to revise their business models to adapt to these changes and to meet the new needs of younger customers. All this has led many luxury brands to initiate a rebranding process.

In addition, the shift in focus to the emotional sphere has introduced new strategies based on narratives and storytelling, conveying to customers not only the characteristics of the product offered, but also the values on which the company intends to focus (Danziger, 2005).

Obviously, what has been stated so far is based on a generalization of the concept of luxury. For the sake of precision, it should be clarified that there are various categories of luxury, based on author Jean Noël Kapferer's (2012) classification. The latter distinguished "griffe," a category of luxury that is accessible only to a very narrow niche of the population, from luxury brands and branded goods, which are always endowed with a high degree of quality but at the same time are accessible to a broad target of consumers.

This difference is what also marked the transition from the French culture associated with the phenomenon known as "haute couture," which was based on a concept of luxury reserved for the richer and wealthier social classes, to the Italian phenomenon known as "prêt-à-porter", which instead extended its horizons to new customers and new products. This was the secret that enabled the explosion of Italian designers such as Gianni Versace and Giorgio Armani.

Instead, we often wonder what features a product must have to be classified as luxurious. Price is one of them, but obviously not the only one. This attribute is crucial since in fact the difference in quality entails higher costs that must somehow be repaid. Design, craftsmanship, innovation, uniqueness, quality, and reliability are just some of the factors that make it possible to classify a product in the "luxury" category (Sjostrom, Corsi & Lockshin, 2016). In addition, physical stores have gained increasing relevance over time. Indeed, every single detail of the store, from the furniture to the staff, must be consistent with the values of the company. For this reason, as it will be possible to observe in Chapter 4, luxury companies often own the stores in order to increase control over customer relations and the customer experience inside the store.

Analyzing some data, the fashion luxury industry in 2019 was generating revenues of up to $1.64 trillion with a 3-5% increase expected by the end of 2025 (Bain and Company, 2018), which would return to pre-pandemic levels. For now, this forecast has turned out to be fairly in line with reality, although new geopolitical conflicts have taken over but have not significantly affected growth. In fact, only between 2022 and 2023 did revenues grow between 8% and 10% and return above $1.5 trillion (Bain & Company, 2023). This turnover, according to some estimates, is divided equally between males and females, so there is no gender prevalence. Moreover, a recent study by Deloitte's "Global Powers of Luxury Goods" (2022) showed that as much as 85% of profits are generated by the top ten luxury companies. It is also interesting to note that the fashion sector is the one in the "luxury" bracket that generates markedly better results and great growth. In fact, the top four positions in terms of revenues and profits generated are consistently occupied by companies such as LVMH (+56% in 2021), Kering (+34.7% in 2021) and Chanel (+54.7% in 2021). The first chasing sector is jewelry and watches with Rolex and Chow Thai Fook being the companies whose profitability comes closest to that of fashion companies (Il Sole 24 Ore, 2022). However, the whole luxury market is set to grow further. In fact, it is projected that by 2027 the value of this market will reach $429.3 billion with a 37.9% increase from 2022 (MarketLine, 2023). Also referring to the pre-Covid-19 period, one assessment had attributed the luxury market a value close to 281 billion euros (Kering Financial Document, 2019), and about 23% of this figure was attributable to apparel goods.
As will be seen in the following chapters, the growth of this sector finds its foundation mainly in the Asian market, thanks to the growth of China and Japan. Europe, while still accounting for a significant number of luxury goods sold (about 17%), has suffered a slight decline in recent years, due in particular to Germany and Italy. The main causes of

this decline can be traced to rising energy prices, the revaluation of the euro and weakening demand. Despite the great rise of the Asian market, currently the United States is still the most important market, as 26% of the global value of luxury markets could be allocated to this region in 2023 (MarketLine, 2023).

Finally, it is worth mentioning the large number of M&A deals that have characterized the fashion luxury sector in recent decades. Suffice it to say that in 2018 of 265 M&A deals that took place in the luxury world, about 27.5% were attributable to the fashion world (Deloitte, 2019). Such transactions allow companies to grow by expanding customer segments. In addition, an important feature of these transactions is the maintenance of brand independence and identity, with the centralization of some support functions, such as those related to finance.

Among the major cases of acquisitions in recent years, the best known are those related to the Kering group, which acquired control of Gucci in 1999, and LVMH, which acquired Christian Dior in 2017. More recent cases also include the acquisition of Stone Island by the Moncler Group in 2020, which will be analyzed in section 3.3 of this paper.

2.2 Porter's five forces analysis

In order to precisely define all the characteristics of the fashion luxury industry, an analysis of the following five Porter forces should be carried out: intensity of competition in the industry; bargaining power of suppliers; threat of new entrants; bargaining power of customers; and threat of substitute products.

2.2.1 Intensity of competition in the industry

The level of competition that exists between firms operating in the same industry depends on various factors, such as price discounts, new product introductions, advertising campaigns and service improvements (Porter, 2008). A relevant indicator of the degree of competition is the firm concentration rate, which is defined by the OECD as the means that *"measures the extent to which market shares are concentrated between a small number of firms. It is often taken as a proxy for the intensity of competition"* (OECD).

Intense competition is often associated with a positive impact on industry growth. However, it also has downsides, as it can force firms to reduce their profit margins, consequently investing less in industry growth (Nickell & Nicolitsas, 1999).

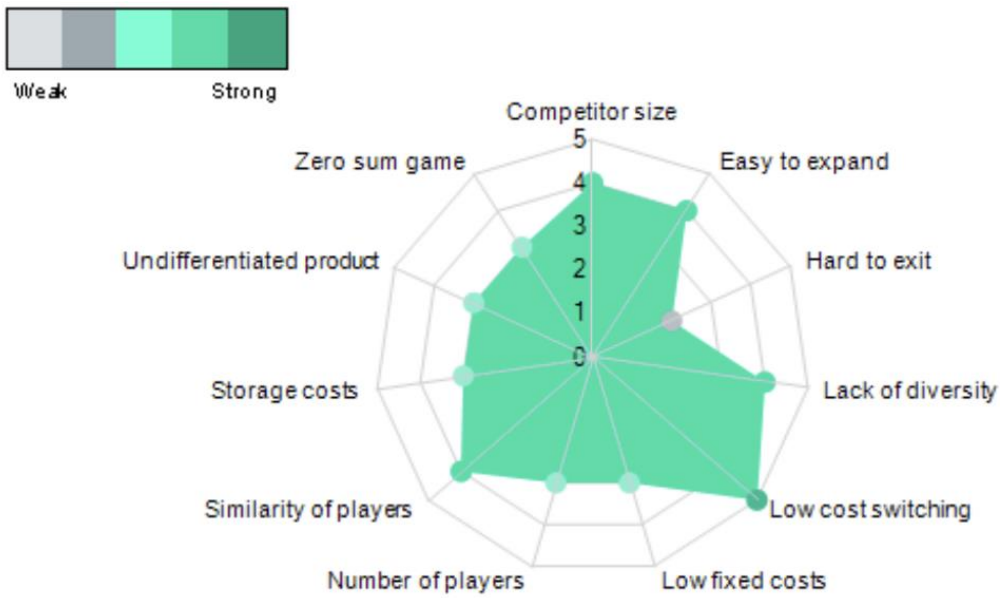
Another important factor to consider is the presence of exit barriers. In fact, high barriers to exit increase competition because even firms with negative profitability may be forced to stay in the market, negatively impacting it (Porter, 2008). Generally, companies offering differentiated products tend to target a specific market segment, thus avoiding competition from all possible competitors offering standardized products. However, fashion luxury is an industry characterized by many companies that offer differentiated products and thus has a significant level of competition. Indeed, it is a highly competitive niche in which there are many players sharing market share.

It is crucial to mention in this industry the presence of major groups that have been formed in recent decades, such as LVMH, Kering and Richemont, within which there are very famous brands. However, in addition to these groups there are also important independent brands that possess a significant market share. The rivalry between these brands is divided into different categories, as it covers clothes, accessories, watches, cosmetics and also other segments that are constantly being updated over time. In fact, one of the main features of this sector is the continuous quest for innovation. As noted above, these brands offer products that differ from the ordinary, and this implies a great focus on research and development (Ünay & Zehir, 2012). Each of these brands must therefore invest increasing capital to at least maintain their market share. So, the large investments made by companies generate very high barriers to exit, which result in high rivalry (MarketLine, 2023). Furthermore, emphasizing the brand image and brand reputation of these brands increases rivalry, as they must protect their brand equity to retain their consumers.

To this aim, it is becoming increasingly common to enter into agreements with companies in other industries. For example, one of the most recent was formalized by LVMH, which entered into an agreement with Epic Games in June 2023 to be able to offer its customers the opportunity to enjoy virtual in-store fitting rooms or participate in virtual fashion shows thanks to new technologies related to augmented reality (MarketLine, 2023).

Finally, it is interesting to note that the intensity of competition within this industry varies according to the products and geographic areas in which it is marketed.

FIGURE 4 – Intensity of Competition in the Industry



Source: MarketLine, 2023

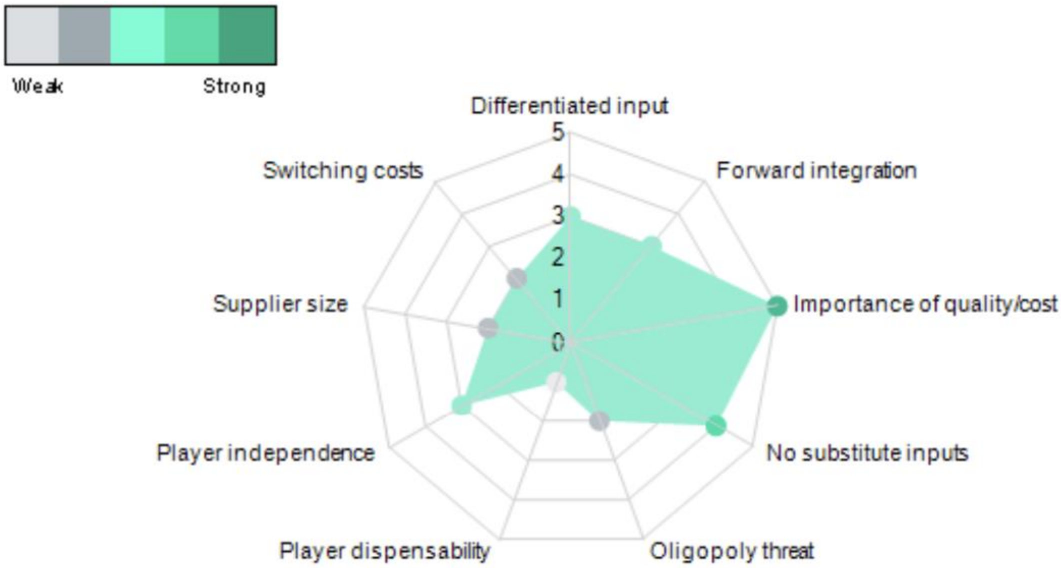
2.2.2 Bargaining power of suppliers

This force indicates the ability of suppliers to influence a negotiation by exerting pressure on the firm through increasing prices or decreasing the quality of goods supplied. According to Porter, increased bargaining power of a supplier that allows the supplier to raise prices can severely damage the firm's profitability (Porter, 1980). Supplier power is significant when the number of firms of suppliers of a good relevant to the buying firm is relatively low. This allows suppliers to influence the quality of products or services offered, as well as prices and all contractual conditions. In addition, firms' pursuit of niche or differentiated products often implies significant bargaining power of suppliers.

A demonstration of this can be identified precisely in the luxury fashion sector, where the bargaining power of suppliers tends to be quite high (Maddina, 2017). However, generalizing could be misleading, since the influence suppliers have in contractual relationships depends greatly on the type of good that they offer the company. For example, if it is raw materials and elements needed for the production of a luxury garment, suppliers have significant bargaining power. The same observation can be

translated to products that require complex processing, as the small number of suppliers who have high-quality materials or possess advanced processing skills significantly strengthens their positions in negotiations with companies.
Often, managers of companies in this field establish multi-year contractual relationships with their suppliers for various reasons, such as countering price volatility of certain raw materials. However, this choice may confer greater strength to the supplier due to the trust relationship established over the years. In addition, it has been studied that the perceived value of luxury products increases if the brand can be associated with reliable suppliers. This is another reason why companies are often willing to accept the conditions demanded by trusted suppliers even though it may entail some extra cost.
In addition, the Fashion Transparency Index report (2023), published by the NGO Fashion Revolution, ranks apparel companies by the level of supply chain transparency, making it even more important to choose suppliers who operate ethically and sustainably (MarketLine, 2023).
However, there are a lot of different strategies adopted by companies in the fashion luxury industry. Instead, many companies, such as the LVMH group, prefer not to rely on a single trusted supplier and try to diversify with the aim of reducing the bargaining power of suppliers. It is no coincidence that this group stands out within the industry for being characterized by low bargaining power of supplier (Chatterjee, 2020).

FIGURE 5 - Bargaining Power of Suppliers



Source: MarketLine, 2023

2.2.3 Threat of new entrants

Another very important force for Porter's model is the threat of new entrants. In fact, barriers to entry are a decisive factor in managers' choice concerning entry into a specific area. The higher the barriers, the higher the costs they would face to support entry into the new area (Porter, 1980). It is important to specify that there are exogenous barriers, such as institutional barriers, that cannot be traced back to the competitive environment of the industry, and barriers that instead relate to the specific industry, such as structural barriers. It is precisely the latter that incumbents leverage, focusing particularly on economies of scale. These in fact represent a disincentive for new entrants who would be forced to enter on a large scale.

In addition, strong product differentiation leads to greater difficulties for incumbent firms, as the costs required to close the gap with incumbent firms are also greater.

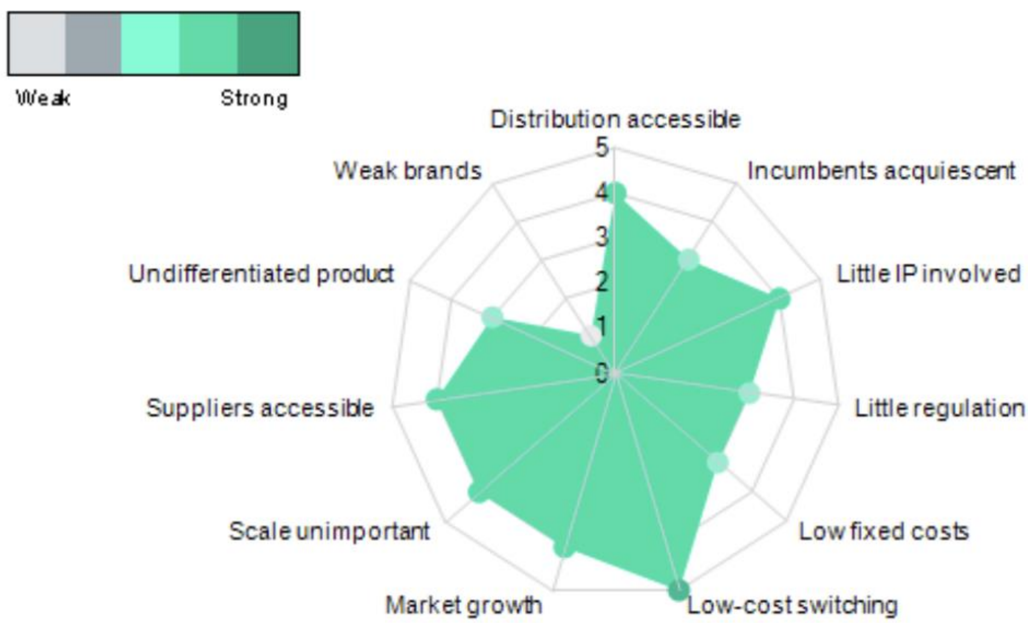
The threat of new entrants in the fashion luxury sector can be considered strong. There are relatively few barriers to entry in luxury goods markets, and the most significant one is the brand strength of the players (MarketLine, 2023). Apparel from luxury companies, as they involve small-scale production, generating less significant economies of scale.

However, the costs required to enter and be competitive in this sector are made high by the continuous need to innovate and grow (Ko & Megehee, 2012). In any case, companies can try to approach this market by focusing heavily on low environmental impact and efficiently allocating their resources between innovation and marketing. Just about corporate sustainability, however, it is important to specify that an increasingly dangerous barrier for new companies refers to sustainable sourcing (Bhandari, Garza-Reyes, Rocha-Lona & Kumar, 2022). In addition, although intellectual property held by larger firms might discourage entry into markets, regulation in this regard is quite limited.

On the other hand, what greatly favors the entry of new players into the industry is the presence of very low switching costs, which allow new entrants to be able to gain a good market share if they are able to identify a particular niche for their product (MarketLine, 2023).

Finally, the explosion of e-commerce has increased the chances of reaching new customers and making inroads into the industry.

FIGURE 6 – Threat of New Entrants



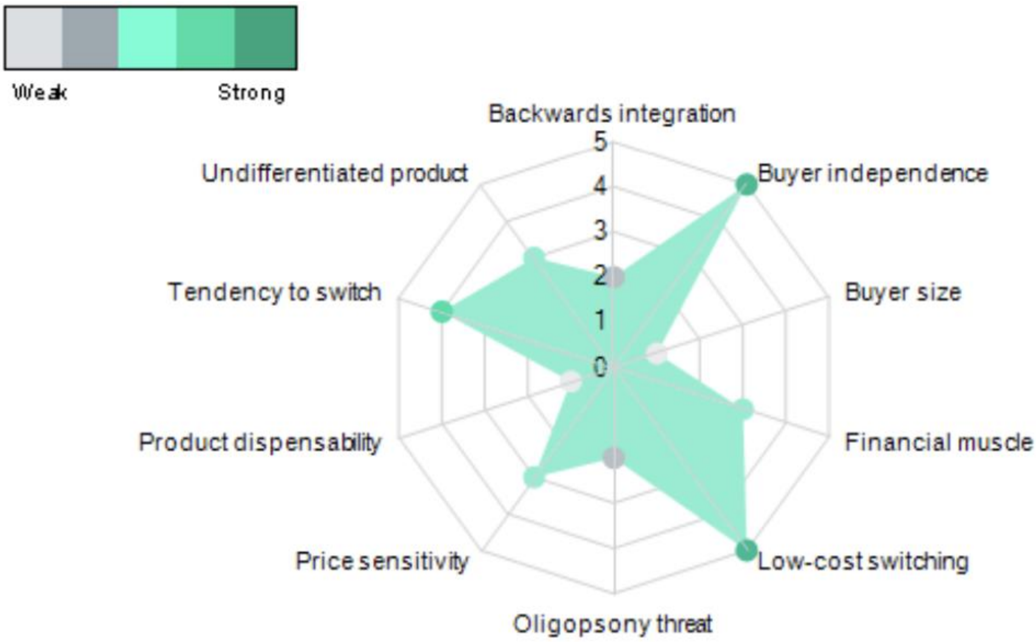
Source: MarketLine, 2023

2.2.4 Bargaining power of customers

"Bargaining power of customers" refers to the degree to which customers are able to influence contractual relationships. Porter states that buyers represent a competitive force since they can lower prices and demand higher quality or more services (Porter, 1980).
The ability of the customer to dictate the terms of the negotiation depends on several factors. The first of these is the relevance of the object of the contractual relationship and the possible existence of substitute products. In fact, should there be many alternatives, customers could easily turn to more advantageous solutions, having greater bargaining power. Moreover, there is a directly proportional relationship between the information they have about market conditions and the power they have in negotiations (Porter, 1980).
In the fashion luxury sector, the bargaining power of customers tends to be moderately high. First of all, it is a sector in which there are a large number of players offering products with similar characteristics to each other, consequently strengthening the bargaining position of the buyer (Chatterjee, 2020). In addition, this is an industry in which products are sold at very high prices. This results in a great deal of information-seeking on the part of customers prior to purchase that allows for a comparison of the characteristics of various brands. As noted earlier, when buyers have a lot of information, they increase their bargaining power in the relationship.
However, it should still be kept in mind that purchase price is less of a variable than it would be in a typical retail sale because, as buyers are by nature prosperous, there is more flexibility in terms of choice (MarketLine, 2023). It is important to specify that, according to the latest studies presented by MarketLine (2023), the number of billionaires in the world is declining slightly, having decreased from 2,668 in 2021 to 2,640 in 2023, with an increasing presence of occasional consumers.
Over time, companies have developed various strategies to reduce the bargaining power of their customers. One of the most common ones is offering customers personalized experiences and exclusive programs aimed at creating a bond with the company that goes beyond a single purchase (Sahni, Khan & Barad, 2016). Customer loyalty has become a major key to the success of companies operating in this sector.
In addition, because of the bargaining power customers have, companies must consider the constantly evolving needs of customers. For example, sustainability has become one

of the key factors in the customer's purchase decision. So, while in the past, concern for the environment and the use of sustainable materials were secondary elements for companies, these are now one of the main objectives they must meet to maintain their market share.

FIGURE 7 – Bargaining Power of Customers



Source: MarketLine, 2023

2.2.5 Threat of substitute products

"Threat of substitute products" refers to the risk companies incur when consumers find alternatives to their products with the same use function, even if with different characteristics.

Substitute products are something that limit the profit of the entire industry, as they force companies to lower the prices of their products (Porter, 1980).

Generally, products that are seen as threats are those that enjoy steady improvement in the price-performance trade-off with the industry's product, those that would allow low switching costs for potential buyers, and those that are produced by firms that are already highly profitable (Porter, 1980). However, firms can counter the threat of substitute products through investments in levers such as marketing.

Again, the fashion luxury sector has a moderately high threat of substitute products. It is possible to make this observation because the consumer's desire and need to express a luxurious lifestyle can be satisfied through a huge number of alternative experiences among them.

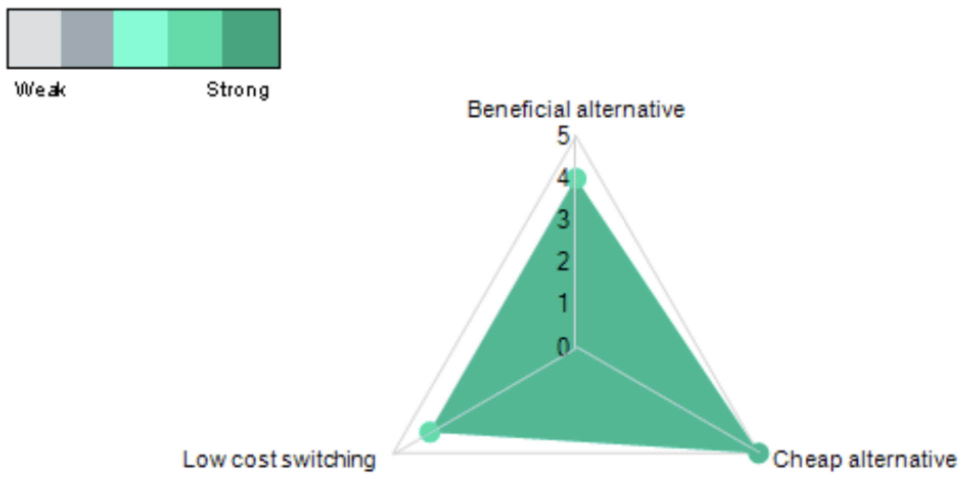
In addition, the emergence of new digital platforms has stimulated the sale of products that are created with a luxury inspiration but are much cheaper, and thus accessible to a wider audience. However, the fashion luxury niche presents a less significant risk of substitute products than the fashion industry in general, since in the latter it is possible to find products with the same use function, even if with much less prestigious features.

An additional factor that companies must consider in relation to substitute products is the continuing evolution of customers' values and principles, which may cause them to opt for alternative options (Chatterjee, 2020).

Moreover, to counter these threats, companies in this industry are increasingly investing in advertising and extolling unique qualities that cannot be found in competing products. In particular, they seek to do this by emphasizing the experience that is given to the customer.

An additional issue in this area for businesses is counterfeiting, as any luxury item can be reproduced at a much lower cost, reducing sales and damaging brand exclusivity. According to data reported by the OECD, counterfeit products account for 5 to 9% of the volume of global trade, a share probably even greater than that covered by luxury products (MarketLine, 2023).

FIGURE 8 – Threat of Substitute Products



Source: MarketLine, 2023

Finally, it is interesting to note that companies are increasingly moving away from Porter's model analysis and are beginning to seek competitive advantage through other approaches. For example, LVMH in recent years has adopted a "resource-based view," building its strategy through the efficient combination of the resources at its disposal with the entrepreneurial skills of managers (Lento, 2020).

2.3 Relationship between luxury and internationalization

2.3.1 Critical factors for entering foreign markets

The reasons why luxury companies initiate an internationalization process have only recently begun to be investigated.

Often, the company's business model plays a decisive role in managers' decision to expand beyond local borders (Hennart, Majocchi & Hagen 2021). In particular, this study referred to how the business model can define a startup's decision to place itself among the *born-globals*, that is, those companies that decide to operate in multiple countries from inception. In fact, there are some companies that have a business model that incentivizes fast growth in overseas sales. Mainly, companies with this type of business model are those whose products and services offered do not require specific adaptations to the characteristics of the host country and do not need to assist customers in the post-sale phase abroad.

Another important element to consider is the influence that luxury company status surely has on the company's brand identity, and thus also affects managers' choices regarding internationalization (Guercini & Milanesi, 2017).

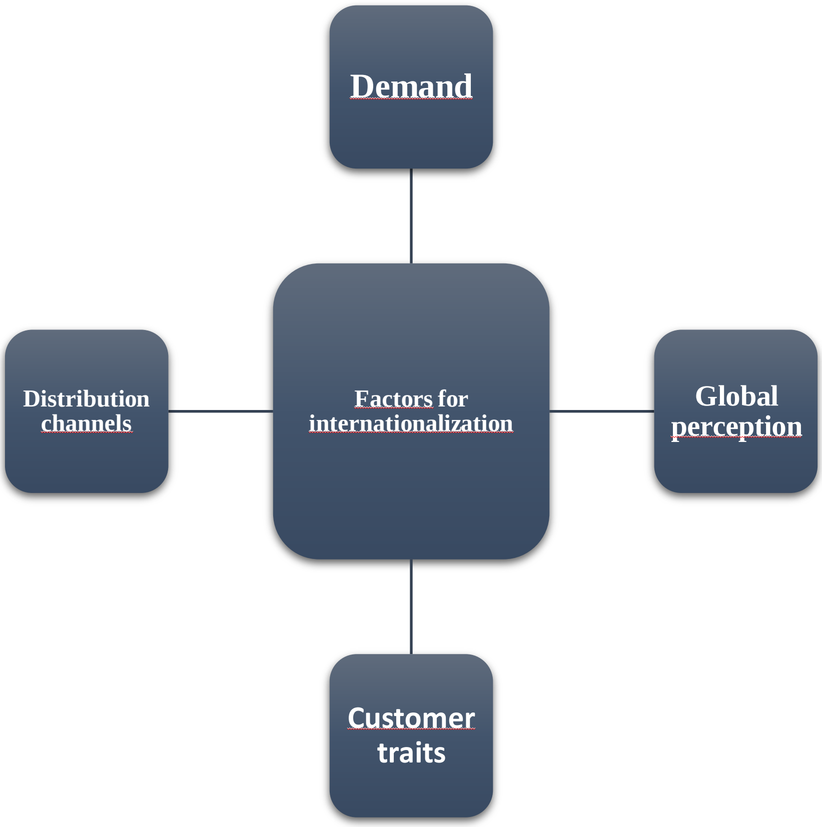
Over the years, many brands in the luxury fashion industry have developed a very strong global image. This has been possible thanks to the large marketing investments that these companies have made, developing not only in large, already developed metropolises, but also in usually less considered cities in developing countries (Zhang & Kim, 2013). All this has facilitated the growth of foreign sales during the internationalization process, which never ends and is constantly evolving.

It is crucial that experienced managers lead the internationalization process and have skills such as a great ability to adapt to the new environment into which the company is to be placed. In addition, identifying locations to expand to is often an underestimated activity. In fact, company characteristics are often more compatible to one geographic context than another. To resolve this issue therefore, companies resort to market analysis, which involves studying the characteristics of potential customers identifiable in that specific area, local regulation, competitors present, the market share held by each of them, and anything else that may have an impact on the success of business expansion (Guercini & Milanesi, 2017).

Analyzing the fashion luxury sector in more depth, it can be observed that the international route is taken by a large percentage of companies in the sector, regardless of their size.

The reasons why this happens are indeed numerous. In this section, the focus will be on the four reasons considered most relevant and most impactful on luxury companies' decision to internationalize. These, shown in Figure 4 below, are demand, i.e., management's goal of increasing the number of products sold; global perception of the company, i.e., the ambition to improve people's conception of the brand, making it global; luxury customer traits, i.e., everything that distinguishes customers who turn to the luxury market; and distribution channels, referring to the different ways in which companies' products are placed on the market and made available to customers. Next, the possible options related to distribution channels will be analyzed. They are crucial in the decision to internationalize because they have the ability to determine how the company intends to reach foreign customers, optimize operational efficiency and increase its competitiveness.

FIGURE 9 - Determining Factors for Internationalization



Source: own elaboration on Runfola, Milanesi & Guercini, (2022). pp. 18

2.3.1.1 Demand

The size of demand is a decisive factor in influencing managers' choice on entering new foreign markets.

Often, the demand for luxury products, being referred to a niche segment and at the same time considering the large number of competitors, might prove unsatisfactory in the company's home-country for it to really aspire to grow. Apparently, this theory could be considered true exclusively for large companies operating in a particularly small domestic country that forces them to internationalize, such as the fashion house "Ganni," for example, which was established in Denmark in 2000, a country with very limited domestic demand for luxury goods and thus had no alternative to internationalization. In fact, the same situation frequently occurs in small companies that are originally based in large countries, especially in cases where there is low demand and high competition. An example in this case can be identified in "Maison Margiela," a company that when it was founded in 2002 was still small and had to expand across borders to grow because domestic demand was very limited by the high number of competitors in France. Through this strategy the company has achieved a global dimension (Sun, 2023).

The last decades have been characterized by a great growth in demand for luxury products and this can be attributed mainly to two reasons. The first reason is the democratization of luxury, i.e., the process of opening up the industry to a much larger number of consumers (Forbes, 2018). In fact, in recent years many new consumer segments that previously did not belong to the luxury market have begun to take a strong interest in this sector. Despite this, local demand for luxury goods has still not become sufficient to hinder the start of an international path. The second reason why this demand has grown can be traced back to the increase in the number of customers from emerging countries (Quach & Thaichon, 2017). This factor, along with the democratization of luxury, has been a significant incentive toward internationalization.

The growth that has characterized the luxury sector in recent years has not gone unnoticed, and several studies have recently enriched the literature on the subject. For example, one study found that this strong growth was characterized by an intense concentration of large companies and was such that it made the luxury sector one of the most international (Deloitte, 2020). Furthermore, it is interesting to note that while the demand for luxury goods is distributed across more and more countries, the production function is always delegated to the same few countries. Another reason behind the international development of companies is the partially cross-sectional nature of domestic demand. In fact, this presents characteristics on one side that are transversal to several countries, and on the other side presents others that can be traced back to a single country (Runfola, Milanesi & Guercini, 2022). This aspect is usually underestimated, but it actually underlies the success of companies in meeting the needs of customers in the foreign market.

What has been analyzed so far obviously provides a general overview with regard to luxury in the fashion sector, but for the sake of completeness it should be specified that the influence due to the size of demand depends greatly on the product category that is being analyzed. In fact, practically all product categories include a premium version (therefore considerable as luxury), and precisely for this reason luxury products have been classified into macro-categories, of which fashion (not only with reference to textiles and clothing, but also accessories) represents one of the main ones. Other important categories include cosmetics, watches, jewelry, wines, and others.

2.3.1.2 Global image of the company

The search for an image that is recognized as global by people is one of the main challenges that a luxury fashion company faces during its growth path. In contrast to the demand dimension, it does not indicate sales volume, but rather a legitimacy, that is, it places the brand in a privileged bracket.

According to some studies, the recognition of a global image is one of the characteristics that distinguishes luxury companies from ordinary companies (Fionda & Moore, 2009). This discourse therefore applies to any product category identified as luxury, but particularly with reference to companies in the fashion industry. Indeed, in this industry, the presence of a brand store in certain prestigious international locations is a crucial and necessary factor in order to be classified in an elite category.

Moreover, brands in order to maintain a consistent luxury image must aim to create associations in the minds of their customers with different contexts internationally.

So, these brands are in this respect practically compelled to expand internationally, not only because they have to sell their products in other countries, but also because they are required to demonstrate their international stature. For this very reason, all the locations in which there are brand stores are often mentioned on the websites of these companies (Runfola, Milanesi & Guercini, 2022).

However, the hypothesis that a luxury fashion company can be seen as such even with an exclusively local presence, however remote it may be, cannot be dismissed out of hand.

At the same time, the association with the concept of luxury will be significantly weaker. Precisely in order to strengthen their prestige, these companies would be forced to incur additional costs associated with other activities.

While not internationalizing could therefore damage the company's image, the choices it makes after entering foreign markets should not be underestimated. Indeed, the choice that management makes regarding standardization and adaptation is crucial. The company can decide whether to approach the new market by adapting to its cultural and other characteristics or to leave everything unchanged. Sometimes, managers make the mistake, however, of excessively modifying their company's characteristics to conform to the demands of the new market, causing it to lose the distinctive features associated with its country of origin (Runfola, Milanesi & Guercini, 2022). This is precisely the reason why cases of rebranding in recent years have begun to decline. Many companies, especially in the fashion industry, noticed that readjusting their brand to the new context they were entering very often resulted in negative effects on the overall brand perception (Joseph, Gupta, Wang & Schoefer, 2021). In conclusion, it is therefore appropriate to state that generally the best solution might be the adaptation of certain features combined with the standardization of other distinctive traits of the company that allows them to be traced back to the company's origins.

2.3.1.3 Luxury customer traits

Another determining factor in entering foreign markets is the in-depth study of the traits of the average customer buying in the luxury market.

Actually, it is not easy to define with certainty what the typical features of this customer segment are, but the many market analysis conducted recently have identified their most common traits. Obviously, companies need to find factors that are common to customers all over the world and not just in certain geographical areas, otherwise there would be a risk of leaving some of the market share in certain countries to competitors.

As globalization is an increasingly relevant phenomenon in the actual world, customers are exposed to many different cultures and therefore exhibit increasingly cosmopolitan traits. This tendency of the typical consumer in the luxury market to exhibit almost international traits promotes a fairly equal distribution of luxury products. It should be specified that although the increasingly multiethnic nature of customer traits is evident, there is naturally a prevalence of the customer's traits of origin.

Primarily, the audience to which the products of luxury fashion companies were targeted has always been segmented into two macro-areas, namely the "excluded" and the "affluent." The formers are those who lacked the economic ability to afford such expensive purchases and represented the majority of the population. The "affluent," on the other hand, identified that niche of consumers who were habitual in purchasing luxury goods. Later, with the spread of the democratization of luxury, mentioned earlier, a third category was added, namely that of "excursionists" (Dubois & Duquesne, 1993). These begin to be considered around the 1990s and are those who buy from the luxury market but only occasionally. Therefore, they are placed exactly between the "excluded" and the "affluent".

The evolution of the characteristics of the luxury consumer in an increasingly globalized luxury market was precisely expressed by a study that identified the main reasons for buying such prestigious products (Hudders, Pandelaere & Vyncke, 2013). The first reason is closely related to the social dimension. The purchase of luxury products recognizes the buyer's opportunity to flaunt their prestige and success by noting their membership in a certain social group. In studying consumer behavior, marketing experts use the expression "conspicuous consumption" to refer to the goal of signaling one's social status through the purchase of certain products (Mason, 1984). The second motivation is financial, as luxury products are often purchased as an investment. In fact, some luxury products often represent a value over time that may even increase. A typical example is Rolex, or the luxury watch market in general, which is often purchased as an investment.

Another reason can be identified in the functionality of the products considered. They often come with features that elevate their quality and level of performance. In addition, the luxury product often allows the consumer to have a unique and exclusive experience that other products could not provide.

Finally, the last motivation that emerged from Hudders, Pandelaere, and Vyncke's study (2013) is related to the individual sphere. This may seem seemingly similar to the first, but it is not because the reason for purchase is not to flaunt something outwardly. The goal of those who buy luxurious products for this reason is to increase their self-esteem or simply to indulge a whim related to their personal taste (often "excursionists" buy for this reason). A phenomenon that relates to this type of consumer emotional sphere is what is known in marketing as "compensatory consumption." This expression refers to those consumers whose goal is to use products as means to restore their self-esteem (Rucker & Galinsky, 2008).

2.3.1.4 Distribution channels

The evolutionary process involving distribution and communication channels has had a significant impact on the decision to internationalize.

These represent one of the main strengths that have enabled large groups such as LVMH and Kering to establish themselves as leaders in this industry by directly controlling the distribution and communication network. In this way, companies are able to exploit countless advantages. First of all, direct control makes it possible to increase operational efficiency, minimizing costs and delivery times even abroad. In addition, better quality of service can be guaranteed to the customer, thus offering greater reliability. An additional factor entailed by direct control of the distribution network is the ability to easily implement new advanced technologies. All these advantages that these companies can take advantage of are due to the development of economies of scale and economies of scope (Kim, Kim & Lee, 2010).

Companies that are able to take full advantage of all the previously listed advantages are more easily able to achieve significant levels of internationalization. In fact, even businesses born in highly developed countries such as the U.S. or China would have more difficulty internationalizing if they did not have full control over their distribution network (Runfola, Milanesi & Guercini, 2022).

It is now possible to analyze the various options that managers can choose to design a successful distribution and communication network.

The first option concerns the physical environment, which refers to all the physical stores that the brand opens in the most strategic and prestigious cities. On the other hand, the second option is the digital environment, which instead includes different ways of distributing products and communicating the brand's values (Guercini & Runfola, 2015). However, the analysis on the criteria that guide the allocation of resources between physical stores and digital channels will be done later.

A luxury fashion company that aims to establish itself on an international scale must also consider the impact that in terms of communication historical media such as newspapers and television can still have. Of course, the evolution of digital channels has taken a lot of power away from these more traditional media, but they should not be underestimated because they can enable companies to target even older customer segments that still use these channels as their main source of information.

It is precisely digitization that has given rise to new figures such as influencers. For the past few years, even companies in the luxury world have been investing in these who, thanks to their important following on social media, can allow the company to increase its customer base worldwide (Vinerean & Opreana, 2019).

Finally, it can be argued that for a company's internationalization process to be successful, it is crucial for it to establish partnerships with other global brands. This would make it easier for it to reach customer segments scattered in different geographical areas.

2.4 The internationalization of luxury fashion

2.4.1 Business model of international luxury fashion brand

For the analysis of a company to be complete and in-depth, the study of its business model cannot be ignored. It is crucial because *it "...describes the system of interdependent activities performed by a focal firm and its partners and the mechanisms that link these activities to each other"* (Amit & Zott, 2015, pp.331).

The fashion luxury industry is characterized by a business model that is totally distinctive from that of others. Obviously, the analysis that is carried out in this section is sectoral and therefore offers a generalized view of the industry. In the next chapter it will be possible to observe the detailed business model of a specific company in this industry.

Many features of the business models of this industry, such as the management of distribution channels, have already been mentioned above and will therefore not be repeated.

However, it is only possible to add that luxury fashion companies often have total control not only of distribution but of the entire value chain. In fact, only in this way is it possible to offer the public products of guaranteed quality. In this regard, the concept of licensing takes over. Many luxury companies are reluctant to license their brands because they would have to relinquish a significant portion of control of the product. Licensees to recoup licensing costs and make positive profits will most likely tend to reduce the quality of their products. A clear example of this is Ralph Lauren. The American company, after giving up the license to use its brand name many times, saw its licensing profits drop dramatically. This event prompted the company's managers to buy back many licenses to regain direct control over its products (Forbes, 2016).

The main reason why it is important for luxury companies to maintain direct control over their products is the need to establish a one-to-one relationship with the customer, so that they can provide a totally unique and personalized experience for the customer.

However, there are differences between the fashion luxury industry and the luxury industry in general, that is, referring to other goods as well. For example, as already seen, in the fashion luxury industry there is a great tendency to outsource production to minimize costs and obtain cheap labor. This is an exception in the luxury world, as in fact this industry is characterized by the propensity to avoid offshoring in order to maintain a local identity, safeguarding the concept of *"made in"* (Silvi, 2018). Other differences concern the seasonality of some products and the adaptability of the company. Especially in the second case, it is important to specify that the fashion luxury industry is characterized by a greater need to change some components of its business model according to the evolution of consumer preferences. In the general luxury industry, on the other hand, product lines tend to be somewhat more stable.

What the fashion luxury industry has in common with the rest of the luxury world, however, is the need to also have to communicate to a different target audience than the one that buys the products. Indeed, in order to be effectively perceived as a luxury brand globally, it is necessary for the entire population to have the necessary information to label the brand as elite.

It is crucial to emphasize that there is a close connection between the business model of these companies and their internationalization process. It is clear that the main reason for international expansion is to expand the size of their operations, but it is often underestimated how much this decision can lead to a disruption of the business model. In fact, as they begin expansion, managers must take into account the costs they will incur due to the need to redefine the value proposition, distribution channels, and revenue models (Runfola, Milanesi & Guercini, 2022). In addition, the internationalization process requires that figures capable of managing international relations be integrated within the business model. Finally, a relevant aspect regarding the correlation between business model and the process of expansion across borders is the monitoring of business performance on a global scale. The company's organization model becomes a means through which to strategically manage global decisions, allowing it to identify the areas in which the company is most profitable, those in which it needs to improve and those from which it possibly needs to exit (Guercini & Milanesi, 2017). So, it cannot be said that it is not only internationalization that influences the business model, but also the reverse. In fact, when expanding, a company is facilitated when it has an organization that is based on distinctive resources and skills and that fosters the creation of strategic collaborations with international partners.

2.4.2 The process of internationalization

Speaking of the internationalization process of luxury fashion companies, it is very interesting to analyze the study dating back to the beginning of the third millennium that made the three Scottish professors, Christopher Moore, John Fernie and Steve Burt (Fernie, Burt & Moore, 2000), who enriched the literature through the development of new theories.

They based their analysis on research done in the past regarding the direction of international retail activity, the motivations behind international growth strategies, and the importance given to the role of branding in international strategies, which have also already been analyzed in the previous sections of this discussion.

The theories developed by Moore, Fernie and Burt are the result of analysis of a sample of hundreds of multinational companies that were either interviewed directly or responded to through surveys.

First, the three experts identified as luxury fashion companies all firms whose profile in the industry is objectively international, those that have been active within the industry for at least two years, those that sell their garments through outlets that have the designer's name or a name that can be traced back to it within at least two countries, and companies that market their products under their own brand name (Fernie, Burt & Moore, 2000).

Among the many interesting data that have emerged, it is pointed out that 60% of these firms tend to start out as private family-owned businesses and later transform into corporations. In this way, companies are able to exploit more of their brand's international potential. In fact, the need to move from private to public ownership is dictated by the large amount of capital that can be raised through shareholdings that can finance the company's overseas expansion. In addition, the shift to equity ownership incentivizes increased international corporate involvement. However, Fernie, Burt and Moore also specified that the change in ownership can also lead to negative effects on the internationalization process, as happened to companies such as Gucci, which after being listed on the stock market with an overinflated value caused negative pressure on the brand's international operations.

Through the analysis, it also emerged how it is possible to identify four different stages regarding the methods of market entry implemented by fashion companies.

The first stage involves wholesaling products in department stores around the world, such as Harrods or Saks. In fact, this is a mode of entry with a fairly low risk that allows the company to start generating cash flows in foreign countries, retain new customers and obtain new information about that particular market. The next step in the internationalization process designed by Moore, Fernie and Burt is characterized by the opening of flagships in capital cities. In this step, the company's brand reputation is significantly developed. Indeed, flagship stores are often characterized by very high operating costs and relatively low profits. However, they generate an attraction effect on the public, since they are located on the main streets of the world and are therefore an integral part of the company's communication strategy.

The third stage of international development, on the other hand, is characterized by the development of new diffusion lines. Through this step, the designer makes himself accessible to a much larger customer segment, and this usually occurs at a time concurrent with the company's stock market listing. The risk associated with this stage is that of negatively impacting the brand image, but many companies are willing to deal with this eventuality in order to increase their profits.

The fourth and final stage of the international expansion path is always related to focusing on spreading one's garments in the international market and involves opening stores in major provincial cities. Most of these stores come into being through a series of franchise agreements, as opposed to the flagships that characterized the second phase, which instead tended to be managed directly by the company. Managers decide to entrust the management of so-called diffusion stores to a franchisee in order to continue to expand around the world while avoiding additional start-up costs.

Another characteristic element of Fernie, Moore and Burt's theory can be identified in brand development, the success of which must be based on a comprehensive communication strategy, a detailed product development strategy and a highly controlled distribution policy (confirming the above observation).

Of the points listed, the one that authors have focused on most closely is the first. Their research showed that on average 20-30% of the gross margin of fashion companies is invested in advertising. All managers interviewed by the professors emphasized the need for a brand to have a well-defined identity. On the other hand, regarding the need to define a targeted product development strategy, one could easily misunderstand, perceiving this statement as a disincentive to expand the product range offered by the company. However, companies' search for a balance between the desire to be exclusive (which could limit the development of more affordable product lines) and the goal of maximizing profits is still a hotly debated issue within the industry.

2.4.3 Opening new stores in foreign markets vs e-commerce

Before going into the details of the analysis regarding the choice of entering foreign markets through physical or digital channels, it is interesting to dwell on the dual meaning that Hennart and Brouthers (2007) have associated with the concept of "entry mode." They define entry mode as the mode through which the firm decides to enter a foreign market, based on the choice between a joint venture and a wholly owned subsidiary (Brouthers & Hennart, 2007). In addition, they argue that there is a first strand, developed by a number of authors, according to which the choice of entry channel is based on a continuum of increasing control, commitment and risk and is linked to a number of variables, such as asset specificity, that determine the most efficient solution. The second perspective, articulated by Hennart himself, departs from the first and is based simply on the classification of entry modes into "contracts" and "equity" (Brouthers & Hennart,

2007). Synthetically, he argues that the best channel to access foreign markets should be determined by the method chosen to remunerate input suppliers.
The concept of internationalization over the years has undergone a major evolution. In fact, while traditionally the most common way of accessing foreign markets consisted of opening new physical stores, the explosion of digitization has introduced a new approach based on e-commerce, i.e., the ability to sell one's products to customers in different parts of the world without the need to open a physical store there. It was therefore a real revolution, but some sectors, such as those in fashion luxury, have long been reluctant and skeptical of this change.
Many studies prepared in the past argued that the world of digital and the world of luxury in general were not compatible. The reason behind this claim was identifiable in the association that initially linked e-commerce to the mass market (Okonkwo, 2009). Moreover, the lack of physical contact between the seller and the customer was considered disadvantageous in the sale of prestigious goods. Indeed, human sense is something that can only be found in physical stores and it is considered a distinguishing feature in the process of buying luxury products.
Products such as high-fashion clothes have characteristics such as creativity and continuous innovation that can be conveyed to the customer with greater efficiency in physical stores, ensuring a unique experience. The latter is another major factor that has delayed the explosion of e-commerce in the fashion luxury industry. All brands increasingly aim not only to sell the product to the customer but want to distinguish themselves from competitors by offering a complete experience to the customer, which can more easily convey all the company's values.
A final element that for years has disincentivized the online sale of luxury products is related to counterfeiting, as this sales methodology was considered risky for companies. In this way, they provided all their product lines with all the details, making it easier for third parties to make imitations (Hennigs, Wiedmann & Klarmann, 2016).
However, there has been a shift in recent years, and the topic of digitization after the pandemic has become increasingly central to business dynamics. Therefore, even companies in the world of luxury have no longer been able to resist the increase in capital to be invested in online channels. Luxury companies began to perceive the benefits that this change could bring, seeing in it a new way to access foreign markets. Indeed, the

presence of these brands in digital marketplaces allows customers around the world to be able to access the goods they offer more quickly.

Recently, many brands have begun to take advantage of the rise of online platforms that sell prestigious products from various brands, such as Farfetch. Through these, brands can leverage numerous advantages. First, they perfectly represent brands' values. Moreover, they are mediums that connect luxury fashion brands to a far larger segment of potential online customers around the world than they would reach through their own e-commerce alone. Finally, companies are thus able to dispose of products left in stock more easily (Balasyan & Casais, 2018).

However, having only recently begun to invest heavily in digital channels, it is still impossible to say with certainty whether this digitization process has brought positive results. As a result, there is also no golden rule for how resources should be allocated between digital and physical channels. What is certain is that e-commerce is not something alternative to selling in physical stores, but supplementary. The latter will always remain the main sales channel in any industry (Forbes, 2020). Therefore, companies must have an omnichannel approach that combines offline and online channels. In particular, with the digitization process, high-fashion companies have been supplementing physical stores with new technologies, such as so-called "interactive kiosks", which have a support function for the customer, and make the customer experience even more complete.

CHAPTER 3 – *Moncler Group: a general overview*

3.1 Historical background

Moncler is one of the leading brands in the fashion luxury industry. The company's size is evidenced by its market capitalization of approximately $19.70 billion (Orbis Europe, March 2024), which places it in the top 1,000 companies in the world for this index.

Moncler was founded in 1952 in Monestier-de-Clermont, a mountain village from which the brand takes its name, thanks to the intuition of Renè Ramillon and André Vincent. The two founders began producing very durable down jackets with the aim of providing the working class with protection against particularly harsh weather during the winter. So, the brand has not been in an elite bracket since its inception but has gone through many phases of strategic repositioning throughout history.

The first specialized line, known as "Moncler pur Lionel Terray," was born in reference to mountaineer Lionel Terray, who in 1954 was one of the first to notice the enormous potential of Moncler products. In 1954 these were also chosen to equip the Italian expedition to K2, led by Achille Compagnoni and Lino Lacedelli.

Therefore, initially Moncler offered very technical garments used mainly in sports. In fact, in 1968 the brand was chosen as the official sponsor of the French alpine skiing expedition to the Grenoble Winter Olympics.

Moncler's first strategic repositioning took place in the early 1980s, when designer Chantal Thomass began to focus on urban street, making many of the company's garments iconic to a generation of kids. Thomass to target Moncler products to a wider customer segment first replaced zippers with buttons and introduced the first reversible fabrics.

The real turning point came in 2003, when Italian entrepreneur Remo Ruffini acquired control of the brand. Ruffini still holds the positions of President and CEO of Moncler Group, and thanks to him Moncler has acquired the status of a luxury brand.

The company's growth path over the past two decades can be divided into distinct stages. The first years under Ruffini's management were characterized by the launch of Haute Couture collections (Moncler Gamme Rouge in 2006 and Moncler Gamme Blue in 2009). Instead, in 2010 the Moncler Grenoble was launched on the market, which represents one of the company's bestsellers.

Another crucial milestone concerns the stock market listing that took place in 2013. The entry into the public markets was a genuine success for the brand. On the first day, the share price rose by more than 40%, setting a new record within the European markets. Eleven years after listing, the price at which the shares are traded on the market is about €67 (March 2024), while the IPO was set at about €10.20 per share. This testifies to the incredible growth that Moncler has experienced under Ruffini management. However, entering the stock markets was not the last major strategic move implemented by management to improve the brand's image on an international scale. The company in 2015 was one of the first in the industry to predict the imminent rise of the Asian market. In fact, to expand its market share in that geographic area, a joint venture was established in Korea with Shinsegae International, called Moncler Shinsegae Inc. Shinsegae International is a group that stands out in the South Korean market for its great ability to manage the distribution of brands operating in the luxury sector.

In 2018, Moncler launched the "Moncler Genius - One House, Different Voices" project, which aimed to offer the market a new collection once a month through collaboration with eight designers. Through this initiative, the brand managed to address a global target audience by consistently offering innovative and cutting-edge garments. The choice of designers to collaborate with was not made stochastically, but was based on a policy of target diversification, i.e., each designer had the necessary characteristics to satisfy a different customer segment. The project has subsequently undergone evolutions, moving from establishing collaborations with names related exclusively to the fashion industry to forging agreements with figures from other industries, such as the music industry (Colella, 2023). Alicia Keys and Pharrell Williams are two examples of collaborations that Moncler has established that have helped the brand increase its global perception.

The last major step in these first 72 years of Moncler's history occurred in 2020, with the acquisition of Stone Island, the other brand that makes up the Moncler Group portfolio. Stone Island was taken over for about 1.15 billion (Bloomberg, 2020), and the effects of the acquisition on Moncler's internationalization and all other details will be explored in Section 3.3 of this chapter.

3.2 Business Model

After conducting a general overview of the characteristics most frequently found in business models in the fashion luxury industry, this section aims to take a closer look at the model on which Moncler bases its strategy, checking to what extent typical elements of the industry can be identified in this company.

To succeed in this aim, this section will have as its object of analysis the business model canvas (BMC) described by Osterwalder and Pigneur (2010), who not only defined this model as the means of describing the rationale of how an organization creates, delivers and captures value, but also identified nine building blocks into which to divide the analysis.

3.2.1 Key activities

Prominent among Moncler's key activities is its focus on innovation and sustainability, which are placed at the heart of the company's product strategy. Indeed, the main activities concern the development of new techniques and materials that do not harm the environment. To achieve this goal, Moncler's managers are progressively reducing the use of resources in production, thus encouraging the recycling of materials. A testimony to how focused the company is on achieving this goal can be found in the "Extra-Life" project, a service that aims to revitalize Moncler products through specific repairs.

This initiative was undertaken in 2021 in a number of stores in Italy, France and Denmark, which turned to the tailors of local repair platforms. They made use of an efficient customized tool that could repair damaged fabrics. So, in this way Moncler was able to significantly extend the life of its products. The initiative met with great success and was continued in the following years, extending it to all Moncler Group stores worldwide, thus including Stone Island stores (Moncler Group, 2022).

Among Moncler's other key activities, a great focus on human resource management and development can be seen. Management is very focused on developing a corporate culture whose values are shared by all staff so as to create strong engagement within the work environment. Annually, Moncler managers submit employees to a questionnaire to

measure their satisfaction and identify areas where improvement is needed (Moncler Group, 2022).
Another activity that occupies much of Moncler's time is the direct purchase of raw materials, an issue that will be analyzed in depth in the section on key resources.

3.2.2 Key resources

As mentioned, Moncler directly oversees the purchase of raw materials aimed at producing outputs through a dense network of 662 suppliers who are chosen with great care and who must comply with the company's ethical and environmental standards. The managers' great emphasis on sustainability can therefore also be observed in the determination of the supply chain, which is determined with respect for workers' rights and the environment. In addition, the protocol called "Down Integrity System and Traceability" forces Moncler to ensure maximum transparency regarding the traceability of raw materials. Most of the suppliers come from countries such as Italy, France, Japan, Korea and China, which are synonymous with quality and reliability for the customer. These suppliers are divided into various categories, such as suppliers of fabrics, quilts, or other accessories (Moncler Group, 2022).
In the sector analysis conducted in the previous chapter, it emerged that investment in research and development is crucial in the business model of companies in the luxury fashion industry. This is confirmed in Moncler, which invests heavily in the development of its resources in order to make garment production more efficient, while also significantly reducing production time. A typical example can be identified in the adoption of 3D design, the function of which is to transform designers' ideas into 3D prototypes. This has enabled Moncler to improve the quality of launched collections with an associated reduction in production time (Moncler Group, 2022).
The operational efficiency and high quality of Moncler products are ensured by the significant productivity of internal resources that the company is able to procure through logistics automation. In fact, Moncler's logistics business has undergone a revolution, caused by the implementation of an automation process. This change was brought about by the explosion of e-commerce, which allowed the development of an innovative and

fully automated system. This has enabled the company to significantly reduce product shipping time as well (Moncler Group, 2022).

3.2.3 Value Proposition

A company's value proposition can be defined as the tool that *"...has a critical role in communicating how a company aims to provide value to customers"* (Payne, Frow & Eggert, 2017, pp. 467). Most people believe that it is critical only for the purpose of defining the brand identity of companies, but in reality, it can be very functional in the operational management of businesses, especially in the early stage of the company's life cycle.

In the case of Moncler, it is based first and foremost on the desire to offer its customers products characterized by high quality and a highly advanced degree of technological innovation.

However, the goal of Moncler's managers is not only to offer quality products, but also to adopt a style that is recognizable and exclusive. Indeed, the brand's products are highly recognizable and ensure that consumers can show that they belong to a luxury brand that stands out from others. In addition, the automation of logistics, which has already been mentioned earlier, guarantees the customer very short delivery times.

Recently, the company's management has begun to leverage the customer's shopping experience more and more. It has become an indispensable part of the value proposition that the company offers the customer. Moncler's goal is not only to make the experience people have inside the store enjoyable, but the company intends to take detailed care of all aspects of the buying process. It has been enhanced by providing services aimed at making the relationship between seller and customer strong, improving customer satisfaction. For example, Moncler has designed its official website with the main goal of ensuring a smooth and multifunctional experience. A potential customer has the opportunity to enjoy a three-dimensional visualization of products, being able to take advantage of personalized recommendations formulated according to the consumer's needs (Moncler Group, 2022).

Finally, it is necessary to note how the totally sustainable characters of Moncler products not only enhance the company's brand image, but also increase its attractiveness in the eyes of customers who are increasingly attentive to environmental issues.

3.2.4 Customer relationships

Customer Relationship Management (CRM) can be defined as the business strategy that companies put in place with the aim of orienting themselves toward understanding, anticipating and responding to the needs of both current and potential customers in order to establish lasting relationships with them based on mutual trust (Frow & Payne, 2009). How Moncler has increased its focus on the customer by making the in-store experience highly personalized or providing online services with a high degree of exclusivity has already been analyzed in the study of the value proposition the company offers to the public. However, these are not the only two issues that Moncler is leveraging to fully enhance its customer relationships.

The initiatives that Moncler has undertaken in recent years are numerous. First, to meet the primary goal of building long-term relationships with customers, managers have come up with specific loyalty programs. Such programs involve rewarding the brand's most loyal customers with early access to new Moncler collections or through invitations to exclusive events. The latter are a key factor in creating strong emotional bonds, as well as boosting the company's brand image. One example is "The Art of Genius" event, held in London in 2023. On this occasion, Moncler executives promoted the great sensitivity to the exploration and evolution of the brand, emphasizing how Moncler is actively interested in so many different areas, from entertainment to culture via music and sports (End, 2023).

Moreover, at one of these events, managers reiterated how they are increasingly focusing on the "Client Experience 2.0" project, which aims to reorganize all work processes within stores by introducing increasingly innovative digital services (Moncler Group, 2022). This shows how the brand has a cutting-edge vision aimed at keeping up with the times, adopting an increasingly omnichannel approach, the importance of which in the industry has already been mentioned in section 2.4 of last chapter.

Finally, it is interesting to note how Moncler intends to improve further in terms of CRM. In fact, managers are experimenting with introducing innovative sales programs that can increase customer engagement and Moncler community development. In addition, artificial intelligence is set to play an increasingly central role due to heavy investment. Its predictive abilities have already been successfully applied to inventory management, demand planning, store replenishment, and product quality control. Therefore, the next milestones Moncler intends to achieve involve the integration of artificial intelligence tools to customer service interaction and areas dealing with merchandising and pricing (Grzelska, 2021; Tiwari & Tomar, 2023).

3.2.5 Customer segments

The identification of profitable customer groups is becoming increasingly important, and strategies regarding market segmentation are increasingly central to company managers, who are aware of how focusing on specific homogeneous groups within a large heterogeneous market can make a difference (Harrison, 1994). Market segmentation is crucial for a luxury company because it is often the type of customers the company is able to retain that makes brand recognition in an elite group possible (Kapferer & Michaut, 2016).

Over time, Moncler has been able to implement strategies aimed at targeting certain customer segments. The segment the company targets is quite narrow, as it deals with high-quality products whose prices are not easily accessible to everyone. Moncler's customers are often great fashion enthusiasts, pioneers who search the market for innovative and cutting-edge products. At the launches of new collections, managers reiterate each time how buying a Moncler has all the connotations of investment. In addition, the distribution of customers is very heterogeneous in terms of gender, as the company intends to give equal importance to the male and female targets. In terms of geographic distribution, the most relevant customer basins are located in the largest metropolises of Europe, North America, and Asia. Above all, the Middle East is a market with great potential that Moncler has been exploring for the past few years, as demonstrated by the creation of the joint venture Moncler Shinsegae Inc. (Moncler Group, 2022).

On the other hand, the aforementioned "Genius" project has among its goals to bring a younger customer segment closer to the brand, thanks to the launch of products whose main feature is creativity, which is one of the most sought-after characteristics of the new generations (New York Times, 2018). So, although traditionally Moncler has always had a narrow target customer base, managers through initiatives like this have embarked on a process of democratizing luxury, seeking to attract a far more diverse audience. This shows how the luxury industry is increasingly oriented toward associating the concept of exclusivity not only with price, but also with other factors such as creativity and innovation (Kapferer, 2014).
The great attention paid to evolving customer needs is one of the great secrets that allows the company to maintain a strong position within a very competitive market.

3.2.6 Channels

Channels play a crucial role in defining the business model of a fashion luxury company because they represent the method through which it makes its products available to its customers.
Moncler organizes its distribution in an extensive and varied way. The managers' goal is to establish a high density of stores that can cover a wide geographical area through channel diversification (Pwc, 2009).
The main channel to which Moncler entrusts product distribution is direct retail. By 2022, Moncler had 251 monobrand stores scattered in the world's most prestigious locations (Moncler Group, 2022). What distinguishes the physical store from other channels is the atmosphere inside. In fact, every detail of the store aims to convey Moncler's values to customers. So, direct retail is the channel preferred by managers because it allows them to maintain direct contact with the customer, ensuring greater control over the quality of the shopping experience (Krasonikolakis & Vrontis, 2022).
The second most developed channel, which has taken more and more share due to the explosion of digitization, is e-commerce. This channel was only implemented by Moncler in 2009, when the company began selling its products through its online site, which was then updated several times and made more efficient in the following years. This event was instrumental in the growth of sales, as it allowed the expansion of the global presence

through reaching new customers. The latest studies confirm how e-commerce is becoming an increasingly powerful channel for businesses. Interestingly, in 2023, 69 of European Union citizens aged 16 to 74 years purchased products through e-commerce (Eurostat, 2023).

The two channels previously mentioned are the most profitable for the brand, but there are also others. First of all, wholesale represents a relevant sales channel for Moncler. Indeed, it is interesting to note the figure provided by Moncler in its 2022 financial statement that the number of wholesales monobrand stores worldwide has reached 63. This network of retailers is an additional means through which to expand its customer base, precisely because it allows fashion enthusiasts to be able to find or appreciate Moncler products even in locations other than the official store (McKinsey & Company, 2020). In this way, access to products is thus simplified and also strengthens Moncler's resonance in the global luxury fashion market.

Finally, a final channel that is often exploited by the company finds an identity in pop-up and temporary stores. However, the use of the latter occurs quite rarely, as it is an attempt by Moncler to advertise its products to coincide with certain events. For example, at the launch of the "Moncler Genius" project in 2018, several temporary shops were opened in different cities around the world, which acted not only as retail stores, but as true creative and interactive spaces where customers could have a differentiated experience (Moncler, 2018).

3.2.7 Cost structure

Cost structure refers to the way a company decides to allocate its resources to produce and distribute its products and is a hot topic. In fact, after the pandemic, many companies, not only belonging to the luxury fashion industry, had to start a process of reengineering their cost structure.

However, Moncler has been able to respond effectively to the pandemic state that has characterized the last few years, and its revenues have only declined slightly between 2019 and 2020 (-11.5%), especially in EMEA and America (Moncler Group, 2020). Obviously, if the company was able to react promptly to the pandemic crisis, it was no accident, as Moncler's management has always distinguished itself by its ability to peculiarly manage the company's costs.

The item on Moncler's balance sheet that weighs most heavily on the company's accounts is that referring to "Selling expenses," which include various costs such as those related to rent payments, personnel and depreciation. In recent years, the impact of these costs on revenues has been close to 30%, and an upcoming goal of Moncler is to reduce this impact (Moncler Group, 2022).

Certainly, the pandemic has accelerated the need to address new challenges for all companies operating in fashion luxury, such as digitization and a focus on sustainability. It is precisely to these new trends that Moncler has allocated many financial resources in recent years. Incentivizing the implementation of digitization within the corporate environment has required significant costs, just as large investments have been allocated to social responsibility. In fact, Moncler has drawn up a sustainability plan for the five-year period 2020-2025, which includes the achievement of very ambitious goals in line with most of the SDGs (3, 4, 5, 6, 8, 11, 12, 14, 15) established by the United Nations (Moncler Group, 2022).

In addition, Moncler allocates substantial capital to the marketing and sales area as it needs to maintain its considerable reputation by nurturing its brand image. Expenditures dedicated to this area in 2022 amount to 171.9 million euros, accounting for 6.6% of revenues (Moncler Group, 2022).

Then, as seen above, among the main activities carried out by Moncler are those focused on research and development. The exploration of increasingly high-performance materials and new design technologies requires significant economic efforts from the company.

3.2.8 Revenue streams

Moncler is a high-performing company that has seen its revenues steadily increasing for years. It therefore begs the question of what are the sources of the company's revenues. Primarily, Moncler Group's revenues come from three different sources, which are direct-to-consumer (retail sales), wholesale, and licensing.

In order to understand which of these is the source that provides the largest cash inflow to the Moncler Group, it is necessary to make a distinction between the two brands that make up the group, Moncler and Stone Island. It is very interesting to note that there is a clear difference regarding the sources of revenue that the two brands focus on. In fact, Moncler has always built its revenues on the DTC channel, that is, retail sales. In 2022, direct-to-consumer sales secured as much as € 1,772.0 million out of the total € 2,201.8 million (more than 80%). In addition, the percentage of DTC sales has been growing steadily for years, which shows that the company continues to focus strongly on this channel (Moncler Group, 2022).

In contrast, the other brand that makes up Moncler Group's portfolio, Stone Island, operates in a diametrically opposite manner. The strength of this brand can be traced to sales that can be traced back to the wholesale channel. In this case, of the €401,132 billed by Stone Island in 2022, €251,979 originates in the wholesale channel (Moncler Group, 2022). However, since the group acquired the brand's shares, it can be seen that the gap between revenues from the wholesale channel and those from the DTC channel is gradually narrowing. The growth in revenues from the DTC can also be attributed to the conversion to retail that has taken place in Korea and Japan and the great growth that the market has experienced in the European and American markets.

However, since the revenues generated by Moncler are much larger than those of Stone Island, it can be said that the dominant source of revenues can be identified in DTC sales. Additional source through which Moncler Group builds its profits is royalties. In 2022, the amount of royalties obtained by Moncler amounted to € 414.5 million, which was an increase of about 44% compared to 2021. This amount of money was obtained through Moncler S.p.A.'s licensing of the Moncler brand to its subsidiary Industries S.p.A. and the Stone Island brand to its subsidiary Sportswear Company S.p.A. (Moncler Group, 2022).

3.2.9 Key partners

Key partners are an indispensable part of the business model and are defined as *"...the network of suppliers and partners that make the business model work. Companies forge partnerships for many reasons, and partnerships are becoming cornerstones of many* *business models. Companies create alliances to optimize their business models, reduce risk, or acquire resources"* (Osterwalder & Pigneur, 2010, pp. 44).

The key partners established by Moncler over time are one of the secrets of the company's success. First of all, Moncler has forged a series of agreements with a select network of external suppliers who are perfectly consistent with the standards of excellence commonly associated with the brand (Moncler, 2022).

Moncler's collaborations do not stop with material suppliers but extend to other figures as well. The aforementioned agreements made with designers from around the world at the launch of "Moncler Genius" were a plus for the company's business model. In addition, there is no shortage of partnerships entered into for distribution purposes. Especially with regard to wholesale sales, the company forges partnerships with wholesale stores, but only after ascertaining their reliability. In fact, the role of these partners is crucial because they are in charge of not damaging Moncler's brand image and maximizing the quality of customers' shopping experience.

Instead, despite the advent of digitization, Moncler is not very keen on entering into agreements with digital e-commerce platforms. In fact, the company preferred to meet the challenge associated with digitization with the launch of a new omnichannel e-commerce platform. Management created a new online channel in 2019 that was being managed directly from Korea, and then integrated it into the U.S., Canada, Europe, Japan, and China between 2020 and 2021. This choice is entirely consistent with Moncler's goal of maintaining a holistic management of the customer buying process both online and offline (Moncler, 2021).

Finally, since 2019, the company has been participating in The Fashion Pact, meaning that it has created a coalition with leading fashion companies that pledges, together with its suppliers, to create products in line with sustainability goals regarding combating global warming, restoring biodiversity, and protecting the oceans (Kering, 2020).

3.3 Acquisition of Stone Island

On December 6, 2020, Moncler announced the acquisition of Sportswear Company, the parent company of Stone Island, for an amount of € 1.15 billion (Bloomberg, 2020). This event heavily shook the luxury fashion industry because it revealed the company's ambitions to establish itself in the market as a luxury conglomerate. Indeed, Stone Island was the first brand to be fully integrated under Moncler's leadership. This episode represented a milestone for the company, which had already acquired a 49% stake in The Attico in 2018, but without gaining direct control of the brand (Luxury Society, 2021).

The pandemic that has characterized the past few years has profoundly affected the market consolidation process, as not all luxury companies have been able to be as ready as Moncler has been. So, these companies found themselves having to choose between being bought out or incorporated into other brands or going out of business. Indeed, the "Worldwide Market Monitor" reported in 2020 by Bain & Company in collaboration with Altagamma predicted a contraction of about 22% in the luxury market. However, the situation subsequently turned out to be less drastic than expected thanks to the positive trend undertaken by the Chinese market (Bain & Company, 2021).

The valuation method that was adopted in this acquisition is that of multiples. Indeed, Moncler acquired Stone Island at a value of 16.6 times the brand's EBITDA of 68 million euros in 2020 (Financial Times, 2020). The magnitude of the deal created a great stir initially, but nevertheless it is not an out-of-market price. In fact, in 2020 Deloitte published the Global Fashion & Luxury Private Equity and Investors Survey, a paper that explicated how as many as 59% of the acquisitions that took place in the world of luxury in 2019 were priced at more than 15 times the EBITDA of the target company.

There are mainly three reasons why Moncler's managers considered the Stone Island acquisition opportunity to be viable. The first can be identified in the analysis of the compound annual growth rate (CAGR), which from 2011 to 2019 was 18.3%. It noted the great strength and constancy of the brand. In addition, Stone Island in 2020 presented excellent operational effectiveness, evidenced by an EBITDA margin approaching 30% between 2018 and 2020, a very high value especially in an industry such as this, which is characterized by great cost variability. Finally, a final indicator that convinced Remo Ruffini and the rest of management to proceed with the acquisition was the Enterprise Value / EBITDA multiple, which indicated that there were all the conditions for Stone Island's prosperity to continue and even improve (Luxury Society, 2021). Roberto Eggs, Moncler's Chief Marketing & Operating Officer, himself confirmed Stone Island's potential, which is linked to the ever-increasing weight of the younger generation in the market.

At the time of the purchase, Stone Island's balance sheets had very similar characteristics to those of Moncler in the initial phase of Ruffini's management (Moncler's turnover in 2009 was about 220 million, very close to Stone Island's 2020 turnover of 240 million). However, despite the size gap that characterizes Moncler (understood as a brand) and Stone Island, Moncler's intention is not to establish a hierarchy within the group but an intellectual collaboration, aimed at developing Stone Island's global presence through the creation of new synergies (Financial Times, 2020). Moncler Group has developed a very clear and defined growth strategy for the acquired brand. The international expansion process undertaken a few years ago is based on improving brand awareness and developing a more efficient business model. The main branch of the business model that has been heavily modified is that of distribution channels. In fact, as seen in section 3.2.8, Stone Island has always based its revenues on wholesale, unlike Moncler. As of 2021, it can be seen that managers are increasingly focusing on DTC sales. Between 2021 and 2022, revenues coming through wholesale dropped from 75.3% to 62.8%, and this percentage is set to drop significantly further in subsequent fiscal years (Moncler Group, 2022). The strong focus on repositioning the brand was also reiterated by Ruffini, who specifically noted that at the time of the acquisition there were no Stone Island boutiques on the main streets of major fashion cities (Financial Times, 2020).

What emerges from analyzing the operation is its remarkable strategic nature, which highlights Ruffini's great managerial skills. In fact, Stone Island, while operating within the same sector as Moncler, is perfectly complementary to the latter, which in this way is not hindered in its international growth process. First of all, Stone Island has much more affordable prices, ensuring a better chance of reaching a youth target audience. In addition, while Moncler's revenues are characterized by strong seasonality caused by the very hot fabrics of its products, Stone Island guarantees more consistent performance.

Finally, it is interesting to note that industry experts have questioned the actual scope of Moncler's ambitions to create a new luxury conglomerate, similar to LVMH and Kering Group. However, this was directly addressed by Remo Ruffini, who specified how the acquisition of Stone Island was accidental and intended to be an isolated case. He reiterated how he believes it is crucial to focus only on the two brands that currently make up Moncler Group, so that they can continue to perform positively and increasingly attract a digital community (WWD, 2020).

CHAPTER 4 – *Empirical analysis of the Moncler case*

4.1 The Moncler case: reasons and purposes of the choice

The main objective of this study is to further enrich the already significant literature concerning the issues of internationalization of companies with a focus centered on the fashion luxury industry. More specifically, the following research will investigate all the most relevant factors that can affect the internationalization strategy of companies in this industry.

Having observed the importance of global expansion in the growth path of companies in the previous chapters, it is now interesting to analyze how for example managers determine which entry mode is best. In order to succeed in contributing to this regard, an empirical analysis of the Moncler case, a company whose history and business model were described in detail in Chapter 3, will be carried out in this chapter.

Thus, this chapter aims to create a bridge between theory and practice, adopting a strictly empirical approach aligned with the theoretical concepts analyzed in the previous chapters. Therefore, the analysis will be conducted from a perspective that reflects the theoretical understanding of concepts regarding internationalization and the fashion luxury industry, not only in order to ensure methodological coherence in the narrative, but also in order to be able to contribute to a possible extension of these concepts.

There are several reasons why the choice of the company on which to focus the case study fell on this brand. First, as seen above, Moncler is a solid enterprise that has been established as a leader in the luxury fashion industry for years. Moreover, it has remained among the few companies in the industry whose successes can be attributed to a management that is still totally Italian. It is a company that has been very much engaged in a process of international growth in recent years, as evidenced by the joint venture formed in Korea with Shinsegae Inc. in 2015, the acquisition of Stone Island in 2020, and the steady growth in the number of stores being opened around the world each year.

Moreover, the fashion industry has stood out in recent years for the large number of M&As that have paved the way for the establishment of numerous conglomerates, such as LVMH and Kering. However, analyzing a conglomerate would have been particularly complex, and the results that would have emerged from the study would have been characterized by a lower degree of reliability than those of an independent brand. Appropriate is to consider that since 2020 Moncler has also become a conglomerate, as it acquired 100% of the shares of Stone Island. However, a single acquisition is not enough to consider Moncler Group a conglomerate on par with those previously mentioned. On the contrary, analysis of post-2020 data may reveal additional insights into how internationalization strategies have changed or remained the same. What is more, what made Moncler fully in line with the case study analysis is the ability to easily access the company's balance sheet data, the latter being listed on the stock markets. The very year of Moncler's listing in the financial markets is a facilitating factor for the research. The company was listed in 2013, making it possible to conduct an analysis that spans exactly ten years.

Of course, it is necessary to always keep in mind that, even within the same industry, each company has different strategies from others. So, it is not possible to generalize, since the conclusions that will be drawn in this chapter will refer purely to Moncler and will be extendable to the entire industry only in part.

4.2 Methodology

The analysis in question required a quantitative approach, that is, it involves the empirical analysis of a data set. The presence of quantitative data within a research study represents an added value for the latter as it allows the content of the case study to be enriched by providing comparative analyses and the testing of certain hypotheses (Yin, 2009).

The data in question were extrapolated through various sources. Most of these can be traced back to the study of Moncler Group Annual Reports for all the years under consideration, i.e., 2013 to 2022, available on the company's official website (www.moncler.com). Some of the data examined, on the other hand, since they cannot be found directly in the Annual Reports, were obtained through access to specialized databases in this regard. The databases that were considered were Orbis Europe, Factiva, and Global Data. Then these data were collected on Excel and then analyzed thanks to the statistical data analysis tools that the program offers (one-sample t-test and ANOVA with implementation of the Bonferroni method).

In addition, the analyses that will be presented in these chapters will often be supported by information extrapolated from reports from Nexis Uni and “Il Sole 24 Ore.” The decision to include information extrapolated from some source outside Moncler to support the analyses was dictated by the need to offer a critical view from multiple perspectives.

Regarding the analysis of the Annual Reports, it is interesting to note that during the years considered, although they covered a fairly long-time span, no major changes were made to the method of data compilation. This homogeneity ensured the comparability of the data over time, allowing the analysis to be conducted without the implementation of relevant adjustments. However, the acquisition of Stone Island in 2020 resulted in some changes in the Annual Reports for 2021 and 2022 from those of previous years. The data reported in the last two years analyzed, as the research focused on Moncler Group and not just Moncler Brand, includes the financial results of Stone Island as well.

To estimate the degree of internationalization of Moncler and how it has evolved over the decade under consideration, two main ratios were identified:

- Revenues outside the domestic country / total revenues
- Number of stores in Italy / number of total stores.

These two indices are both very relevant and offer very interesting and different perspectives for assessing the internationalization of the company. The former focuses exclusively on turnover, while the latter puts the focus of the analysis on operational and marketing aspects. Moreover, the first indicator signals "where" the company makes money, while the second one highlights "how" and "where" the company operates and invests its resources to develop relationships with its customer base. Importantly, these two indices do not necessarily have to show the same results, as a company might have a limited number of stores in its home country but generate a significant volume of sales. Similarly, there are companies characterized by a large number of stores in their home country but with relatively little revenue volume.

Only through the joint analysis of these two indices can a complete overview of Moncler's degree of internationalization emerge.

The data collected from the Annual Reports focus mainly on the revenues obtained by the group from two different perspectives, namely geographical and distributional.
To be more precise, data about the revenues of both Moncler and Stone Island were extrapolated broken down by geographic area and distribution channel. The geographical areas considered were Asia, EMEA, and Americas, while direct-to-consumer (DTC) and wholesale were considered for distribution channels. DTC refers to Moncler's retail sales, which is the last stage of the distribution channel and includes all business activities involved in the direct sale of products. Retail management includes all the strategies necessary to promote a degree of satisfaction that will incentivize future visits. This type of activity is therefore crucial in order to build customer loyalty (Vaja, 2015). In contrast, wholesale is defined as a distribution function that lies between manufacturing and retailing and, as specified in 1990 by the European Commission, it involves the purchase of goods for resale to other retailers, wholesalers or manufacturers. Such goods may be resold either in the state in which they were purchased or after undergoing treatment or repackaging processes (Quinn & Sparks, 2007).
It was deemed appropriate to study revenues from these two perspectives because geographic distribution is a functional tool for assessing the impact that international expansion has on Moncler's financial performance, just as distribution channels can offer interesting insights into the internationalization strategies implemented by management.
In addition, the amount of net investment that was made by Moncler during the decade was also extrapolated from the Annual Reports. The reasons why this variable may be particularly relevant in the research will emerge in the development of the results of the analysis.
In developing a well-defined analysis model with a high degree of reliability, one of the main goals was to include control variables that might have influenced the study.
Finally, in addition to ensuring the credibility of the results, the methodological approach focused on the ability to effectively contribute to the literature already present in terms of internationalization paths in the fashion luxury sector, while also offering interesting insights regarding strategies that can be implemented in the future by managers of companies in this industry.

4.3 Data Elaboration

Thanks to the methodology described in the previous section, it has been possible to gather quantitative data regarding the last decade.

First, the first piece of data that is very interesting to analyze concerns the choice Moncler faced between opening new corporate-owned stores around the world or continuing the internationalization process through franchising. The company's financial statements showed how Moncler opted exclusively for opening its own owned stores, forgoing all the advantages that franchising would have entailed. It is therefore appropriate to question the motivations that led the group's management to make this choice. Underlying these reasons is undoubtedly a strategic and operational nature, aimed at maintaining and increasing the substantial market share that the company has built up over the years. As noted in Chapter 1, maintaining ownership of its stores provides total control over them, which allows it to directly manage what concerns brand image, store layout, shopping experience, and the service that is offered to customers. In addition, through this direct management of stores it is possible to take advantage of greater flexibility with regard to the ability to adapt to changes and evolutions in consumer preferences and the market in general. In a context such as the one in which Moncler operates, which is characterized by a good degree of dynamism, this is certainly an important advantage. It is also interesting to note how the focus on corporate-owned stores allows the company to implement new ideas and new technologies easily, without having to call on other intermediaries and consistent with Moncler's strong focus on research and continuous innovation.

In the luxury fashion industry, it is crucial to have the ability to control the previously listed factors and it is therefore usual to observe a prevalence of corporate-owned stores over franchises. Thus, the strategy based on a balanced distribution between corporate-owned stores and franchises is the one most commonly adopted by Moncler's competitors. However, the choice of the group managed by Ruffini can be considered strong, since by giving up franchising, the possibility of expanding internationally at lower costs vanishes. On the other side, in analyzing the financial consequences of this decision, it should be kept in mind that without franchising Moncler is not required to share its profits with third parties, offsetting at least in part the large operating costs generated by new openings.

After this appropriate introduction, the following are data regarding Moncler Group's stores worldwide, their revenues, and some financial data considered relevant to the analysis.

The reason it is very relevant to analyze stores is that they are a strong indicator of internationalization for the group, as not only actually the ratio of foreign stores to total stores is 90.84%, but back in 2013 it was equal to 84.11%.

First of all, the following table summarizes the changes in stores worldwide over the past decade.

TABLE 1: Number of stores from 2013 to 2022 by geographic area and distribution channel

	STORE MONCLER BRAND				STORE STONE ISLAND				STORE MONCLER GROUP			
YEARS	**ASIA**	**EMEA**	**AMERICAS**	**WHOLESALE**	**ASIA**	**EMEA**	**AMERICAS**	**WHOLESALE**	**ASIA**	**EMEA**	**AMERICAS**	**% GROWTH OF TOTAL**
2013	38	61	8	28					38	61	8	-
2014	50	70	14	38					50	70	14	25,23%
2015	82	72	19	34					82	72	19	29,10%
2016	93	74	23	42					93	74	23	9,83%
2017	87	69	25	46					87	69	25	-4,74%
2018	91	75	27	55					91	75	27	6,63%
2019	104	75	30	64					104	75	30	8,29%
2020	104	80	35	63					104	80	35	4,78%
2021	117	84	36	64	4	20	6	58	121	104	42	21,92%
2022	125	88	38	63	44	21	7	19	169	109	45	20,97%

Source: own elaboration on Moncler Group Annual Reports (2013 – 2022)

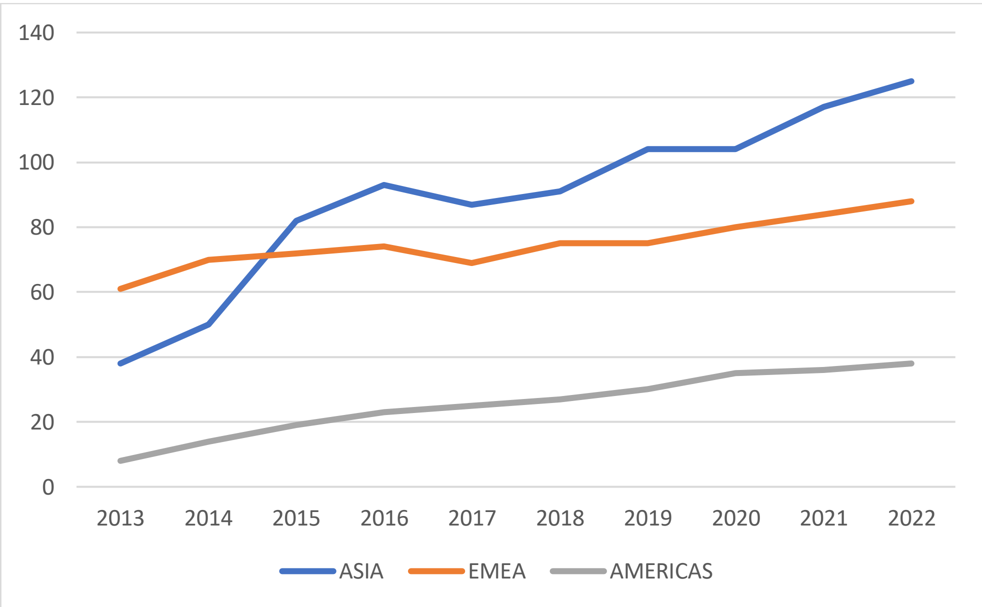
The table is divided into three sections, one dedicated to the Moncler brand, one to Stone Island and one to the Moncler Group. In each of these sections, DTC and wholesale data are reported for different geographic areas (Asia, EMEA and Americas). Finally, there is a final column dedicated to the percentage growth in the number of stores for the total group.

The table shown illustrates the policies that Moncler managers have adopted in terms of new store openings.

About the Moncler brand, it can be seen immediately that there is a clear prevalence of DTC stores over wholesale. There was a 134.6% growth in DTC stores between 2013 and 2022, which increased from 107 to 251. However, the wholesale channel also grew as the number of stores more than doubled from 28 to 63 stores (up 125%).

The graph below illustrates how stores in the three identified geographic macro-areas have changed during the decade under consideration.

FIGURE 10: Number of stores from 2013 to 2022 by geographic region for the Moncler brand

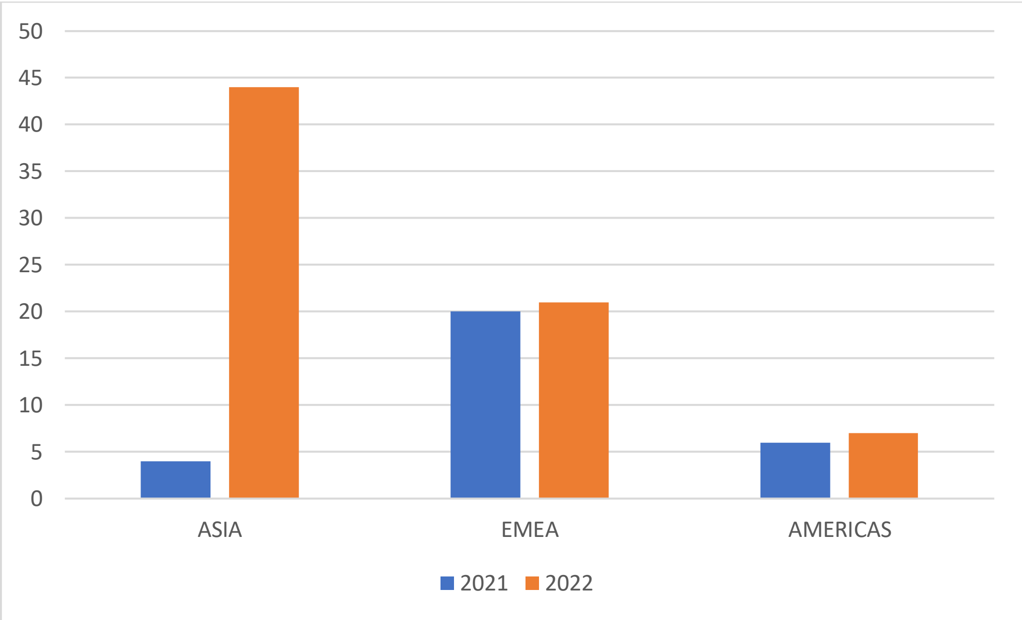


Source: own elaboration on Moncler Group Annual Reports (2013 – 2022)

The decade has been marked by continued strong growth in all regions. In 2013 and 2014, EMEA was the main market for Moncler. However, 2015 saw the definitive overtaking of Asia, whose growth has then been exponential to date, as the number of stores present on the Asian continent has increased from 38 in 2013 to 125 in 2022 (+ 229%). The intention of the company's managers to focus its economic resources on Asia since 2015

is also evidenced by the joint venture formed in Korea with Shinsegae also in the same year.
EMEA, even though it no longer represents the area with the largest presence of Moncler stores, has nonetheless experienced growth in this respect. The 61 stores in 2013 became 88 in 2022, an increase of 44.3%. Interestingly, in a decade of steady growth, 2017 represented for both Asia and EMEA the only year characterized by a decrease in the number of stores. The reasons that drove this are not entirely clear, since they cannot be blamed on the financial figures, which as will be seen later, were up in 2017. The only geographic region that saw its stores increase slightly in 2017 is "Americas." Although it represents the area with the least brand presence, the latter has grown a lot and fairly steadily, as the mere 8 stores present in 2013 were increased to 38.
However, a report in 2019 published by “Il Sole 24 Ore” points out that Moncler plans to follow the trend of digitalization, highlighting how management has set a goal of doubling online sales. The company also aims to have an e-commerce that could come to weigh about 15% of the company's global sales. This goal could result in Moncler choosing to invest a greater share of revenues in digital channels rather than physical ones, thus slowing down the opening of additional stores in the coming years (Il Sole 24 Ore, 2019).
In contrast, the collection of data pertaining to Stone Island was limited to the two-year period 2021-2022, as these were the only two years in which this brand contributed to Moncler Group's results. The data collected shows how the intervention of the group's management on the brand's distribution policies was immediately impactful. Until the acquisition Stone Island relied mainly on the wholesale channel, which in 2021 had as many as 58 *shop-in-shops*. In just one year as many as two-thirds of these stores were closed, reducing them to 19 (-67%). As a result, many stores attributable to the DTC channel were opened. Between 2021 and 2022, Stone Island stores grew from 30 to 72 (+140%).

FIGURE 11: Number of stores from 2021 to 2022 by geographic region for Stone Island



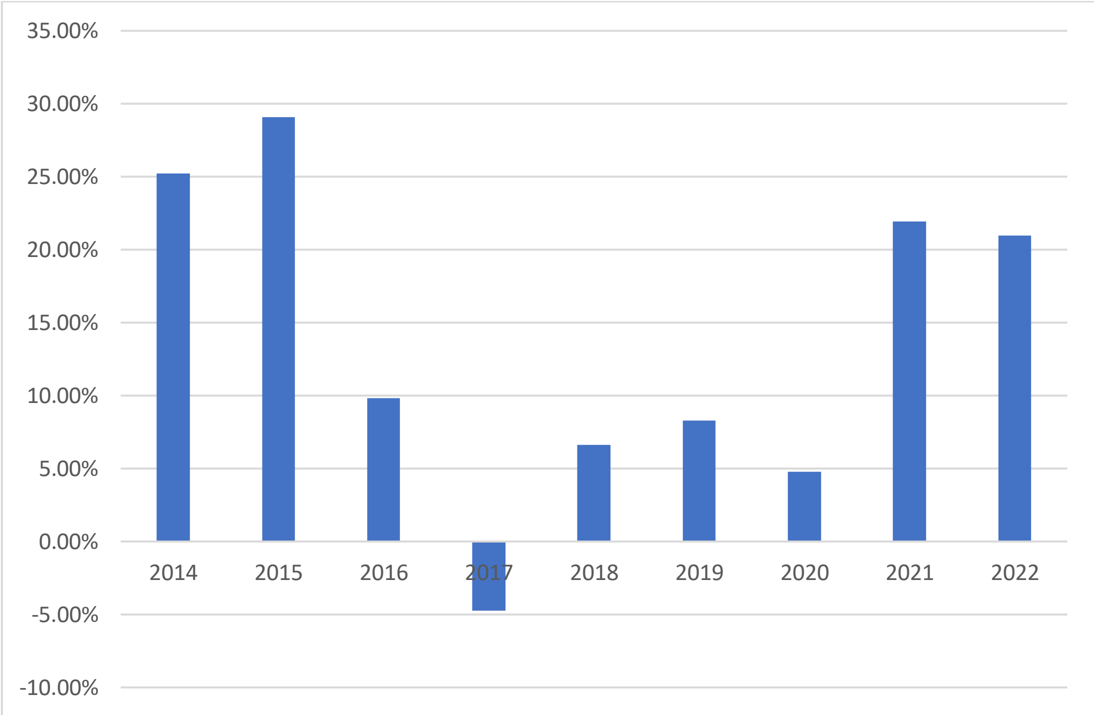
Source: own elaboration on Moncler Group Annual Reports (2021 – 2022)

In this case, it can be seen that management has made similar choices to those previously observed for Moncler in past years. Before the acquisition Stone Island had a marked presence in EMEA at the expense of little assertion in the Asian and American continents. After the brand became part of Moncler Group there were no particularly significant movements in EMEA and Americas, while there was a very strong acceleration in the Asian market. As many as 40 stores were opened on this continent in a single year (in 2021 it had only 4).

Having processed the data pertaining to the stores of the two brands that make up the group, it is now possible to draw a general overview regarding the latter.

Of course, since it was only in the last two years of analysis that Stone Island joined the group, the data concerning the Moncler brand are those that have mainly determined the group's results of the last decade.

FIGURE 12: Percentage growth of total stores



Source: own elaboration on Moncler Group Annual Reports (2013 – 2022)

It has already been observed through the data on brands how there has been a strong growth in the number of stores between 2013 and 2022, but it is interesting to note in the graph above (Figure 12) the trend in the rates related to this increase in the number of stores opened around the world. They have been quite volatile and show little stability. Years characterized by significant increases in stores have alternated with years in which instead the number has grown (or declined as in 2017) more marginally. 2014 and 2015 were the years with the highest growth rates (even in 2015 the growth rate was close to 30%) and this can be traced back to the great expansion that Moncler implemented especially in Asia. The five-year period 2016-2020, on the other hand, has seen these rates go much lower. The reasons for this are definitely attributable to the e-commerce explosion and the pandemic state caused by Covid 19 in 2019 and 2020. In contrast, in 2021 and 2022, the rates returned to rise greatly as Stone Island's geographic expansion process was initiated, centered as already seen on the opening of numerous stores in the Asian market.

In addition to stores, another indicator that can provide interesting insights into how Moncler is internationalizing consists of revenues. Using the same method adopted for stores, a series of data was collected referring to the group's (Moncler and Stone Island) revenues between 2013 and 2022 by geographic area and distribution channel. In addition, the ratio of foreign revenues to total revenues was identified as a significant indicator of internationalization.

TABLE 2: Revenue from 2013 to 2022 by geographic area and distribution channel

	REVENUE MONCLER BRAND					REVENUE STONE ISLAND					REVENUE MONCLER GROUP					
YEARS	ASIA	EMEA	AMERICAS	DTC	WHOLESALE	ASIA	EMEA	AMERICAS	DTC	WHOLESALE	ASIA	EMEA	AMERICAS	DTC	WHOLESALE	% FOREIGN REVENUES
2013	181.633	331.344	67.600	333.553	247.024						181.633	331.344	67.600	333.553	247.024	77,44%
2014	235.153	363.368	95.668	430.683	263.506						235.153	363.368	95.668	430.683	263.506	81,18%
2015	333.501	400.465	141.427	619.680	260.713						333.501	400.465	141.427	619.680	260.713	84,35%
2016	418.524	446.530	175.257	764.173	276.138						418.524	446.530	175.257	764.173	276.138	86,24%
2017	495.476	501.716	196.512	892.383	301.321						495.476	501.716	196.512	892.383	301.321	87,49%
2018	616.138	575.452	228.485	1.086.452	333.622						616.138	575.452	228.485	1.086.452	333.622	88,18%
2019	715.244	648.519	263.942	1.256.918	370.787						715.244	648.519	263.942	1.256.918	370.787	88,63%
2020	717.860	501.883	220.666	1.089.496	350.913						717.860	501.883	220.666	1.166.174	350.913	91,51%
2021	894.817	624.469	304.881	1.429.219	394.947	241.162	39.912	28.951	76.678	233.346	1.135.979	664.381	333.832	1.505.897	628.293	89,60%
2022	1.029.327	804.361	368.070	1.772.003	429.755	278.670	80.177	42.285	149.153	251.979	1.307.997	884.538	410.355	1.921.156	681.734	-

Source: own elaboration on Moncler Group Annual Reports (2013 – 2022)

First of all, it is important to specify that all the values shown in Table 2 are expressed in thousands of euros (with the obvious exception of the column having as its subject the percentage of foreign revenues).

In the graph above, it is therefore possible to observe the revenues that Moncler Group generated by geographic area and distribution channel and what portion of these revenues can be attributed outside of Italy, the country of origin in which Moncler is headquartered.

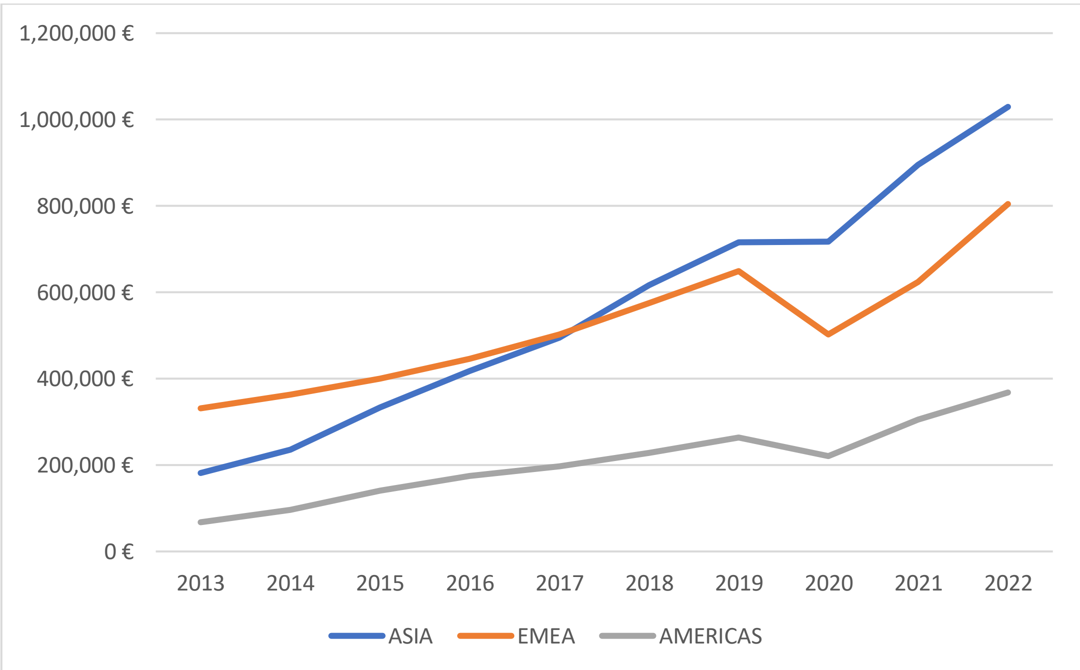
From compiling this data, it can be seen that the revenue trends for both the Moncler and Stone Island brands go hand in hand with the choices made in terms of opening new stores.

Looking at the Moncler brand data, it is interesting to note that in all the macro-areas identified there has been relatively stable revenue growth concerning both the DTC and wholesale channels. The only exception is 2020, the only year in which there was a negative change in revenues, but this figure is closely related to exogenous factors due to the pandemic.

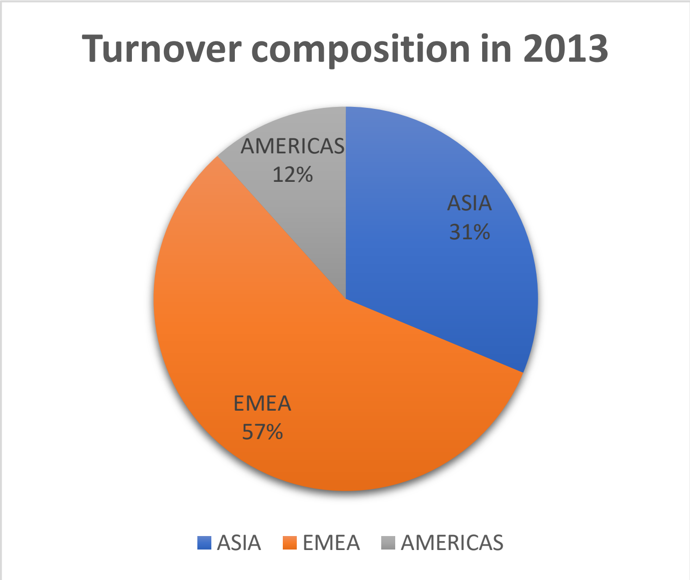
Successivamente, viene illustrato con un maggior livello di dettaglio l'andamento dei ricavi per area geografica (a) e la variazione tra l'inizio e la fine dell'arco temporale studiato della composizione del turnover (b).

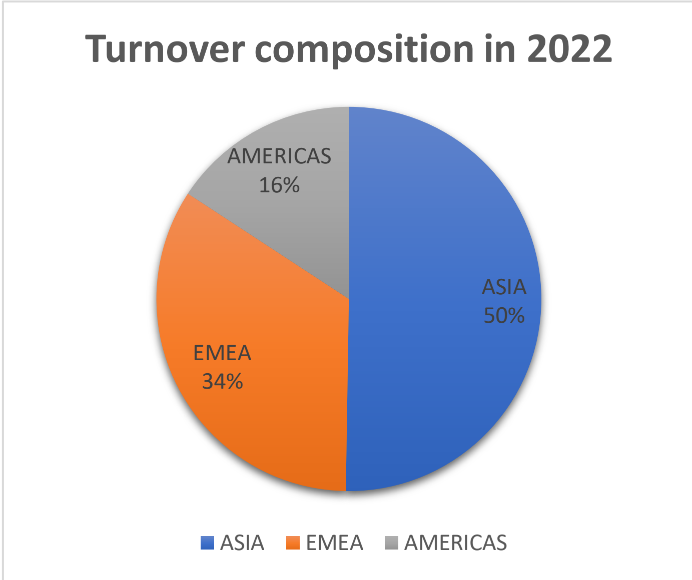
FIGURE 13:

a. **Revenue from 2013 to 2022 by geographic region for the Moncler brand and change in the composition of turnover**



b. Change in the composition of turnover





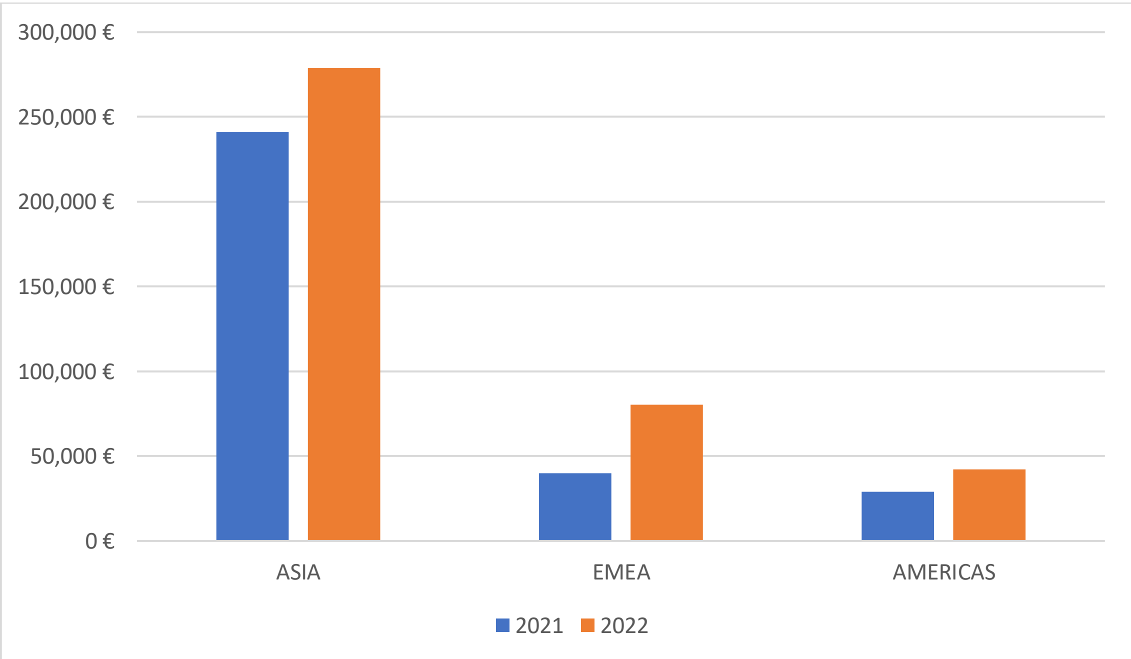
Source: own elaboration on Moncler Group Annual Reports (2013 – 2022)

It can be seen from the section "*a*" that, as anticipated earlier, Asia, EMEA, and Americas revenues follow trends dictated by the amount of investment in new stores in those areas. However, differences can be noted, as while Asia has become the top region in terms of number of stores since 2015, it had to wait until 2017 to also become the most profitable area. Therefore, although EMEA had fewer stores than Asia in 2015 and 2016, it was still able to generate more revenue. The reason why this was the case is probably because the EMEA market was much more mature and therefore more efficient than the Asian market. The latter may have needed a break-in period, as many stores had recently been opened and it is common for new stores to require a period to optimize operations and adapt to the market.

Once it achieved leadership for revenue generated, Asia then also proved to be the most stable macro area of the three. It was the only one that managed to keep its revenues stable in 2020, even generating a very slight increase over the previous year (+0.3%). However, this greater resilience shown by Asia finds its reasons in factors exogenous to the company, such as the increase in purchasing power in many Asian countries during that period, which helped keep revenues at least stable. Section "*b*" also shows how Asia has gone from determining 31% of sales in 2013 to determining exactly half of sales in 2022. As evidence of this, a report published by Nexis Uni in early 2023 highlights how Barclays analysts pointed out that Moncler, along with competitor Hermès, has outperformed the broader luxury sector in its latest results and has enjoyed a faster pace of growth in China, which is the second largest luxury market after the United States (Reuters, 2023).

Moncler Group's revenue growth was in the last two years of the analysis further enhanced by Stone Island's revenue growth in all three areas, as can be seen in the following figure.

FIGURE 14: Revenue from 2021 to 2022 by geographic region for Stone Island

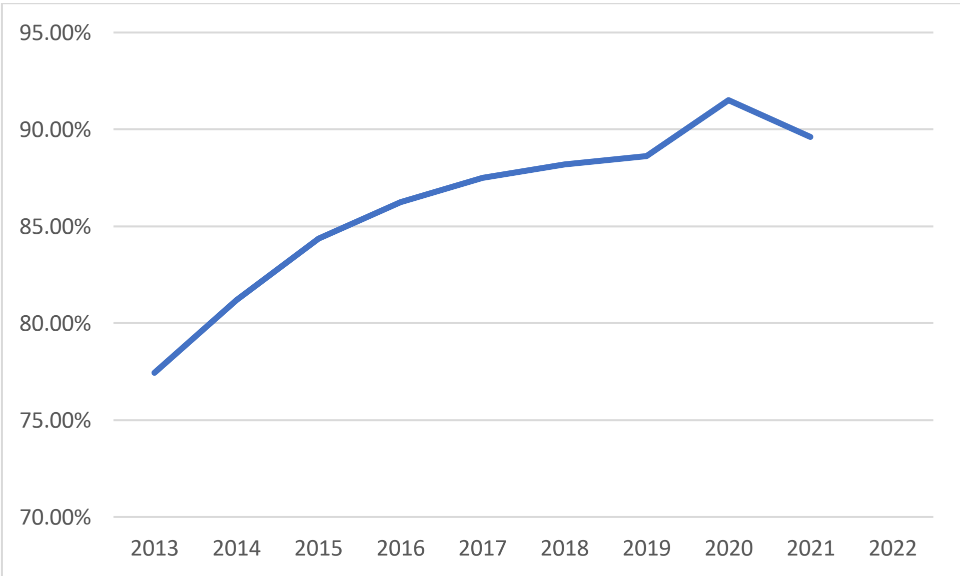


Source: own elaboration on Moncler Group Annual Reports (2021 – 2022)

What is surprising to observe, however, is that even though substantial investments were made to open numerous new stores in Asia while only one new store per area was opened in EMEA and the Americas, in 2022 in both absolute and relative terms the region that increased its revenues the most was EMEA, which rose from €39.912 in 2021 to €80.177

in 2022 (+101%). However, this figure confirms what was stated for the 2015 Moncler new store openings in Asia, namely that a period is needed for new stores to optimize their operations and reach full efficiency.
The performance of Stone Island stores in the Americas also deserves to be highlighted, having recorded a 46% increase in revenue with only one more store than in 2021.
So, the acquisition of Stone Island generated a significant wave of new revenues for the group, contributing to the 80.7% increase generated between 2020 and 2022.
Finally, another set of data was elaborated concerning the amount of revenues outside the domestic country, considered a crucial indicator for analyzing the company's degree of internationalization.

FIGURE 15: Percentage share of foreign revenues



Source: own elaboration on Orbis Europe, Factiva and Global Data (2013 – 2022)

The elaborated graph (Figure 15) shows how an increasingly small slice of the revenues generated by Moncler from 2013 to 2020 is attributable to foreign markets (from 77.44% in 2013 to 91.51% in 2020). However, it can be seen that the relevance of the domestic market returned slightly to increase in 2021, where the ratio of foreign revenues to total revenues decreased to 89.60%, losing two percentage points from the previous year.

Unfortunately, it is not possible to tell whether this latest figure may signal the beginning of a turnaround or an exception caused by the dynamics of the post-pandemic recovery, as the 2022 foreign revenue figures for Moncler Group have not been released by the company. However, it remains difficult to believe that Moncler's revenues in the future may become more tied to the Italian market again, as the policies implemented by managers are increasingly directed toward international expansion and the opening of new stores abroad. In addition, considering that 2022 was a year characterized by great revenue growth in Asia and many other EMEA countries, the hypothesis that there has been an increase in the value of the index considered is very real.

Thus far, data referring to the number of stores that Moncler Group holds scattered around the world and the revenues that the group has managed to generate over the past decade have been collected. However, other data of a financial nature have also proved instrumental to the analysis in question.

The first of these concerns the net investments that have been made in recent years. From the table extrapolated from the company's financial statements (Table 3), it can be seen that there has been a gradual growth in investments over the past decade, which has certainly been a determinant of the international expansion that Moncler has had.

TABLE 3: Moncler Group's net investments from 2013 to 2022

YEARS	NET INVESTMENTS MONCLER GROUP	% GROWTH OF NET INVESTMENTS
2013	34.000.000 €	-
2014	50.000.000 €	47.06%
2015	66.000.000 €	32.00%
2016	62.000.000 €	-6.06%
2017	73.000.000 €	17.74%
2018	92.000.000 €	26.03%
2019	121.000.000 €	31.52%
2020	90.000.000 €	-25.62%
2021	125.000.000 €	38.89%
2022	167.000.000 €	33.60%

Source: own elaboration on Moncler Group Annual Reports (2013 – 2022)

The year with the largest percentage increase in investments is 2014 (+47.06%). It is no coincidence that the greatest growth in investments occurred in the year following Moncler's IPO on the stock markets. Indeed, the IPO allows the company to significantly increase its liquidity through the sale of shares to the public, thus also leading to an increase in capital allocated to investments in research and development, marketing, and other strategic initiatives. The investment growth has been fairly constant, although it slowed slightly in 2016 and more significantly in 2020, which was dictated by the increased caution required by the state of great uncertainty generated by the pandemic.
At this point it may be very interesting to make some considerations regarding the allocation of these investments. Based on what was observed earlier in relation to the great growth in the number of stores worldwide, it would be tempting to think that there is a correlation between these two variables. In order to verify this, a correlation analysis is shown in the following graph.

TABLE 4: Correlation analysis between investments and the number of stores

Source: own elaboration

The graph illustrates the correlation between the investments made by Moncler, expressed in euros on the X-axis, and the corresponding growth in the number of stores, represented on the Y-axis, on a 10-year basis.

The positive slope of the linear trend line indicates the existence of a positive relationship between the two variables. So, as investment increases, the number of stores also tends to increase. This observation suggests that Moncler's investments have contributed positively to the company's store growth. Of course, over the years this relationship has also been influenced by external factors, such as economic conditions, market demand, or the actions of competitors.

However, it can be seen from the Annual Reports that only a portion, although a large one, of the investments are directed to the opening of new stores. Therefore, it is appropriate to question what assets the remaining portion of investment is allocated to.

Looking at the annual financial documents, it is possible to summarize in which areas there has been a greater allocation of investment.

In 2022, management strongly developed Information Technology and invested heavily to expand its production site in Bacau, Romania.

Investments in IT have been a Moncler prerogative for years, as back in 2018 the bulk of investments had been reserved for this area. However, these investments had slowed down in 2020, when many projects were postponed due to the pandemic.

In addition, a recently conducted study suggests how an average of 7% of Moncler's annual revenues are invested in marketing (Il Sole 24 Ore, 2019).

The “Consolidated Non-Financial Statement 2022” highlights how more than €1,708,000 has been invested in employee training and €2,700,000 in community support. The document then highlights how an increasingly large portion of investments (the company's financial documents have not disclosed the exact amount) has been allocated to the research and development function to identify new solutions including with the collaboration and support of international start-ups, research institutes and universities.

In addition, the heterogeneity of partners and the geographic scope in which the group operates have meant that significant resources have had to be invested in order to avert risks related to human rights violations, with a particular focus toward *façons* (a reference to a production agreement typical of this industry that involves outsourcing the manufacture of its products to third parties).

Finally, data referring to operating margin and ROCE were collected in the following table.

TABLE 5: Moncler Group's OM and ROCE from 2013 to 2022

YEARS	OPERATING MARGIN	ROCE
2013	34.000.000 €	-
2014	50.000.000 €	47.06%
2015	66.000.000 €	32.00%
2016	62.000.000 €	-6.06%
2017	73.000.000 €	17.74%
2018	92.000.000 €	26.03%
2019	121.000.000 €	31.52%
2020	90.000.000 €	-25.62%
2021	125.000.000 €	38.89%
2022	167.000.000 €	33.60%

Source: own elaboration on Moncler Group Annual Reports (2013 – 2022)

The reason these figures were deemed worthy of analysis lies in the assessment that will be made in the next section regarding the effects that the Stone Island acquisition had on Moncler Group's results. Operating margin is the index that provides information on how the acquisition affected Moncler Group's operating efficiency. ROCE, on the other hand, was analyzed because it is a complementary figure to operating margin. This offers interesting insights not only into how efficiently the company deploys capital in order to generate operating profits, but it also provides insight into how an acquisition may affect that ability.

Generally, taking into consideration the entire decade, there is further confirmation from this data regarding the strength of Moncler's operating profitability given that the operating margin has always remained stably close to 70%, and ROCE, although it has shown greater volatility over the years, has still achieved good results.

4.4 Results

Through the data collected from the company's financial statements and relevant databases, it was possible to conduct further investigations that generated some very interesting results that were functional for the analysis of Moncler's international expansion, which is the central topic of this study.
In more detail, these analyses focused on the following issues:
- The degree of internationalization.
- The impact of the acquisition of Stone Island.
- The effects of the establishment of the joint venture in Asia.
- The geographical distribution of revenues in the three main macro-areas (Asia, EMEA and Americas).

Therefore, the following will present all statistical analyses performed with Excel (when there were conditions for reliable findings to be achieved) and observations on the results obtained.

4.4.1 The degree of internationalization

The first issue that has been examined in this research refers to the level of internationalization that Moncler has achieved in its area of operation over the decade under consideration. Based on what has been observed so far regarding the percentage of stores allocated abroad and the percentage of foreign revenues, it could already be understood that Moncler is a company characterized by a high level of export on sales. However, it was deemed appropriate to devote further study to this topic. To do this, a comparison was made between Moncler's average local revenue percentage and the average sectoral local revenue percentage (considering the entire time frame). To obtain the latter, data were collected from all companies active in the fashion luxury industry that make information publicly available regarding the percentage of revenues that can be traced back to the foreign markets. The companies surveyed were LVMH, Canada Goose, Brunello Cucinelli, Tod's, and Hermès. Among all of them, the competitor whose turnover is most linked to foreign markets is LVMH, with an average of 90.76%, followed by Hermès and Brunello Cucinelli, with an average of 86.81% and 83.84%, respectively. In contrast, Canada Goose (66.50%) and Tod's (59.24%) are far more distant, as their sales are still heavily influenced by the domestic market. Therefore, the sector average between 2013 and 2022 that emerged from these data is 77.43%. Moncler, on the other hand, presented an average foreign revenue of 86.07%, which means that the degree of internationalization is very high. However, in order to test whether Moncler's average can also be considered significantly different from the industry average from a statistical point of view, a “one-sample t-test,” a statistical tool that compared Moncler's average foreign revenue with the overall industry average, was conducted.

TABLE 6: One-sample t-test

Mean	86.07%
Standard Deviation	0.044
Count	9
Standard Error of Mean	0.014
Degree of Freedom	8
Hypothesized Mean	77.43%
t-statistic	5.86
p-value	0.0004

Source: own elaboration

Calculation of the average percentage of revenues attributable outside of Italy revealed that it amounted to 86.07%. This would mean that Moncler in the decade analyzed maintained a higher average degree of internationalization than its competitors (77.43%). However, in order to confirm this observation even through statistical tools, the null hypothesis must be made (H_0), for which the average of the foreign revenues percentage is significantly equal to the sectoral percentage. The acceptance or rejection of the null hypothesis will depend on the comparison of the established significance level and the p-value that will be generated by the tests. For both this and the tests that will be performed in the next sub-sections, the predetermined confidence level of the analysis is 95% (α = 0,05), thus accepting a 5% risk of error.

H_0: average local revenue $_{\text{Moncler}}$ = average local revenue $_{\text{Industry}}$

H_1: average local revenue $_{\text{Moncler}} \neq$ average local revenue $_{\text{Industry}}$

After performing the one-sample t-test, the results of which are shown in Table 6, a p-value of 0.004 was found, and thus significantly lower than the α. This means that therefore the null hypothesis must be rejected and therefore it cannot be said even from a statistical point of view that Moncler's average foreign revenues is significantly equal to that of the industry of which the company is a part.

Therefore, Moncler's level of internationalization significantly exceeds the industry average. Remo Ruffini's goal of continuing the process of geographic expansion begun over the past twenty years may further widen this gap.

4.4.2 The impact of the Stone Island acquisition

The acquisition of Stone Island and the related reasons that led to it have already been analyzed in Chapter 3. However, this section will analyze the impact that this transaction had on Moncler Group's financial results. In this case, an analysis of the collected raw data will be conducted. It would have been interesting to conduct a multiple regression analysis to determine the statistical impact of acquisition on specific indices. However, since only data for the past 10 years are available, there would not be sufficient observations to consider the regression results reliable.

Through the analysis of revenues, it has already been possible to observe that the transaction in these early years has been very beneficial for the Stone Island brand, but this does not mean that the efficiency of the entire group has also improved as a result. In order to assess the consequences of this operation, the operating margin and ROCE, two crucial parameters for analyzing the operating efficiency and profitability of a company, were considered. Data on the trend had by these two indices between 2013 and 2022 were reported in Section 4.3.

Before the acquisition, Moncler's operating margin remained relatively stable for years, fluctuating between 68% and 72%. However, in 2021 (the first year following the acquisition) the ratio declined to 62.4% and then rose slightly in 2022 (66.27%). The reasons for this decline could be associated with initial costs related to the integration of Stone Island into the group, which reduced operational efficiency. Should this be the only cause, the initial decline in operating margin should not cause Moncler managers much concern.

However, the two years since the acquisition have been characterized by a downward trend in ROCE as well. Between 2014 and 2020 this indicator has always fluctuated between 21.18% and 31.2%, while in 2021 it dropped dramatically to 9.82% before rising again to 18.03% in the following year. In this case, there are only two plausible hypotheses for the explanation of this trend, which is either due to the increase in invested capital brought about by the transaction that was not followed by a commensurate increase in operating profit or more simply, the acquisition may not have improved the efficiency of the group, causing ROCE to decrease.

So, apparently it could be concluded that the acquisition did not generate very beneficial effects for the group, but in reality, the decline in efficiency and profitability in 2021 are absolutely normal, since all acquisitions involve very high costs and therefore are unlikely to generate positive results already in the first year. Moreover, as reported in a recent report on Moncler extrapolated from Nexis Uni, the 2020 acquisition was only the beginning of a strategy, which foresees for Stone Island a moderate rate of growth but for the benefit of the brand without opening a large number of new stores in the future. Should this strategy succeed, the brand's visibility would increase, allowing the entire group to grow organically (WWD, 2023).

4.4.3 The effects of the establishment of the joint venture in Asia

As anticipated in previous chapters, in 2015 Moncler established a joint venture in Korea called Moncler Shinsegae Inc. In this way, the 12 proprietary stores that operated in Korea were transferred to this new entity.

This transaction was implemented in order to expand the brand's strength in the Asian market. Therefore, to assess its impact, it is necessary to compare the revenue performance in Asia before the establishment of the JV with the performance after it. However, it was deemed appropriate to take a more sensitive approach, taking into account in this case not the entire decade but only the three years prior (2013-2015) and

the three years following the transaction (2016-2018). This choice was made to isolate the influence on revenues as much as possible, thus reducing the likelihood that other external factors or other corporate initiatives could influence results.
In contrast to the other cases studied in this chapter, it was preferred in this case to adopt a simple comparison of the averages of revenues for the two three-year periods rather than conduct a true statistical analysis. Although the latter usually makes the analysis more refined, it is necessary to consider that in this case it would be based on a sample including data referring only to two three-year periods (3 observations), a time span too short to deem valid and reliable the results that the statistical software would provide us with.
After this introduction, it is now possible to proceed with the presentation of the results obtained.
In the three-year period preceding the establishment of the JV (2013-2015), revenues in Asia averaged about €250.095, while in the three-year period following the establishment of the JV (2016-2018), the average revenue was €510.046.

TABLE 7: Comparison of revenue averages in Asia pre- and post-JV

PRE-JV	
2013	181.633 €
2014	235.153 €
2015	333.501 €
Mean	250.095 €

POST-JV	
2016	181.633 €
2017	235.153 €
2018	333.501 €
Mean	510.046 €

Source: own elaboration

This comparison shows a percentage increase in revenues of 103.9%. This value is indicative of an extremely positive trend for brand growth and suggests a significant intensification of Moncler's operations and presence in Asia. As noted earlier between 2015 and 2018, the number of mono-brand stores present in Asia grew from 82 to 91, but this increase is not sufficient to justify such growth. Certainly, the JV played a key role in this enormous growth, but, nevertheless, it would be misleading to attribute this significant change in revenues to it alone without conducting further verification. A significant contribution was made by the explosion of the Asian market during precisely the same period. Above all, China's growth registered significant growth rates in the luxury market due to the expansion of the middle class, increased purchasing power, and greater interest in luxury goods.

Therefore, in order to understand the real contribution of the JV establishment in Asia, it is at least necessary to compare the growth that Moncler has experienced with that of its competitors during the same period. Observing the balance sheet data of some of Moncler's main competitors, it is clear that no unambiguous results can be defined. LVMH and Kering Group recorded much lower average revenue growth in Asia in the three-year period 2016-2018, at +31% and +18%, respectively; on the contrary, Prada even saw its average Asian revenue decline by 16%. The only brand that kept pace with Moncler was Brunello Cucinelli, which recorded a 107% increase, although this growth is not comparable in absolute values with that of Moncler. Therefore, these results highlight how Moncler's outstanding performance in Asia in those years cannot be justified by mere expansion in the Eastern market. The establishment of the joint venture probably helped strengthen Moncler's position in the Asian market even more than the general trend. It may have helped the company in expanding market penetration, optimizing distribution management, and developing more effective local partnerships.

4.4.4 The geographical distribution of revenues in the three main macro-areas

An initial skimming of the data referring to the revenues that Moncler Group earned between 2013 and 2022 showed that there were differences between Asia, EMEA, and the Americas. However, it was deemed necessary to further investigate the significance of these differences through statistical analysis. Therefore, to do this, the ANOVA (analysis of variance) test was performed, by which the averages of three or more data variables can be compared.

The null hypothesis of the test was as follows:

H_0: revenue $_{Asia}$ = revenue $_{EMEA}$ = revenue $_{Americas}$

H_1: revenue $_{Asia}$ ≠ revenue $_{EMEA}$

revenue $_{Asia}$ ≠ revenue $_{Americas}$

revenue $_{EMEA}$ ≠ revenue $_{Americas}$

TABLE 8: Anova test

	Sum of Squares	*df*	Mean Square	F	P-value	F crit
Between Groups	9.011	2	4.506	7.665	0.002	3.354
Within Groups	1.587	27	58780			
Total	2.488	29				

Source: own elaboration

Looking at the output of the test performed, it can be seen that the p-value (0.002) is less than the value of α (0.05) and therefore, the null hypothesis is not acceptable and must be rejected. Moreover, this result is also confirmed by the F-value, which is greater than the critical value of F (7.665 > 3.354). All these observations lead to the conclusion that there is a significant difference between the averages of the groups considered.

While it was already clear from the analysis above how much each area contributed to Moncler's financial income, it cannot yet be stated with a good degree of certainty which areas make the null hypothesis unacceptable. Based solely on the findings of the statistical analysis, it can be expected that certainly “Americas” generates significantly lower revenues than the other two areas, but it cannot be said with certainty whether Asia and EMEA are significantly different. Before resolving this issue with the second part of the analysis, however, a clarification needs to be made. The statistical difference between the different areas does not denote a difference in management capability since the strategies implemented by competitors in these regions must be considered.

After this specification, it is possible to conclude the analysis with the post-hoc test, a test that allows for multiple comparisons between groups in order to identify where the significant differences between them reside. The test, which occurred through

Bonferroni's method (one of the most common, which consists of multiplying the value obtained from the t-test by the number of comparisons made), can be seen in the following table.

TABLE 9: Post-hoc test (*Bonferroni method*)

Groups	P-value	*Adjusted P-value*
Asia - EMEA	0.254	0.764
Asia - Americas	0.001	0.003
EMEA - Americas	1.377	4E-07

Source: own elaboration

The test performed shows that the adjusted p-value referring to the comparison between Asia and EMEA is greater than α, and therefore the averages relating to the revenues generated by these two groups cannot be considered significantly different. Therefore, the area called "Americas" is the only one that really differs from the others, which is also confirmed by the adjusted p-value referring to the comparison of this group with Asia and EMEA.

This result is absolutely consistent with the other results that emerged in this research, since in the time frame considered the number of stores present in Asia and EMEA was much higher than that present in Americas, and it is therefore absolutely normal that the latter generates a significantly lower amount of revenue.

Conclusions

The subject of this thesis was the internationalization process of companies operating in the luxury fashion sector, mainly analyzing the complex dynamics that characterize the global expansion strategies of companies with a focus on the critical factors for determining the entry modes that managers choose to approach new markets.

The objective of this paper is therefore to understand the managerial choices made in terms of company internationalization through the analysis of a specific case such as that of Moncler Group, which was the focus of this thesis.

After a thorough review of the literature related to the internationalization processes of companies and the luxury fashion industry, and through an empirical study of the case of Moncler, it was possible to explore how international practices influence corporate performance in a globalized and highly competitive market.

First, different theoretical models of internationalization were examined, noting that there is no single winning strategy but a variety of approaches that can lead to success depending on the specific circumstances and inherent characteristics of the luxury fashion industry. So, this means that there are no right or wrong entry modes, but there are different ways of approaching new markets that must be chosen according to the conditions in which companies move and the goals they have. In addition, the complexity of internationalization dynamics was emphasized, which are often influenced by external and internal factors that make it complicated to predict with certainty the outcomes of the strategies adopted.

Next, the distinctive characteristics of luxury products, such as high quality and exclusivity, that determine internationalization decisions were analyzed. This study found that brand positioning and value perception management are crucial elements in achieving goals in the international context.

As anticipated, Moncler was the company chosen for the case study, a general overview of which is offered in the third chapter of the paper, examining how the business model implemented by the company is driving the company's international growth and profitability. The more analytical and empirical part of the study was carried out in the fourth and final chapter, obtaining concrete data showing the challenges and opportunities of internationalization. In detail, the results that emerged have as their main objects the

degree of internationalization, the impact of the acquisition of Stone Island, the effects of the establishment of the joint venture in Asia, and the geographical distribution of revenues.
First, the analyses show that Moncler has demonstrated a very high level of internationalization compared to its competitors, presenting an average of revenues generated abroad between 2013 and 2022 equal to 86.07% compared to the industry average equal to 77.43%. The one-sample t-test confirmed that the difference is statistically significant, indicating that Moncler has greater global influence than other companies in the same industry. This ability to expand internationally has enabled Moncler to consolidate firmly in key markets such as Asia, EMEA, and the Americas.
In addition, the acquisition of Stone Island had a very significant impact on Moncler Group's financial results. It enabled a substantial increase in revenue for the Stone Island brand, although the data collected point to a decline in operating margin and ROCE in the first year following the transaction. However, it is important for the completeness of the study to consider that the organic growth strategy that Moncler Group has developed for Stone Island aims to bring long-term benefits to the group through improved brand image as well as overall revenues.
For the JV established in Korea in 2015, on the other hand, it is possible to see much more pronounced positive effects. This transaction had extremely positive effects on Moncler's revenue growth in Asia, making the latter the most profitable market. Average revenues in the three years following the establishment of the JV more than doubled compared to the three years prior to it, suggesting how the strategy implemented to penetrate the Asian market proved successful. Growth in this market has been significantly accelerated by the strong expansion of the luxury market in China and other Asian countries.
The significant difference between the revenue generated in major geographic macro-areas was studied by ANOVA test. The results suggested that revenues of the Americas are significantly lower than those of Asia and EMEA also from a statistical point of view. This result is consistent with Moncler's lower store presence in Americas compared to the other two regions, which instead showed more bursting revenue growth.
Finally, net investments were also subject to analysis, as they increased steadily over the time period considered. This increase was positively correlated with the growth in the

number of stores, highlighting how Moncler's international expansion was significantly impacted by investments. However, the case study showed how substantial resources are also invested in IT, production, marketing, and human resource development.

In conclusion, it can be observed that this analysis shows that internationalization, although it does not always follow a linear and predictable course, can be a determinant of company success when strategically integrated with business operations and aligned with the needs of the luxury market. Furthermore, this thesis has shown that internationalization in fashion luxury cannot be evaluated through a solely positive or negative perspective, as it is a dynamic process that requires continuous adaptability and a deep understanding of the intersections between culture, economics and business strategy.

Fluctuations in the success of internationalization strategies highlight the complexity related to harmonizing global dynamics with local peculiarities, thus emphasizing the need for flexible and innovative strategic management.

These observations support the urgency for future research to further investigate how companies operating in this industry can refine their strategies to optimize the benefits of internationalization, without neglecting emerging challenges and new opportunities in a changing global market environment.

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Synthesis

CHAPTER 1 – *Internationalization and entry modes: a literature review*

Entering international markets is a crucial stage for companies, which must decide whether to limit operations within their national borders or expand on a global scale. This choice requires meticulous analysis by company management as it involves potentially high costs, and this underlies the theory formulated by Aharoni in the 1960s on the "liability of foreigness" (Aharoni, 1966). It initially suggested that initiating an internationalization process was deeply risky and often not compensated by potential profits but was later reformulated into the concept of "liability of outsiderships," which emphasized the decisive role of networks of relationships in expansion (Johanson & Vahlne, 2009). The scholars who formulated this theory argue that companies with an established position in relationship networks have a greater chance of successfully expanding internationally due to the development of new knowledge enabled by these very relationships.

Firms that decide to embark on the path of internationalization become multinationals, that is, firms that conduct value-added activities in more than one country (Dunning, 1993). This definition highlights that in order to be a multinational, the company does not necessarily have to produce its final output abroad, but it is sufficient for it to carry out any stage of the value chain outside local borders. So, companies can internationalize through FDI (Foreign Direct Investments) or through collaborations with other local companies for production, and this led in the 1970s to consider multinationals as a substitute for the market as a method of organizing international exchange (Hymer, 1970).

In the internationalization process, it is very important to distinguish between "stages" and "paths," with the former referring to the degree of international integration of a company at a given time, while the latter relate to the sequence of activities that must be implemented to internationalize (Curci, Mackoy, & Yagi, 2013).

Regarding "stages," a distinction can be made through the Value Chain Internationalization Framework. At the ends of this model there are the stages called "Domestically Focused" and "Internationally Engaged," where in the first case the company decides to carry out all activities both upstream and downstream within its own borders (often due to the lack of opportunity to exploit a competitive advantage), while the other stage involves the company internationalizing all upstream and downstream activities. The model also reports the existence of two less extreme phases. The first, called “Upstream Integrated”, involves internationalizing only upstream activities such as R&D, sourcing and financing, while the second involves internationalizing only downstream activities (marketing, sales, investment) and is known as “Downstream Integrated”).

Relative to “paths,” it is possible to divide the internationalization process into four stages: the first is the “Domestic Stage” and involves the company's strictly domestic market orientation; then the company adopts a multi-domestic perspective, considering the competitive aspects of each country independently (“International Stage”); the third stage, known as the “Multinational Stage,” is characterized by the adoption of a multi-purpose outlook by the company's managers, who establish the company strongly in foreign markets; in the last stage, or the “Global Stage,” the company assumes a matrix or transnational organizational structure, balancing product standardization with geographic localization and transcending its national boundaries.

Of course, global expansion has its pros and cons. Among the main advantages that often recur it is necessary to mention the reduction of production costs, improved competitiveness due to efficient transportation costs and exploitation of new synergies, diversification of business risk resulting in balancing negative periods in one country with positive results in others, and, finally, access to foreign investment capital that offers financing opportunities at lower costs than in the domestic market.

Disadvantages, on the other hand, include the additional costs involved in internationalization, logistical complexity caused by differences related to infrastructure and resources between different countries, and cultural and regulatory differences that characterize different markets.

Crucial to the path of international growth is the choice of entry modes, which requires a proper balance between the risk the company wants to take and the level of control it wants to have over foreign subsidiaries.

First of all, it is necessary to distinguish between non-equity modes and equity modes, whose main difference lies in the implication of equity investments in foreign locations. The main non-equity entry modes are exports, strategic alliances, licensing and franchising, while among equity entry modes joint ventures and FDIs emerge.
Decisions regarding which entry modes to adopt depend on the circumstances in which the company operates and the goals it intends to achieve, how much it wants to risk, and how much it needs to control its subsidiaries.

Therefore, internationalization is a process characterized by constant dynamism that requires a well-defined strategy and a detailed analysis related to the risks and benefits associated with different entry modes.

CHAPTER 2 – *Impact of luxury fashion features on internationalization choices*

The concept of "luxury" derives from Latin culture, in which it took on the meaning of excessive abundance. Werner Sombart defined it in the late 1960s as any expenditure that exceeds what is necessary (Sombart, 1967), but over the years it has been identified both as a symbol of economic success and as a representation of bad taste and materialism (Ko, Costello & Taylor, 2019). The perception of luxury has been influenced by various dynamics, including those related to religion, as some faiths that associated luxury with clear signs of weakness of the soul were alternated with others that saw it instead as a synonym for earthly success (Brun & Castelli, 2013).
The evolution of luxury over time has created new interpretations that fall within the scope of social identity and the search for new emotions and experiences. This change underlies the contrast between the concepts of "Old Luxury" and "New Luxury," with the former being focused on more material aspects and the latter instead placing great importance on the entire consumer experience, with fashion luxury companies aiming to sell the latter a lifestyle, not just a piece of clothing.
The factors on which competition in this sector is mainly based are innovation, creativity and branding, and this is partly due to the transition from the phenomenon known as "haute couture" to "prêt-à-porter" (a process of "democratization of luxury"). It involves

a shift in the focus of luxury from exclusivity to inclusivity, seeking to make products belonging to this category accessible to a wider audience.
The luxury industry has experienced significant growth in recent years, with total revenues reaching $1.64 trillion in 2019 and with further increases of up to 5% expected by 2025 (Bain and Company, 2018). In addition, the industry has been characterized by numerous M&As that have allowed companies to grow and expand customer segments.

Porter's analysis of the five competitive forces allows us to illustrate the main characteristics of this industry (MarketLine, 2023).
The presence of many companies offering differentiated products and investing many resources in R&D showed a high degree of competition in the fashion luxury industry.
The bargaining power of suppliers has been found to be significant especially relative to high quality and particularly complex products, which has led many players in the industry to enter into long-term contracts with suppliers to counter price volatility. However, some conglomerates such as LVMH have implemented a product diversification strategy to reduce this power.
The presence of low barriers to entry has made the threat of new entrants historically strong, but this has been limited lately by the continued investment in innovation that companies have made. In addition, the presence of very low switching costs and the explosion of e-commerce has made it easier for new competitors to enter.
The bargaining power of customers, on the other hand, is high because of the presence of many competitors and the ability buyers have to obtain a lot of information and compare various offers. The search for an increasingly personalized consumer experience aims to build customer loyalty by reducing their bargaining power.
Finally, their ability to choose from many alternatives makes the threat of substitute products high. Company managers attempt to limit this threat by investing in marketing and enhancing the uniqueness of their products.

Analyzing the relationship between luxury and internationalization, it is understood that the reasons why luxury brands internationalize are mainly increased demand, improved global image, features of luxury customers, and distribution channels (Runfola, Milanesi & Guercini, 2022). The former is crucial because domestic demand in this sector is not

sufficient to ensure significant growth, either because domestic markets may be too limited (a problem related, for example, to brands originating in Northern European countries, such as Denmark) or because they may be characterized by high competition that limits companies' growth (this is the case of many brands born in France).
In addition, it is crucial for companies to have their brand recognized globally (Fionda & Moore, 2009), and meeting this goal requires a presence in the most prestigious locations. However, in this case, it is important for companies to be careful to limit the adaptation of their characteristics to the markets they enter to avoid weakening the distinctive characteristics associated with their origins (Joseph, Gupta, Wang & Schoefer, 2021).
Understanding the aspects that characterize luxury customers is very important. They tend to be distinguished by their cosmopolitan traits, as they are exposed to very different cultures. Therefore, the population of potential customers has been divided into three categories: "excluded," those who lack the economic ability to purchase luxury goods; "affluent," those who habitually purchase luxury goods; and "excursionist," the segment of the population that purchases luxury goods only occasionally (Dubois & Duquesne, 1993). The democratization of luxury that has occurred in recent decades has added new consumer segments, expanding the market.
Finally, to conduct the internationalization process successfully, companies need direct control of distribution channels, which allows them to improve operational efficiency and service quality and to implement new technologies. The control of these channels has been affected by the explosion of digitization, which has introduced new modes of distribution and communication, making it possible to reach a very wide audience without the need to open new physical stores.

Relative to the business model adopted by luxury fashion companies, it can be observed that it is often characterized by direct control of the entire value chain to ensure product quality. For these reasons, licensing in this area is very limited precisely to avoid losing control over the quality of the products that are offered to customers (Forbes, 2016). However, when starting the process of global expansion, it is necessary to readjust the business model, taking into account the costs of redefining the value proposition, distribution channels and revenue models (Runfola, Milanesi & Guercini, 2022).

The internationalization process was divided into four phases by Fernie, Burt and Moore at the beginning of the third millennium (Fernie, Burt & Moore, 2000). The first stage involves wholesaling in department stores such as Harrods or Saks, followed by the opening of flagship stores in major cities around the world, then continuing with the development of new diffusion lines and finally opening stores even in major provincial cities through franchise agreements.

Finally, as anticipated earlier, while in the past distribution relied almost exclusively on physical channels, today digitization has significantly weakened the latter. The fashion luxury sector has long been reluctant about adopting e-commerce due to perceived incompatibility with the mass market (Okonkwo, 2009) and lack of physical contact with the customer. However, the pandemic has dampened this skepticism, increasingly highlighting the enormous advantages of digital channels, whose function is supplementary and not a substitute for physical channels (Forbes, 2020).

CHAPTER 3 – *Moncler Group: a general overview*

Moncler is a luxury brand founded in 1952 in Monestier-de-Clermont by Renè Ramillon and Andrè Vincent, known for producing very durable winter jackets. Since 2003, Moncler has been managed by Remo Ruffini, who has transformed the company into a luxury icon on a global scale. The launch of prestigious collections, the expansion into the Asian market, and the acquisition of Stone Island in 2020 are just some of the milestones that have led to Moncler's international growth.

In order to understand how the company creates, captures and distributes value, the business model canvas (Osterwalder & Pigneur, 2010) was implemented, which involves defining the company's model through nine sections.

Regarding the key activities carried out by Moncler, it is necessary to highlight the great emphasis on innovation and sustainability, with the development of environmentally friendly techniques and materials and the launch of the “Extra-Life” project, which aims to extend the life of Moncler products. Analyzing key resources shows that the direct management of raw materials purchases is done through a network of 662 suppliers,

chosen consistently with the company's ethical and environmental standards. In addition, Moncler invests heavily in R&D, adopting increasingly cutting-edge technologies.
The company presents a value proposition distinguished by products that integrate high quality with technological innovation, displaying an exclusive and recognizable style. A great focus is placed on customer relations, through the implementation of loyalty programs and the organization of events to create emotional bonds. Moncler's target audience has evolved over the years to target customers who are passionate about fashion and innovation. Although the target audience is still narrow, the “Genius” project has sought to attract a younger audience through the launch of creative products. These products, along with all other lines, are distributed through retail and e-commerce, with the presence of 251 mono-brand stores around the world and a highly advanced online platform. It is precisely the DTC channel that generated more than 80% of sales in 2022. In addition, wholesale channels and temporary stores are also used to sell products.
Talking about the cost structure, the annual reports mainly show how selling expenses are the most significant cost item and how the management has managed to confirm the stability of the company, resisting the pandemic through new investments in digitalization and sustainability. Finally, Moncler's business model in recent years has been enriched by entering into partnerships with suppliers, designers, and wholesale stores, without relinquishing control over the quality of the customer shopping experience.

The acquisition of Stone Island in December 2020 for 1.15 billion euros consolidated Moncler's position in the luxury industry, making the business model more efficient and accelerating the process of international growth. This transaction also slightly recreated a balance between wholesale and retail, with a greater orientation toward the latter.

CHAPTER 4 – *Empirical analysis of the Moncler case*

The main goal of this research is to enrich the existing literature on the internationalization of fashion luxury companies by investigating the most relevant factors that determine decisions regarding how to access foreign markets. In addition, it aims to give a practical dimension to the theories examined in the previous chapters by applying them to a concrete case.

The choice for the selection of the case study fell on Moncler Group for a number of reasons. First of all, Moncler is a very well-established brand in the luxury fashion industry and known for solid and consistent management, but most importantly still entirely Italian. This last feature is very important, as Moncler is among the few major brands in the industry that has not been incorporated into a luxury conglomerate. This makes the analysis of Moncler's internationalization process even more interesting. In addition, Moncler has had significant international expansion in recent years, highlighted by the joint venture formed in Korea with Shinsegae Inc. in 2015 and the acquisition of Stone Island in 2020. Finally, Moncler was listed on the stock exchange in 2013, which provides easy and transparent access to financial data, making it possible to conduct a detailed analysis over a 10-year timeframe, beginning in 2013 and ending in 2022 (the last year for which the Annual Report is available at the time this paper began writing).

The analysis was conducted with a quantitative approach, and it was based on the empirical study from data that were mainly extrapolated from Moncler Group Annual Reports published in the last decade, as well as from specialized databases (including Orbis Europe, Factiva, and Global Data) and external reports extrapolated from Nexis Uni and "Il Sole 24 Ore" that also allowed for the analysis of the company's results from a perspective outside of it.

Statistical analyses were also carried out using Excel, and the statistical tools implemented were the One-sample t-test and the ANOVA test with implementation of the Bonferroni method.

Two indicators were identified to assess the degree of internationalization of the company: the ratio of foreign revenues to total revenues and the ratio of the number of stores in Italy to the number of total stores.

As far as stores are concerned, Moncler's management decided to have exclusively corporate-owned stores, giving up franchising completely. This choice was made with the aim of having total control over brand image, the shopping experience offered to the consumer and customer service, as well as the quality of the products. Retaining ownership of the stores also allows the company to have a greater ability to adapt to changes in the market and consumer preferences, without the need to consult third parties. Such operational flexibility in fashion luxury is a source of competitive advantage. Moreover, between 2013 and 2022, the number of these corporate-owned stores increased significantly in all regions, but primarily in Asia, which highlights a strategic focus on this market. This area currently has the largest number of stores (125), having made the final overtaking of EMEA in 2015. However, only in 2017 did Asia also become the most profitable region for Moncler Group. Furthermore, the number of stores worldwide increased by 134.6% in the decade under review, from 107 stores in 2013 to 251 in 2022. The composition of Moncler's turnover has undergone significant percentage changes: the “Americas” region has experienced a slight increase from 12% to 16%, instead Asia is the geographic region that has grown the most (from 31% to 50%). EMEA is the only region that has declined, from covering 57% of turnover in 2013 to 34% in 2022. The same hierarchy is also confirmed in the composition of Stone Island's sales, where management has initiated a policy to give increasing importance to the DTC channel at the expense of the wholesale channel (which historically represented Stone Island's most profitable distribution channel).

On the other hand, as far as investments are concerned, the analysis carried out allows us to verify a correlation between the increase in capital invested and the increase in the number of stores worldwide. The results of this study suggest that much of the investment is directed toward new openings, as well as other areas such as R&D, marketing, IT, production, and human resources development.

Moncler's high degree of internationalization was already evidenced by the 90.84% of Moncler stores allocated abroad in 2022. Moncler's relevance in international markets was confirmed by revenue analysis. The company recorded a very high average foreign revenue percentage (86.07%), compared to the industry average (77.43%). The high degree of internationalization was confirmed by the one-sample t-test, which with a p-value of 0.004 showed a significant difference from the industry average.

The study of the effects of the Stone Island acquisition initially showed that the group's operating margin fell by the standards of previous years. ROCE in the first year after the deal also declined significantly, but the recovery that occurred in 2022 bodes well for the future, as Moncler Group's goal is to benefit from this acquisition in the long run. However, there were also some good results in these early years, such as the increase in Stone Island's revenues. Far more pronounced effects can be analyzed relative to the establishment of the JV in Korea, which has had a very positive impact on the brand's revenues in Asia, also accelerated by the explosion of the Chinese market in the luxury

sector. The average revenue for the three-year period following the transaction doubled compared to the one before it, demonstrating the effectiveness of Moncler's expansion strategy in the Asian market.
Finally, an ANOVA test (with the implementation of the Bonferroni method) was conducted to check the statistical significance of the differences in revenues among the three regions considered (Asia, EMEA, and Americas). This analysis makes it possible to observe that “Americas” is the unique area that produces a significantly different amount of revenue from the others from a statistical point of view, consistent with Moncler's less pronounced presence in this region. Of course, it is important to consider that these differences cannot be attributed to more or less developed managerial skills in certain areas, but rather to the strategies implemented also based on the policies adopted by competitors.

So, all these analyses have shown that decisions regarding the internationalization process of companies are very much related to the circumstances in which they operate and the goals they set for themselves, while also considering the dynamism and complexity of this process. Therefore, no single strategy for global expansion of fashion luxury companies can be established that can generally lead to success.