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Department of Marketing, Operations and General Management

The Role of Exploration and Exploitation in Design for Luxury Fashion Brands

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Thesis submitted as partial requirement for the conferral of PhD in Management
Specialization in Management, Strategy and Entrepreneurship

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ABSTRACT

This thesis investigates how exploration and exploitation are expressed through designer activities in design for luxury brands. Exploration and exploitation are more visible in luxury brands than in non-luxury brands. Some of their dimensions are explicit and display exploration and exploitation attributes. The research aims to study designer activities through a managerial lens, a perspective that can magnify how exploration and exploitation are expressed in the design process. The brand's strategic planning could benefit from understanding how knowledge evolves through the design process and translates into a product. This study follows an exploratory approach based on multiple interviews with luxury fashion and product designers from around the world. The findings propose some insights into the different roles of exploration and exploitation that are expressed through the design process.

Keywords: Exploration; Exploitation; Design process; Luxury

JEL Classification: L670; L10

RSUMO

Esta tese investiga os conceitos de *exploration* e *exploitation*, e a forma como estes são expressos nas atividades de design em marcas de luxo. Tanto a *exploration* como a *exploitation* são mais visíveis em marcas de luxo do que a marcas que não-luxo, porque algumas das suas dimensões exibem atributos destes conceitos. Esta investigação teve como objetivo estudar as atividades dos *designers* da perspetiva da Gestão - , uma perspetiva que pode ampliar a forma como a *exploration* e *exploitation* são expressos no processo de *design*. Compreender melhor a forma como o conhecimento evolui através do processo de *design* e se traduz num produto pode ser de grande benefício para o planeamento estratégico de uma marca. Este estudo ~seguiu uma abordagem exploratória, baseada em entrevistas em profundidade realizadas com estilistas e designers de marcas de luxo de várias partes do mundo. Os resultados apresentam algumas perceções sobre os papéis expressos pela *exploration* e *exploitation*ao longo do processo de *design*.

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To Erez, my husband, who supported and helped me through this journey; and in memory of Ricardo Daniel de Brito e Sá, our classmate who left us too soon.

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1 Introduction

1.1 General Description

The aim of this research is to explore the role of exploration and exploitation in the design process, and to understand the designers' experiences of the brand's strategy in luxury firms. Recently, there has been much interest in design thinking and processing of knowledge as part of management strategy, but much less attention has been paid to the design process itself. A common practice and responsibility of a designer is to execute strategies handed to them by their management.

The primary purpose of this study is to offer managers insights into how they can understand designers' thoughts and actions. One of the benefits of such an understanding may be to advance managers' strategic planning and elevate their business performance. It has already been determined that a design thinking approach is very important for motivating organizations to ask the question 'what if' as a means of creating value (Beverland, 2005b; Dorst, 2006).

This study aims to explore luxury and premium brands based on the way that these brands transfer their knowledge through the tradition of their products (Cavender and Kincade, 2014; Kapferer and Valette-Florence, 2018). Designers for premium and luxury brands look at the traditions as seen in their brands' historic product designs (Fionda and Moore, 2009; Beverland, 2005a) and strive to maintain that quality and authentic essence; they are also expected to transfer the brand's core knowledge into the products that they design (Crilly, Moultrie and Clarkson, 2004), using both exploitation and exploration.

The scholarly literature about designer involvement in exploration and exploration is very limited, and the few studies that exist relate mostly to design innovation and new product development (Tabeau, Gemser, Hultink and Wijnberg, 2017). Scholarly literature about luxury brands and designers' roles usually focuses on marketing discussions, consumers' insights, and the luxury house itself.

1.2 **Motivation**

The success of China's economic policies and the implementation of new policies have resulted in colossal changes in Chinese society, increasing the demand for luxury goods by the mass population. The effects and influences of Industry 4.0, the accessibility of the international market, online communities and large economies like China have created a foundation for new consumers of luxury goods (Ko, Costello and Taylor, 2017). A new generation of luxury consumers are less focused on the old values of tradition and nobility, and more in the new traits of luxury goods such as rarity of experience, technological innovation, and sustainability. The democratization of online shopping makes luxury products available to all without the barrier of travelling and accessing the physical store. Industry 4.0 enables any consumer to access the merchandise and even request tailor-made customization, features that were previously reserved for the elite traditional consumers. The flipside of these turbulences is that designers need to provide appropriate products that tap into this new reality.

1.3 **Objectives**

This thesis has several major objectives for exploring the role of exploration and exploitation in design for luxury brands. It aims to:

- Establish whether designers have constraints on their process
- Discover what types of resources designers are using in the design process and how they are connected to exploration and exploitation
- Explore the role of innovation in the design process for luxury brands
- Describe how designers understand luxury products
- Find out what should be maintained in order to sustain a luxury product
- Determine the role of rarity in the future of luxury
- Describe the components or activities of exploitation and exploration in the fashion design process of luxury products
- Identify the roles of customers and consumers in the design process, and what, if any, actions they take.

1.4 Significance and Research Gap

The fashion industry has been exposed to tremendous changes over the last decade. The term *luxury* has become a common word that is attached to almost everything, in the process often losing its authentic meaning. Exploration and exploitation have been given considerable attention for the last two decades and have been discussed in relation to luxury. A few scholars have linked new product development with exploration, but for the most part they have related it to industries other the fashion industry. Some publications about major fashion houses such as Gucci and Burberry (Moore and Birtwistle, 2004; Moore and Birtwistle, 2005; Tungate, 2009) consist mainly of case studies. There is a lot of data about consumers' insights (Cavender and Kincade, 2014; Watts and Chi, 2018; Zhan and He, 2012) but there is a lack of information on designers' insights, which are important in delivering the correct product. This study incorporates the different disciplines of design and management, and hence it adopts a multidisciplinary approach. Brand managers are recognizing the importance and relevance of different ways of thinking (Martin and Martin, 2009), so capturing the designer's voice in the management theory and practice would benefit all participants in design and the fashion industry. Learning how to better manage design team members and they process knowledge could help facilitate better results for organizations.

1.5 Design of Research Methodology

This research is based on an interpretivist philosophy, takes an inductive approach, and uses thematic analysis. Thematic analysis is a search for themes or patterns that occur across a data set (Braun and Clarke, 2006). The study includes exploratory in-depth qualitative interviews with luxury and premium fashion and product designers from around the world. The motivation for choosing this sample of interviewees was based on Silverman's (2015) suggestion that the most effective way to collect a reliable understanding about people's experiences is through open-ended questions. The sampling population in this study is based on their knowledgeable and experienced understanding of creating and developing apparel and footwear products. The sample was derived purposefully rather than randomly because the aim of the study is to get rich data about a particular phenomenon (Ezzy, 2002; Tuckett, 2004). This study was designed to be transferable and feasible when using similar companies and when the individual context is adequately taken into consideration.

1.6 Structure of the Thesis

This thesis consists of five chapters. Chapter One introduces the research; Chapter Two presents the literature review on the related fields that form the theoretical base for the research; Chapter Three outlines the methodology; Chapter Four presents the results; and Chapter Five discusses the managerial insights and findings from the analysis, as well as setting out the conclusions and limitations.

2   Literature Review

2.1   Exploitation and Exploration

Exploration and exploitation were first introduced by March (1991) as essential activities that help organizations improve their performance and existing products and processes, and create knowledge that can be used to build and develop new portfolios of product and services. These processes are key to an organization's prospects of endurance (Brix, 2017; Greve, 2007; Tushman, Smith, Wood, Westerman and O'Reilly, 2010). The trade-offs between exploration and exploitation can cause tensions, since each activity is based on different organizational capabilities, and organizations often encounter difficulties in performing efficiently in both (Benner and Tushman, 2003; Greve, 2007).

Brands must create a common direction between the organization and its customers while also expressing the organizational experiences of members and confirming shared meanings (Boyce, 1996, cited by Cegarra-Navarro, 2007). Roberts and Armitage (2015) identified Chanel, Christian Dior and Alexander McQueen as examples of brands that exploit knowledge and the preservation of craftsmanship skills, known as *métiers d'art.* They suggested adding to the discussion of exploration and exploitation in luxury the option of preservation since luxury depends on the preservation of tradition and old practices. Since this thesis concerns not only luxury brands but also premium brands and products, their suggestion of preservation will not be included within the scope of this research.

2.1.1   Exploitation

According to March (1991), exploitation is associated with terms like *refinement*, *choice*, *production*, *efficiency*, *selection*, *implementation* and *execution*. He explained that exploitation is the continuous and meticulous quest for perfection and sophistication of craft, along with refinement and making things more efficient. These efforts are intended to maintain the identity of the brand (Giacosa, 2014). The benefits of exploitation are more certain and can have immediate results. Exploitation allows firms to meet the needs of existing customers or markets (Benner and Tushman, 2003), reduce variation and cost, increase control, and improve execution and product and service offerings (Junni *et al.*, 2013).

2.1.2   Using knowledge

In design, luxury brands that preserve existing production and delivery techniques are central to the maintenance of their goods' luxury status (Roberts and Armitage, 2015). Luxury and premium brands transfer knowledge through the tradition of their products (Cavender and Kincade, 2014; Beverland, 2005a). Designers look at the traditions as seen in their brands' historic product designs and strive to maintain that quality and authentic essence. They are expected to transfer the knowledge that drives the core products they are designing, using both exploitation and exploration (Beverland, Wilner and Micheli, 2015).

2.1.3   Exploration

Exploration is described by terms such as *search*, *variation*, *risk-taking*, *experimentation*, *play*, *flexibility*, *discovery* and *innovation* (March, 1991). Exploration is the search for new knowledge (Andriopoulos and Lewis, 2009) and the creation of products (Greve, 2007) and options (Benner and Tushman, 2003), sometimes with unknown demand, that often do not produce quick revenue or can even fail (Cao, Gedajlovic and Zhang, 2009; Gupta, Smith and Shalley, 2006). It accumulates in the organizational memory (Cegarra-Navarro, 2007) and is then used by the members of the organization to create customer capital in the exploitation process (March, 1991; Cegarra-Navarro, 2007).

2.1.4   Generating and acquiring knowledge

The role of the individual in generating knowledge is essential, since the generation of knowledge always starts when the individual's personal knowledge is transformed into organizational knowledge that is valuable to the company as a whole. (Nonaka and Takeuchi, 1995; Nonaka *et al.*, 2006; Nonaka and von Krogh, 2009). Acquiring knowledge by designers could be at an individual level or group level and is part of their research for creating a new product or collection. It includes the resources for their external inspirations, such as trend analysis agents, exhibitions, and social networks.

2.1.5   Knowledge

Knowledge is not easy to define: most people have the intuitive sense that knowledge is broader, deeper and richer than data or information (Davenport and Prusak, 1998). They are likely not to relate knowledge to terms like *memo* or *database*, although it can be created by knowledgeable groups of individuals.

Davenport and Prusak (1998) offered a working definition of knowledge in an organization. Their definition highlights the characteristics that make knowledge valuable but at the same time hard to manage:

Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experience and information. It originates and is applied in the minds of knowers. In organizations it often becomes imbedded not only in documents or repositories but also in organizational routines processes, practices, and norms. (Davenport and Prusak, 1998: 5)

Davenport and Prusak (1998) further elaborated that knowledge is a mixture of different elements and is hard to explain or understand in a rational way because it is intuitive. They added that it is difficult to pin knowledge down, as it forms and exists within a human environment that is complex and not always predictable. Knowledge-creating activities happen between humans and within humans, and knowledge is output through different channels, such as books, media, and conversations. They explained knowledge transformation and creation through four components:

Comparison: how does knowledge about this situation compare to other situations we have known?

Consequences: what implication does the knowledge have for decisions and actions?

Connections: how does this bit of knowledge relate to others?

Conversation: what do other people think about this knowledge?

Knowledge is closer to action than data or information is, and it helps managers make better decisions or take effective actions regarding, for example, strategies, product lifecycles, and production. Studying the human mind is difficult: it is not easy to understand the link between knowledge/decision-making processes and action (Davenport and Prusak, 1998).

The terms *data*, *information* and *knowledge* are close in meaning. A study on how to manage knowledge in organizations suggested that most managers who were observed and analysed could not clearly distinguish between the three terms. Many of the managers answered that they just tried to add value to what they knew and to move it 'up the scale from data towards knowledge' (Davenport and Prusak, 1998: 7).

Knowledge is accumulated over time; it is collected by the groups and individuals in a company. In order to maintain it in the company, it needs to be recoded and used when needed. Luxury companies are dependent on professional knowledge: both traditional craft knowledge and the firm's heritage. As a group phenomenon, knowledge should therefore be seen as part of the collective knowledge and heritage. A company relies on its knowledge for designing, producing and maintaining its products. If this knowledge disappears, the firm will experience difficulties in maintaining its products' quality. Barrère and Delabruyère explained that the collective knowledge benefits the individuals in the company by increasing their skills, and that it also contributes to what they called 'the ambient culture'. They also noted that the drawback is that individuals take their skills when they leave the company and transfer the knowledge to their new employers (Barrère and Delabruyère, 2011: 20). Employees at this level of craftsmanship tend to remain in their professional brand house, which is known as the *maison* (from the French for *house*). Collective knowledge was historically generated by training or by those who were members of the *maison*. As such, this type of highly professional knowledge was usually not easily transferable among all employees of the firm, and it could only be retained among professional members of the *Maison*. However, if the *maison* was to disappear, then the collective specialized knowledge was lost. Barrère and Delabruyère (2011: 20) explained that craft knowledge was a form of common heritage in the Parisian fashion district and that it was shared with and accessible to members of that district.

In the classic management of luxury companies, it was almost impossible, if the firm disappeared, to transfer its heritage assets to others. In the new model of the fashion market, financial groups are interested in expanding and acquiring companies with their entire value, which means that they need to sustain the value of the heritage assets, and hence that they need to acquire the company, including its *maisons* or creators, in order to retain the professional knowledge. In the new-luxury market, in which luxury brands are moving into mass production, heritage assets are extremely valuable. One way of keeping heritage assets through transitions is to enforce trademarks, along with keeping the names of the original creators, such as Dior or Saint Laurent, as a sign of quality and original creativity. The challenge for the firms is to reflect the positive heritage of the great original creators who founded the *maisons*, such as Gucci, in their brand names (Barrère and Delabruyère, 2011).

There are different ways of viewing firms, for example by taking a resource-based view. In this view, a firm acts as an information-processing entity and does not participate in the dynamic process of knowledge creation. Nonaka *et al.* (2000) suggested viewing the firm as involved in

a dynamic process of knowledge creation and as a dynamic configuration of *ba*. *Ba* gives a different strength to the firm (Nonaka and Konno, 1998, cited by Nonaka, Toyama and Nagata, 2000) and is a place where an individual transcends him or herself through knowledge creation. *Ba* is defined as 'a shared context in which knowledge is shared, created and utilized… in other words, "ba" is a shared context in cognition and action' (Nonaka *et al.*, 2000: 8). It can be a mental or virtual place or a physical one: it is not limited to a specific time or space. The importance of *ba* in the knowledge-creation process is that it acts as a platform that collects applied knowledge and integrates this knowledge into a certain time and space. *Ba* is described by Nonaka *et al.* (2000) as fluid: it is something that is regularly in motion, which allows continuous organizational knowledge creation.

In the above view, knowledge is created thorough interactions between individuals and is not owned by anyone who participates in the process. By contrast, in the resource-based view, there is ownership of important resources (Nonaka *et al.*, 2000), and the firm acts as an information-processing entity that does not take part in the dynamic process of knowledge creation.

2.1.6   Tacit and explicit knowledge

Nonaka and Takeuchi (1995) explained that the creation of knowledge in a firm is a continuous and dynamic process. In their SECI process model (see Figure 1), they suggested four modes of conversation between tacit knowledge and explicit knowledge: (1) socialization (from tacit knowledge to tacit knowledge); (2) externalization (from tacit knowledge to explicit knowledge); (3) combination (from explicit knowledge to explicit knowledge); and (4) internalization (from explicit knowledge to tacit knowledge). An organization creates knowledge through the interactions between explicit knowledge and tacit knowledge, which create a knowledge conversation (Nonaka et al., 2000).

Figure 1: The SECI process
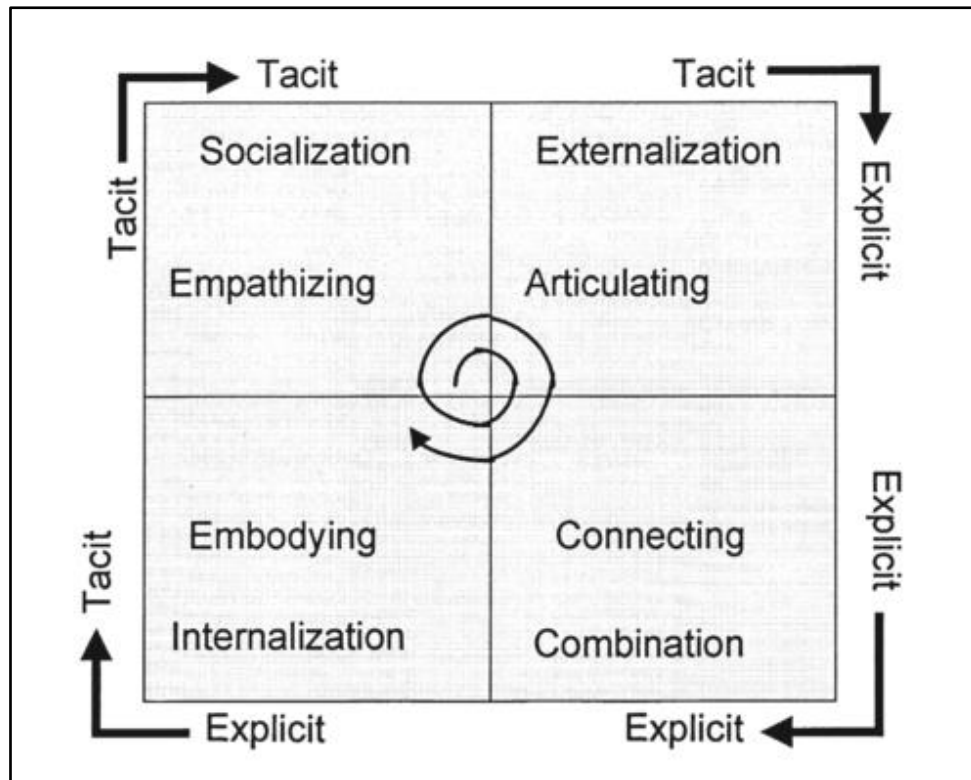
Tacit knowledge is subjective, experiential and hard to formalize (Nonaka *et al.*, 2000). According to Grant (1996), knowing *how* is associated with tacit knowledge. Explicit knowledge is objective and rational and can be expressed in forms such as data, scientific formulas, specific actions and manuals (Nonaka *et al.*, 2000). Grant (1996) related knowing *about* facts and theories to explicit knowledge. Nonaka and Takeuchi (1995) explained that US managers focus on explicit knowledge, whereas Japanese managers focus on tacit knowledge. The key to the success of Japanese firms is that they have learned how to transform tacit knowledge into explicit knowledge.

One of the challenges that the luxury market is facing is that of common knowledge. Many forms of knowledge, such as tacit knowledge, that were formerly private have become explicit and common. What used to be knowledge obtainable only by a few certain masters and their apprentices has now become generally accessible in the public domain (Arvidsson and Peitersen, 2013).

2.1.7 Cumulative and non-cumulative knowledge

Standard industries, such as those involved in scientific and technological production, are based on cumulative knowledge (replacing goods with better-quality goods over time) (Barrère,

2013). Innovation in the design process and in developing new products is important as part of incremental technical progress. The development of a new product will usually result in a better product. It could be better in different ways: it may be cheaper to make, or it may be a more expensive product that uses better technology. In standard industries, 'the value of "old" goods or techniques is quickly diminishing' (Barrère and Delabruyère, 2011: 12). Each product or production generation holds the knowledge of previous versions and builds upon them to add the new knowledge gained by the new generation. This leads to the accumulation of knowledge in the company.

Creative industries rely on the practice of non-cumulative knowledge creation and transfer. The design of new products goes through the creation of ideas, drawings, recipes, goods and services (Barrère, 2013: 170). Knowledge is not recorded in procedures and protocols; rather, it is contained in the created products and goods. Thus, creativity works on the basis of product heritage – that is, past and accumulated creativity. In this sense, heritage can be compared with science and technology because the latter are incremental, can last for a long time and can serve as a source of creativity (Barrère, 2013). Fashion and design are not exactly like science and technology, because they are somewhat affected by the personal tastes of the customers, and sometimes customers prefer a retro design to a new design. According to Barrère and Delabruyère (2011), the principle of fashion is precisely that it is not dependent on analytic comparison of technical superiority, with the result that some creative designs make up the heritage and value of the brand.

The world of luxury markets needs to hold, maintain and evolve its knowledge of design, manufacturing and operation. As shown above, the definition and knowledge of luxury goods are multi-dimensional. The knowledge of heritage, craftsmanship, authenticity and innovation falls under both cumulative and non-cumulative knowledge.

More specifically, the field of luxury activewear should not be considered a pure case of a creative industry but rather as a combination of the creative and engineering fields. It involves both creative fashion styling/design and high-tech textile/manufacturing technologies. As such, it has the long heritage and creativity of a luxury brand while also adopting new scientific and technological production methods.

The challenge is to establish an ambidextrous organization that, by utilizing both cumulative and non-cumulative knowledge, can create new-luxury goods while maintaining its heritage.

2.1.8 Knowledge creation

The knowledge-creation process is still debated. Scholars such as Grant (1996) have claimed that knowledge creation is an individual activity and that the primary role of firms is to apply existing knowledge; this view considers knowledge as something static and inhuman. Others, like Nonaka *et al.* (2000), have considered knowledge creation a dynamic and fluid process.

Another perspective on the knowledge-creation process is that of Wei and Miraglia (2017), who added to the understanding of the subtle dynamics through which the cultural elements that operate at various organizational levels contribute to orientating, legitimating, supporting or discouraging individuals' decisions, actions and interactions in terms of knowledge sharing, transfer and reutilization. They conducted an empirical investigation of the impacts of three main elements of organizational culture on the transfer of knowledge across projects in a project-based organization: artefacts, norms and shared beliefs. Their case study was a Chinese construction firm. Data was collected from different sources, such as archival data and in-depth semi-structured interviews with the company's project managers. Their study contributes to the literature on the legitimacy of knowledge by showing how organizational culture influences people's perceptions of 'knowledge authority' and shapes their preferences for specific knowledge-transfer mechanisms. Their research findings show how the interplay between corporate-level organizational culture and cultural elements at lower organizational levels influences individual choices. They considered which types of knowledge are most important to transfer, under which conditions knowledge may be shared or hoarded, and the extent to which it is acceptable to share or hoard knowledge.

2.1.9 Knowledge transfer

Knowledge is developed over time: it is acquired by formal and informal learning and through experience (Assink, 2006; Brix, 2017; Cegarra-Navarro, 2007). Davenport and Prusak (1998: 7) related *experience* to *expert*, as in Latin both mean 'to put to the test': 'Experts – people with deep knowledge of a subject – have been tested and trained by experience.' One of the benefits of experience is having the historical perspective to view and understand new situations. Familiar patterns that are recognized over time contribute to the expert's experiences and allow them to recognize problems and resolve them by means gained during their careers. This offers a competitive advantage for a company that employs such knowledgeable experts.

Knowledge is not new and is what makes an organization 'go', as suggested by Davenport and Prusak (1998). They found that managers get two-thirds of their information and knowledge

from face-to-face meetings or phone conversations. However, this research was conducted in 1998, and much has since changed in the way that people consume information and data. Thanks to the Internet, information is much more accessible and easier to find than ever before, and even phone conversations frequently take place via digital platforms.

Changes in the global economy keep leading to changes in the definition of a *business firm.* Winter defined it as 'an organization that knows how to do things' (cited by Davenport and Prusak, 1998: 13), which was later updated by Davenport and Prusak to 'an organization that knows how to do new things well and quickly'.

Many global corporations outsource their manufacturing to countries with lower labour costs but keep the primary internal functions of the firms that are necessary for providing competitive advantage. When a firm outsources its manufacturing processes, it starts to rely on the manufacturing skills and knowledge provided by an external source that has less experience in performing the manufacturing tasks, which leads to reduced expertise within the company. This may lead to a loss of competitive advantage if the outsourced manufacturing company also provides that expertise to competitors.

There are many ways to transfer knowledge, and Dixon argues that 'knowledge is transferred most effectively when the transfer process "fits" the knowledge being transferred' (Dixon, 2000: 143). Table 1 shows the five types of knowledge transfer.

Table 1 :Five Types of Knowledge Transfer

	Serial Transfer	**Near Transfer**	**Far Transfer**	**Strategic Transfer**	**Expert Transfer**
Definition	The knowledge a team has gained from doing its task in one setting is transferred the next time that team does the task in a different setting	Explicit knowledge a team has gained from doing a frequent and repeated task is reused by other teams doing very similar work	Tacit knowledge a team has gained from doing a non-routine task is made available to other teams doing similar work in another part of the organization	The collective knowledge of the organization is needed to accomplish a strategic task that occurs infrequently but is critical to the whole organization	A team facing a technical question beyond the scope of its own knowledge seeks the expertise of others in the organization
Similarity of task and context	The receiving team (which is also the source team) does a similar task in a new context	The receiving team does a task similar to that of the source team and in a similar context	The receiving team does a task similar to that of the source team but in a different context	The receiving team does a task that impacts the whole organization in a context different from that of the source team	The receiving team does a different task from that of the source team but in a similar context
Nature of the task	Frequent and non-routine	Frequent and routine	Frequent and routine	Infrequent and non-routine	Infrequent and routine
Type of knowledge	Tacit and explicit	Explicit	Tacit	Tacit and explicit	Explicit
Design guidelines	Meetings are held regularly	Knowledge is disseminated electronically	Exchange is reciprocal	Knowledge needed is identified by senior-level managers	Electronic forums are segmented by topic
	Meetings are brief	Electronic dissemination is supplemented by personal interaction	Source team knowledge is translated	Knowledge specialists collect and interpret the knowledge	Electronic forums are monitored and supported

	Everyone involved in the action participates in the meetings	Users specify the content and format	People carry the knowledge across the organization	Collection occurs in real time rather than retrospectively	Differing levels of participation are encouraged
	There are no recriminations	Knowledge is pushed	Process is given a recognizable name	Focus is on the end user	Knowledge is pulled
	Reports are not forwarded	A limited number of items are pushed		Multiple voices are synthesized	
	Meetings are facilitated locally	There is compliance with choice			
		Usage and business goals are monitored			
		Brief descriptions are adequate			
		The database is targeted			
Example	A power generator replacement team replaces a generator in a chemical plant. The team uses that knowledge when replacing a generator in a refinery.	A team in an Atlanta auto plant figures out how to install brakes in 10 seconds. A team in Chicago uses that knowledge to reduce its time by 15 seconds.	Peers travel to assist a team dealing with a unique oil exploration site. The collaboration provides new approaches.	A company acquires ABS; six months later another team in a different location uses what was learned with ABS to acquire DFG.	Technician emails the network asking how to increase the brightness on out-of-date monitors. Seven experts provide answers.

Source: Dixon, 2000: 144–145

Dixon provided a method for choosing one type of knowledge transfer over another through the following questions: Will the same team be using what has been learned? Is the knowledge tacit? Does the knowledge impact the whole organization? Is the task routine and frequent?

Figure 2: Decision tree for selecting the type of knowledge transfer
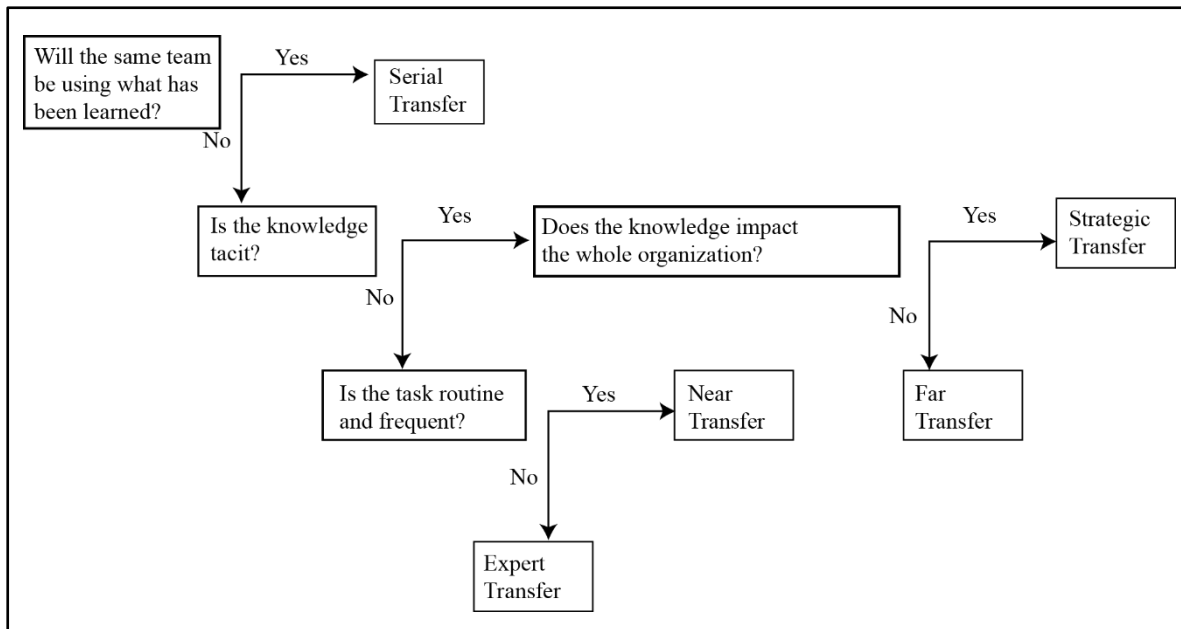
Every organization holds different types of knowledge: tacit, explicit, routine, non-routine, strategic and team specific. The challenge is to know how to use this knowledge in the best way to maintain the competitive advantage of the organization. Thus, it is important to identify the kind of knowledge that needs to be transferred and to design the means that would help the organization to achieve that (Dixon, 2000). Arvidsson and Peitersen (2013) suggested that true competitive advantage comes from the aptitude to put *universally available knowledge* to work in new and innovative ways based on Peter Drucker's work on the automation and influence of information technology.

Knowledge can be transferred in one direction or in multiple ways; it can be stored; it can be shared; and it can be an individual's own asset or created and shared by a collective (Dixon, 2000). Dixon suggested three types of shifts as tools for organizations to think about knowledge. The first shift is to understand that experts are not the only source of knowledge and that whoever is involved in the work plays an important role from which someone may benefit. The second shift is to understand that knowledge is not only held by individuals but also may be held by a community or a group. The third shift is not to consider knowledge as being a stable object but rather to recognize it as dynamically evolving and active. These shifts

focus on communities and shared knowledge among group members – sharing knowledge between people usually results in a more dynamic and active environment.

2.1.9.1   *From expert knowledge to distributed knowledge*

In the past, knowledge was held only by a group of experts, who would transfer it to the other members of the company. In this expert model, knowledge is valid because it has a background to it. Knowledge is backed by authority and defines 'best practices'; it is often based on studies from the academic or scientific community or is promoted by the leadership of the organization (Dixon, 2000).

In the distributed model, knowledge does not always come from validated or authorized sources. Knowledge grows and develops in the workplace, in real work, and has 'ground truth' (Dixon, 2000: 155). The distributed model (the give-and-take system) helps to transfer knowledge among members of a team and understands that knowledge exists in a multitude of forms, can be held by various people, and exists in different places across the organization. The distributed model is 'a reciprocal model in which all contribute, and all receive' (Dixon, 2000: 152). One of the advantages of the distributed model for an organization is that knowledge is transferred dynamically and usually incurs reduced resistance to its reuse. The increase in the stock of common knowledge has resulted from new forms of corporations: individual genius has been replaced by a general intellect of shared communication and interaction (Arvidsson and Peitersen, 2013).

The company needs to merge the knowledge from the different sources and synthesize them into a combined knowledge. Companies need to discover the knowledge where it emerges; this is often difficult to achieve because it is impossible to predict *ex ante* where knowledge will emerge (Dixon, 2000).

2.1.9.2   *Knowledge as a group phenomenon*

The traditional view was that workers should do their tasks individually and alone. Learning or knowledge was usually associated with the individual context, rather than with a broader organizational context. The term that paved the way for the new way of thinking about knowledge was *communities of practice*, which originated in Lave and Wenger's book *Situated Learning* and was clarified in Wenger's *Communities of Practice* (1991, 1998, as cited by Dixon, 2000). Knowledge as a group phenomenon results from active participation in different social communities. That community may be composed of a team working together, such as a church group, a family group, or a soccer team (Dixon, 2000). Dixon explained that knowledge

is not in addition to roles (such as how to be a parent or a systems' analyst); rather, it is in service to them. According to Wenger (1998), knowledge can be created by communities of practice in which there is interaction between members of the community, sharing of information, and common experiences of a field or area of interest.

Knowledge and ideas grow and change as they move from one person to another, sometimes until it is hard to say who originated the idea. Wenger commented that it is difficult to identify the individual knowledge contributions (1998, as cited by Dixon, 2000). Dixon further noted that innovation may result from the diversity in the minds of the group and the synergy between individual ideas. In Dixon's view, corporate culture may actually harm the synergy because of the desire to maintain individual credit when striving for recognition and promotion (Dixon, 2000). He argued that constructing group knowledge is different from the traditional approach of achieving buy-in from members by including them in the process (Dixon, 2000). Arvidsson and Peitersen (2013) regarded a team working together as 'knowledge work' that involves a team being responsible for the organization and execution of a particular task.

2.1.9.3   *Knowledge as dynamic*

Knowledge is no longer seen as static or stable; rather, it is considered to be dynamic and changeable. Dixon used the metaphor of a warehouse to describe the traditional view of knowledge: collecting, keeping and disseminating knowledge (Dixon, 2000). She likened the dynamic view of knowledge to flowing water continually moving across the organization. She further illustrated that not much can stand in the path of the water or withstand the power of waves, contrasting this to the warehouse, which is closed, guarded and controlled.

The dynamic use of knowledge makes knowledge use and reuse much more accessible (Dixon, 2000). It is capable of guiding actions in a temporary and flexible way and does not always regard knowledge as the final and only answer (Boham, 1985, as cited by Dixon, 2000). Dixon clarified that a system is required for maximizing the movement of knowledge across the organization and that whenever knowledge moves from team to team, new ideas will be added to make it more effective. One of the new contemporary ways of moving from individuals' tacit knowledge to the sharing of collective knowledge is the strategy of 'knowledge management' (Arvidsson and Peitersen, 2013). This strategy is the key to gaining a competitive advantage within an organization.

2.1.10 Ambidextrous organizations

The equilibrium between exploration and exploitation is referred to as ambidexterity by many scholars (Gibson and Birkinshaw, 2004; He and Wong, 2004; Hess and Rothaermel, 2009; Lin *et al.*, 2007; Simsek *et al.*, 2009) and has gained popularity in the last decade (Wilden, Hohberger, Devinney and Lavie, 2018).

The need to dynamically balance an organization's resources according to different purposes and tasks (Benner and Tushman, 2003; Gibson and Birkinshaw, 2004) is even more critical today given recent changes in the industry ecosystem. Industry 4.0 has affected many work elements that were related to the traditional fashion industry (Majeed and Rupasinghe, 2017) and created new challenges for the workplace that require the industry to adapt quickly. Factories that can meticulously reproduce craftsmanship, high-capacity production technology, and transparency in product lifecycle have become a challenge to the traditional scarcity of craftsmanship and brand heritage, especially for luxury brands.

Balancing innovation and tradition amounts to an inherent struggle between exploitation and exploration for producers (Andriopoulos and Lewis, 2009). Companies that can sustain this equilibrium are called ambidextrous organizations (Duncan, 1976; March, 1991; Tushman and O'Reilly, 1996; Tushman and O'Reilly, 2002). Ambidextrous organizations can better adjust in the face of competition and can better adapt to market changes. It is important for an organization to have multiple strategies, structures and processes to be successful and to create conditions for continuous innovation in the future (Tushman and O'Reilly, 2002). Ambidexterity is one of the approaches for simultaneously exploring and exploiting, and it is the approach that will be used in this study due to its emphasis on the individual and group levels (Lavie, Stettner and Tushman, 2010).

2.2 **Luxury Goods and Brands**

Most luxury fashion houses have been in business for a long time, which has required them to sustain their competitive advantages in response to the dynamic environment in the marketplace. Competitive advantages such as heritage, craftsmanship, authenticity and continuous investment in innovation have led businesses to employ both exploration and exploitation (Giacosa, 2014; Stettner and Lavie, 2014).

Luxury goods are traditionally defined as goods of which the mere use or display brings the owner prestige, aside from any functional utility (Grossman and Shapiro, 1988; Brun and

Castelli, 2013). Luxury brands possess the characteristics of premium quality, heritage of craftsmanship, recognizable style, premium prices, uniqueness and a global reputation (Bian and Forsythe, 2012). However, the literature presents an inconsistent definition of luxury goods (Dubois and Duquesne, 1993; Vigneron and Johnson, 1999) and the existing concepts remain fairly 'blurry' (Heine, 2012). As such, Heine argued that the identification of luxury products stems from the following criteria: luxury products have more than the necessary and ordinary characteristics compared to other products in their categories; additionally, their pricing, quality, aesthetics, rarity, extraordinariness and symbolic meanings exceed those of the majority of products in their categories (Vigneron and Johnson, 1999, 2004; Heine, 2012). Tynan, McKechnie and Chhuon (2010) argued that luxury goods exist at one end of a continuum shared with ordinary goods, so where the ordinary ends and the luxury begins is a matter of degree that depends on consumers' judgment. Vickers and Renand (2003) recognized luxury goods as symbols of personal and social identity. According to Vigneron and Johnson (2004), luxury goods are those whose consumption satisfies both functional and psychological needs linked to the perceived characteristics of the product, such as quality, aesthetics, scarcity and elitism.

Despite the ongoing and inconclusive discussion on the definition of luxury products, the common perception in the marketplace is that luxury goods are characteristically of excellent quality and have very high price tags, scarcity, uniqueness, substantial aesthetic appeal, brand heritage and superfluousness (Dubois, Laurent and Czellar, 2001; Ko, Costello and Taylor, 2017; Miller and Mills, 2012). Similarly, luxury brands are associated by consumers with high prices, high quality, good aesthetics, rarity, extraordinariness and a high degree of non-functionality (Heine, 2012).

Although the question 'what is luxury?' still presents challenges to scholars, and the definition keeps changing, there is quite a homogeneous consumer experience and consumer vision, as found by Kapferer and Valette-Florence (2016): interviewees gave the same responses regarding the brands that they held to be the best exemplars of luxury, such as Louis Vuitton, Chanel, Rolex, Ferrari, Gucci, Tiffany and Prada. They illustrated that luxury is not a concept but a reality that can be seen in the same luxury brands, products, shops and communications across countries.

The attributes discussed in the following subsections were chosen based on the literature (see also the table in the Appendix).

2.2.1 Heritage

Heritage is defined as symbolizing a traditional brand or product as being emblematic of fine craftsmanship (Oxford English Dictionary, 1989). Fionda and Moore (2009) have stated:

Many luxury brands have a long history, which adds to the authenticity of the brand, and is considered one of the hallmarks of a luxury brand. The retention of heritage has the ability to create nostalgia and credibility for a brand, and is often correlated to the heritage of the country of origin.

Cultural heritage is related to the inherited resources that perform in the present to express shared cultures, values and identities (Schofield, 2008; Trigger, 2006). Heritage plays a pivotal role in luxury brands: it helps companies establish their leadership in the top product tier. Brand heritage is associated with quality and prestige and therefore makes a recognized contribution to perceptions of luxury.

Beverland (2005a) included heritage in his identification of the six attributes of authenticity in the wine industry. He explained that:

Brands such as Gucci, Prada and Adidas reference their history in their stores through historic photos of designers in old workshops. Many luxury brands also reinforce heritage and pedigree by referencing past and present celebrities that have used their products and drawing on museum stocks for in-store displays. (Beverland 2005a: 257)

2.2.2 Heritage craftsmanship

Heritage craftsmanship is associated with cultural traditions, and manufacturers take great pride in a long history of craftsmanship and heritage. Such products can therefore be appreciated by consumers for their high quality. A heritage of craftsmanship is developed over generations as skills and methods evolve. This provides craftspeople with the technical skills to perform sophisticated operations arising out of a long succession of inventions and innovations (Barrère, 2013). It is difficult to separate the craftsmanship from the heritage of firms or from the heritage of the creator. All of them contribute to the collective heritage (Barrère and Delabruyère, 2011). This can be seen in the UK, where 'the success of Vivienne Westwood or John Galliano is linked to the tradition of English tailors' (Lehnert, 2000, cited by Barrère and Delabruyère, 2011: 14).

Fine craftsmanship can be achieved through practice and good skills, which involve the development of tacit knowledge. As Drucker (1993, cited by Nonaka and Takeuchi, 1995: 24)

explained, skill (*techne* in Greek) 'could not be explained in words, whether spoken or written. It could only be demonstrated… [so] the only way to learn a technique was through apprenticeship and experience'. This notion of tacit knowledge comes into play in luxury brands because brands have a hard time gaining such knowledge, thus making the entry barrier high. Beverland stated: 'Many brands also make reference to craft production methods or the role of designers or craftspeople in production. For example, Rolls Royce always promoted the fact that parts of the car were handmade (particularly the famous grill)' (Beverland, 2005a: 257).

Barrère (2013) considered the importance of craftsmanship heritage by studying the behaviours of the leading firms in luxury accessories, such as Louis Vuitton, Gucci and Prada, and how they limit the use of outsourcing and seek to set up plants in places that are rich in highly qualified labour. This is, therefore, a significant quality among leading luxury brands.

Another important aspect of heritage is a heritage of creative knowledge (Barrère, 2013). In the fashion industry, a heritage of creative knowledge constitutes both physical designs and the cultural heritage of style. This heritage is extremely valuable, as it not only allows new designers to 'revisit' old collections and styles and their brands' fashion histories, but it also enables customers to identify a particular style. Consequently, 'heritage is simultaneously a physical stock of designs and models and the cultural heritage of a style (e.g. the Chanel style)' (Barrère and Delabruyère, 2011: 14).

Cultural heritage was originally defined as national heritage (Ko and Lee, 2011), and it included the legacy of physical artefacts and intangible attributes. This research refers to heritage craftsmanship as a subset of cultural heritage that is applied to the field of luxury products. Heritage craftsmanship could also be included under the definition of a cultural archetype. A cultural product may become a staple representing the culture itself; hence, it may become part of the culture's heritage. In such a case, some of its attributes, such as its physical properties or patterns, may serve as cultural content that represents the culture and builds upon its legacy (Ko and Lee, 2011).

Some researchers have considered heritage as an intangible cultural heritage asset (Barrère and Delabruyère, 2011). Intangible cultural assets include 'practices, representations, expressions, knowledge, skills, instruments, objects, artefacts and cultural spaces associated with communities, groups and individuals' (UNESCO, 2003, cited by Ahmad, 2006: 297). Barrère

and Delabruyère (2011) have even suggested that heritage functions much like capital in a collective knowledge environment.

When analysing the heritage of a luxury firm, we could ask: How much of the heritage belongs to the firm itself and how much of it belongs to the heritage of the culture that the brand is associated with? For example, what part of the heritage of Vivienne Westwood's brand belongs to the brand and what part comes from it being British and inheriting the quality of English tailors? Where is the border that separates the firm's heritage and the designer's heritage? Is it enough for the firm's address to be in England in order for it to inherit the heritage of English craftsmanship?

The concept of owning such historical and cultural traits is clearly visible in the realm of legal discussions. The following excerpt from a legal article demonstrates the difficulty in establishing the ownership border:

In the 1960s the French grand couturier Yves Saint Laurent presented a collection called 'Mondrian', openly drawing his inspiration from the famous Dutch painter's work. This anecdote raises many questions about intellectual property rights. For instance, was Saint Laurent entitled to use Mondrian's paintings as a source of inspiration regardless of IPRs (Intellectual Property Rights) in Mondrian's creations, and without paying royalties to Mondrian's heirs? Could the fashion designer argue that Mondrian's paintings were a part of our common heritage and therefore free goods? Referring to 'heritage' entails defining what portion of Mondrian's creation truly constitutes that heritage. Is it only his style of painting? The colours of his creations? And so on. Could we share between Mondrian's creativity and Saint Laurent's creativity? To complicate matters, a few weeks later, street fashion produced clothes of lesser quality for the ready-to-wear market inspired by Saint Laurent's Mondrian collection. One might question whether producers were entitled to propose a collection so 'very close' to Saint Laurent creations. Did Saint Laurent's creations become a heritage that street fashion could use as a source of inspiration as much as Saint Laurent himself had done with Mondrian's paintings? (Barrère and Delabruyère, 2011: 15)

In new luxury or democratic luxury, the need to maintain the powerful images of luxury goods is fundamental, and heritage is essential as a competitive resource (Barrère and Delabruyère, 2011).

2.2.3 Authenticity

According to the *Merriam-Webster Dictionary*, *authentic* means 'conforming to an original so as to reproduce essential features'. To be authentic means to maintain the original, which inherently does not change. On the other hand, companies need to explore new designs, products and manufacturing technologies.

One of the first to define the appeal of authentic luxury goods was Gucci in 1938, when he hung a sign in the brand's first store in via Condotti, Rome. It read: 'Quality is remembered long after price is forgotten' (Tungate, 2009). Roncha and Montecchi (2017) explained that the term *luxury* usually defines not a category of products but a conceptual and symbolic dimension.

Authenticity is central to luxury brands. Heritage and a rich brand history with a strong identity are major contributors to brand authenticity (Kapferer and Bastien, 2009b; Keller, 1993). There is still scholarly debate on whether authenticity is real: Is it just an illusion or is it crafted by different events? Brown, Kozinets and Sherry Jr. (2003) argued that authenticity is more artificial than real. Potter (2010: 267) observed that 'authenticity is a contrastive term and is something people definitely want'.

According to Brown *et al.* (2003: 21), the 'search for authenticity is one of the cornerstones of contemporary marketing'. Authenticity is particularly relevant for companies in industries where symbolic meanings and values are important, such as the luxury goods and fashion industries (Carù, Ostillio, and Leone, 2017; Kapferer and Bastien, 2009b).

Beverland (2005a: 1004) argued that 'creating authenticity involves a number of paradoxes because brands must remain true to an authentic core while also remaining relevant'. Authentic products and their production methods inherently conflict with the changes needed to ensure innovation.

2.2.4 Innovation

Innovation in product features stands in contrast to mature product models. In other words, there is constant tension between innovation in design and creation and the exploitation of the benefits of existing products.

Product design innovation is composed of many aspects beyond innovation in shape and style (Rogers, 1983), and includes manufacturing and operation techniques. Innovation in such aspects may contribute to the luxury perceptions of a product by enabling personalization,

customization, service differentiations and functional features to be part of the product's quality. The integration of new technology has created more flexibility of production by helping the production of high-quality mass products that used to be produced one by one; at the same time, it has created a flexibility that was not typical of craft production. Arvidsson and Peitersen (2013) explained that as the productive networks became more flexible, the ability to produce smaller batches of each product or component grew. This ability to create unique customized pieces of products helped luxury brands to differentiate their products according to the customer's desires.

As cited by Zhang and Kim (2013: 71), Rogers defined innovativeness as the 'degree of an individual's willingness to embrace new ideas, products, or services comparatively earlier than other people within a social system' (Rogers, 1995). According to Rogers (1983), the fashion-adoption process depends on two sub-processes: imitation and differentiation. Fashion innovators continually try to differentiate themselves from others by looking for new and different styles to maintain their status as innovators, whereas fashion followers carry out an imitation role (Beaudoin and Lachance, 2006; Zhang and Kim, 2013). Drucker (2002) defined innovation as the specific tool of entrepreneurs by which they exploit change as an opportunity, endow existing resources with enhanced potential for creating wealth, or create new wealth-producing resources. Ulijn and Brown (2004: 2) suggested that innovation focuses on the idea of 'creating something new and implementing it successfully in a market'. According to Nick Donofrio, lead researcher at IBM (cited by Davila, Epstein and Shelton, 2012: 29), 'innovation is our ability to create new value at the intersection of business and technology. We have to have new insights. We have to do things differently. We cannot rely on invention or technology for success.' Innovation results from creative ideas being successfully implemented as part of a business strategy.

Arvidsson and Peitersen (2013) suggested that value can be created through open innovation platforms that involve consumers and members of society outside the 'factory walls' and that directly capitalize on the knowledge and 'creativity' of external actors. The power of connection knowledge outside factory walls results in productivity.

Successful organizations combine technological and business model changes to create innovation (Davila *et al.*, 2012). The resulting innovations then need to be implemented in the business in order to benefit from them: 'Innovation is about execution, about getting it done' (Tushman and O'Reilly, 2002: 219). Innovation can help in competing in the marketplace:

many competitors have similar visions and strategies, but success comes from the execution of developed products. Competitive advantage is as much about execution as it is about strategy.

Long-term innovation is linked to innovation streams, market requirements and organizational capabilities: 'It is the capability to create problems or opportunities while a firm is doing well that allows the most successful managers to capitalize on incremental and discontinuous innovation and change' (Tushman and O'Reilly, 2002: 220).

According to Davila *et al.* (2012), there are six places to incorporate innovation in a firm: three are related to business model innovation and three are related to technology innovation. Changes in the value proposition, supply chain and target customers are business-model-related innovations, while changes in products and services, process technologies and enabling technologies are technology-related innovations.

Innovation can be applied in business decisions to different degrees, leading to more or less radical results. Not all types of innovation entail the same degrees of progress or provide similar rewards. The generic types of innovation are incremental, semi-radical and radical innovation.

For periods of time, a company can be tremendously successful with only incremental changes to its technology. A traditional model of technology change predicts relatively long periods of evolution (incremental innovation) punctuated by short periods of revolution (in which incremental innovation is useless and radical technology is required). (Davila *et al.*, 2012: 40)

The challenge is to understand how firms can resolve this inherent conflict of innovating while maintaining the authenticity of their brands' products. On the one side are the attributes that belong to the past, and on the other are the innovations that belong to the future. All are necessary to create a product with a coherent gestalt. This inherent conflict may be resolved by using notions of heritage that are more abstract, such as making allegories on existing designs, employing authentic craftsman, or using traditional tools and methods.

2.2.4.1 *Rarity*

The need to innovate may conflict with the necessity to remain faithful to heritage, identity and traditional rarity. Rarity was traditionally a result of uniqueness and the scarcity of skilled craftspeople who could create masterpiece products using traditional methods, tools and skills.

The choice to add rarity with innovation could appear to be paradoxical, but it should be acknowledged that, since the entry of disruptive innovation to the fashion industry, creating a rare and customized product has become an easier task. The influence of disruptive innovation

is having a huge and transforming effect on the traditional apparel industry, through, for example, technology such as digital cameras, 3D printers, body scanning, 3D product development tools and augmented reality studios. Assink (2006: 218) defined disruptive innovation as 'a successfully exploited radical new product, process, or concept that significantly transforms the demand and needs of an existing market or industry, disrupts its former key players and creates whole new business practices or markets with significant societal impact', basing this definition on earlier definitions by Damanpour (1996) and Leifer (2001).

Rarity is included by many authors in their definitions of luxury product characteristics (Heine, 2012; Kapferer and Valette-Florence, 2018). Some authors (Fionda and Moore, 2009; Jackson, 2004; Kapferer, 1997; Phau and Prendergast, 2000) do not use rarity in relation to luxury characteristics, preferring exclusivity (restricted in distribution, use, or appeal because of expense, according to the *Merriam-Webster Dictionary*) or scarcity (Dubois and Paternault, 1997; Hwang, Ho and Megehee, 2014; Mason, 1981, 1992). Whether rarity, exclusivity and scarcity are all included as core characteristics of the luxury product depends on the author; in this thesis, both exclusivity and rarity will be used. Exclusiveness is newer since it is associated with marketing concepts, whereas rarity can be connected to the old roots of luxury. Rarity can be attached to any art, architecture or even culture, whereas exclusiveness (Fionda and Moore, 2009) appears in the context of high price, excellent quality and high transaction value (Berthon, Pitt, Parent and Berthon, 2009). This context of exclusiveness for luxury also appears in the work of Adam Smith (1776) who developed four consumption categories: necessary, basic, affluence, and luxury. Smith defined luxury consumption as involving goods that are in limited supply, difficult to procure and/or very expensive.

There is willingness to pay a premium price for exclusivity (snob effects), and rarity itself has a market value (Koford and Tschoegl, 1998). One of the main discussions relating to fashion and the reason or motivation for purchasing a product stems from Thorstein Veblen's seminal work (1994). Veblen suggested that individuals from the wealthy 'leisure class' engage in 'conspicuous consumption' when purchasing high-priced items in order to communicate wealth and achieve social status (Bagwell and Bernheim, 1996) or intentionally to cause envy (Hwang *et al.*, 2014). Building on Veblen's work, Leibenstein (1950) defined the 'Veblen effect' as an increase in price due to an increase in demand accompanied by the interpersonal effects of conspicuous consumption, which leads to the *snob effect* and the *bandwagon effect*. The snob effect occurs when the demand for a product falls as the number of buyers increases,

because 'snobs' aim to distance themselves from the masses. The converse can be seen with the bandwagon effect, when demand for a 'standard' product increases because consumers follow others in their reference groups who have already bought the product.

Mass luxury seems, therefore, to have changed the definition of luxury. Rarity, which was traditionally part of the creation processes of masterpieces, is being challenged by high-technology production tools that can deliver products seemingly identical to their rare, master-crafted counterparts. Phau and Prendergast (2000) found that in relatively collectivistic cultures consumers continue to purchase desired luxury as long as the awareness and purchase levels are high and that the rarity principle is not supported as it is in individualistic cultures.

Figure 3: The five types of rarity

Natural	Type of rarity driver	Compatibility with volume
	1. Ingredients, components limited capacity, rare human expertise eg: diamonds, rings, fur	Little
	2. Techno-rarity, innovations, new products and features	Average
	3. Limited editions, custom-made orders, one-to-one relationships	Average
	4. Distribution-based rarity	Good
	5. Information-based rarity, marketing, brand, secrecy	Very good: no physical limit
Virtual		

Source: Catry, 2006, as illustrated in Kapferer and Bastien, (2012: 94)

Most luxury brands face a dilemma of whether to focus on growth or on stability (Kapferer and Valette-Florence, 2016). Luxury brands have to abandon traditional rarity values for luxury products and components, and instead they have to adopt 'abundant rarity' strategies in order to stay competitive in the marketplace (Kapferer, 2012). The challenge of abundant rarity strategies is to keep the perceived exclusivity higher than the actual exclusivity by using artificial rarity tactics. The means of doing this include creating memorable retail experiences and attaching symbolic capital and prestige to the brand name itself through communication, social influence, social networks, celebrities and brand ambassadors.

2.3 **Premium Products and Brands**

Both luxury and premium brands are known for their higher price, which is usually a result of the benefits of their products' aesthetic and performance excellence. Such brands generally have a long record of excellence that they built over many years. In the Appendix table presenting 'the different definitions of luxury brands', the use of the expression *premium price* appears, which make it a little harder to distinguish between luxury and premium brands. Some argue that luxury has moved away from being an exclusive product or service and has become attainable and accessible for the rising middle classes in society (Yeoman, 2011).

Premium goods are targeted to a broader market and their price is based both on their features and on a comparison with other product categories. In the literature, premium brands and products were associated mostly with premium pricing. Premium pricing can be determined through a market research approach called *conjoint* or 'trade-off' analysis. Aaker (1996) explained that conjoint analysis involves offering the consumer different simple choices in order to understand how people value different attributes and dimensions. It is interesting to find that Keller (2009) and Moore and Birtwistle (2004) used premium pricing when defining a luxury brand. Quality is important for both luxury and premium brands, but for premium brands the price is lower and there is less selection for distribution than for luxury brands (Reddy, Terblanche, Pitt and Parent, 2009).

Although linked to each other, the concepts of luxury, fashion and premium are not the same, as illustrated in Figure 4.

Figure 4: Positioning of luxury, fashion and premium
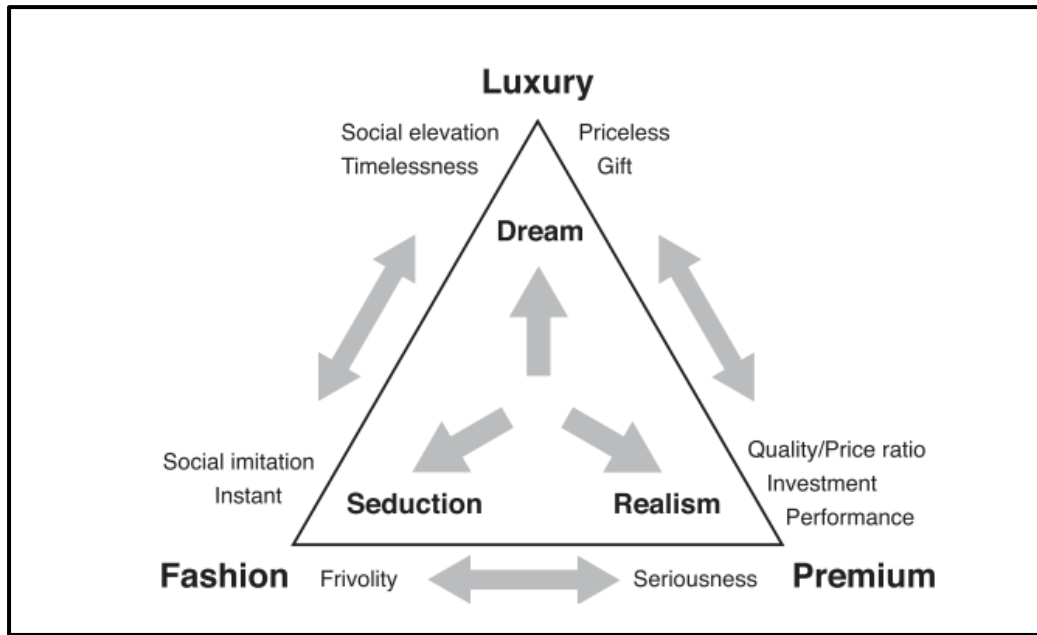
Kapferer and Bastien (2009b: 315) explained that when it comes to luxury 'hedonism takes precedence over functionality: this is a major distinction with premium brands'. They clarified that it is not enough to raise prices of a 'premium' brand to become a luxury brand, and that the essence of luxury is often forgotten. Luxury is not managed in the same way as non-luxury, and even upper range and traditional marketing ends at luxury.

2.4 **Variance**

Industry 4.0 focused on technological advancements centred on the Internet of Things, causing significant changes in luxury fashion. These developments stimulated disruptive innovations that are expected to continue in the forthcoming Industry 5.0, which will be more focused on the human aspects of manufacturing. Around the turn of the century, with the growth of Internet availability and e-commerce, as well as economic changes in China, luxury fashion brands became more accessible to more consumers. Just as the definition of traditional luxury was not agreed on, so the new concepts of luxury have become highly debated in academia: new luxury, trading up, mass luxury, masstige, hyper luxury, luxury fashion, meta-luxury, and the democratization of luxury (Kapferer and Bastien, 2009b; Ricca and Robins, 2012; Silverstein, Fiske and Butman, 2008).

The mass production of luxury goods (Csaba, 2008; Demangeot and Broderick, 2010; Kapferer, 2010) and the expanding population of luxury buyers, particularly in large and rapidly growing nations like China and Korea (Kim and Shin, 2011), suggest that the quality of luxury goods is no longer based on their rarity but also now includes other luxury attributes. This new balance of attributes leads to a different direction for mass luxury goods.

2.4.1 Luxury for the masses

Since the beginning of the 1990s, a second cultural leap has revolutionized luxury goods by crossing the Pacific to China. Traditionally, Western societies perceived products from the Far East as exotic, rare and coming from a long heritage of craftsmanship (e.g., silk and jewellery). However, since the dramatic changes in the world market and the global economy in the late 1970s, there have been significant political, social and economic transformations in China, including greater exposure to Western ideals and advertising. The Western ideas of value, quality and style have swept the Far East; consequently, Western luxury brands have been leading the market in China for years (Liu, Perry, Moore and Warnaby, 2016). It is interesting to note that last year the market showed signs that it may be slowing down (The Economist, 2017); however, it is still too early to see a clear change, so this is not considered in this research.

Luxury is not a new term in China (Hoffmann, 2012; Kapferer, 2012; Yoo and Park, 2016). The ancient emperors and royals in China knew how to consume this genre of goods. Jiang Qiong'er (Qi and Dandan, 2013: 128), the founder of Shangxia, a sub-brand of Hermès, said: 'throughout the millennia of Chinese history, the feudal Chinese dynasties used to have the most exquisite luxury.' This royal luxury is clearly visible in artefacts from this era. Sekora (1977: 23) defined luxury as 'anything unneeded', which is set in the context of what society considers necessary and is thus a relative and dynamic term (Berry, 1994). Heine (2012) defined luxury as a relative term that could refer to almost anything or nothing, depending on whom you ask. Further, Vickers and Renand (2003) argued that luxury has become an overused and worn-out label for almost anything. This point of view is associated, in general, with Chinese heritage, more than with Italian, German, French and even Japanese producers, who focus their strategies on the mastery of craftsmanship skills. Additionally, China has been unable to maintain a continuous heritage of product quality over the past few decades (Statista, 2017b).

The economic growth experienced by East Asian countries, in particular China (Zhang and Zou, 1998), has led to a dramatic increase in the demand for luxury products (Statista, 2017a).

To some extent, the widening spread of luxury products has eliminated the use of scarcity to distinguish luxury products from ordinary products. However, these highly priced products are sought after, thereby establishing a new class of luxury, known as *new luxury*. Within this new-luxury class, a segment has developed for new-luxury sports apparel (sportswear and athleisure). The segment of athleisure and sportswear is an outcome of the active life trends that have increased over the last two decades. According to a Euromonitor International report, China's health and wellness boom has driven sportswear growth to a point where it threatens to overtake luxury goods by 2020 (https://jingdaily.com/chinese-consumers-driving-athleisure-market).

Csaba (2008) claimed that new-luxury brands are responding to the rapidly growing and relatively new markets, and that they are harnessing the heritage and conventional framework of luxury goods. Brun and Castelli (2013) acknowledged that the democratization of luxury has primarily taken place in the fashion apparel industry. Yeoman and McMahon-Beattie (2018) argued that 'nowadays with increased affluence, luxury is no longer the preserve of the elite. More and more consumers have traded up as old values of tradition and nobility have become less important.'

Csaba compared three studies from 2005 and 2008 on old and new luxury. The studies shared certain common ways of distinguishing new luxury from old luxury. Old-luxury goods were based on status, class and exclusivity, and some would regard old-luxury goods as dependent on the brand (Quach and Thaichon, 2017), whereas the new-luxury philosophy inspires consumers to forge strong emotional ties with products and brands (Csaba, 2008). New luxury also emphasizes the experiential nature of goods as perceived by the consumer (Quach and Thaichon, 2017).

Table 2 lists the differences and the positions of new luxury and old luxury according to Csaba (2008). The table also describes the positions or perspectives taken by the authors of each source when comparing old- and new-luxury goods.

Table 2: Old vs New Luxury

Source	New Luxury	Old Luxury	Position
Silverstein and Fiske, 2005 Silverstein, Fiske and Butman, 2008	**New-luxury goods are more accessible than old-luxury goods, but more limited than conventional mass-market goods. Within the reach of 40 per cent of American consumers, price is not prohibitive for 60 per cent. Have elements of craftsmanship, but are not completely handmade or assembled manually.**	**Old luxury is about exclusivity. Old-luxury goods are priced to ensure that only the top earning 1–2 per cent of consumers can afford them, and they allow profitability at low volumes. Carries a sense of elitism.**	**Celebrates the democratic nature of new luxury as well as the business opportunities it presents.**
Thomas, 2008	**Focus has shifted from what the product is to what is represents. New-luxury model (Arnault): Enhance timelessness, jazz up the design, advertise like crazy. For new brands: streamline and fold into corporate production distribution and retail network (49).**	**Old luxury in the old-fashioned sense of the term is genuine personal attention, exquisite materials and beautiful craftsmanship (332). Small-scale production. Old luxury is true luxury.**	**Laments the disappearance of old-luxury virtues.**
Danziger, 2005 Silverstein and Fiske, 2005	**Represents a consumer-centric, experiential understanding of luxury. Emphasizes the personal and emotional dimensions of luxury. The individual consumer is ultimate arbiter of luxury.**	**Old luxury reflected the view of luxury as something intrinsic to the object. The product's attributes, qualities and features qualified the item as worth the luxury label. Old luxury is about exclusivity.**	**A hedonistic approach. Returns to the sensory roots of luxury. Celebrates the democratic nature of new luxury as well as the business opportunities it presents.**

Source: Csaba (2008: 23)

The roles and positions of luxury goods are somewhat questionable in today's mass market. Historically, luxury was commonly associated with rarity or, at least, with singling out an individual user from the masses of consumers of a similar product category, with traditional luxury consumers considered a homogeneous group of 'the happy few'.

Now, multiple contrasting segments have emerged among luxury clientele, who perceive the meaning of luxury very heterogeneously (Chandon, Laurent and Valette-Florence, 2016). Arguably, luxury products that build upon the heritage of high-quality and precise manual production work cannot scale up to global economies due to the increasing costs per unit and the lack of skilled labour. On the other hand, the production of new-luxury products based upon the heritage of high-quality materials and designs can scale with greater ease.

The increasing popularity and growth of luxury brands are challenging for luxury brand owners who strive to maintain an image of exclusivity (Kastanakis and Balabanis, 2012). Other terms that describe the actively growing sectors of luxury consumption include *masstige* (mass + prestige; Chandon *et al.*, 2016) and *modern luxury* (Kapferer and Valette-Florence, 2016).

'Today, luxury is no longer a privilege the preserve of high net worth individuals (HNWI); it is accessible to all' and has changed the essence of luxury from something based upon materialism and conspicuous consumption to one that embraces enrichment and experiences (Yeoman and McMahon-Beattie, 2018:204). Consumers are interested in the image of the product or experience and what status it brings; therefore, new-luxury goods and services are not necessarily rare or manufactured in low volume but attained for the label due to their design or allure. Thus, the emergence of accessible luxury is in part because of the tendency to trade up that currently characterizes consumption habits (Yeoman and McMahon-Beattie, 2018).

The change in the luxury market has further blurred the definition of luxury and created different paradoxes that will be discussed in the results section of this thesis. Luxury brands were forced to recalculate their strategy in order to adapt and stay competitive in the luxury market segment. Premium brands started shifting towards luxury dimensions, and the borderline that used to be somehow defined had changed.

2.4.2 New luxury

The new luxury differs from the traditional luxury by being more affordable, more assessable and by targeting new consumers. (Truong et al., 2008:1473)

Silverstein *et al.* (2008) explained that new luxury relates to phenomena associated with middle market consumers who are trading up and can afford new luxury goods. Different forces have driven new luxury: demand drivers and supply factors. Examples of demand drivers are changes in household income and in global travelling; supply factors include mass communication, technological changes and new retail channels. Consumers are paying a premium price for goods that have higher levels of quality, taste and aspiration than other goods in the category but which are not as expensive or as unobtainable.

2.4.3 Modern luxury

Modern luxury brands and products (Kapferer and Valette-Florence, 2016) are characterized by the symbolic capital that they have collected. This symbolic capital is centred not only in the product's uniqueness and preciosity but also on the entire brand's appeal. Furthermore, the challenge in modern luxury (see Appendix 2.4.3) is to know how to distribute rarity without rarity: rarity is managed, or even simulated (Kapferer and Bastien, 2009b).

2.4.4 Example

Some luxury brands use their well-known established image for different product categories and undertake a process of brand extension. One of the interesting brand extensions is in the category of sportswear. Sportswear products are usually developed with innovation in mind, starting with fabrication, special requirements and accessories, and other details. In the past few years, sports companies and sports segments in fashion have grown tremendously.

The largest market in the world for activewear is the US market. Sales of female activewear totalled $15.1 billion in 2014, representing half of the US activewear market (Zhou *et al.*, 2018). On a global scale, the female activewear market currently outpaces its male counterpart and is expected to grow at an annual rate of 5.7 per cent from 2015 to 2020 (Zhou *et al.*, 2017). Sports apparel brands such as Under Armour, which have traditionally focused on the men's market, are now developing new lines of women's garments.

One of the challenges that luxury companies will face in the coming years is how to adapt their strategies towards innovation while preserving heritage. As sportswear becomes more *haute couture*, these parameters need to be further studied. For example, Adidas and Stella

McCartney launched a luxury line of sportswear (Lim, Kim and Cheong, 2016). Adidas also launched a luxury sports line with famous designer Yohji Yamamoto. Karl Lagerfeld teamed up with Puma to create the Capsule Range (Foreman, 2018) that features sporty collection basics fused with the brand's codes; for example, there have been two unisex spins on Puma's iconic Suede sneaker.

To explain these collaborations, Kapferer and Bastien (2009b: 312) proposed that brands need to forgo classical marketing rules in order to enter the luxury market, establish a successful luxury brand and maintain a luxury brand position. In addition, Yeoman and McMahon-Beattie (2018: 210) proposed that:

Recent years have seen multiple collaborations between high street and luxury brands, and particularly so in the fashion sector. By making their brands accessible to somewhat more mainstream, less affluent and often younger consumers, luxury brands can drive awareness among a demographic that would otherwise be unable to experience them (but may well do in future as they progress up the socio-economic ladder). These lines frequently generate significant hype and sell out quickly, limiting access to those early few who managed to get there first (Parguel et al. 2016; Seo and Buchanan-Oliver 2015).

2.4.4.1 *New luxury: Sportswear and athleisure*

The luxury sportswear segment is sometimes referred to as 'lux-sportswear' (new-luxury sportswear). There are mixed perspectives on whether this is a new segment or was started a long time ago and has been revived. According to Bielefeldt Bruun and Langkjaer (2016), Chanel started this trend in the 1920s.

The sporting goods industry has grown rapidly in recent years. Sportswear is not only used for improving performance and identifying with a team but is also considered a simple expression of a sporty image outside the sports field (Lim *et al.*, 2016). Sports clothing and accessories appeal to 'weekend warrior' customers (Bridel, 2015), which has helped the growth of this market segment. Weekend warriors are amateur sports enthusiasts who use their sports goods for sports but are not professional or competitive athletes.

Sportswear became a dominant part of the everyday wardrobe in the 1980s (e.g., on 'dress-down Fridays') and continued to be part of street fashion during the 1990s (McCann, 2016): 'With the new century, fitness clothing and sportswear have increasingly dominated the leisure-clothing market and the casualization of dress is now predominant across the population' (McCann, 2016: 5).

There is a fast-growing luxury sportswear market (Lim *et al.*, 2016). Consumers are becoming more sophisticated in their tastes, more educated and more culturally curious, and they have nurtured a desire for product personalization (Kim and Ko, 2010; Silverstein *et al.*, 2008). According to Lim *et al.* (2016), more consumers are now willing and able to pay premium prices for higher-quality, higher-status products such as luxury goods.

Yeoman and McMahon-Beattie (2018) argued that luxury is no longer about price or material goods; rather, it is increasingly about experiences and other intangibles. They offered new dimensions of luxury that are beyond materialism, such as experience of time, space, community, individuality and well-being. These dimensions are related to the travel sector, but they can also signal the fast-growing luxury sportswear market.

There are two ways for sportswear brands to enter the luxury fashion market. The first occurs by co-branding with a well-known designer who introduces a luxury line of the sportswear brand (Lim *et al.*, 2016). The second is the extension of luxury fashion brands into the sportswear market through the launch of a sports line. Lim *et al.* (2016) examined the antecedents of consumers' purchase intentions and willingness to pay for sportswear brands. Their study revealed the higher influence of symbolic benefits when planning to purchase luxury brands compared to regular brands. The impacts of symbolic benefits were greater for luxury sportswear lines based on brand extension than for those based on luxury co-branding. The opposite relationship was observed for hedonic and utilitarian benefits.

There may be a third option: borrowing from luxury product design, thereby strategically creating a sub-brand. For example, in the car industry, the well-established brand Volkswagen holds the sub-brand Porsche to produce specialized supercars and to utilize the company's heritage and technical capabilities in carving out a luxury niche.

2.4.4.1.1 Dialogue for the terminology: sportswear, athleisure and activewear

There are no academic definitions of sportswear, athleisure and activewear products. These words appear in academic journals but are usually described in marketing terms, such as in relation to the consumers who buy them (Lim *et al.*, 2016), or in relation to other fields like ergonomics (Bishop, 2014).

The following definitions for sportswear, athleisure and activewear are from the *Merriam-Webster Dictionary*: *sportswear* is 'clothing suitable for recreation; broadly: clothing designed for casual or informal wear'; *activewear* is a synonym of sportswear; *athleisure* is 'casual clothing designed to be worn both for exercising and for general use'.

Wu and Chalip (2013, cited by Lim *et al.*, 2016: 1) claimed that 'sportswear is acquired by many types of consumers and for various reasons. For example, people may consider buying sportswear to simply play sports, improve performance, or identify with a team.' This understanding is opposite to that of Roberto Bechis, who has a long track record in the industry and is the manager for the Chinese division of Inquieto Sportswear Co. Ltd. He suggested the following differences between sportswear and athleisure (from a private discussion with the author on 2 February 2018):

Based on my experience, I can say that sportswear is like 'equipment' to do sports, including apparel and technical equipment (like goggles for swimming, skis for skiing, football shoes for football, etc.). I mean, both the apparel and the equipment are technical wear that supports customers in doing sport, as sportswear improves the performance of athletes. So, the design, construction and raw materials must help and improve their performance in that field of sport, so that they win in competitions. Only in the last few decades has sportswear added more design, style and lifestyle features. Instead, athleisure was born from the fashion side to provide fashionable style and design based on sports elements but to be used for leisure, free time, walking in the street, etc. It often uses some technical raw materials or patterns from sportswear and shows an opposite side to formal or pure fashion apparel. In any case, athleisure is not useful for technical sports or to improve performance or for sport competition. The only totally combined area is the gym, where both can be used.

His point of view concurs with that of Stride, Williams, Moor and Catley (2015) who explained that, at the beginning of the century, sportswear design was similar to uniform design in trying to achieve practical functionality. It was then designed so that it would look different from general fashion lines.

Activewear is defined by Zhou *et al.* (2017: 4) as 'clothing designed for active use such as exercise, sport, or leisure', which includes both athleisure and sportswear defined activities as noted above.

The discussions of which definition is more appropriate will perhaps continue, but the phenomena of comfort and fashion, sport and fashion are not going to diminish in the near future as described below:

Athleisure is displacing normal apparel, while several retailers have filed bankruptcy or shut down stores in recent years, the athletic apparel market has consistently grown, turning 'athleisure' into the hottest buzzword in fashion. The term grew out of people discovering the

comfort of wearing workout gear as everyday attire. Instead of proving to be a fad, athleisure is now extending to formal styles suitable for the office… Success in office styles could have a huge impact on Lululemon's growth. It brings together the best of both worlds: comfort and fashion. Athletic wear is designed for movement and activity (and sweat). These concepts are now being applied to broader apparel categories, while featuring the same synthetic fabrics, comfort, and functionality as the best athletic wear (Ballard, 2018).

2.5 **Design Process**

Based on an earlier work by Koberg and Bagnall (1981), Watkins (1995) defined the design process as constituting seven steps: accept, analyse, define, ideate, select, implement, and evaluate. LaBat and Sokoloski (1999) affirmed that if these steps are followed comprehensively, then successful products will result.

The design process for apparel has been described as 'the complex task of identifying and translating needs into garment attributes is accomplished through the design process' (Bye and Hakala, 2005: 46). Lamb and Kallal (1992) explained that the design process for developing apparel design products is a creative problem-solving process, and other researchers in the field have reached a similar conclusion (LaBat and Sokoloski, 1999; Tan, Crown and Capjack, 1998).

The design process as presented above suggests that specific steps should be followed, and hence it seems to be a linear process. In practice, however, the process often includes different iterations (Bye and Hakala, 2005) and is more circular in nature. When working under constraints with limited resources, moving to the next step can be particularly challenging (Watkins, 1995). Constraints are not limited to resources, since they can also be associated with the designers themselves, such as in relation to their own professional goals and desires for self-expression (Lawson, 1983). Designers can seek a greater level of novelty and influence in a product even if the market does not accept it (Bloch, 1995).

One of the first steps in the design process is to define the design problem. This stage is very important in order to achieve a strong design solution (Bye and Hakala, 2005), and it requires a clear analysis and definition of the design problem.

Bye and Hakala (2005) clarified Watkins's steps for the design process (1995: 46) as follows: (a) The accept step, the designer makes a professional commitment to the project. (b) The analyse step involves gathering information that helps the designer to understand the design problems and to identify user needs. This step requires the most time and effort from the designer, but if done well, should result in a more productive process. (c) The define step uses the analysis information to clarify the core issues of the design problems and develop design criteria. (d) The ideate step is developing a range of possible solutions that can be used to solve the problem. (e) Solutions are assessed against the design criteria for the best match during the select step. (f) The implement step is the part of the process when the product is made. (g) The design is evaluated using the design criteria and often wear-tested during the evaluate step.

The design process is similar to that of different products in different industries; nevertheless, in luxury, creating a successful new product or variations on an existing product requires the designer to stay true to and aligned with the brand's DNA, while at the same time continuing to explore internally and externally outside the enterprise.

2.5.1 Product development

New information and communication technologies and changes in the production process result in a reduction of the added value that used to derive from the actual production of goods. The focus has shifted from products that used to be a strategic resource of profits, competitive advantages, and the particularly skilled knowledge workers to the assets of innovation, flexibility and brand. These assets have been created through common resources formed from consumers' and workers' knowledge and their different networks (Arvidsson and Peitersen, 2013). Despite these changes, designers still need to look at the traditions in their brands' historic product designs and strive to maintain that quality and authentic essence. They need to transfer, use and mirror the knowledge from the brand heritage and historic background of these design firms into the product that they develop.

The term *product* refers to a wide variety of goods and services, both tangible and intangible, and all of them designed. Product is part of the classic 4Ps framework (alongside price, place and promotion), based on McCarthy's work (1964). The 4Ps framework was extended by Booms and Bitner (1981), who added three new elements: people, processes and physical evidence (7Ps). A product could be anything that can be offered to a market to fulfil and satisfy the desire or need of a customer, and in retailing it would be define as merchandise (Kotler, Armstrong, Brown and Adam, 2006). Bloch (1995: 17) contended that 'a product's form

represents a number of elements chosen and blended into a whole by the design team to achieve a particular sensory effect'. Gotzsch (2002) suggested that a product can express social characteristics and provide 'status' or demonstrate the success of its owner, reflecting their ambitions, beliefs or lifestyle; this is even more important when discussing luxurious products. Luh (1994) explained that a product goes through four phases and that, in the maturity phase, the product becomes a status-reflector and its appearance is a critical factor in its success. At the decline phase, the product becomes desirable for nostalgic reasons, even if it functions badly.

A product is constituted from different components (Bloch, 1995; Gotzsch (2002); Luh, 1994), some of which are functional and some aesthetic. The balance between the two has changed over history; objects, such as weapons, pottery and clothing that have been decorated since ancient times (Becker, 1978), enter different periods when 'less is more' (this phrase is used to describe minimalist design and architecture). The emphasis on more aesthetic products became central and relevant with the influence of markets, and a product's exterior form is one way to achieve success in a competitive market (Bloch, 1995), sometimes regardless of its function.

A product's form creates an initial impression and communicates information to consumers. This initial impression can also generate inferences regarding other product attributes in a similar way to price (Berkowitz, 1987). Lawson (1983) explained that a product's form can affect customers' quality of life and can also provide sensory pleasure and stimulation; on the other hand, products with design mistakes can cause distaste and even accidents (Norman, 1990). Bloch (1995) emphasized that products can become icons and have an impact for generations, such as the Tiffany lamp (a glass lamp, designed by Louis Comfort Tiffany that is considered to be an iconic product of the art nouveau movement).

The quality of a product or service is perceived by the customer to include both the product's quality and the provider's quality (Booms and Bitner, 1981). Customers do not separate the two (Berry, 1984, as cited by Booms and Bitner, 1981). Booms and Bitner (1981) explained that the quality of employees and their performance need to be monitored because they contribute to the perceived product quality. Having the right people is essential because they are as much part of the business offering as the products or services offered by the firm.

Psychological responses to a product can occur after the product has been finalized. Responses to a specific product can be cognitive, affective, or both. Cognitive responses can affect consumers' beliefs about a product or brand. Product forms can be associated with different

characteristics, such as durability, technical sophistication, ease of use and prestige. The creation of desirable beliefs is influenced by the designers, who choose specific elements for the product form (Berkowitz, 1987).

There are different psychological approaches to how product forms are perceived. Bloch (1995) discussed two contrasting approaches. The first is the gestalt approach, whereby an object is perceived as a whole, such as when an automobile is perceived as a complete entity rather than as a collection of parts. The second approach is based on atomistic perception: consumers look at individual elements and fit them together. Bloch (1995) suggested that both gestalt and atomistic aspects appear in product design. Another cognitive response to product forms is categorization. Bloch (1995) explained categorization as the consumers' way of understanding a product by fitting it into an existing category. Consumers look for similarities between a specific product and similar options. Meyers-Levy and Tybout (1989, cited in Bloch, 1995), stated that consumers prefer moderate differences between goods in the same category with respect to existing products.

The categorization of a luxury product is the holy grail of luxury brands. If a firm succeeds in categorizing its product as a luxury product, then that product will be sold for a higher price and will contribute to the categorization of the whole brand as a luxury brand. This means that the brand's positioning as a luxury brand results from the sum of its products categorized as luxury products. This is not the only way to achieve this: the products of a luxury brand can have an a priori perception as luxury products, but they need to establish their individual luxury positioning as well.

2.5.1.1   The functional, expressive and aesthetic model for apparel design

The following model, as developed by Lamb and Kallal (1992), offers a conceptual framework for apparel design. This model was developed to help in designing garments for special needs' consumers. According to Lamb and Kallal, it can also be applied to other types of apparel design because their study did not distinguish between functional apparel design and fashion design. The model offers three criteria relating to consumer needs for the design of an apparel product: functional, expressive and aesthetic (FEA) (see Figure 5).

Figure 5: The FEA consumer needs model

<div align="right">
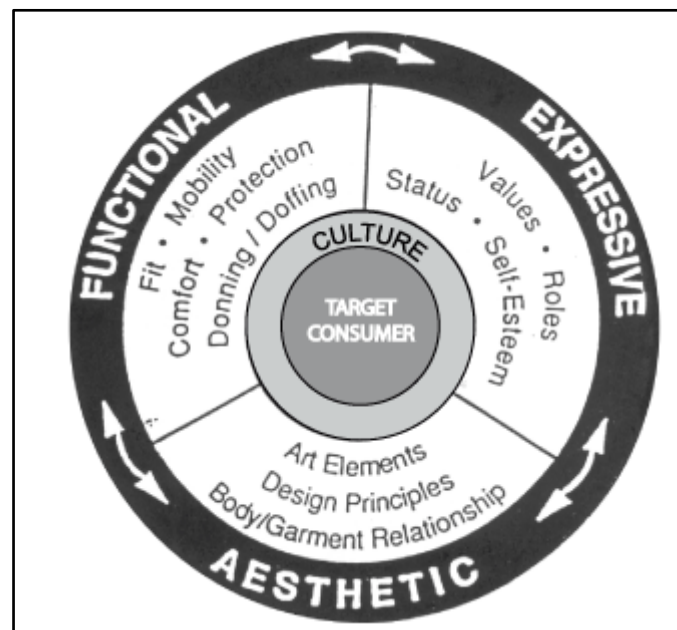
Source: Lamb and Kallal (1992: 42)

</div>

The profile of the target customer needs to include demographics, psychographics, physical characteristics, activities and preferences. Examining the needs of the customer should be done within the context of the use situation. Culture acts as a filter between the intended users of apparel and their requirements; furthermore, culture influences what users consider to be acceptable options for resolving design problems. Lamb and Kallal (1992) argued that designers must be alert to culture while developing new products.

Functional considerations relate to utility and include protection, thermal comfort, fit and ease of movement. There are some apparel items that are thought of in functional terms, like rainwear, thermal underwear and exercise attire.

Expressive considerations incorporate the communicative and symbolic aspects of apparel. Lamb and Kallal (1992) acknowledged Damhorst's (1990) research, which demonstrated how attire communicates a variety of messages from the wearer. They also recognized Kaiser's

(1990) research, which suggested that a garment is a symbol that viewers interpret in various ways, often culturally directed.

Aesthetic considerations fulfil the human desire for beauty. Aesthetic requirements for apparel products include the use of lines, forms, colours, textures and patterns to create a pleasing design. Customers react to apparel merchandise according to their own cultures; the standards for beauty can be different within an individual culture or between cultures.

Although we have considered the growing segment of sportswear, only a small amount of research on activewear and sportswear consumption and design has been conducted. Sullivan, Hanlon, Spaaij and Westerbeek (2017) reviewed women's activewear trends and drivers. Women who purchase activewear consider different factors and search for designs that symbolize a modern way of living an active life. Sullivan *et al.*'s study revealed the patterns and trends in physical activity and reviewed the relationship between the marketing and design of women's activewear and the needs of female consumers. They suggested that further research is needed regarding activewear consumption from a female perspective (Sullivan *et al.*, 2017).

Zhou *et al.* (2018) researched female activewear consumption by examining the perceptions of activewear brands among female consumers. Their research integrated brand association with research on clothing and textiles. They focused on the perceptions of the attributes and benefits of activewear usage among female consumers. Their research consisted of two stages. In the first stage, they classified three categories of brand associations, based on the work of Keller (1993): attributes, benefits and attitudes. In the second stage, they examined the structure of female consumers' activewear brand associations by making connections from attributes to benefits. This was one of the very few scholarly studies done on activewear consumption and female consumers.

Figure 6: A vertical structure of activewear brand association
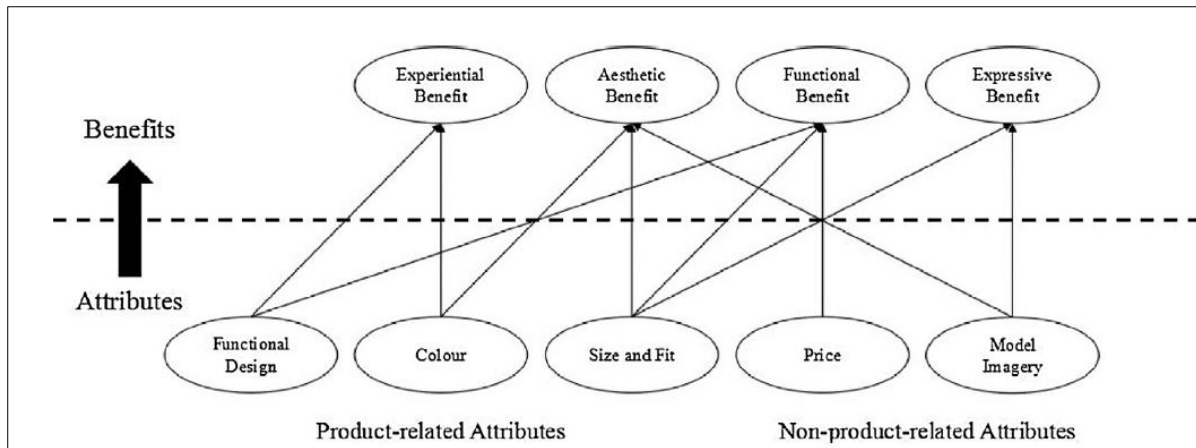
Attributes related to descriptive features were divided into two categories (see Figure 6): product-related attributes (functional design, colour, size and fit) and non-product-related attributes (price and model imagery). Product-related attributes represent the internal features that are necessary for product performance. Non-product-related attributes are factors that affect the purchase or consumption experience (Zhou *et al.*, 2017).

Benefits are the values that consumers attach to a product and consist of four types: functional benefits, experiential benefits, aesthetic benefits and expressive benefits. Zhou et al. (2018) found some interesting results regarding the functional benefits related to the performance of activewear. Their discussion of functional benefits focused on two aspects. The first aspect is practical features, such as a bra strap that fits comfortably or a pocket for carrying personal items. The second aspect is fabric, as the participants identified the fabric technologies used by different activewear brands. The researchers did not provide the subjects with the product's brand name; however, the subjects responded using familiar brand names that they associated with positive experiences.

When asked about price, the subjects came up with a long list of activewear features. The participants did not believe that these features always justified the price of activewear:

There was a consensus that activewear is 'ridiculously priced' compared to what it offers. One participant said: 'I do not understand why activewear needs to be so expensive. That can deter me a lot from buying something. I want to be active. I want to look good, feel nice, feel confident and comfortable – all those things, all in one very good priced product. I do not want to compromise one thing for another.' (Zhou *et al.*, 2017: 6)

The concept of product development changed at the beginning of the twenty-first century. Companies were competing globally and consumers' behaviour had changed, requiring products that were more customized and uniquely altered for consumers' needs. Consumers today can search for and buy products through many media channels. They are searching for products that match their personal combination of values, quality traits and sense of integrity (Cagan and Vogel, 2012).

The new consumption channels sometimes limit our ability to gauge quality. For example, Internet purchases do not allow buyers to touch the fabric and sense the weight, smoothness or sewing quality of the product. This is even more apparent when buying a piece of fruit online: you see a picture of an apple that represents the item but is not a photograph of the actual apple you are purchasing. This is often labelled 'for illustration purposes only'. This makes the guarantees provided by the brand even more important.

2.5.1.2 *Moving to the upper right*

'Moving to the upper right' means committing to style, technology and value. The company is interested in developing unique breakthrough products, which will give the company a better selling position and will be difficult for competitors to replicate (Cagan and Vogel, 2012).

If a company uses tools to protect its products, such as design patents, trademarks and copyrights, the 'sheer cliff of value to the upper right can be difficult, if not impossible, for others to climb' (Cagan and Vogel, 2012: 59).

Figure 7: Effectiveness in lifestyle impact, features and ergonomics
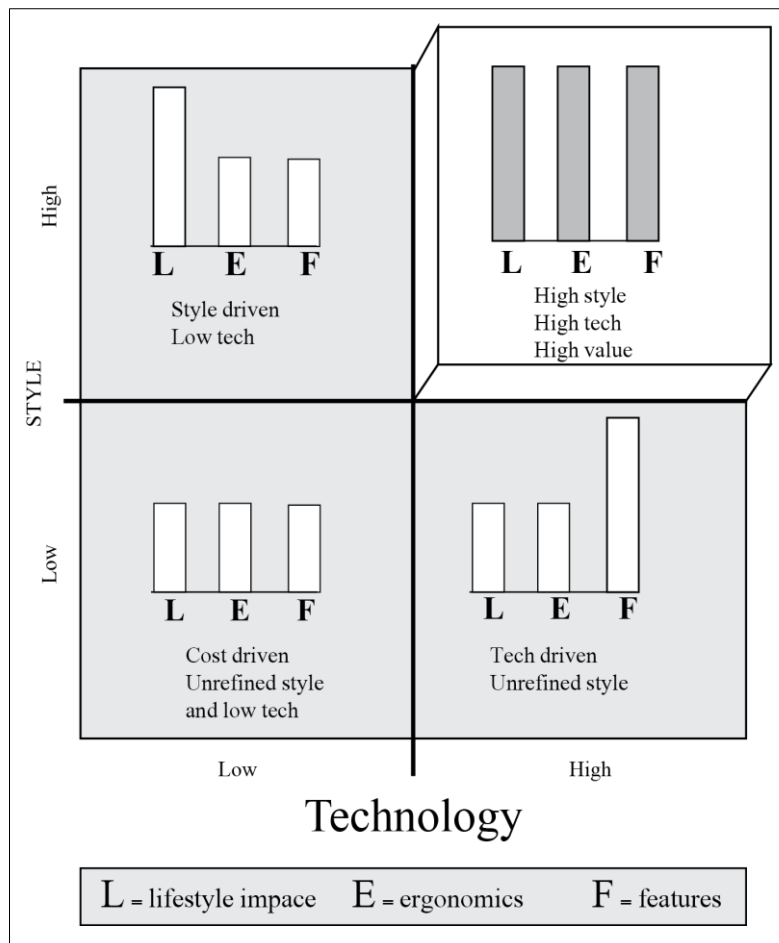
As shown in Figure 7, the products in the upper-right box can be revolutionary or evolutionary changes to an existing product line. For a company to be a leader in the upper right, its products should add significant value over the competition's products.

Pine and Gilmore (1999, cited by Cagan and Vogel, 2012: 70) described the emerging experience economy, in which companies will succeed by producing or supporting experiences (see Figure 8). According to Pine and Gilmore, commodities lead to goods, which lead to services, which in turn lead to experiences. These experiences are a new source of value for the consumer. What is striking in their research is that each progression leads to higher pricing for the product.

Figure 8: Pricing strategy: Economic value from core commodities to optimum experiences

Cagan and Vogel (2012: 70) reasoned that people 'will pay – and pay highly for quality experiences commodities provide the means to create goods that provide services that, together with goods, stage experiences'.

2.5.1.3 Designer resources

Exploration and exploitation both draw resources, and thus resource constraints require organizations to make trade-offs between them (Greve, 2007; Levinthal and March, 1993). These trade-offs can be mirrored in the process of product development when a designer needs to balance different types of resources and constraints.

Designers decide how to mix different elements and balance them into the workmanship in the process of creating new products (Bloch, 1995; Davis,1987; Kellaris and Kent, 1993). Some of the elements are visible and get to become physical sources, while others belong to their design background knowledge. Materials and colours are examples of sources that can be accessed tangibly, while shape, scale, tempo and proportion are examples of characteristics that have an impact on the product form but are part of the designer's background knowledge.

Cultural preferences and values can also shape the reaction towards a product. Inner feelings can be triggered by cultural norms regarding product forms. Designers can also be influenced

by specific social cultures or brand/firm cultures. Designers try to create products that will be desirable in a specific culture or subculture. Design preferences are also influenced by age, social class, and regional and ethnic subcultures (Bloch, 1995). Moreover, design acumen, personality and prior experience play a part in design preferences.

Alongside individual tastes and preferences, situational factors, which include sequence effects, social settings and marketing programmes, are another moderating influence (Bloch, 1995). Situational factors moderate psychological and behavioural responses to product forms. A design can be standalone or it can fit with the designs of other objects. Bloch (1995: 22) suggested that 'the position of one product affects the desire to own other objects'. In terms of aesthetic value, according to Bell, Holbrook and Solomon (1991), preferences specifically for apparel collections favour stylistic harmony. Social setting is another moderator of consumer responses, as purchase outcomes can be influenced by the environment in which the product is positioned. Marketing programmes that alter a product and the way that distributors display the product can influence consumers' reactions.

Different organizational cultures and management styles vary in their attitudes to designing products. One of the challenges is to determine which product form elements trigger particular cognitive reactions among consumers. In apparel, using novel elements can make a product form successful for decades. Some items can improve with age, such as leather products and blue jeans.

Affective responses to product forms can vary from moderate to strong emotions similar to the reactions to seeing works of art. The response of enjoyment can occur without any practical considerations: 'Aesthetic responses are formed on the basis of intrinsic elements of the stimulus, and they encompass strong attention and involvement' (Bloch, 1995: 20). Aesthetic responses are more strongly related to sensory properties than to functional attributes. Most successful products integrate aesthetic value and utilitarian value. Sometimes, negative reactions can occur towards product forms; apparel designs have failed because of negative reactions to design elements (Bloch, 1995).

Consumer responses to a product form are moderated by tastes and preferences. According to Bloch's (1995) conceptual model, these include innate design preferences, cultural and social contexts, and consumer characteristics. Innate design preferences include gestalt principles. Consumers generally prefer product designs that follow gestalt rules such as proportion and unity. Some would rather have moderate arousal and irregularity: 'the delight comes

somewhere between boredom and confusion' (Gombrich, 1979, cited by Bloch, 1995: 21). Bloch stated that human-made objects that are similar to organic objects in shape and form are favoured by consumers. He explained the significant innate design preference for proportion, such as the 'golden section'.

2.5.1.4   Design constraints

A product's form represents one solution to the design goals and constraints. Lawson (1983) explained that designers should create a product that satisfies a target consumer group. Usually, designers work under constraints and objectives, some more complex than others, and need to come up with correct or appealing designs. Performance can be an essential constraint when developing and designing a new product. The aesthetic appeal and functional performance need to work together to strike a responsive chord in target consumers. Constraints could be helpful to reduce options and to define the product, and it has been found that creative individuals and teams can benefit from constraints and that constraints can both inhibit and enhance a work team's creativity (Rosso, 2014).

Design constraints also include marketing programme constraints: the forms that designers are required to create could be influenced by brand positioning, company reputation or even anticipated promotion themes. Bloch (1995) mentioned the distribution plan as part of the marketing programme constraints and explained that the ideal product form should align with storage, handling and transportation capabilities.

The ergonomics of a product is an example of a product requirement that could lead to aesthetic constraint. Osborne (1987) explicated the importance of ergonomics (including matching the product to target users' capabilities) in maximizing product safety, efficiency and comfort. Ergonomics often has a direct influence on characteristics such as weight, texture and shape. Often, a successful product will not be the most beautiful: it will be the one whose form is the most comprehensible and usable. This could be related to Louis Sullivan's (1896) theory that 'form follows function' or to Luh's (1994) notion that a product is a balance between function and form. Norman (1990) highlighted the importance of ergonomics in the context of user constraints. The product should be confined to its correct usage. Production and cost constraints, manufacturing capabilities and cost restrictions can limit the solution choices that are available to designers; as such, they can influence the form of a product. The least flexible of all the constraints that designers need to work with are regulatory and legal constraints.

Designers must prevent any wrong use of a product and should use design features to avoid inappropriate usage.

2.5.2 Co-creation and product variations

Constraints in the design process help the designer to create limits for their creative work and to focus on the direction. This is even more important in a changing market. Co-creation is one example of creating a guideline for the development of a new product or service and helping the designer to create a new product. The ecosystem of creating a new product is no longer just the enterprise; instead, it comprises a larger community that includes stakeholders, consumers and even opinion leaders. In the past, the design process occurred between the 'factory walls', and the research and development was the property solely of the company; nowadays, 'connect and develop' help to increase productivity (Arvidsson and Peitersen, 2013).

Formerly, when interacting with consumers, firms aimed for value creation and value extraction (Prahalad and Ramaswamy, 2004a). The market was a forum for conversations and interactions between consumers, consumer communities and firms. Traditional firms decided which products and services to produce and what their respective values were to the consumer. The consumer had no role in value creation. This traditional system of value creation has shifted from a product- and firm-centric view to one of personalized consumer experiences (Prahalad and Ramaswamy, 2004a). The role of the consumer has changed from passive to active. Autonomous firms have been replaced by firms that use interactions with consumers to co-create value. O'Hern and Rindfleisch (2008) stated that traditional market research methods recurrently provide managers only with a brief of what customers want or need; as a result, most new product failures are a result of a firm's imperfections in accurately fulfilling customer needs (Ogawa and Piller, 2006).

O'Hern and Rindfleisch (2008: 5) highlighted that:

Successful NPD (new product development) requires two essential types of information: (1) information about customer needs and (2) information about how best to solve these needs (Thomke and von Hippel 2002; von Hippel 2005). Typically, customers (or users) have the most accurate and detailed knowledge about the first type of information while manufacturers (or providers) have the most accurate and detailed knowledge about the second type.

Table 3: Characteristics of Co-Creation Types

Type of Co-Creation	Selection Activity	Contribution Activity	Key Payoffs	Key Challenges	Prototypical Application	Key Studies
Collaborating	Customer-led	Open	Reduced development costs, Continuous product improvement	Protecting intellectual property, Attracting a critical mass of collaborators	Open source software	Grewal *et al.* (2006); Lakhani and Wolf (2005); Von Krogh *et al.* (2003)
Tinkering	Firm-led	Open	Enhanced differentiation, Virtual text markets for new products	Policing the content of rogue co-creators, Creating new competitors	Modified computer games	Jeppesen and Molin (2003); Nieborg (2005); Prügl and Schreier (2006)
Co-designing	Customer-led	Fixed	Reduced development costs, Decreased risk of product failure	Attracting a critical mass of designers, Defending against new entrants	Online voting on customer-generated content and designs	Ogawa and Pillar (2006); Cook (2008)
Submitting	Firm-led	Fixed	Shortened product development cycles, Increased access to novel customer ideas	Acquiring knowledgeable new co-creators, Retaining and motivating existing co-creators	Company-sponsored design competitions	Füller *et al.* (2004); Sawhney *et al.* (2005)

Source: O'Hern and Rindfleisch (2008: 43)

Today, consumers subject firms' value-creation processes to scrutiny, analysis and evaluation, which affects firms' relationships with them. They express their own views on how value should be created for them (Prahalad and Ramaswamy, 2004a).

Prahalad and Ramaswamy (2004b) suggested a model of co-creation with four requirements: dialogue, access, risk and transparency (DART). The DART components are emerging as the basis for interactions between consumers and firms, creating unique value for consumers based on their experiences. Along with technological means, these components can possibly emphasize or enhance uniqueness, which is akin to rarity.

Firms have traditionally benefited from exploiting the information asymmetry between themselves and individual consumers. The increasingly transparent business environment has created a market in which consumers know more and are increasingly willing to negotiate prices and other value aspects with companies. Although the 'general productive power' emerged from sharing knowledge, labour divisions became more efficient, which has resulted in knowledge transfer between different factories who can now spread new practice and insights (Arvidsson and Peitersen, 2013).

The distinction between the roles of production and consumption or between the company and its consumers is fading, which necessitates a re-examination of the roles. The need for differentiation has become increasingly commonplace as consumers look for unique items that fit their budgets.

The technology used in co-creation, such as the manufacturing of personalized, customized or even customer-designed items, breaks the association between uniqueness and scarcity, which plays a major part in luxury markets. This can be seen when comparing products available at community craft fairs with prestigious, master-crafted luxury items. The former are handmade, unique creations, but they are not necessarily high-quality goods; the quality of products in a co-creation process is not always comparable to the high standards of luxury products.

Vigneron and Johnson (1999) identified the processes of value co-creation by firms and customers. Co-creating a luxury brand experience involves dialogue and complex interactions among the brand owner, the employee, the customer and other social groups, including customer brand communities (Quach and Thaichon, 2017). Such communities include experts or agencies that are part of the brand owner's network and the industry itself. Tynan *et al.* (2010) discovered that brand owners do not just offer value but also co-create value with inputs and influence from customers and other parties to achieve sought-after value in terms of

exclusivity, recognition, access to privileged information and prestige. Their findings indicate that the interplay among non-competing but complementary luxury brand networks co-creates substantial value. Interactions with high-status individuals have become a crucial differentiator and a source of value for involved brands. The research identified a wide range of public and private events that are not necessarily led or controlled by brand owners. The researchers' ethnographic analysis revealed that the brands' events were rich and varied, including partner events sponsored by the brands as well as events independent of the brands.

In this respect, the production and marketing of new-luxury products are more sensitive to changes in the industry–consumer relationship. These products are mass produced and mass marketed, and the skills necessary to manufacture them are not based on the same type of craftsmanship as that involved in traditional luxury products. The branding and brand awareness developed among consumers and the industry as a whole play a major role in a company's success, so it can be more easily affected by changes in sentiments. Additionally, the distinction between 'ordinary' mass-market goods and new-luxury products, which are positioned and promoted in every aspect like luxury goods, presents tangible challenges to producers of these products, as well as to retailers.

Quach and Thaichon (2017) highlighted the importance of the customer as a co-creator of value when experiencing a product or service in a specific situation. They emphasized the specific importance and value of co-creation in e-commerce and other interactive environments. The authors described the background and evolution of the online presences of luxury brands, based on the platforms of Web 2.0. The active participation of consumers in creating knowledge and opinions creates assets for the brands.

The big data collected on the Web is a form of new capital in the digital area (Xie, Wu, Xiao and Hu, 2016). Big data is a valuable asset to customers and firms in the transformation of resources into cooperative assets in value co-creation processes. Xie *et al.* (2016) identified four different big data information resources created by customers: transactional, communicational, participative and transboundary big data resources. These resources are generated by four different customer roles: buyer, ideator, designer and intermediary. Based on their case studies, Xie *et al.* (2016) proposed the model shown in Figure 9.

Figure 9: The model of cooperative assets formation
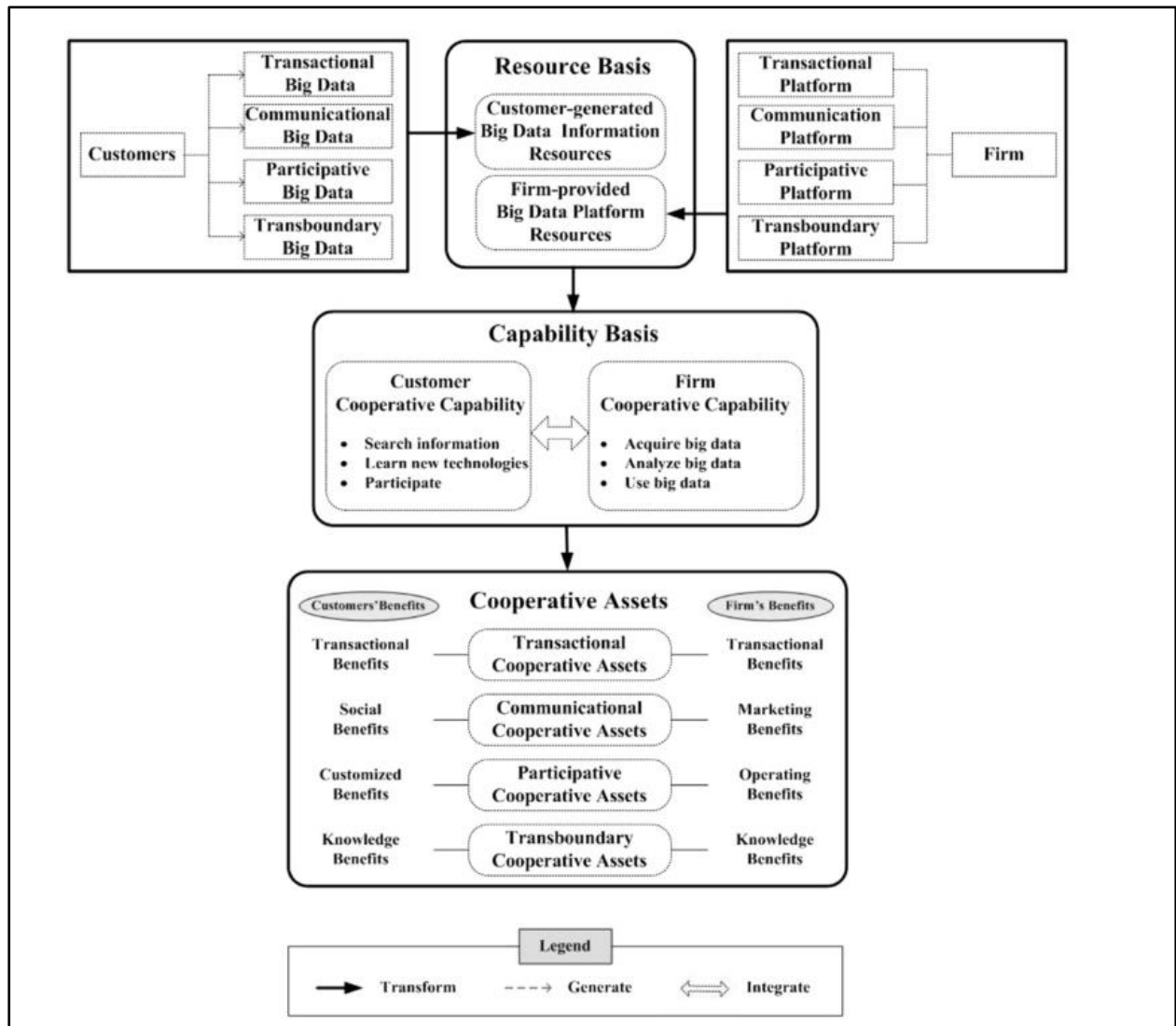
Transactional big data is rooted in purchasing behaviour and the buyer role. Monitoring online purchasing can help to generate transactional big data, such as data related to product categories, buying cycles, colours, locations and demographics.

Communicational big data is generated by ideators. Xie *et al.* (2016: 1035) based their four different roles on the work of Lusch and Nambisan (2015): 'The role of ideator reflects customer capability to bring knowledge concerning their needs and unique work to the firm context and to integrate it with knowledge concerning their use of existing market offerings to envision new services.' Communication with a firm could happen when purchasing its goods through an interactive website, for example. Another example is positive or negative feedback from consumers after sales. Interactions, such as dialogues before or after purchasing can be

recorded and stored. The communication of big data also happens in the virtual communities and social platforms provided or built by firms.

Consumers share their experiences in words (comments) or photos. The value of communicational big data was well described by a customer service supervisor of one of the firms tested in a previous study: 'The information generated from customer group communications hides mountains of value. Their favorite topics, puzzles, emotional feelings, or characteristics could be reflected by these data' (Xie *et al.*, 2016: 1040).

Participative big data is drawn from customers' knowledge, resources and skills, whereby customers actively participate in product or service development and are part of the decision-making process, thereby taking on, in effect, the role of designers.

Transboundary big data is based on the data generated by customers who have different service environments and share their knowledge across different ecosystems. Transboundary customer behaviour reflects an intermediary customer role.

Yeoman and McMahon (2018) rationalized that using big data is becoming indispensable and that it enables the personalization of luxury experiences and prices on an individual level. They suggested that companies should embrace big data to get an in-depth understanding of the exact premium price that a consumer would pay for specific attributes of premium values. Burberry is a good example of a brand that has adopted the valuable opportunities of big data into its business (Marr, 2017).

2.5.2.1 *Service-dominant logic, operant resources and operand resources*

Service-dominant (S-D) logic describes the shift from the days of product-centred markets, when firms usually knew their customers, to the new era of the service-led model, which is customer-centric and focuses on relationships. In S-D logic, there are operant resources (non-physical), such as skills and knowledge, and operand (physical) resources, such as goods. The exchange of information is a highly valuable operant resource (Vargo and Lusch, 2004).

> According to Xie *et al.* (2016: 1035):
>
> S-D logic emphasizes that service is the fundamental component of economic exchange. Goods are only distribution mechanisms for service provision, not a unique expression of value. Firms are described as contributors, not simply product providers, to help customers accomplish one or more jobs (i.e., achieve a goal, resolve a problem, or satisfy demand).

2.6 **Dynamic Capabilities**

Leonard-Barton (1992, cited by Teece, Pisano and Shuen, 1997: 1721) was the first to suggest a definition of dynamic capabilities: 'the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments. Dynamic capabilities thus reflect an organization's ability to achieve new and innovative forms of competitive advantage given path dependencies and market positions.'

Dynamic capabilities are explained by Eisenhardt and Martin (2000) as a set of specific and recognizable processes, such as product development and strategic decision-making. Their strategic value lies in their ability to work their resources into value-creating strategies.

The roots of the dynamic capabilities framework are in the earlier paradigms of strategy, as shown in Table 4.

Table 4: Paradigms of Strategy

Paradigm	Intellectual roots	Representative authors addressing strategic management questions	Nature of rents	Rationality assumptions of managers	Fundamental units of analysis	Short-run capacity for strategic reorientation	Role of industrial structure	Focal concern
(1) Attenuating competitive forces	Mason, Bain	Porter (1980)	Chamberlinean	Rational	Industries, firms, products	High	Exogenous	Structural conditions and competitor positioning
(2) Strategic conflict	Machiavelli, Schelling, Cournot, Nash, Harsanyi, Shapiro	Ghemawat (1986) Shapiro (1989) Brandenburger and Nalebuff (1995)	Chamberlinean	Hyper-rational	Firms, products	Often infinite	Endogenous	Strategic interactions
(3) Resource-based perspectives	Penrose, Selznick, Christensen, Andrews	Rumelt (1984) Chandler (1966) Wernerfelt (1984) Teece (1980, 1982)	Ricardian	Rational	Resources	Low	Endogenous	Asset fungibility
(4) Dynamic capabilities perspective	Schumpeter, Nelson, Winter, Teece	Dosi, Teece, and Winter (1989) Prahalad and Hamel (1990) Hayes and Wheelwright (1984) Dierickx and Cool (1989) Porter (1990)	Schumpeterian	Rational	Processes, positions, paths	Low	Endogenous	Asset accumulation, replicability and inimitability

Source: Teece et al.(1997: 527)

Porter's competitive forces framework (Porter, 1980), which is defined in Table 4 as 'attenuating competitive forces', identifies and analyses five competitive forces that appear in every industry: the competition in the industry; the potential of new entrants in the industry; the power of suppliers; the power of customers; and the threat of substitute products. This approach was the dominant paradigm in strategy during the 1980s. Porter's model suggests that these five forces can help to determine an industry's weaknesses and strengths. Porter's approach related the company to its environment and industry segment (Teece *et al.*, 1997).

Shapiro (1989) defined a strategic conflict approach based on game theory. He advocated using the tools of game theory to explicate the interactions between comparative firms. The strategic conflict method is based on how a firm can influence the practices and actions of competing firms and the market environment by using different methods, such as strategic investment, pricing, strategizing, signalling and controlling information. Teece *et al.* (1997) stated that game theory generally ignores new rent streams, which are essential when looking at competitive advantages. They used the strategic moves of game theory to describe the nature of a firm as 'dynamic', but they highlighted the differences between this definition of 'dynamic' and that in the definition of dynamic capabilities. In dynamic capabilities, 'dynamic' refers to 'situations where there is rapid change in technology, where market forces and feedback affect firms' (Teece *et al.*, 1997: 24).

The resource-based view is a managerial framework that focuses on the usefulness of analysing firms in light of their internal resources (Barney, 1991). Wernerfelt, Zander and Bagozzi (1984: 171) explained that 'for the firm, resources and products are two sides of the same coin. Most products require the services of several resources and most resources can be used in several products.' The core of the resource-based view recognizes Ricardian rents, but it does not explain the nature of the isolating mechanisms that enable entrepreneurial rents and competitive advantages to be sustained (Teece *et al.*, 1997).

Teece *et al.* (1997) recognized the need to expand the previous paradigms of strategy (Porter, 1980; Shapiro, 1989; Wernerfelt *et al.*, 1984) in the increasingly competitive global environment in order to understand how competitive advantage is achieved. The resource-based strategy that was practised by many firms, such as IBM and Phillips, did not always prove successful in achieving timely, fast and flexible product innovation, nor did the development of management capabilities effectively orchestrate and manage internal and external competences (Teece *et al.*, 1997).

Competences in achieving new forms of competitive advantage are defined as dynamic capabilities:

The term 'dynamic' refers to the capacity to renew competences so as to achieve congruence with the changing business environment; certain innovative responses are required when time-to-market and timing are critical, the rate of technological change is rapid, and the nature of future competition and markets difficult to determine. The term 'capabilities' emphasizes the key role of strategic management in appropriately adapting, integrating, and reconfiguring

internal and external organizational skills, resources, and functional competences to match the requirements of a changing environment. (Teece *et al.*, 1997: 8)

According to Teece et al. (1997), an important core stage in the construction of dynamic capabilities is to identify the foundations and distinctiveness of the firm. Firm capabilities need to be understood in terms of the organizational structures and managerial processes that support productive activity (i.e., the outcomes).

The firm's core capabilities must be difficult for competitors to replicate (Teece *et al.*, 1997). Thus, advantages can be created, sustained and enhanced. A firm's distinctive competences and dynamic capabilities can be divided into three categories: processes, positions and paths. Processes are the way things are done in a firm, such as routines, practices and learning. Positions are the current specific benefits of a firm's technology, intellectual property, complementary assets and external relationships with suppliers. Paths are the strategic alternatives available to the firm and the presence and absence of increasing returns.

Dynamic capabilities can have two different roles depending on the market. In a moderately dynamic market, routines involving dynamic capabilities will use existing knowledge and rules of thumb, which will then be followed by implementation (Eisenhardt and Martin, 2000); this is similar to the way that exploitation uses what a firm is good at, leading to a result that is predictable (Helfat, 1997; Nelson and Winter, 1982) and to an effective outcome (Cyert and March, 1963; Nelson and Winter, 1982). In a high-velocity market, by contrast, dynamic capabilities depend mainly on new knowledge created for specific situations (Eisenhardt and Martin, 2000). This routine is considered more flexible and iterative, but it consciously uses exploration to look to the future and adapt to changing conditions, since a high-velocity market can have unpredictable outcomes.

The importance of product development as dynamic capability has been long recognised. It is known to include cross-functional teams (Eisenhardt and Martin, 2000) that combine their individual professional knowledge and expertise in creating target products. Specifically in luxury fashion brands, where the product is expected to express best attributes and to maintain highest standards, designers regularly employ different sources, material qualities, and production throughout the design process. Eisenhardt and Martin (2000) explained that 'These sources of expertise are essential for superior products because each addresses a unique aspect of product quality or related production' (1108).

Luxury fashion firms need to manage their dynamic capabilities, which involve a design process with cross functional teams, in order to orchestrate the work of these cross-functional teams and set the strategic position of the firm along the desired path. It has been recognised that luxury brands rely on the heritage that they develop throughout their existence (Cavender and Kincade, 2014). This heritage includes dynamic capabilities as processes and procedures that allow the company to utilize its ambidexterity and drive product development.

3 Methodology

This chapter includes the actions that were taken to develop the empirical study to meet the aims of this research. It outlines how a framework was developed to identify the main roles of exploration and exploitation activities in the design process for luxury brands, from the initial idea for the product through its design and development process until its final result. This design process includes tangible, intangible and human resources, and it uses both internal and external drivers.

3.1 Research Paradigm and Philosophical Approach

This research follows an interpretivist philosophy, takes an inductive approach and uses thematic analysis. In the interpretivist philosophy, no concepts are defined a priori; rather, the concepts emerge from the data during the investigation. Another reason for using an inductive approach was to capture the perceptions of research participants. An interpretivist philosophy was suitable for this study since a small sample population was selected and in-depth interviews were conducted. Further, since there was no predefined theoretical framework, using an inductive approach can help build a theory that is adequately grounded in the data. While collecting the data, some iterations were performed to help develop the analysis and interpretation.

3.2 Research Method

This study uses thematic analysis, which involves searching for themes or patterns that occur across a data set (Braun and Clarke, 2006) and offers a systematic yet flexible and accessible approach to analysing qualitative data. Based on the observations, themes, meanings and patterns were discovered, propositions were created, and insights were formed. The definitions of exploration and exploitation, design process and luxury products were based on the previous literature.

The data collection was relevant to the topic of interest and we looked for themes in the data. The aim was to develop claims that could explain these themes.

Figure 10 illustrates the path that the data progressed along towards a conceptual and theoretical theory. In this research, the results are claims based on the interpretation of themes and concepts.

Figure 10: Streamlined codes-to-theory model for qualitative inquiry
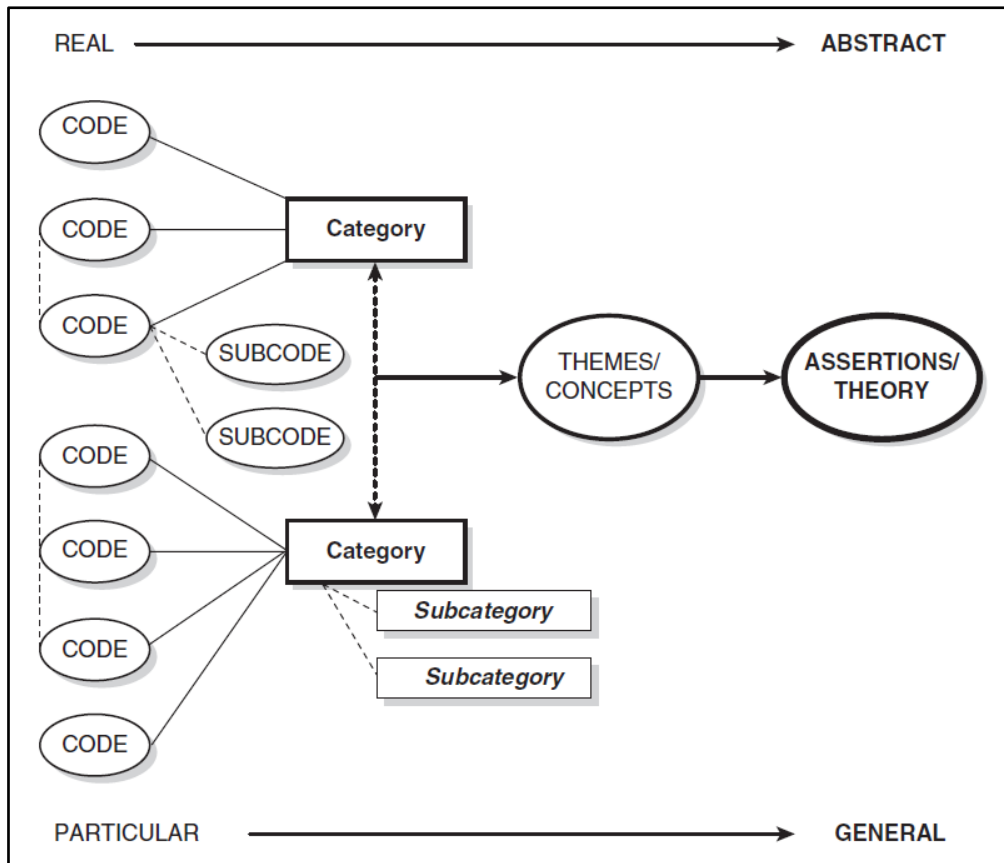
(Saldaña, 2013: 14)

3.2.1 Objectives and research questions

The aim of the research was to explore the roles that exploration and exploitation play in the design process for luxury and premium brands from the designers' point of view (see Figure 11).

Since there was no solid theory about this subject, it was necessary to formulate the literature review to explore the managerial and creative roles and aspects in relation to this topic. This involved searching for literature that discussed at least some of the roles, especially as they concern the innovation process.

In luxury and premium brands, it is more common to see ambidexterity in the roles because of the unique parameters that were discussed previously.

In order to understand and analyse the roles of exploration and exploitation in the design process, designers were asked about the activities they perform during the design process.

These activities were then analysed to determine whether they are related to exploration or exploitation.

Figure 11: The research path
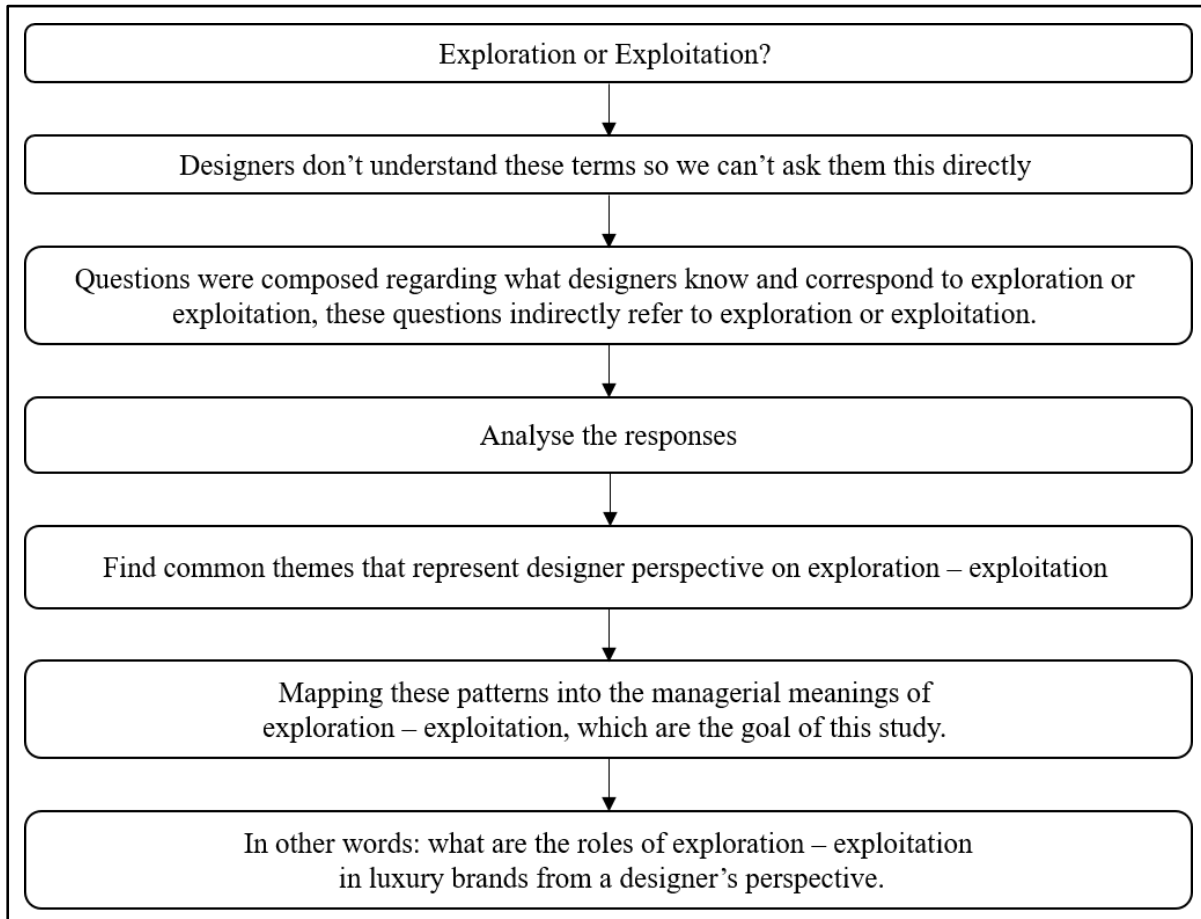
3.2.2 Study population and sampling

This study includes exploratory interviews with luxury fashion designers and product designers from 16 different brands from around the world. The purpose of this study was to investigate the parameters of exploration and exploitation that appear in the design of luxury and premium brands. The design process is similar around the world, and by interviewing designers in different locations and from different companies was more appropriate it was possible to investigate a broader knowledge base that could yield a more generalized theoretical proposition and grounded results.

Purposeful random sampling, with some use the snowballing technique, was adopted. The non-probability, purposeful population (Palinkas *et al.*, 2015; Robinson, 2014) of participating

designers was selected based on the level of luxury brand they work for, and their work experience.

The purposeful population is based on purposive sampling, which is also called judgmental sampling. It is a sampling technique by which participants are chosen based on the researcher's knowledge and judgment. In this case the researcher's knowledge was instrumental in creating a sample that could lead to highly precise results with a very small margin of error. In this process, selecting a sample involved carefully choosing each individual participant to be part of the sample. The researcher's knowledge is primary in this sampling technique since the sample is not gathered randomly. In this case, the researcher's knowledge is based on 20 years of experience both as a leading fashion designer for an internationally known brand and as a lecturer in a fashion department and an industrial engineering department.

Only mature brands were selected: the brand had to have an established brand history, such as a minimum of 10 years since its establishment. In this study, most brands had been in the market for at least 20 years (and most of them for much longer than that). The names of the brands were not revealed in order to protect the privacy of the designers. Designers were also selected based on the length of their work experience, which had to be at least two years (the average was nine years' experience). Two years' experience is often enough time for a designer to have experience of creating at least two full collections (since at least two collections are usually created each year) and to understand the needs of the product under the brand guidelines.

Prior to the interviews, participants were asked some background questions about their design education and experience. This information was checked on LinkedIn and through other professional networking channels. In total, 72 designers were contacted, of whom 24 replied and 16 were chosen for this study. Some were eliminated by the researcher and some cancelled the interview at the last moment. Locating and interviewing the 16 designers took five months to complete.

The first round of the interviews included six designers (three females, three males) who replied to the initial contact and agreed to participate in the study. The first-round designers were covered in the preliminary batch of analysis. The six participants work (or had worked) for brands in France, Italy, the US, Sweden, Brazil and the UK. The second round included 10 additional designers; however, after the first eight interviews seemed to result in repetition in the answers, a further eight designers were interviewed. The designers in the second round

came from Australia, India, Belgium, Italy, Germany, the UK and the US. Participants' age ranges were between 25 and 45 years old, with an average of 35.

A detailed interviewee log was maintained that listed all the designers who had been contacted, the details of the contact process, the referral information, the dates and channels of communication, and their professional information (position, company, gender, country of work, etc.).

Table 5: Table of interviewee profiles (part of the interview guide and schedule)

Designer assigned number	L - luxury P - premium	Gender	Type of produce: Hard/ soft	Brand location	Interview type	Years of experience
Des 1*	L	M	hard/soft	US	by Zoom face to face	8+
Des 2*	L &P	F	soft	Italy	by Zoom face to face	10+
Des 3**	L &P	F	soft	UK	by Zoom face to face	13+
Des 4**	L	M	soft	US	by Zoom face to face	7+
Des 5**	L	M	soft	France	by Zoom face to face	7+
Des 6**	P	F	soft	Brazil	by Zoom face to face	9+
Des 7***	P	F	soft	Australia	by Zoom face to face	15+
Des 8***	P	F	soft	Sweden/UK	by Zoom face to face	15+
Des 9***	L	M	soft	US/UK	by Zoom face to face	7+
Des 10***	P	M	soft	India	by phone	7+
Des 11***	L	F	hard/soft	UK	by Zoom no face to face	9+
Des 12***	L	F	soft	US	by Zoom face to face	3+
Des 13***	L	M	hard/soft	US	by Zoom face to face	9+
Des 14***	L	F	soft	UK	by Zoom face to face	4+
Des 15***	L	M	soft	Belgium/Italy	by Zoom face to face	4+
Des 16***	P/L	F	soft	Germany	by Zoom face to face	15+

* The first two interviews – first coding was applied

** First round of interviews included the first two designers again; coding book was developed

*** Second round of interviews; the coding book was adjusted and reapplied on the first round

3.2.3 Construction of the questions/interviews

The questions for the interviews were based on the literature review. Each question was related to finding out what part of exploration and exploitation appears in the design process. As explained in the literature review, exploitation is associated with terms like *refinement*, *choice*, *production*, *efficiency*, *selection*, *implementation* and *execution*. The questions were constructed to discover which of these terms and activities are present in product design creation and appear in the process of product design. Exploration is described by terms such as *search*, *variation*, *risk-taking*, *experimentation*, *play*, *flexibility*, *discovery* and *innovation*. The questions attempted to see which of these appear in the design process. These terms also helped in creating the codes. However, they were not used explicitly in the interview questions because they are not directly present in 'design speak', and they are more abstract terms that describe the design thinking process.

The interview questions were also formulated to discover the ambidexterity in well-established luxury and premium fashion brands, and to find out what role, if any, is played by co-creation. The questions sought to understand the designer's perspectives on the following: the design process and decision-making; the role of the customer; types of resources and constraints; product development; innovation; and the essence of luxury. The aim was to better understand the drivers of exploration and exploitation in the design process. The questions were specific to the mentioned subjects, and they were also meant to prompt an open discussion on the research subject.

The interviews were arranged into two parts: five semi-structured questions and two open-ended questions. The open-ended questions were constructed in the interview and respondents were encouraged to offer their own definitions of the terms (Silverman, 2015). The interview guide was reviewed by two experts.

Table 6 presents the interview guide. The questions were formulated to render the management terms and concepts that were covered in the literature (exploration, exploitation, co-creation) into terms and concepts that the designers were familiar with. This was not straightforward, as the results will show. The questions were delivered to all participants exactly according to the interview guide. The participants were asked at the end of the interview whether they had any questions. All of them reported that these questions represented their world and covered issues about which they are uneasy, and all of them showed interest in learning about the outcome of this study.

Table 6: Interview Guide

Purpose of the question	Questions	References, inspiration
General information that will be requested from participants before the interviews.	• Demography – age, gender, experience in the fashion area, current role, academic level or education, industry experience. • Place of professional training/education • Country of work	The potential selected interviews should have worked with the company for at least two years. This will ensure that he or she has been involved with at least two rounds of product design development and knows the process.

To verify that there is alignment between the luxury fashion brand and luxury fashion product.	1. Would you say that the product you design is
	  a. Non-luxury
	  b. Premium
	  c. Luxury
		The research is about luxury and new-luxury products. Luxury product companies need to be identified. New-luxury brands/product companies are not defined yet… so identifying companies that meet luxury requirements can be closely based on the Luxury Good Retailing report, Euromonitor. The new-luxury category will be based on leading fashion journals and blogs.

This question was to see whether the designer's views are similar to those found in the literature.	2. If you design a luxury or premium product or what do you think makes it luxurious?	Generation Y participants report that for them the most luxurious brands are Nike, Tiger Asics, Billabong and Mamabo (Miller and Mills, 2012).
This will help identify the components of exploration and exploitation, which are involved in creating a luxurious product.	3. What types of resources do you use for your work? **Support material for interviewer:** Examples of internal inspirations: Brand vision, direction, rules, historical company archive, values, company vision, design meetings and other. **Examples of external inspirations:** Public trends and media – Trend analysis websites, social networks (Pinterest and Instagram), blogs, trade shows and forecast books.	Knowing the influence will reveal the dimensions that influence the designer or brand manager; for example, it will indicate how they consider the heritage of the brand and how this influences their decision-making (Finda and Moore, 2009; Beverland, 2004). This can give better answers about the exploration and exploration activities in the product design process.

*Predefined instructions and examples provided with interviewee questions about inspirations		
Co-creation, collaboration.	4. What is the customer's role in your design process?	New-luxury products often involve customer and consumer needs, requirements, etc. This is also part of exploration.
This will help to identify the components of exploration and exploitation which are involved in creating a luxurious product.	5. What do you consider to be the most important constraints on your design? **Support material for interviewer:** For example, constraints could include the following: cost, budget, materials, limited technical knowledge, limitations from the brand manager, fear that the product will not be a success, vendor access, limitations in materials, and limitations in the company production line. **Examples of constraints and opportunities:** Suppliers, consumers, competitors, design meetings, materials, and production methods.	

This will help to identify the components of exploration and exploitation which are involved in creating a luxurious product.	6. How do you decide what types of products you should design?	
A question to get the participant's thoughts.	7. Do you think that the essence of luxury will change in the future? (production, globalization, sales)	Mass luxury, neo-luxury, new-luxury, sportswear

Source: own elaboration

3.3   **Data collection and Practice**

After participants agreed to participate in the study, they received a letter via email describing in detail the purpose of the study and the use of the data (see Appendix). A few asked to see the specific questions, which were sent to them prior to the interview. Participants all gave their individual consent to the recording, transcription and use of their interview.

The time of the interview was proposed by the participant. Half of them chose to do it at the weekend in their home or while on vacation, while the other half did it during their workday. There were only two short interruptions by other co-workers during the interview, and on neither occasion did it hurt the flow of the interview.

The interviews were conducted using an online video-conferencing application (Zoom). Each interview lasted between an hour and an hour and a half. The interviews were conducted in English, recorded and transcribed. Using video conferencing allowed face-to-face interviews with participants in different locations in the world, and it also enabled the interviews to be recorded. Body language was not taken into account in this study; tone of voice was sometimes noted when it could clarify the meaning, such as if conveying a sense of embarrassment.

The interviews used the predefined set of questions, ordered and worded in the same way for each interview. The same coding was applied to all the interviews during the analysis. The coding framework was developed by identifying themes 'inductively' from the data.

Following Braun and Clarke's (2006) recommendation, each interview was read through, and the first two interviews were used as a sub-sample. The new and additional themes that emerged during the study were later rechecked, which included going back to this first sample to ensure that the same framework was applied.

The transcripts of all interviews were analysed using thematic analysis, which involves searching for themes or patterns that occur across a data set (Braun and Clarke, 2006). The audio recordings of the interviews were initially automatically transcribed using Cortana (dictation) and then using the HappyScribe Web service (www.happyscribe.com). The digital transcripts were then also manually verified. Thematic analysis was performed on the content, and the most salient facts, insights and details were listed. The analysis was undertaken using the MaxQDA software (Analytics Pro 2018 version).

3.3.1 Data analysis and procedures

Data collection and analysis involved recognition of themes, patterns and relationships in the collected data. These patterns emerged by analysing the transcribed text data. This was done through categorizing and coding. Thematic analysis was the main analysis that was performed, and it was supplemented by some content analysis. Qualitative approaches are varied and complex. Thematic analysis should be seen as a foundational method for qualitative analysis (Braun and Clarke, 2006).

Thematic analysis as an independent qualitative descriptive approach has been described as 'a method for identifying, analysing and reporting patterns (themes) within data' (Braun and Clarke, 2006: 79). Saldaña (2013: 14) stated: 'A theme is an outcome of coding, categorization, or analytic reflection, not something that is, in itself.' Rossman and Rallis (2003: 282) explained the differences between a category and a theme: 'think of a category as a word or phrase describing some segment of your data that is explicit, whereas a theme is a phrase or sentence describing more subtle and tacit processes.'

Content analysis is a general term for a number of different strategies used to analyse text (Powers and Knapp, 2006). According to Robson (1993), content analysis is 'codified common sense': a refinement of ways that might be used by laypersons to describe and explain aspects of the world about them. Neuendorf (2016) defined it as 'the systematic, objective, quantitative analysis of message characteristics. It includes both human-coded analyses and computer-aided text analysis (CTAT).' Content analysis is usually necessary for reducing the task to manageable dimensions by coding the sampled content into a small set of codes (Gbrich, 2007; Pope *et al.*, 2006; Robson, 1993).

According to Berelson (1952), the most crucial aspect of content analysis is identifying the categories so that they serve as the basis for analysis. An example is Holsti's (1969) category lists. New categories will then be evaluated by subject matter experts to avoid any validity and reliability issues. Vaismoradi, Turunen and Bondas (2013) have commented that in the field of qualitative research, there are overlaps between content analysis and thematic analysis, and that these overlaps are rooted in their epistemological roots and connections. They proposed 'that the main difference lies in the possibility of quantification of data in content analysis by measuring the frequency of different categories and themes, which cautiously may stand as a proxy for significance' (Vaismoradi *et al.*, 2013: 404).

In terms of reliability, the developed codebook served as a systematic guide that made this study more feasible. Initially, a small sample of codes were applied to a small segment of data. Coding is the stage of analysis that organizes the data into meaningful groups (Tuckett, 2004). In the second stage, a wider look was taken at the data, which was interpreted in relation to the phenomena under research.

The first two interviews were coded to check the quality of the recording and whether the questions were asked in a way that avoided bias. A peer expert reviewed the first two transcribed protocols and some adjustments were made.

A code list was built after the first phase of interviews. After eight interviews, the code list was refined when changes appeared in the coding, at which point a codebook was built. The codebook was adjusted for the rest of the interviews and was reapplied to all interviews (that is, including the first eight) after it was adjusted.

There was constant evolution in the process of coding. Recoding was applied to ensure consistency in coding and the way it was used to analyse the transcripts.

Some themes and broad categories were created by incorporating several codes that seemed related to one another, and to indicate an idea that was important to the research questions.

Some categories, from the codes, were created and used to indicate an idea that was important to the questions. After this stage, the relationships between the themes and single codes were checked.

Table 7: The data collection process

i.	Population was defined
ii.	Locating interviewees – through different channels (LinkedIn, professional connection, alumni). This was done in a few phases: interviewees were approached in three different periods of time
iii.	A few emails regarding the interview purpose
iv.	Confirmation to schedule an interview
v.	Sending an official letter describing the study and the data collections
vi.	Interviews with notes (some used later for initial codes)
vii.	Summarizing the interviews
viii.	Transcribing the raw data
ix.	Coding
x.	Assessing the questions based on interview transcript summaries – understanding the principal themes that emerged from the interviews
xi.	Continuing to locate interviewees
xii.	Going back to steps (iii) to (v)
xiii.	Continuing interviews based on adjusted questions
xiv.	Coding themes and patterns
xv.	Interviews

Source: own elaboration

3.3.1.1 Developing the codes

After each transcribed interview was read, words, phrases sentence, action processes and anything else that was relevant was assigned an initial code. Things that interviewees stated explicitly were highlighted. Concepts and things that appeared in the literature review or in other reports as linked to the theory were also defined as codes. When no code was assigned to them, they were written in an ongoing journal.

The important codes that appeared together were grouped under a category or theme. They were then read and evaluated again. Some of the categories appeared to be related to each other and helped arrive at interesting results.

There were different sources for the codes: *in vivo codes* were based on the actual terms used by the participants and recorded in the data. These codes were part of the initial codes and were refined after the first round. *Inductive codes* were developed through the systematic coding of the data and were thought to best describe a unit of data. *Terms codes (a priori codes)* were derived from terms used in existing theory and literature before examination of the data.

3.3.1.2 Major codes and categories

The codes and categories that were used appear in the Appendix in a codebook with summaries of the coded segments. In total, there were 1,718 codes and 16 categories were used. A table summarizing the coded segments of the interviews was created and is available in a short version in the Appendix and a full version upon request.

The code system underwent several evolutionary phases. Codes were built and modified throughout the coding process. Starting with a large set of codes, the set was eventually reduced to a manageable one. Some codes were based on emerging themes from the literature review, while others were developed by directly examining the data.

Designer profile was used as attribute coding and includes the participant's age, education, and type of brand they are working for (whether it was luxury, premium or non-luxury). After the first phase, it was realized that answers varied and did not point to a single clear answer regarding the definition of the brand. The participants sometimes paused or were a little confused trying to answer this question. Consequently, I added a code (and verified it through the interview) clarifying what they thought the difference between luxury and premium was.

The *Brand DNA* category includes codes describing a brand's DNA, guidelines, and persona. This category emerged from the data collection when participants wanted to describe the core

components of the brand. Brand guidelines appeared when designers responded about resources and constraints. Persona was an interesting code appearing when designers animated the brand.

Collaboration is a code relating to any collaboration between two or more brands within the fashion industry or to a collaboration between a brand and a specific designer not working for the brand. As revealed by the literature, this was found to be relevant when multiple collaborations between high-street and luxury brands take place, particularly in the fashion sector, in order to make brands accessible to somewhat more mainstream, less affluent and often younger consumers.

Customization and *Limited edition* are two independent codes for a brand's unique way of differentiating some of their products. Customization plays an important role in the relationship between consumers and the firm (Atakan, Bagozzi and Yoon, 2014; Miceli, Raimondo and Farace, 2013).

The category of *Consumer/Customer* includes any insights that relate to consumers and customers. It is divided into five codes:

(a) *New consumer* relates to a consumer's wish to express their own views on how value should be created for them (Prahalad and Ramaswamy, 2004a).

(b) *Customer/consumer role not in a luxury brand.*

(c) *Customer/consumer role in luxury brand*. Initially only code (b) was established, but after the first few interviews it became apparent that this code needed to be subdivided into non-luxury and luxury brands (a further explanation of this is contained in the findings).

(d) *Educate and inspire the consumer*.

(e) *Consumer gets smarter*.

Both (d) and (e) came out of the data and were applied when designers responded to the question in the interview about the role of consumers and customers in the design process.

Design process is a very important category that includes many subcodes and codes. Initially, each was an independent code, but through the iterations they merged into a category in itself. The design process is an iterative process: it is a collection of steps and decisions that designers take while defining and creating products. The process involves multiple parts and interactions with various elements: sources of inspiration, product selection, design brief, suppliers, factory

capabilities, design meetings, materials, production methods, and budget. The design process includes creative and non-creative elements. Designers use different resources, both internal and external, to design their products.

Rarity of experience is a code that emerged from the data and shows that new consumers want more than the physical product. New consumers want the excitement and experience of purchasing and using or owning the product.

Future of luxury, *Opinions about luxury*, and *Other concepts of luxury* are three codes that appear similar, but that were kept independent so that possible relationships between them could be investigated later. The intersections between them were checked and it was found that it was not sufficiently strong to put them all in the same category. *Future of luxury* relates to how designers see luxury in the future, *Other concepts of luxury* relates to the way designers look at the current state of luxury, and *Opinions about luxury* is largely concerned with how the perception of luxury in the past compares to the current perception.

Luxury product is a category based on the literature in which there is an inconsistent definition of luxury goods (Dubois and Duquesne, 1993; Vigneron and Johnson, 1999). This category was used to explore how designers define luxury products from their own experience and understanding.

Other brand names is a code that includes other brand names that were mentioned in the interview. It enabled exploration of connections between the brands' names and in what context these connections occurred.

Premium vs. luxury is a code that emerged after the interview phase when designers were asked: 'Would you say that the product you design is (non-luxury, premium, luxury)?' Some had a clear answer, while others found it too difficult to answer. This code was derived from the first few interviews when designers were asked about the type of product they design. It appears that some answered instinctively, while others paused and contemplated before responding. This code includes the designers' answers for varying what they mean by luxury or premium.

Sportswear was covered in the literature review as an example of variance of luxury. At first it was not defined, but it was added as a code when a participant brought it up often.

Sustainability was a code that was created after concerns about sustainability appeared often in the interviews.

3.4   Guba's Four Criteria for Trustworthiness (Validity and Reliability)

Qualitative researchers rarely speak in terms of validity and reliability because these issues are largely framed in terms of quantitative research. Instead, the more appropriate criteria in qualitative research are credibility and trustworthiness, as developed by Lincoln and Guba (1985). Based on their work, Shenton (2004) suggested a table of provisions that could be a reference for a qualitative researcher wishing to address Guba's Four Criteria for Trustworthiness.

Table 8 lists the four criteria for trustworthiness used in this study, which is based on Shenton (2004: 73), with an additional column that outlines the actions taken in this study.

Table 8: Four criteria for trustworthiness

Quality criterion	Possible provision made by researcher	Actions that were taken in this research
Credibility	Adoption of appropriate, well-recognized research methods	Use of thematic analysis and content analysis, codebook and a journal. In thematic analysis, writing is an essential part of analysis (Braun and Clarke, 2006) and during the research different ideas and potential coding schemes were recorded. The questions were based on reviewed literature and three scholars were asked to check if the questions fitted with the context.
	Development of early familiarity with culture of participating organizations	Before the first data collection, discussions took place and the brand was researched via different channels to better understand the fit to the study.
	Random sampling of individuals serving as informants	Random sampling was not used because randomness was not appropriate for the specific study; the purposeful sampling technique was more reliable for this research. It was important to have control over the choice of the interviewees to get their full cooperation and to ensure that a variety of brands was represented. Further, in non-probability sampling, generalization is being made to the theory rather than about the population (Saunders and Thornhill, 2012).
	Triangulation via use of different methods, different types of informants and different sites	The form of triangulation in this study used data sources and different brands and locations. In this case, the individual viewpoints and experiences can be verified against others and helps 'to get a larger picture of the attitudes, needs or behaviour of those under scrutiny may be constructed based on the contributions of a range of people' (Shenton, 2004: 66).

	Tactics to help ensure honesty in informants	Each person who was approached was given the opportunity to refuse at any time, and an email attached with a letter was sent to ensure they are aware that there was no compensation for this interview and that the data would be later used without any specific details. See attached letter in the Appendix. Further, at the outset to the interview I indicated that there were no right answers to the questions that I would be asking.
	Iterative questioning in data collection dialogues	I used iterative questions. I conducted a pilot with the first two interviewees, and I added a question that is reported in the manuscript and in the Appendix. This was done in order to get a wider explanation.
	Negative case analysis	The study includes the production of categories. After three different cycles of coding (two, six and 16) when I completed the initial categories, I revisited the data in order to confirm that these constructs indeed accounted for all instances of the phenomena involved.
	Debriefing sessions between researcher and superiors	This was only done with the supervisor of the thesis.
	Peer scrutiny of project	Peers and academics were involved throughout the process. Two papers were submitted at the beginning and helped formulate the literature review, while another two were sent to conferences.
	Use of reflective commentary	An ongoing journal was kept since the initial thesis was conceived. In this journal, I recorded ideas, impressions and discussions that I had with peers. During data collection, an interview table was created in Excel on which the first things that came out after each interview were recorded.
	Description of background, qualifications and experience of the researcher	The researcher's knowledge is based on 20 years of experience as a leading fashion designer for a renowned international brand and also as a lecturer in a fashion department and an industrial engineering department.

	Member checks of data collected and interpretations/theories formed	More than half the transcriptions of interviews were checked by an English speaker. The codebook and definitions were checked by a peer reviewer who was not familiar with the object to give his feedback and input.
	Thick description of phenomenon under scrutiny	Participants were offered to see the transcripts of their dialogue at any time. They were informed that everything was recorded. In some cases, participants were asked if they could offer reasons for particular patterns and definitions observed by the researcher. Shenton (2004: 69) explained 'the importance of developing such a formative understanding is recognised by Van Maanen who writes that "analysis and verification ... is something one brings forth with them from the field, not something which can be attended to later, after the data are collected. When making sense of field data, one cannot simply accumulate information without regard to what each bit of information represents in terms of its possible contextual meanings.'
	Examination of previous research to frame findings	Beverland, M.B., S.J. Wilner, S. J. and P. Micheli, P. (2015), Reconciling the tension between consistency and relevance: design thinking as a mechanism for brand ambidexterity, *Journal of the Academy of Marketing Science* 43(5), 589-609. Fionda, A.M. and C.M. Moore (2009), The anatomy of the luxury fashion brand, *Journal of Brand Management*, 16(5-6), 347-363.
Transferability	Provision of background data to establish context of study and detailed description of phenomenon in question to allow comparisons to be made	The boundaries of the study were explained so if it needed to be repeated it would be clear how the study was done. The table of interviewee profiles shows the number of brands that were considered in this study, the profiles of the designers, how data was collected, and the time period during which the data was collected. This was also restricted by being an independent PhD student with limited budget and time.

Dependability Employment of 'overlapping methods'	In-depth methodological description to allow study to be repeated	The methodology is described in detail to enable future studies to adopt the method.
Confirmability	Triangulation to reduce effect of investigator bias	To avoid any investigation bias, another person who is familiar with the subject listened to and checked the interviews. I also left my job in order that the interviewees did not feel uncomfortable in any way.
	Admission of researcher's beliefs and assumptions	Preliminary theories and ideas that I had were discussed and I asked for peer help to avoid my own background affecting the data.
	Recognition of shortcomings in study's methods and their potential effects	A journal was kept from day one of the PhD research. Ideas, beliefs underpinning decisions made and thoughts were listed in this journal. It was a 'reflective commentary' and was used as a 'sketch book'.
	In-depth methodological description to allow integrity of research results to be scrutinized	The methodology is described in detail so that it can be reviewed.
	Use of diagrams to demonstrate 'audit trail'	The data collection process outlined above and how I got to the conclusions is listed below.

Source: based on Shenton (2004: 73)

Further to the above, the raw data was saved separately. Transcribing the data went through several iterations from automatically transcribing into data cleaning, which was to correct the transcription errors of the interview. Each transcription was saved in a separate file and kept in its codified form. The data as a whole resulted in a transcript of 205 A4 pages in 12-point Times New Roman font, with 1.5 line spacing.

Throughout the whole process there was an interview table on which the following details were recorded: name; brand name; title; referee (when applicable); date of contact; country; time zone; day; email; years of experience; how he or she was contacted and how many times; who agreed to participate but changed their mind at the last minute (two potential participants were scheduled a time but never showed up, and a few more agreed via a third party but did not reply).

After receiving approval, another table was created and labelled 'Interview guide'. This included the assigned sample numbers (Des 1, Des 2, Des 3, and so on); the type of product they design; whether the brand is luxury, premium, or both; company and brand name; role and title of the designer; post title; country of birth; background of participant; current location interview setting; time zone; day; time; email and mobile; years of experience; gender; and the immediate impressions of the interview (how well or badly the interview went, and whether I had obtained the answers in sufficient depth).

A professional English-speaking peer familiar with the content listened to the audio recording, and reviewed and refined the transcripts. We then compared the versions and any disagreement was marked as 'not clear'.

I conducted thematic analysis in my thesis by myself, and I asked a trained coder who was not familiar with the content to read through the codebook, and to comment on the structure, logic and clarity of definition of the coding.

4 Results

The results are based on the categories and the connections that were found between them. The findings are based on the perspectives of the participants in the study and linked to the theory where applicable.

4.1 The New Consumer

Based on definitions from the *Merriam-Webster Dictionary*, a customer is someone who 'purchases a commodity or service' and a consumer is someone who 'utilizes economic goods.'

Interviewees with experience in luxury brands testified in the interviews that they consider the customer to be the professional buyer, and that they preferred to use the term *client* rather than *consumer*:

"They will bridge on and on a number of things so the idea of the customer of luxury, or actually the client I guess… and we definitely do not consider them to be consumer".
"*Whereas at luxury brands I think the client is a bit more specific, more of a specific person*".

Interviewees who had experience in luxury and premium brands talked about consumers:

And then we collect all that information and we use that information to then feed into the next season range so we can build that out with them with the feedback that we've got from our not end consumer but essentially the people that are selling our products.

In the context of the luxury fashion industry, the person who is considered to be the purchaser of the products is the professional buyer:

"When I say customer I think of the buyer and then the consumer I think of the end user, their opinion is incredibly important into our design processes".
The interviewees described how the consumer is changing, and they outlined two profiles of this new consumer:

"I think Instagram has changed luxury for maybe good and bad reasons but I think it is making people more except like kind of aware of the luxury, I think luxury used to be behind closed doors quite a lot, and people would be scared to go into their stores".
The new consumer has a social profile and is looking for ethical or sustainable products. Some interviewees said that in the future others will value you on how you are consuming and that the way you choose to purchase will be important. Interviewees also described another profile:

a 'rich kid' from a new generation that has a lot of money whose profile is almost entirely based on the way he spends their money.

Profile A:

"Now all the luxury goods are meant for 16-year-olds... people who are the kids are buying designer wear, they wearing Balenciaga, and they're wearing or not they're not trying to prove that they're trying to look like they are kids and their kids with money".

"To wear their money on the outside".

"Chinese students and they talked to me a lot and they're really obsessed with luxury, they're more label driven".

"Wealthy Asian tourists, like our luxury stores in Australia dominated by Chinese tourism and Generation Y millennials".

Profile B:

"To say that you are a good person".

"So the world is changing like people are looking for this like high-low wearing all like luxury expensive cloth NY is not so cool, you have to kind of wrap it up and then not necessarily wear $3,000 outfit because it would be like weird and these days with Trump".

"People care more now about what they buy and the brands who they buy off, what they're doing to the environment".

Engaged with the Consumer and Customer

The participants reported that there is almost no direct interaction with the customer or consumer: "*There was a very little interaction with the clients...*". The interaction takes place between the buyer (customer) and the merchandizer. The designer gets the information from the merchandizer and not directly from the consumer. The buyer makes the decisions for the consumer: "*The buyer is more like detecting for the customer*". The buyer then passes the information to the merchandizing team which in turn passes it to the designers: "*The product management team then put together briefs for new products for the season, which include that consumer's insights*".

4.2 Educating the Consumers vs Consumers Know What They Want

The interviewees in this study were split (Table 9): two-thirds felt that they needed to educate their consumers, and one-third believed that their consumers already know what is good and that they, the designers, are obligated to design according to the consumers. The designers in

the first group mainly had work experience in luxury companies, while the second group mostly had mixed experience in both luxury and premium companies.

Table 9: Designers' opinions on customers knowing what they want versus needing to be educated

Consumers know what they want	Educating the consumers
"Consumers are getting a lot smarter".	*"It's your job to give him what you think is right".*
"The market itself might change and the consumer reasons might change. I think the consumerism changes I'm sure, I think people are so much smarter and has basically everybody seen everything".	*"It is that they often they do not realize what they want because they (the client) simply haven't thought about it, so until they try it they wouldn't know.* *We want to surprise her or him".*
"I just think the consumer is becoming more aware and consumers are the one that votes".	*"We decide for them".*
"They want to look good or they want something that functions in a way that they bought it for but they want to know the story behind it, they want to know why it exists, and they want to know why your brand is doing that".	*"Wow, wow what a cool design idea. You know, like there we're told this is a cool thing now you should wear it".*
"I think consumers will start to see through that".	*"Because I thought sometimes people do not know what they want or what they wear until you show them it".*
"I think that people are starting to understand that we need to be much more considerate to the world, to the to the climate, to the environment to, to what's real, to diffuse the impact of social media, because social media basically is for the last 10 years we've been almost accepting that it's okay to project a false way of living only in order to impress others, and in some way people do not buy it any more".	*"You want to teach them what is next, what works for them".*

4.3 **Luxury as More of a Brand Than a Product**

Most of the interviewees noted that consumption of high fashion has become more popular at the consumer level and that it is more about the brand name and branding rather than design (meaning the product design):

"*Chinese … really obsessed with luxury. They're more label driven though I think*".

"But even the store itself that there's people queuing outside of stores again which is showing how much people are into that product but also the advertising".

"*For the consumer it could be luxurious because it is the brand name*".

"For the industry now it's like you know everything is focused on diversity and inclusivity and all of this. So I think I think brands are really succeeding are brands who are able to portray their message but without dictating the person who is supposed to be wearing or consuming it. … I mean … if you look like brand start promoting body confidence and things like that".

"So you have to do more now because like I said earlier that the consumer is bombarded everyday with so many messages, and so many brands vying for their money".

4.4 **Consumer/Customer Involvement and Requirements**

Participants brought up customization, limited editions and collaboration in the interviews. An analysis of the context that they referred to when talking about these three types of consumer/customer involvement and requirements led to the findings of the relationships illustrated in Figure 12 (the number next to each code is the frequency of the code).

Figure 12: Consumer–customer link diagram
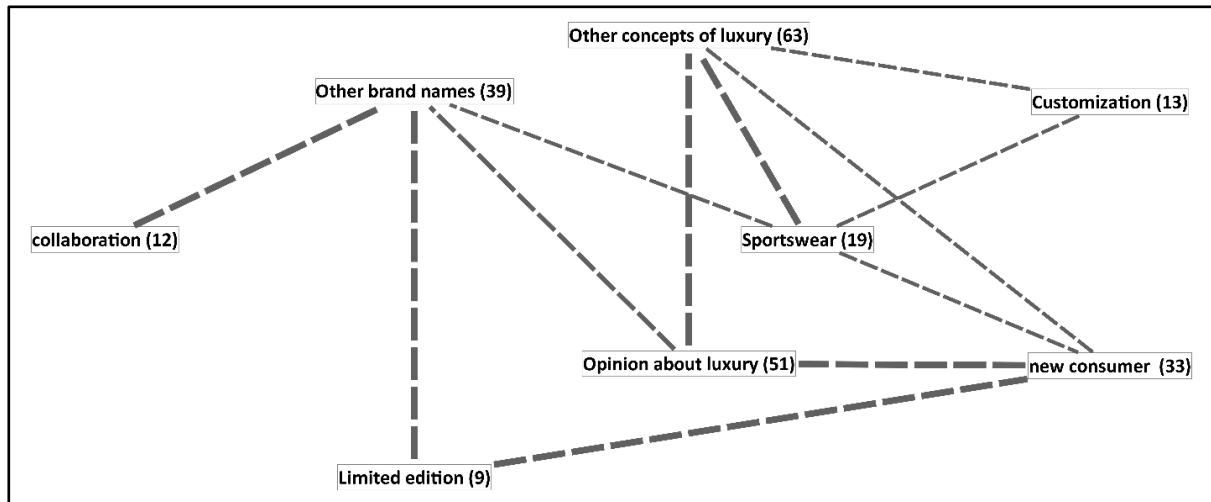
The relationship between new consumers and limited editions appears to be a strong connection. Designers spoke about the new, young consumers who are looking for uniqueness and limited editions:

"I certainly know that in my experience of that youth consumer they've very driven by limited edition".

"She tracked them down in America and she was absolutely thrilled that they were limited edition and she was the only person that was going to be able to get them".

"You know, everybody wants to be different now".

A limited edition was described as a small production of items:

"We have a collection called .... that's limited from 1 to 101 and once it's gone it's gone. But each suit is actually numbered with that so I know that bought number 53 of 101".

"But I think what's clever with luxury is be it making 100 or making 3000 of one style. Once that's done it's done".

Designers brought up other brand names (39 coded segment by 11 designers) when they were talking about limited editions and collaboration:

"The ways that Nike pioneer is now is that they allocate the market so they only allow a certain amount of their product in the market any one time which means that they remain below the consumer demand cycle, which means that therefore people still want their product but it's sold out, which means that it drives the actual demand and increases their longevity".

Customization:

"That was you and in {…} it is kind of the opposite puffers are in, ok so let's go with like the clearest kind of proportion and fit and try to like make it a bit more personal on the material level, or on something like that".

Sportswear appears to be an intersection between other concepts of luxury, new consumers and other brand names. It shows two types of connections: a direct path to the code *Other concepts of luxury* and an indirect path through 'customization'.

4.5 The New Approach to Rarity, Not Really Uncommon, and Rarity of Experience

The need for rarity has become more common:

"Insisting on being different has become a very common thing, you know, everybody wants to be different now".

Half of the interviewees talked about rarity of experience and the term was mentioned 20 times:

"Rarity it is not just about objects but it is also about experience, rarity and experiences are super important too".

I think that personal touch is what those stores are becoming there then not making as much money as they used too because money money's coming in from E-COM, but that's where that customers can touchpoint of a brand they might end up buying online but the store needs to be much more experiential to them back up those e-com numbers.

The participants also spoke about how the consumer would feel wearing the product:

"You can see that maybe you buy a jacket and you open it up and you see on the inside that something's been resting in it or it's like it does a message or you know how it has been produced".

Some commented on the notion that rarity is not only physical:

"*Rarity in the human experience that you can feel rather than something that you can hold*".

"Chanel runway collection that just took place in the last few days where they constructed the beach with the scrim and with the actual waves that come in and out to be the person that gets to be there to experience that, that is rarity".

Table 10 shows that when designers were asked to describe what makes a product luxurious, half of them listed rarity among the attributes, and 10 interviewees talked about rarity of experience.

Table 10: Types of rarity

	Rarity of experience	Luxury product	Luxury product\rarity	SUM
Designer 1	1	1	1	3
Designer 2	0	1	0	1
Designer 3	1	1	1	3
Designer 4	1	1	0	2
Designer 5	1	1	1	3
Designer 6	0	1	0	1
Designer 7	1	1	1	3
Designer 8	0	1	0	1
Designer 9	0	1	1	2
Designer 10	1	1	1	3
Designer 11	1	1	1	3
Designer 12	0	1	0	1
Designer 13	1	1	0	2
Designer 14	0	1	1	2
Designer 15	1	1	0	2
Designer 16	1	1	0	2
SUM	10	16	8	34

(Table was generated using MaxQDA)

4.6 **Environments in the Luxury Product Lifecycle**

One area of concern mentioned by participants is the environment. They brought up concerns such as the following:

"I strongly feel contributes to luxury is the brand approach to sustainability and its human rights and environmental standpoint, because I think that ultimately contributes to the cost but it also contributes to how much the brand cares about the people that make the product but also the consumer uses the product".

One interesting approach was the importance of authenticity in relation to the environment:

 "Authenticity needs to be central to ensure that there are safe environments (manufacturing, procurement and usage) for the product team to work and create in".

The designers in the study suggested that authenticity is affected by where and how the product was created.

"Luxury products is not only an image it is also the making of it, to create an image I can do all over the world but if it isn't design for the environment then the product for me is not luxury but is something you can't see you know as a designer I try to be as faithful as I can to nature".

"I think that people are starting to understand that we need to be much more considerate to the world, to the to the climate, to the environment to, to what's real, to diffuse the impact of social media, because social media basically is for the last 10 years we've been almost accepting that it's okay to project a false way of living only in order to impress others, and in some way people do not buy it any more".

There were no direct questions regarding this issue, yet this concern was brought by almost half of the participants. Since sustainability is one of the main areas of discussion today (such as at Expo 2020, and the Higg Index is gaining popularity in the apparel industry as a truthful measure that scores the sustainability performance of companies or their products), it was interesting to see the objective profile of designers who brought this up. Table 11 shows the designer profile (attribute coding) compared to the code for sustainability. The table shows that junior designers did not talk about it at all (it could be that the sample was not representative enough), but that it was a concern for the most of the more experienced designers.

The concept of sustainability was brought up in relationship to the question about the essence of luxury in the future and in respect to luxury products.

Table 11: Designer profile and sustainability

	Des 1	Des 2	Des 3	Des 4	Des 5	Des 6	Des 7	Des 8	Des 9	Des 10	Des 11	Des 12	Des 13	Des 14	Des 15	Des 16
L-luxury*	L	L	L	L	L			L	L			L	L	L		L
P-premium*		P	P			P	P	P		P	P				P	P
NL-Non-luxury*			NL				NL									
Years of work experience	8+	10+	15+	7+	7+	9+	15+	20+	7+	7+	9+	3+	9+	4+	5+	20+
Junior**												Junior		junior		
Head**						Head of design	Head of design	Head of design		Head of design	Head of design		Head of design			Head of design
Senior**	Senior	Senior	Senior	Senior	Senior				Senior						senior	
Gender	M	F	F	M	M	F	F	F	M	M	M	F	M	F	M	F
Sustainability		sustainability	sustainability	sustainability	sustainability		sustainability	sustainability					sustainability			

Table was generated using MaxQDA

* Luxury, Premium and Non-Luxury are the categories of the brands that the designer was working on or had worked on before.
** Position that the designer had: Junior Designer, Senior Designer or Head Designer.
*** Sustainability is a code (see codebook) that emerged from the data; where 'sustainability' is entered on the table it means that it came out of the interview.

4.7 **Luxury Appearance Had Changed**

Most interviewees described luxurious products as made from high-end materials and manufacturing (see Figure 13). They mentioned traditional factories working with quality fabrics (greatest materials), and product finishing, but they also commented that luxury has now become more about the appearance of quality than about the substance or the design:

"Because you can just mass produce that endlessly, you know that luxury product is being made in factories in China alongside you know high street product rather than it being made necessarily in an atelier, where it would have been made before".

According to participants, the term luxury has become overused, since people label everything as luxury:

"Luxury is a celebrity definition, is a hype definition, is an Instagram definition and not a quality definition' and I think that it used to be about quality, but now it's about image".

Figure 13: Luxury product attributes links diagram

Only a few craftsman who are in such high demand, and they wouldn't like hire more craftsman to do it, you're just gonna wait to wait

Suprise by the quality of the product

Luxury products is not only an image it is also the making of it

handcrafted, artisanal

Craftsmanship (20)

The quality of the making and the quality of the design

Rarity of experience.

craftsmen who make it are scarce

Rarity (14)

Luxury product (85)

Heritage (26)

innovation (49)

It is very heritage, so it does have a brand identity with you need to follow so all the inspiration season by season, it comes from the heritage of brand, so the research as well it will always evolve but always follow a path, the path of the brand identity

I think it's more about the background of the product than the product itself

HIstory of the brands, and we also have to figure out when you know when we go too far, you would know it would no longer be or feel like who you are

The true story of (the name of the brand) and how it started

I think it's more about the background of the product than the product itself for Future references

The brands in the mason have been around for so long that they have to be very careful whether they deside innovate

The innovative side of it is that they often they don't realize what they want because they simply haven't thought about it so until they try it they wouldn't know

(Figure was generated using MaxQDA)

4.8 **Exploring the Past for Creative Inspiration**

Interviewees testified that they often looked back through older products of their brand to gain insight into the brand's history and to get inspiration for their new designs; most of them referred to it as revisiting the archive:

"*When he was a creative director, there was a very specific language to the products*".

"*You are given some briefs, like the creator, the creative director gives brief and then you follow that brief*".

"*They also used vintage stores to revisit the past. Some referenced the past in their new products, so the new collection may contain replicas of old products; their goal was to create new designs while maintaining the ideas from the past: If you look at {....} and all the stuff they are either copying like designers from 20 years ago, could identify much ... from 20 years ago or they're copying stuff that they buy you know at thrift stores*".

The archive is a very important resource in the design process:

"*Every company I have been had an archive and that is like for me one is the obviously the most important part of designing for a brand let's say because you always need to have the brand in mind*".

4.9 **The Role of Innovation**

Designers are trained to embrace innovation in their design process, but they are limited by how much innovation than can achieve:

"*The job of design is to build the aesthetic for the brand and also to bring innovation*".

"*They look through sort of like the seasonal sufficiency and look at the products that we need to make high volume of, they'll look at the amount of newness that we can have*".

"*They will give us a little snippet of information which we then build our range and the amount of options in the range that are new and carryover, and we'll build that out with merchandizing and then that's kind of deciding of how many options that we can have*".

The role of innovation should be valued carefully:

"*The brands in the maisons have been around for so long that they have to be very careful whether they decide to innovate*".

"*So we have made sure that those two are combined because if you do too much of just the innovation, your business will probably decline, because you do not have the volume drivers whereas if you do too much of the commercial stuff the consumer gets bored and switches off. So you have that after have that perfect balance between the two, and that's where I spoke about accountability*".

"Because if you rush innovation it generally fails because innovation takes much longer to develop and create versus something that you really have in that you know. So we have different work streams that we have within our development cycles to allow us to do things like that".

"Because something that people, customer and consumers are quite important at the moment I believe, is unfortunately [laughing] an unlimited, unlimited request for innovation, new things or something new in the eye, especially when you're rebranding brand. So sometimes the heritage has to be taken with cautious".

"Middle management is more focused on targets and that for very scared from new things".

They explained that they expect to find innovation throughout both the product's lifecycle and the new materials:

"I think definitely like the materials and fabrication, and also something new and innovative, the like something that's different like that".

"We are working closely with our manufacturing kind of partners but also our vendors to look at kind of innovation of what kind of materials are coming through now".

"We always sourcing for the best kind of materials so we're working with both US and Asian suppliers to help us with new innovation".

Innovation is manifested in luxury brands in (new) product categories. The interviewees expected to see more innovation from sports companies and more sports lines from traditional luxury companies, given that sportswear is flourishing within the product lines of luxury companies. Some participants believed that major fashion houses are following a path towards sports to extend their product lines in the contemporary world, where health and well-being enthusiasts are becoming role models and technology is used as an enabler. Many referred to Nike as an example of innovation in luxury brands. This confirms the concepts mentioned in the literature (Bian and Forsythe, 2012):

"We are then innovated around that we've created different versions of it, so that we've increased the kind of the demand for new options, we've increased consumers buying habits rather than buying one per year".

"I think people are less about wearing structured like suits to work in dresses and those more formal attire, so moving into that more casual sphere is relevant for the brands because it is needed because that's the way that people are dressing these days".

4.10 Functional Authenticity in Sportswear

Authenticity involves a number of paradoxes, as brands must stay true to an authentic core while remaining relevant and desirable (Keller, 2009). This requires them to have in-depth knowledge of their own histories and to integrate this knowledge into their updated offers (Carù, Ostillio & Leone, 2017):

"So the collaborations are basically a way to deliver an authentic product to the store and to the consumer. And I do not think it's a bad thing. I think actually it's a great thing because I think that there's not any more the potential of declaring that we can do anything, or that power is monolithic and its caught in its concentrated under one arm".

"So now companies and the consumer is requesting authenticity, because if she buys a parka, she wants it to behave to be rain proof, he wants the fabric to be technical working, and all the performance that is basically that are required from it from a sportswear has to follow up also in the luxury brands".

"This is very confidential but also as we're doing our whole new collection that it's all about collaboration with, let's say let's call them sportswear or technical companies. And I think that this is this is part of authenticity".

4.11 **The Design Brief Plays Two Roles, One as a Resource and the Other as a Constraint**

The design brief is a draft of the collection needs and wishes, such as number of items, classic products versus new products, and budget. This is how it was defined in the codebook. Constraints play an important role in the design brief, and they influence the design decisions. In contrast, the influence of the resources (the drivers of the creative part of the design process) is shown to be less pronounced in the design brief and the design decisions. See Figure 14 for an illustration of the links between constraints and resources.

Figure 14: Links between constraints and resources
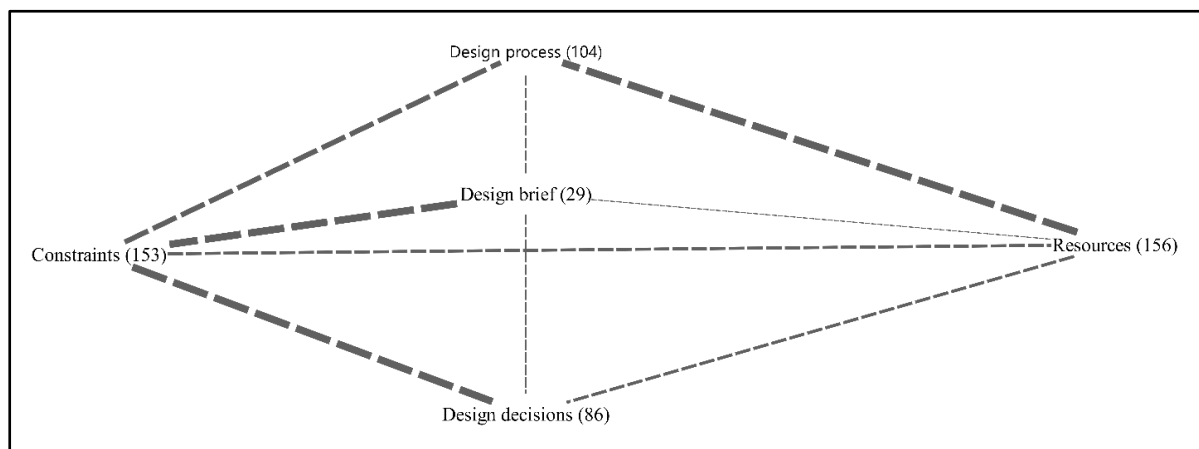
(Figure was generated using MaxQDA)

It was interesting to find that six out of the 16 designers used the term *challenge* instead of *constraint*. They explained that doing so helps them to deal with constraints from an optimistic point of view:

"That are constrained on those fronts, but then those are challenges that are already aware off and we somehow find a way to walk around it but be these are like, you know, it's like being in a relationship, and you already knows your partner falls, but you are not going to do anything about it, you just leave it".

4.12 **Design Decisions: Constraints and Resources**

Design decisions and resources are part of the design process: they are the bridge between the needs and wishes of the firm, from the brief to the end results. The designer needs to balance different requirements, requests and desires to make it to the end result (product):

"When you are designing a product and you look at will people like this in two years' time I think you look at well we look at like technically we look at trends forecasting information but we also look at what's happening in social".

The needs of different people in and outside of the firm, such as consumers and customers, have to be considered. In relation to the insights of consumers:

"That we have people that come into the business to do focus groups".

"We look at their wants and needs".

In relation to the insights of customers:

"So basically the buyers are the one to study the customer and be the one to come to me and tell me, Oh, this shirt even though it is ugly it made really well so we're gonna to do it again

"During, during retail time and that information is used to the next collections, it will almost become the beginning of the new collection".

Constraints also relate to other people in the company:

"The biggest constraint is really that hitting that margin expectation; middle management

The decisions can be made intuitively and creatively:

"So this is the main constraints you can not always do whatever you want creatively".

"Oh, I like to be as expressive and to bring out your own personality".

"For me there is wild cards which are always intuitive but if there are clear briefs than it depends on the trends and consumer insight".

4.13 **Discussion**

This exploratory research investigates the roles of exploration and exploitation in design for luxury. An understanding of the exploration and exploitation activities of designers would give managers the knowledge of how their planned strategy is being executed by the designers. Designers are generally explorative in nature, future-driven, and open to the 'unknown' (Beverland and Farrelly, 2011).

The category of luxury brands was chosen because they require their designers to consider more aspects in their design process than in that of ordinary goods. Premium brands were included in the study as part of its exploratory nature, and this led to perhaps the first conflict that was found later in the study. The luxury category is extensively discussed in management literature, but the definitions themselves continue to take different forms, and it appears that the designers are not always sure how to define the products they create. Although it was not included in the results of the study, it remains in the content and may require further exploration. The reason to include premium brands in the discussion is that they could not be ignored given that the distinction between luxury and premium products is somewhat blurred.

High consumption of luxury products has been discussed in recent academic definitions, such as *new luxury*, *mass luxury*, *meta-luxury* (Ricca and Robins, 2012), *über luxury* (Quintavalle, 2013) and *democratization of luxury* (Brun and Castelli, 2013; Yeoman and McMahon-Beattie, 2018). These terms were not used in the discussions with the designers, but the essence of these concepts and terms came out when designers talked about the profile of the new consumer. For years, luxury products were guarded, catering to the elite and within reach of only the 'happy few', as shown in the literature review. Triggers like democratization in online shopping made luxury products available to all without the barrier of travelling and accessing the physical store. Industry 4.0 allows any consumer access to the merchandise and even to request tailor-made customization, features that were previously reserved for the elite traditional consumers (Yeoman and McMahon-Beattie, 2018). This may in turn cause these traditional consumers to feel less unique and special.

These new consumers are expecting more technological and products that are aligned with their lifestyles and beliefs. The results in this study show that the main two profiles were different and at opposite ends of the spectrum. In a way, the first profile was similar to that of the

traditional consumer displaying difference by purchasing expensive products. The main difference was the age group: young people, and particularly Asians (Ko *et al.*, 2017; Schade, Hegner, Horstmann and Brinkmann, 2016), have more money to spend and their priorities when spending money have changed, since they are buying more compared to earlier times and older consumers (Silverstein and Fiske, 2005).

Another profile is that of a conscientious consumer who wants to have more product visibility, and who cares about the future (Beard, 2008).

The new consumer also appears to relate to the finding that the consumption of high fashion has become more popular at the consumer level and that it is more about the brand name and branding rather than about actual product design. This is also a result of a change in marketing strategies that occurred in the last century (Husic and Cicic, 2009; Kapferer and Valette-Florence, 2016; Kastanakis and Balabanis, 2012).

The need to maintain these different consumer profiles requires designers to consider different aspects and attributes in their design. Creating a product with high visibility during its full lifecycle could be great in relation to one of the consumer profiles but run counter to the other. For example, using a special rare type of leather could be great for the traditional or type A profile, but sourcing or producing this material can be harmful to the environment and therefore put off profile B consumers. While designers can use the benefit of exploitation in relation to profile A and traditional consumers, they need to use more exploration in targeting profile B consumers.

This challenge relates to the tension over rarity, which was expressed by one of the participants: *'Now rarity, the question of rarity in 2018, is whether or not it's real rarity or whether or not it's like created superficially.'* The traditional methods of the industry and the use of exploitation in the design process are changing. Luxury brands traditionally enjoyed the attributes of rarity and scarcity, such that the cumulative damage caused by these products was also small. However, with the increase in production scales this unethical supply chain will have a much larger impact due to the sheer sizes of the larger production scales. Rarity is traditionally achieved using high-end materials and craftsmanship (an exploitation trait), which often results in only a few products (Kapferer, 2012). Due to changes in manufacturing methods based on exploration drivers, production has become much faster, allowing production variability, limited editions and customization, which can create an artificial 'rarity'. These result in an oxymoron of the ability to mass produce 'rare' products.

The information revolution has enabled transparency of the supply chain and product creation (Prahalad and Ramaswamy, 2004b). Brands offering luxury products often use rare materials. These rare materials or their production has become visible, so consumers can decide whether to purchase based on much deeper product knowledge. Such customer deliberation is linked to consumer profile B. The designers testified that they are more concerned with sustainable aspects of design. If sustainable aspects need to be incorporated into the design process, then this in turn requires their company to drop many old habits that are based on traditional approaches and to be more open to embracing new ways of thinking – this is a manifestation of a much more exploratory strategy.

As discussed in the literature review, dynamic capabilities can play two different roles depending on the market context. In a moderately dynamic market, dynamic capabilities will use existing knowledge; however, dynamic capabilities in high-velocity markets depend mainly on new knowledge created for specific situations (Eisenhardt and Martin, 2000). This study shows that designers often do not have a direct communication channel with their consumers or customers, with the result that the information they base their design on is filtered and modified by intermediaries and is therefore not exactly what the consumers or customers want or need. The merchandizer team could modify the information and knowledge based on rules of thumb, and they could base their own product brief on existing or previous knowledge that could promise effective outcomes for the business (Helfat, 1997; Nelson and Winter, 1982). The merchandizer team follows an exploitation strategy in that it uses existing rules and historical data to affect the product's direction. This exploitation is not necessarily an effective strategy, particularly in dynamic markets where designers face the challenges of a changing consumer profile (Eisenhardt and Martin, 2000). On the other hand, the designers in this study explained that they often need to decide for their consumers and, moreover, that they know what their consumers want, which can be a highly risky process that may incur losses in cases where they fail to match the true needs and desires of those customers.

Two clear types of activities appear in the findings: innovation, and exploring the past for creative inspirations in design. These types represent both strategies of exploration and exploitation.

Innovation was found in the literature to be a dimension of luxury brands and products. Innovation (Beverland 2015: 591) is the 'brand's ability to create such impactful change cannot come from refinement and extension of existing capabilities but rather relies upon exploration'.

Tushman and O'Reilly (1996) explained the importance of an organization's capacity to explore and follow new opportunities, develop new knowledge, and radically innovate their products and services. It was interesting that participants testified that innovation can be manifested in luxury in the form of sustainability and rarity of experience.

Participant responses suggest that consumers are now more sustainability conscious, which results in designers being motivated to innovate in that aspect. Some participants mentioned that they feel that luxury is shifting from being based on the physical rarity of the product towards more rarity of experience (Cagan and Vogel, 2012). This result of designing for rarity of experience was also found in a recent article from *Forbes* about future trends: '"There is a fundamental shift in consumer values towards luxury experiences over things that bring happiness and well-being," reports Euromonitor, citing a survey among millennials which found over 50% of U.S. millennials prefer to spend money on experiences over things' (Marr, 2017).

Luxury is no longer a matter of dogma; in the past it was commonly valued or defined by its worth (currency) or by material goods, whereas now it focuses on experiences and other intangibles (Yeoman and McMahon-Beattie, 2018). Yeoman and McMahon-Beattie (2018) proposed new directions towards the contemporary definition of luxury value, suggesting that it should be evaluated by different parameters, as this thesis also suggests.

Designers noted in their interviews that they expect to see more innovation from sports companies and more sports lines from traditional luxury companies, since they considered sportswear to flourish within the product lines of luxury companies. This may be explained by Beverland *et al.* (2015: 591) who suggested that 'innovation and relevance are inextricably connected because innovation creates the category that drive desire'.

Some participants believe that as technology developments occur and allow new production opportunities with rising trends related to well being and health, major fashion houses have decided to enter the sports industry. This adaptation allows them to extend their product lines into the changing world.

The literature offers some explanations for this new category of sportswear, but it could be another interesting driver for this fast-growing market of sportswear that may relate to disruptive innovation. Assink (2006: 218) defined disruptive innovation as a 'successfully exploited radical new product, process, or concept that significantly transforms the demand

and needs of an existing market or industry, disrupts its former key players and creates whole new business practices or markets with significant societal impact'.

Looking further, the links between disruptive innovation, a growing sector and new directions for luxury looks are inseparable. The influence of disruptive innovation on the apparel industries began recently, and this influence has significantly changed the traditional apparel industry and triggered new demands from consumers (Nayak, Padhye, Wang, Chatterjee and Gupta, 2015). The 3D printer, for example, has shortened the time for thread production and limited unnecessary waste relative to traditional thread production; and digital cameras and body scanning enable customization of products.

Design is considered by many to be an innovative profession by definition (Beverland *et al.*, 2015; Cross, 2004). The results of this study show that, in luxury design, the brand's historical products are revisited and its heritage is searched as a source for creative inspirations. This is supported by the concept that a form can be created with specific characteristics that relate to previous projects of the designer or the design house (Bloch, 1995). The creative inspiration resource is an activity matching exploitation, but using this resource as an inspiration for a new product can result in exploitation yielding to exploration.

The importance of being aligned with the brand's historical product roots is clearly seen in the results; however, the term *authenticity* appeared only once. This may be attributed to the phrasing of the interview questions. Authenticity rooted in traditional luxury is intended to maintain the original image of the brand and therefore relates to exploitation. Participants stated that product authenticity had been reformulated as functional authenticity in sportswear, which in turn suggests that brands seem to have moved into more functional product designs that utilize new product capabilities and manufacturing technologies in place of authenticity of styling.

The analysis shows that luxury is more of a brand than a product. This finding is similar to the suggestion of Arvidsson and Peitersen (2013) that brands today are much more than a mere symbol of products; rather, they are better understood as akin to a common 'ethos' that involve consumers, co-workers and other stakeholders as active participants in their development.

This idea also reflected the designer's current role. Several of the more senior designers said throughout the interviews that their role had changed over the years. They are now required to have a wider view of the brand's DNA or persona, which represents the essence of the brand rather than only its products' characteristics. This has moved senior designers and design

leaders to more strategic roles in their companies, where they drive their companies' products according to their understanding of their brands' identities and images.

Open discussions occurred with the designers after the structured part of the interviews. During these discussions, the designers asked the interviewer about the subject of the thesis. They were not able to understand the strategic terms of *exploration* and *exploitation*, which come from management and are not part of the designer's repertoire.

As we have seen in the previous paragraphs, there are different roles of exploration and exploitation in the design process that designers are now required to consider. Designers appear to be key players in balancing these strategic management roles. At an organizational level and in management terms, this would amount to a requirement to be ambidextrous. Ambidextrous organizations can better adjust in the face of competition and market changes. It is important for an organization to have multiple strategies, structures and processes to be successful and to create conditions for continuous innovation in the future (Tushman and O'Reilly, 2002).

Tushman and O'Reilly (2002: 221–222) explained that 'it is through such internal diversity and experimentation that managers generate data from which to make strategic bets. Luck is, then, an important ingredient in managing innovation over time. While managers cannot guarantee it, they can create organizations that can be systematically luckier than the competition.' To turn this into practice, designers need to translate these managerial needs into innovative products: 'with new product offerings, a distinctive design can render older competitors immediately obsolete and make later competitors appear to be shallow copies' (Midgley, 1977, cited by Bloch, 1995: 16).

Business strategy is trickling down to the studio and the designers, whether in the form of the brief, guidelines, or any other practice. Designers need to create based on the knowledge they get from above; they then interpret this knowledge in creative ways and package it as a design brief. This knowledge could serve as a resource, but it is also a set of constraints that sometimes limit the designers' creativity. Designers often base their work on searching for products that match their personal combination of values and quality traits, and they rely on their sense of integrity (Cagan and Vogel, 2012). This could work both ways for the business: limiting creativity can protect the business strategy; it could hold the business back from new ideas and directions; or it could stimulate the creativity to generate new ideas and directions. The balance between exploration and exploitation in luxury brands is very delicate; for example, strategically pushing to preserve the brand's heritage can lead to a reduction of innovation.

Excessive reliance on functional authenticity in sportswear as a driving force for exploration can change the essence of the brand and cause damage to the brand's image and positioning.

The analysis shows that the design brief plays two roles, one as a resource and the other as a means of setting constraints. The design brief as a constraint and as a resource did not appear in equal frequencies among the participating designer population.

The design brief is a resource for those who design the product, but it also acts as a constraint that they need to obey. The design brief was defined by the merchandizer: *'we get those instructions in terms of in the end reaching to this customer, and they, merchandizing team, is the one working with numbers so they also know better than us, I can only assume or guess'.* The design team then needs to follow it (which is more of an exploitation). Merchandizers create the brief based on analysis of budget, margins, and market performance of the existing product line. Some of the design brief includes guidelines for the composition of the next collection (product lines) in relation to how many of the existing products and designs need to be maintained (exploitation) and how much should be left to innovation. This manifests the strategic need to control variation and cost as well as to improve execution and product/service offerings (Junni *et al.*, 2013).

The resources can help define the design brief. They include new knowledge that the designers get from external resources or other team members and which relates to the product components. One participant commented: *'It started two years or more in advance, so the textile designers are working to create the new colours, new fabric and everything, only after this is developed, then the designers after year can look at it, and design a year in advance'.* The designer suggests to the design director different types of products and directions, and he or she spots what is 'going to be…'. It is in this scenario that resources help to define the design brief and in which the emphasis is on exploration, since exploration focuses on the development of new knowledge (Andriopoulos and Lewis, 2009) and creates options (Benner and Tushman, 2003).

5 Conclusions

5.1 Conclusions

This research has investigated how exploration and exploitation are expressed through designer activities and thinking. Over the last decade, business and academia have attempted to find new ways to deal with uncertainties; some of this attention has been directed to the field of design with the objective of understanding what can be learned from non-analytical ways of thinking (Martin, 2009). The common practice in management based on analytical thinking can integrate new ways that may be useful to adapt to business strategy. The main objective of this research was to study the role of exploration and exploitation activities in the design process. Unfortunately, designers are not familiar with management terms like exploration and exploitation, even though they practice them in their daily work. The solution to this constraint was to initially investigate the terms in the designers' repertoire and to use their meaning in strategic management to compose questions that designers can respond to. The designers' language was arranged into themes.

The ecosystem of creating new products is no longer only within the realm of the enterprise, since it is now affected by a larger community that includes stakeholders, consumers and even opinion leaders (Arvidsson and Peitersen, 2013). There is need to dynamically maintain the equilibrium of the organization's resources according to different drivers and responsibilities (Benner and Tushman, 2003; Gibson and Birkinshaw, 2004): 'Business leaders select a discovery approach to launching their concepts when market and technological uncertainty are considered high' (Broekhuizen, Bakker and Postma, 2018: 561).

Resources are an important parameter for the innovative part in exploration, while constraints are traditionally related to exploitation. Design decisions need to balance both constraints and resources to achieve good results (Kasia, Gemser, Hultink and Nachoem, 2017). For the designer, resources are different from business resources, but product development by the designer could play an important role for the business and it could constitute a competitive advantage (Cardeal and António, 2012).

At a managerial level, resources are at the heart of the resource-based view. These specific assets include physical, human and organizational resources, which can be used to implement value-creating strategies (Eisenhardt and Martin, 2000). Cardeal and António (2012) found that

there is a need to couple different resources to transform a product in a way that creates value in the firm's business model. Competitive advantage centred on valuable, rare and inimitable resources and organization was emphasized by Barney (1997). Designers are familiar with creating value, rarity and inimitable products; understanding the design process could be relevant for managers if they want to make the process most effective.

Furthermore, luxury and premium brands are at a crossroads today. These brands are scrutinized for their supply chain and sources, while they are encouraged to accelerate their expansion and to acquire new generations of consumers. Companies that have a base of loyal consumers, who have been with them for a long time because the company's unique attributes make them feel unique and special, are now facing new crowds in their field with a young generation who have different aspirations for the same brand and its products. Brands previously built on unique craftsmanship and handmade products, custom-made and tailor-made for the clientele, are now required to customize for much larger populations while trying to maintain the uniqueness.

Designers echo their consumers' needs in their products and their brand's guidelines, spirit and history. They need to clearly understand and fulfil the needs of management, but also to keep coming up with creative ideas that are often outside the brand's comfort zone. They need to continuously balance internal and external needs and to ensure that they design products that fit these needs.

5.2 Limitations and Future Research

Like any research, this study has limitations. Time and budget were the main limitations. Participants were located in different parts of the world and were not physically sitting in the same room as the researcher. It is advised to have at least two people in the interviewing team, but since this research had no other researchers who could take part, only one person conducted the interview.

The quality of an interview study is not determined by the quantity of interviews or samples but rather by the quality and content thereof (Robinson, 2014). Since I used purposeful sampling and some snowball sampling, it could be that the sample frame was not large enough, so future research should be conducted on a larger population. The purposeful sampling allowed me to focus the research on a specific designer population, knowing that this narrowed the applicability of the research results. In the case of this study, the focus was on fashion

designers working with luxury brands. According to Silverman (2015: 10): 'A major central methodological issue for quantitative researchers is the reliability of the interview schedule and the representativeness of the sample.' The sample population was fairly widely spread, but it only considered a specific point of view. The purposes of the study were to look at a specific population's perspective, but another population, such as one comprising top management or consumers, could have provided another point of view that may have enriched the results.

The analysis was based on a qualitative method that is applicable to studies with far smaller sample sizes, since it requires reading and re-reading the data. The insights gained by this method are not intended to be fully generalized. Using a mixed methods or other type of approach may give future studies more generalizable results. Using a mixed methods approach may also have enriched the data analysis method of thematic and content analysis.

The data that was collected in the study is nevertheless rich enough, and it could be used for further research that goes beyond the themes of exploration and exploitation. Some interesting directions could be studied further. For example, future studies could investigate the relationship between the vocabularies of designers and managers; the different degrees of innovation – incremental and radical – could be further studied; a deeper understanding of decision-making by designers could be explored; and there could be research that dives deeper into the designer's profile and investigates how it correlates with their position in the design process.

This study has not yet constructed a new theoretical model (Beverland *et al.*, 2015). This could be done using a retrospective review of the data and the conclusions found in the current study. It is therefore expected that such a model could be achieved once 'the dust settles' on this study.

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7 Appendix

Appendix 1: Definitions of luxury brands

Author(s)	Brand luxury
Atwal and Williams (2009)	Luxury has moved beyond the traditional to be experiential, and experiential luxury marketing includes the dimensions of entertainment, education, escapist, and aesthetic, which will vary in levels of consumer participation and connection with the brand.
Berthon et al. (2009)	Luxury is a conspicuous possession that is aesthetically pleasing, that offers status to the individual, and that may be enjoyed inconspicuously or conspicuously and has some degree of exclusivity or rarity and a social mystique and encapsulates what a brand does (functional) and what a brand means to the individual (experiential) and to the collective (symbolic).
	Luxury is more than a characteristic or set of attributes. Rather than define a luxury brand in terms of its attributes, the authors conceptualize it in terms of what it does in three spheres: the objective (material), the subjective (individual), and the collective (social). The material consists of exquisite material and craftsmanship, high functionality, and impressive performance. The subjective dimension relates to the consumer's personal hedonic value of a brand. The collective element is the value a brand signals to others and the value of that signal to the signaller.
Beverland (2005)	Attributes of authenticity, such as heritage and pedigree, stylistic consistency, quality commitments, relationship to place, method of production, and downplaying commercial considerations, may be transferred to luxury brands.
Dubois and Duquesne (1993)	Luxury involves a desire to impress others, with the ability to pay particularly high prices and an ostentatious display of wealth.
Dubois et al. (2001), Dubois and Paternault (1995), Gutsatz (2001)	Luxury has six elements: (1) excellent quality, (2) high price, (3) scarcity and uniqueness, (4) aesthetics and polysensuality, (5) ancestral heritage and personal history, and (6) superfluousness. Luxury includes two levels of representation. The first is material; it includes the product and the brand (its history, identity, unique know how, talent). The second level is psychological and covers representations, which are influenced by our social environmental and brand values.
Dumoulin (2007)	The expression of today's luxury is about a celebration of personal creativity, expressiveness, intelligence, fluidity, and above all meaning.
Fionda and Moore (2009)	Brand luxury has nine components: (1) clear brand identity, (2) luxury communications strategy, (3) product integrity, (4) brand signature, (5) prestige price, (6) exclusivity, (7) history or a story, (8) globally

	controlled distribution, and (9) a luxury organizational culture.
Godey et al. (2009)	Luxury goods are synonymous with selectivity if not exclusivity, and the definition and measurement of luxury are highly subjective.
Hagtvedt and Patrick (2009)	Luxury brands offer premium products, provide pleasure as a central benefit, and connect with consumers emotionally.
Heine (2012)	Luxury brands are associated with consumer perceptions of a high level of price, quality, aesthetics, rarity, extraordinariness, and a high degree of non-functional associations.
Husic and Cicic (2009)	Significant positive influences of brand luxury are the brand image itself and quality.
Jackson (2004)	A luxury fashion brand is characterized by exclusivity, premium prices, image, and status, which combine to make it desirable for reasons other than function.
Juggessur and Cohen (2009)	High-fashion brand is a term often synonymously used with prestige and luxury brands as those that hold considerable intangible worth and have enduring positive brand images, deemed as being at the forefront of design, quality, status, and fashion.
Kapferer (1997)	Luxury brands include the attributes of quality, beauty, sensuality, exclusivity, history, high price, and uniqueness
Kapferer and Bastien (2009b)	Brand luxury has two facets: indulging in one's pleasures (luxury for one's self) and demonstration of success (luxury for others); when it comes to luxury, being unique is what counts.
Keller (2009)	Brand luxury has 10 characteristics: (1) maintaining a premium image, (2) creation of intangible brand associations, (3) aligned with quality, (4) tangible elements such as logos, symbols, and packaging design, (5) secondary associations with linked personalities or endorsers, (6) controlled distribution, (7) premium pricing, (8) careful management, (9) broad definition, and (10) legal protection of trademarks.
Kim et al. (2009)	The luxury brand is the highest level of prestige brand encompassing several physical and psychological values, such as perceived conspicuous value, unique value, social value, hedonic value, and quality value.
Moore and Birtwistle (2004)	Luxury fashion brands have iconic products and designs with integrity, where the manufacturer has tight control over the product, endorsement, distribution, and premium pricing.
Nueno and Quelch (1998)	A luxury product is a work of art designed for an exclusive market, and is derived from the Latin word *luxus*, which means indulgence of the senses regardless of cost. It differs from luxury brands, which are those brands whose ratio of functional utility to price is low while the ratio of intangible and situational utility to price is high. Luxury brands are those whose ratios of functional utility to price is low and ratio of intangible and situational utility to price is high (10 specific

	characteristics of luxury brands are also provided).
Okonkwo (2007)	Luxury brands are highly visible; have a distinct identity, a global reputation, and emotional appeal; are innovative, creative, unique, and appealing; and constantly deliver premium quality and premium price, with tightly controlled distribution.
Phau and Prendergast (2000)	Luxury brands evoke exclusivity, have a well-known brand identity, enjoy a high brand awareness and perceived quality, and retain sales levels and customer loyalty.
Prendergast and Wong (2003)	Good quality and design are associated with luxury.
Silverstein and Fiske (2005)	Luxury has evolved to refer to products and services that possess higher levels of quality, taste, and aspiration than other goods in the category, but are not so expensive as to be out of reach.
Truong et al. (2008)	The new luxury differs from the traditional luxury by being more affordable, more assessable and targeting new consumers.
Tynan et al. (2010)	Luxury is a one end of a continuum with ordinary, so where ordinary ends and luxury starts is a matter of degree as judged by consumers. Key identifiers of luxury brands are high quality, expensive and non-essential products and services that appear to be rare, exclusive, prestigious, and authentic and offer high levels of symbolic and emotional/hedonic values through customer experiences.
Vickers and Renand (2003)	Luxury brands with primary functional dimensions are designed to solve extrinsic consumption needs that are related to the physical product. Experientialism is associated with a consumer's desire to consume products that provide sensory pleasure. Luxury goods scoring high on symbolic interactionism are designed to associate the owner with a desired group, role or self-image. Luxury goods are different from non-luxury goods by the extent to which they exhibit a distinctive mix of three important dimensions of instrumental performance: functionalism, experientialism, and symbolic interactionism.
Vigneron and Johnson (2004) and Vigneron and Johnson (1999) Wetlaufer (2004) Alleres (2003)	A luxury brand is a form of a prestige brand as prestige brands have three levels: up-market, premium and luxury and that the degree of luxury contain can be measured by conspicuousness, uniqueness, quality, hedonism and extended self. The significance of corporate identity, culture, and spirit, as well as creative excellence, is necessary in luxury brand development. The luxury brand has six elements: the creators of the brand, the locations, the creations, recognition symbols, history, and the brand name.

Table adapted from Miller and Mills, 2012: 1473, and Ko, Costello, and Taylor, 2017

Appendix 2: Interview questions, Cycle one

Purpose of the question	Questions	References, inspiration
General information that will be requested from participants before the interviews.	• Demography – age, gender, experience in the fashion area, current role, academic level or education, industry experience. • Place of professional training/education • Country of work	The potential selected interviews should have worked with the company for at least two years. This will ensure that he or she has been involved with at least two rounds of product design development and knows the process.

To verify that there is alignment between the luxury fashion brand and luxury fashion product.	1. Would you say that the product you design is
	   a. Non-luxury
	   b. Premium
	   c. Luxury
		The research is about luxury and new-luxury products. Luxury product companies need to be identified. New-luxury brands/product companies are not defined yet… so identifying companies that meet luxury requirements can be closely based on the Luxury Good Retailing report, Euromonitor. The new-luxury category will be based on leading fashion journals and blogs.

This question was to see whether the designer's views are similar to those found in the literature.	2. If you design a luxury or premium product or what do you think makes it luxurious?	Generation Y participants report that for them the most luxurious brands are Nike, Tiger Asics, Billabong and Mamabo (Miller and Mills, 2012).
This will help identify the components of exploration and exploitation, which are involved in creating a luxurious product.	3. What types of resources do you use for your work? **Support material for interviewer:** Examples of internal inspirations: Brand vision, direction, rules, historical company archive, values, company vision, design meetings and other. Examples of external inspirations: Public trends and media – Trend analysis websites, social networks (Pinterest and	Knowing the influence will reveal the dimensions that influence the designer or brand manager; for example, it will indicate how they consider the heritage of the brand and how this influences their decision-making (Finda and Moore, 2009; Beverland, 2004).

	Instagram), blogs, trade shows and forecast books.	This can give better answers about the exploration and exploration activities in the product design process.
*Predefined instructions and examples provided with interviewee questions about inspirations		
Co-creation, collaboration.	4. What is the customer's role in your design process?	New-luxury products often involve customer and consumer needs, requirements, etc. This is also part of exploration.
This will help to identify the components of exploration and exploitation which are involved in creating a luxurious product.	5. What do you consider to be the most important constraints on your design? **Support material for interviewer:** For example, constraints could include the following: cost, budget, materials, limited technical knowledge, limitations from the brand manager, fear that the product will not be a success, vendor access, limitations in materials, and limitations in the company production line. **Examples of constraints and opportunities:** Suppliers, consumers, competitors, design meetings, materials, and production methods.	
This will help to identify the components of exploration and exploitation which are involved in creating a luxurious product.	6. How do you decide what types of products you should design?	
A question to get the participant's thoughts.	7. How will rarity change in the future?	This was changed after the first four interviews.

Appendix 3: Process of data analysis in thematic analysis and qualitative content analysis

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Analysis phases and their descriptions

Thematic analysis (Braun & Clarke, 2006: 87)   Content analysis (Elo & Kyngäs, 2008: 110)

Familiarising with data
Transcribing data, reading and rereading the data, noting down
    initial ideas.

Generating initial codes
Coding interesting features of the data systematically across the
    entire data set, collating data relevant to each code.

Searching for themes
Collating codes into potential themes, gathering all data relevant to
    each potential theme.

Reviewing themes
Checking if the themes work in relation to the coded extracts and
    the entire data set, generating a thematic map.

Defining and naming themes
Ongoing analysis for refining the specifics of each theme and the
    overall story that the analysis tells, generating clear definitions
    and names for each theme.

Producing the report
The final opportunity for analysis. Selection of vivid, compelling
    extract examples, final analysis of selected extracts, relating back
    of the analysis to the research question and literature, producing
    a report of the analysis.

Preparation
Being immersed in the data and obtaining the sense of whole,
    selecting the unit of analysis, deciding on the analysis of manifest
    content or latent content.

Organising
Open coding and creating categories, grouping codes under higher
    order headings, formulating a general description of the research
    topic through generating categories and subcategories as
    abstracting.

Reporting
Reporting the analysing process and the results through models,
    conceptual systems, conceptual map or categories, and a story
    line.

(Vaismoradi et al., 2013: 404)

Appendix 4: Letter provided to participants

To:

From: Yael Pedro

Subject: Informed Consent to Participate in Study

Date:

Dear Participant,

My name is Yael, I am a PhD student at ISCTE, University Institute of Lisbon. I am researching the design process.

This interview is part of a research that I am conducting on the new product design and development. As a designer you are in an ideal position with a unique perspective and valuable first-hand information on the matter.

This will be an informal interview and will take around 45 minutes. I am simply trying to capture your thoughts and perspectives on the design process. Your responses will be kept confidential. Each interview will be assigned a code to help ensure your anonymity. None of your information will be revealed during the analysis or be included in the findings. Unfortunately, there is no compensation for participating in this study but your time and involvement would be profoundly appreciated. However, your participation will be a valuable addition to the body of knowledge about the fashion field.

You may decline to answer any questions you do not wish to answer. If at any time you do not want to continue with the interview we will end it promptly. To maintain the essence of your words for the research, I will record the information, and you may request to see or hear the information I collect at any time. The interview will be electronically recorded and the interviewer will take notes. The recording will later be transcribed and kept confidential in a password-protected computer for data analysis.

Experts from the interview may be included in the final dissertation report or other later publications. However, under no circumstances will your name or identifying characteristics appear in these writings. If, at a subsequent date, biographical data will be relevant to a publication, then we will request your permission in a separate release form.

If you are willing to participate please suggest the time and date that suits you and I'll do my best to be available. If you have any questions please do not hesitate to ask.

With kindest regards,

Yael Pedro

Business Research Unit

ISCTE, Institute University of Lisbon

Appendix 5: Codebook

1 Brand DNA	24*
1.1 Brand guidelines	4
1.2 Brand persona	25
2 Partnerships	12
3 Customization	13
4 Limited edition	9
5 Consumer/customer	0
5.1 New consumer	32
5.2 Educate and inspire the consumer	26
5.3 Consumer gets smarter	12
5.4 Customer/consumer role not in a luxury brand	45
5.5 Customer/consumer role in luxury brand	81
6 Design process	104
6.1 Constraints	84
6.1.1 Reply as soon as the question was asked	1
6.1.2 Functionality	5
6.1.3 Challenge	7
6.1.4 Fabric	11
6.1.5 External constraints	7
6.1.5.1 Consumer	12
6.1.5.2 Factory capability	9
6.1.6 Internal constraints	22
6.1.6.1 Pressure	6
6.1.6.2 Communication	1
6.1.6.3 Time	13
6.1.6.4 Miscellaneous & abstract notions	10
6.1.6.5 Internal information	51
6.1.6.6 Budget	21
6.2 Design brief	29
6.3 Resources	79
6.3.1 Internal resources	22
6.3.1.1 Fabric	3
6.3.1.2 me	7
6.3.1.3 Tools	2
6.3.1.4 Brand archive	16
6.3.2 External resources	42
6.3.2.1 Visual	20

6.3.2.2 Fabric	7
6.3.2.3 Vintage	13
6.4 Design decisions	86
6.4.1 Product selection	58
6.4.2 Role play	4
6.4.3 Intuitive	2
6.5 Product result	21
6.6 Feedback about the product	26
6.7 Designer feelings about the product or process	21
7 Designer profile	0
7.1 Type of product you design	37
7.2 Designer's category	1
7.2.1 Premium	9
7.2.2 Non luxury	3
7.2.3 Luxury	12
7.3 Country worked or working in	16
7.4 Years of work experience	16
7.5 Current role	16
7.5.1 Junior	2
7.5.2 Head	6
7.5.3 Senior	7
7.6 Gender	16
7.7 Education	15
8 Rarity of experience	21
9 Future of luxury	29
10 Luxury product	85
10.1 Authenticity	2
10.2 Heritage	26
10.2.1 Craftsmanship	20
10.3 innovation	49
10.4 rarity	14
11 Other concepts of luxury	63
12 Opinion about luxury	51
13 Other brand names	39
14 Premium vs. luxury	17
15 Sportswear	19
16 Sustainability	22

*Column on the left indicates the code frequency.

1 Brand DNA

The importance of the brand signature and its iconic products. They are referred as the 'designer's' style', 'handwriting' or as the 'brand DNA'. The product's DNA includes tangible and intangible assets; intangibles are connected to the company's values, to the brand's identity, and to assisting in developing a new product (Fionda and Moore, 2009).

1.1 Brand DNA/brand guidelines

Brand guidelines are the brand's identity guidelines, which can help anyone in the firm understand what the brand stands for. A brand line may include the brand's strategy, mission, vision, and visuals. Some brand guidelines are shown/expressed/presented only by visuals (logo, colors).

1.2 Brand DNA/brand persona

The designer relates/mentions the brand as a persona.

2 Collaboration

This code relates to any collaboration that a brand is doing with other brand within the fashion industry.

3 Customization

Consumer participation in the design; this allows the consumer to be an active part in the design process, to contribute their sense of self to the customized products, and thus to identify themselves with the products.

4 Limited edition

Refers to limited editions, which are unique small-production products (special colour, special artist involved in creating them).

5 Consumer/customer

5.1 Consumer/customer/new consumer

The designer defines a new consumer profile.

5.2 Consumer/customer/educate and inspire the consumer

The possible influence of the designer on the consumer/customer. This could be intended or unintended – it may be affected by the ability and knowledge held by the designer of his/her target audience.

5.3 Consumer/customer/consumer gets smarter

Remarks on what designers think about customers.

5.4 Consumer/customer/ /consumer role not in a luxury brand

Remarks on their perception of their customer's point of view regarding a non-luxury brand.

5.5 Consumer/ customer/ /consumer role in luxury brand

Remarks on their perception of their customer's point of view regarding a luxury brand.

6 Design process

An iterative process that is a combination of various steps and decisions designers take in defining and creating products. The process involves multiple parts and interactions with various elements: sources of inspiration, product selection, design brief, suppliers, factory capabilities, design meetings, materials, production methods and budget. The design process includes creative and non-creative portions. Designers use different resources, internal and external, to design their product.

6.1 Design process/constraints

Constraints are things that hold back the designer or are limitations given to him or her that affect the design process..

6.1.1 Design process/Constraints\Reply as soon as the question was asked

The first reaction of the designers as they answer questions regarding constraints in the design process.

- Pause
- Ask to clarify
- Change the term 'constraint' to 'challenge'

6.1.2 Design process/constraints/functionality

The way that the product functions.

6.1.3 Design process/constraints/challenge

A response in which a designer says that they would rather talk about the challenge and not constraint.

6.1.4 Design process/constraints/fabric

Availability of different types of fabrics and different colours. Could be regarded as external or internal.

6.1.5 Design process/constraints/external constraints

External constraints are relate to the interaction with external channels. The external constraints contain: supply chains, limitations in the company production line, wholesale, retail.

6.1.5.1 Design process/constraints/external constraints/consumer

The consumer's needs and wishes (the consumer is the user of the product).

6.1.5.2 Design process/constraints/external constraints/factory capability

A factory's capability of producing specific products within a specific timeframe, and capabilities of production (the number of items that need to be produced).

6.1.6 Design process/constraints/internal constraints

Internal constraints are related to inner interactions and existing knowledge of the firm, and could include the following: cost, budget, limited technical knowledge, limitations from the manager or the management.

6.1.6.1 Design process/constraints/internal constraints/pressure

The pressure to create a collection or be creative in limited time.

6.1.6.2 Design process/constraints/internal constraints/communication

The communication process or interactions between team members.

6.1.6.3 Design process/constraints/internal constraints/time

The timeframe required for a collection to be produced and displayed.

6.1.6.4 Design process/constraints/internal constraints/miscellaneous and abstract notions

Other relates to constraints that were only mentioned once and relate to personal constraints, such as being ambitious or being gay.

6.1.6.5 Design process/constraints/internal constraints/internal information

Internal information that the designers shared with other people in the firm.

6.1.6.6 Design process/constraints/internal constraints/budget

The available budget for the collections or the products.

6.2 Design process/design brief

The design brief is a draft of the collection needs and wants, such as number of items, classic products versus new products, and budget.

6.3 Design process/resources

The resources that are used for creating a new product. They could be internal or external resources.

6.3.1 Design process/resources/internal resources

Internal resources are related to the existing knowledge of the firm that is used in the process of creating a product. Examples of internal inspirations include brand vision, direction, rules, historical company archive, values, company vision, design meetings, and other.

6.3.1.1 Design process/resources/internal resources/fabric

This relates to the brand team, which is responsible for developing the textile samples that are created in-house.

6.3.1.2 Design process/resources/internal resources/me

The individual designer talk about him- or herself as a resource

6.3.1.3 Design process/resources/internal resources/tools

Physical or digital tools that help the designers, such as Photoshop.

6.3.1.4 Design process/resources/internal resources/brand archive

Relates to archives with classical pieces or museums within the brand's facilities that contain part of their brand's heritage (Carù, Ostillio, and Leone, 2017; Beverland, 2005)

6.3.2 Design process/resources/external resources

Examples of external inspirations include public trends and media, trend analysis websites, social networks (Pinterest and Instagram), blogs, trade shows, and forecast books.

6.3.2.1 Design process/resources/external resources/visual

Any visual images that are part of the designer's inspiration: books, movies, exhibitions, magazines, etc.

6.3.2.2 Design process/resources/external resources/fabric

6.3.2.3 Design process/resources/external resources/vintage

6.4 Design process/design decisions

Design decisions are part of the design process; they are the bridge between the needs of the product in the brief and the end results. The way decisions are made.

6.4.1 Design process/design decisions/product selection

This is coded when the question arises of how a product is or is not selected for production and by whom.

6.4.2 Design process/design decisions/role play

Design decisions developed through role play, which simulates how the consumer would feel.

6.4.3 Design process/design decisions/intuition

Design decisions based on the intuition of the designer.

6.5 Design process/product result

The outcome of the design process. The look and feel (aesthetic) and functionality of the product.

6.6 Design process/feedback about the product

The feedback that the designer gets about the product throughout the process, from the collection show, and from merchandisers' reports.

6.7 Design process/designer's feelings about the product or process

The designer's feelings about the product or process.

7 Designer profile

General information about the interviewee.

7.1 Designer profile/type of product designed

To define the category of the designer: luxury, non-luxury or premium.

7.2 Designer profile/designer's category

Non-luxury

Premium

Luxury

7.2.1 Designer profile/designer's category/premium

7.2.2 Designer profile/designer's category/non-luxury

7.2.3 Designer profile/designer's category/luxury

7.3 Designer profile/country worked or working in

The country or countries that the designer is working or has worked in.

7.4 Designer profile/years of work experience

Years of experience.

7.5 Designer profile/current role

Designer's position at the time of the interview:

Junior, Senior, Head

7.5.1 Designer profile/current role/junior

7.5.2 Designer profile/current role/head

7.5.3 Designer profile/current role/senior

7.6 Designer profile/gender

Gender: male, female

7.7 Designer profile/education

 The designer's education background

8 Rarity of experience

The product or the brand's shopping experience creates excitement.

9 Future of luxury

The designer's thoughts about how luxury is going to change.

10 Luxury product

This code is used to mark luxury product attributes.

10.1 Luxury product/authenticity

This code is used to mark authenticity-related segments. In this research, 'authentic' means '*conforming to an original so as to reproduce essential features*' (Merriam-Webster Dictionary, 2018). To be authentic means to maintain the original, which inherently does not change.

10.2 Luxury product/heritage

This code is used to mark heritage-related segments. In this research 'heritage' is defined as symbolizing a traditional brand or product as emblematic of fine craftsmanship (Oxford

EnglishDictionary, 1989). 'The prevailing image and reputation of the brand on the market affects the formation of recognition' (Karjalainen and Snelders, 2010: 17).

10.2.1 Luxury product/heritage/craftsmanship

Heritage craftsmanship is associated with cultural traditions, and manufacturers take great pride in a long history of craftsmanship and heritage. Such products can therefore be appreciated by consumers for their high quality. A heritage of craftsmanship is developed over generations as skills and methods evolve. This provides craftspeople with the technical skills to perform sophisticated operations arising out of a long succession of inventions and innovations (Barrère, 2013).

10.3 Luxury product/innovation

Fashion innovators continually try to differentiate themselves from others by looking for new and different styles to keep their status as innovators, whereas fashion followers carry out an imitation role (Beaudoin and Lachance, 2006; Zhang and Kim, 2013). Drucker (2002) defined innovation as the specific tool through which entrepreneurs exploit change as an opportunity, endow existing resources with enhanced potential for creating wealth, or create new wealth-producing resources.

10.4 Luxury product/rarity

Rarity was traditionally a result of uniqueness and the scarcity of skilled craftspeople who could create masterpiece products using traditional methods, tools, and skills.

11 Other concepts of luxury

The designer's ideas on new concepts of luxury.

12 Opinion about luxury

The designer's opinion about luxury.

13 Other brand names

Designer's use of other brand names to help exemplify brand practice and execution.

14 Premium vs. luxury

The designer's opinion about the difference between premium and luxury brands.

15 Sportswear

The designer's reference to brands related to sportswear.

16 Sustainability

The designer's references to sustainability. The way that the product is created – for example, its material.

INTERVIEW NUMBER ONE
DES 1
Date: 4/9/18
Hour: 11h00
Duration: 1h30m

This designer holds a bachelor's degree in design. The interview was taken while the designer was at home after work. He has clear, almost memorized, definitions of luxury and luxury products. He noted that he has a formal education in the luxury field. His primary resource was his own creativity and ability, so he does not utilize any particular resource. He does not have known constrains such as budget when he transforms his ideas to products. He thinks very highly of the importance of innovation. According to designer 1, no brand today could stay relevant without innovation, and brand must constantly innovate. He gave a sample of traditional companies like Hermes that are succeeding by using digital platform smartly.

He said that having constrains is importance, because it is the way to create guidelines that are clear to all, he likes to be creative but must be aware and up to date of the production aspects *"it could be anything and as long as it's producible"*.

He talked about the new essence of luxury and was critical about it, he used terms such as such as New Luxury or Democratic Luxury, and described them as trends that would fade away and terms that tend to be used more academically. he talked about the paradox of rarity, whether it is real rarity or created superficially. He pointed out the significance of the craftsmanship in relation to rarity. At the end of the interview he pointed out that it is very nice to have more discussion in the industry about the points that were brought through the interview.

INTERVIEW NUMBER TWO
DES 2
Date: 5/9/18
Hour: 17h30
Duration: 1h20m

This designer holds a bachelor's degree in design. The interview was taken while the designer was at home after work. She has been working for different brands around Europe, even though she resides in the USA. This interviewee asked to see the questions prior to the interview.

She talked about the culture she grew up in and the important role that it plays in her creative inspiration.

She gave examples to describe the definitions of luxury and luxury products while stressing the importance of the quality and manufacturing. She talked several times throughout the interview about the reputation of the brand more than the product and said that in the past it was not like that. She had a lot of experience working for brands with a very long heritage, she had to follow these brands' heritage and identity as a core source for inspiration. She also looks for inspiration in her own everyday life, and all that she sees during the day. Books and exhibitions are very valuable tools for her creativity as well.

She says that in the recent years she had to follow the merchandiser requests, sales requirements and even marketing desires, and could not have a direct contact with consumer or customer, which she thinks is very valuable.

She described the main constraint on her creativity to be the brand requirements. She needs to follow previous seasons or to evolve past products, to be an evolutionary not a revolutionary. She also talked about the diversity of consumers in different countries. American and European brands have different requirements, even if it is within the same brand but in different continents. The decisions about product direction are influenced by the kind of categories the brand wishes "to push" to the market, and is being determined by other people in the company like the merchandising or product management, they are guiding the design team, she says that there is no a real person she designs for.

She said that luxury is fading away and there is not much luxury anymore. In the interview, other brands names were brought up as examples of how the industry had changed and that the borderline between luxury and non-luxury is fading. That many companies are entering into sport luxury and into sportswear and it is not couture anymore.

She expressed concern about the massive production and the influence of the textile industry on the environment and essentially on where and how it is being made.

INTERVIEW NUMBER THREE
DES 3
Date: 14/9/18
Hour: 12h00
Duration: 1h00

This designer holds a bachelor's degree in design. The interview was taken while the designer was at home. She has been working for different brands around Europe. She says a luxury product is more about the brand name, she pointed out that she notices that it has recently started to change because consumers are getting a lot smarter. The luxury is about the details and attention and the effort that you put into the product and the way that the product is being made. It is also about how common and widespread this product is in the market.

She explained that the resources that she uses are the brands roots, "the living in breathing of the brand", with that you must also look ahead because the brand cannot be static. For the creative directions, she uses her inners guts and intuition along with trends forecasting tools and social tendencies. She says the using tools for inspirations is very helpful for her in trying to convince decision makers in the company. Other resources that she brought up during the interview were brand guidelines and the brand language. The main constrains she brought up are manufacturing and other people outside of the design area, she described them as the "middle management". The new products that are being created are usually in a form of wild cards, a designer can freely come up with two ideas that may end up as a product in the market. The design team gets a clear brief for what has to be done each season. The brief can be more rigid or more flexible depending on the brand. When she talked about the future and essence of luxury, she said than making luxury in masses is not luxury and to sustain the luxury essence you have to know exactly how the product is being made and to have ethics and good reaction when you are buying it.

She said that part of innovation is to integrate different technological details into the product, it is about an intuitive product, she defined intuitive product as a product that knows the consumer. At the end of the interview the designer also talked about how the market is changing from a product being rare to rarity of experience.

INTERVIEW NUMBER FOUR
DES 4
Date: 15/9/18
Hour: 18h00
Duration: 1h05m

This designer holds a bachelor's degree in design. The interview was taken while the designer was at home for the weekend. He has been working for different brands around Europe and USA. This interview was done without video, this designer did not agree that I would see him.

He said that many luxury brands only look like luxury from outside but inside they are not luxury. The resources he uses are materials, vintage pieces, vintage imagery, movies and a lot of sportswear, some of the different pieces are from around the world. He talked about the importance of the fabric and that they are being selected by another department two years of advance and he only gets to see them a year before he starts working on the collection. He says that there is no direct connection with the consumer and sometimes in result in a product that he does not like. He says that some of the products are being re-made for new season because they sold well, he also mentioned that this is more common when designing a male collection than a female collection. He says that in achieving true luxury products you must be sensitive to the nature, the importance of the materials that products are being made from, and the environment that they are being created in. Since he worked both in the USA and Europe he talked about the different types of management that he experienced. He says that management in Europe is more involved in the design process and that sometimes they even act like designers themselves, while in the USA it is more organized, each team member knows exactly what needs to be done. He brought up several times the importance of materials and the feeling of the fabric, he was not happy that some brands are creating luxury products from non-expensive materials and still keep the very expensive price tag at the end. He gets his brief from the merchandising team for the whole collection which he needs to follow, and he always looks at the previous season to understand what did well and what did not, to avoid repeating the same. He talked how the market changed and gave the example of Balenciaga, where a brand that is so famous for its couture cocktail dresses is now selling hoddies. He ended up saying the luxury world had been brought down.

INTERVIEW NUMBER FIVE
DES 5
Date: 27/9/18
Hour: 20h00
Duration: 1h45m

This designer holds a bachelor's degree in design. He has been working for different brands around Europe. The interview was taken while the designer was at home after work. He says that luxury is not luxury anymore, it is more the image and celebrity definition and not about the quality. He expressed that many luxury brands had changed, that they copy designs from the past and are not only using them as inspiration, this is because the brand image became so important. He mainly uses online resources for his inspiration and archive items such specific vintage items that are in house or he needs to look for them outside of the studio. Different materials and fabrics are also a source of inspiration. The brief he gets from the collection depends on the brand, sometimes he is given very strict guidelines in the brief while others are less, but the importance of the brand's creator is always significant. Usually cost was not an issue, this depends on the brands he designs for. He highlighted the uniqueness of the client in luxury, saying that it is a specific person compared to brands that are not luxury. He said that many times the client is expecting the designer to give him or her the product that would be the best for them. He brought up that consumption of high fashion has become more popular, that luxury had changed, and it is based more on the brand's name than the product itself. Time was mentioned as a constraint, again he mentioned that budget was not limited, but the limitation of time caused stress, which people from the outside cannot see. Another constraint was mentioned regarding another brand that he is currently working for is the overseas factories. Fabric mills are in Europe while production sometimes overseas, such that exporting fabrics and importing the finished goods became a barrier. Also because there are so many brands and so much need to innovate and to stand out, that factories became very specialized in giving a very specific solution, causing another constraint when looking for specific production capability. There is a lot of waste in such a process, because he relies on his personal taste while designing. Usually only between 10% and 20% of the items he designs will go into production, at the end it gets eliminated by the merchandising team. This designer expressed that not enough is being done about aligning the needs of fashion with human rights and digital revolution. He brought up the technological changes and said that "Nike is more important than Louis Vuitton right now, if we are talking about luxury". He hopes to see brands like Hermes and Louis Vuitton moving towards bio fabrications instead of real leather, and increase the importance of where and how products are being made.

INTERVIEW NUMBER SIX
DES 6
Date: 1/10/18
Hour: 10h00
Duration: 1h20m

This designer holds a bachelor's degree in design. She has been working for the same brands since graduating almost ten years, she is working in South America. The interview was done while she was on vacation in Europe. A luxury product according the the designer is something special, exclusive and that you have feelings for it while buying it. She designs two years in advanced so she says that following trends could be risky because they can fade until the collection is out in the market. She follows her intuition and tries to portray the consumers, she wants her consumer to feel good and confident, and to be happy while wearing the product. She also likes to add new information to her designs, using different details or trims. Her resources are mainly based on selecting different countries, their nature, culture, geography, while keeping the details based on the brand's heritage. Because she has been with the brand for almost ten years, she feels that she receives less constraints from the management. She said that there is no general rule, because she designs for such a large market, she has to differentiate the products a lot and have a very large range. She described having more technical constraints, for example that fastener needs to preform and not only look nice. She said that also she needs to be careful with cost because she uses high quality materials and fabrics. She mentioned that she has a unique constraint, the owner of company is affiliated with specific religion so that there are some graphic symbols that cannot be used on the items. She said that luxury brands are not exclusive as before and there is a search to create new exclusivity, but she does not have a solution yet. She supported collaboration between sports brand and luxury brands and explained that one plus one is more than two, and that this brings new consumers. Also, that collaboration is a point of time, consumers seem to buy it because they think it will not happen, so it increases sales. She said that it is important for her to have the brand name clearly on the product so it would be visible to the consumer, the recognition of the brand is very important for her, the brand's handwriting and the DNA must be in each product, could be the print, a button or a buckle.

INTERVIEW NUMBER SEVEN
DES 7
Date: 8/10/18
Hour: 15h00
Duration: 1h40m

This designer holds a bachelor's degree in design. She has been working for different brands in Australia and UK. The interview was held while she was at work, she was in her office and there were no interruptions. Luxury product has to have high quality fabric, stability and to have a consistent experience to the customer. The manufacturing techniques plays a pivotal role in any luxurious product, threads, high quality printing and extra attention to details are also very important. No less important are the brand's standpoint on sustainability and its human rights and environmental. She mentioned resources such as using different forecasting tools and visiting different locations within the country and around the world and noted that they are very important for her inspiration. Specific fairs and trade shows are also fundamental for design inspiration. The wishes and needs of the customer are very important, she receives information on consumers' insights from the company itself and from third party agents. With that, she also likes to have new and innovative ideas, but have them in a form of limited edition and by customization. Since she is head of design, she has more influence on the brief but she says that at the end it needs to be commercial. Some categories could be more innovative but would be more limited collections. She said that it is very important to recognize and fill up the gap between what the market needs and wants to what could be something new and innovative. She noticed the change in the market in Australia that younger generation of consumers is buying luxury, she explained that it could be because they will not be able to afford their own house so they focus their income into visual wealth and consumable wealth. she said: "so I'm seeing more 30 year olds wearing Gucci than ever before, they're saying OK I can't get a mortgage but I can buy a Chanel handbag". She also pointed out that luxury stores in Australia dominated by Chinese tourism but she wonders how the designers feel about it, making a product that should be rare into masses, she wonders what would sit above this desirable product or if there is still need for one. She described the importance of short collaboration with other brands, she uses her daughter as an example for the consumer enjoyment of such an experience. She was thrilled that they were limited edition and she was the only person that was going to be able to get them. She said that having limited editions is very important in creating excitement in the store and that this creates a rarity moment for this new consumer, she brought up Karl Lagerfeld and Puma collaboration as an example for how to create youth consumers motivation.

INTERVIEW NUMBER EIGHT
DES 8
Date: 26/10/18
Hour: 14h00
Duration: 1h35m

This designer holds a bachelor's degree in design and has more than twenty years of experience. She has been working for different European brands. The interview was held while she was at home. She thinks that luxury products should have a clear handwriting and its design should be inspired by the brand's heritage. She believes that a product's aesthetics should be based on its performance but says that in luxury brands it used to be more about the aesthetic, but it is changing. Her team is mainly using online forecasting tools for inspiration, along with the company's own archive or museum, she explicitly said that the brands she is working for and used to work for all have long heritage. She said that when they are looking for innovative directions it would be with other brands or even collaboration with universities, where they can achieve high end performance results. She expressed the importance of the archive, of the brand's heritage as source of inspiration "fetching old style back and taking inspiration from those" and also the people in the company who are really knowledgeable about materials and production. She said that sometimes you need to start small to create a product in mass, starting with a limited edition and after a season you can create more commercialised versions of the product, and she said that the first round of the product could be so small so it would only create a buzz for the public relation rather than sales. The team gets a brief based on different analysis formed by other people in the company, based on revenue and profit. There is always the need to balance product ability to be commercial while creating something innovative or taking a new direction that could be risky. She explained that sometimes the consumer does not know what they want and you need to envision for them. She says that changes are taking time and sometimes salespeople will really get upset when they have a new product in the collection that they are not used to selling but then it sells great. This is why it is important not to involve other people from the company who are not designer to design, while keeping the spirit in the studio high when innovative products are not always being approved. She split the change of luxury environment to two: the people who tend to wear their money on outside and the people had have old money, who are behaving differently. She said that consumers are pressuring the brands into more green, sustainable and ethical directions. She believes that in the near future we will see more collaboration between brands and more technological details because the young generation is looking more towards athleisure products.

INTERVIEW NUMBER NINE
DES 9
Date: 27/11/2018
Hour: 11h00
Duration: 1h40m

This designer holds a bachelor's degree in design and marketing. He has been working for different brands around Europe and the USA. We held the interview while he was on vacation. He thought that defining what is luxury is a hard, he thinks so because in his opinion, a luxury product is always the perception of the customer. He says that the reality of luxury today is very different because things are transparent and it is not like old fashion luxury. It is very important to use luxury raw materials but he have seen that luxurious brands have positioned themselves with a luxury price-point, while the product materials are not justifying that price-point. He was debating whether a product ticks on all other assets that make a product luxury, like exclusivity, desirability, and having a status symbol so it still is luxury even if the materials are not luxurious. He talked about his culture and where he grew up as one of the original country to understand true luxury products. He explained that in terms of handcrafted, artisanal, finest raw materials in the world, small production runs, and seasonal products his home country is a leader. For inspirations he says he uses different trend analysis forms, Instagram, magazines, books, forecast books and trade fairs, but it is most important for him to create a 3D mood board with photos, materials and other things that he finds through his day. He needs a physical space for him to create his inspiration. He also talked about the archives of the brands that he has been working for and that it is the most important part while designing for a brand because it help to have the brand in mind. He uses the archive as reference to make sure the he creates within the lines, but he explicit says that "it also good to always make sure you bring newness". He talks about the importance for being loyal to the heritage of the brands that people need to always identify that heritage when they see the product. He talks about the different approach to the consumer in Europe and the USA, while it the USA it is consumer driven and you need to answer to specific needs, in Europe you can create what you think and want to consumer to have. He says that sometimes people do not know what they want. He talks about the changes in the fashion industry, that there is no specific customer anymore, or specific body type or rules how to dress up. He talks about constraints of limited creativity, when he has an idea but he must turn it into reality. He says that luxury had changed a lot from its traditional roots and he does not know how it will change in the future but there could be a rebellion against luxury or going back to traditional luxury. He says that luxury is more of a feeling, how you feel when you purchase or wearing the product. He believes that sportswear and luxury

can go together because of the feeling it gives to the consumer. He ended up very curious about the outcome of the research and thought that the questions were very interesting.

INTERVIEW NUMBER TEN
DES 10
Date: 5/12/18
Hour: 12h00
Duration: 1h00m

This designer holds a bachelor's degree in design and marketing. He has been working for different brands around Europe and the ASIA. The interview was taken through his workday and we had two interruptions. A luxury product for him has to have high quality raw materials and unique craftsmanship but also the storytelling is important and finally the emotion when you are buying or wearing it. He divided the resources he uses to primary and secondary: primary resources include original authentic inspiration like films and movies, visiting fabric mills while secondary resources are trends analyses websites, social network, tradeshow and trend forecasting publications books. He visited a lot of vendors but at the end the company makes their own fabrics. For him, the customer "is an ongoing learning from customer because it never stops" but on the other hand, he says that they only consider the customer's feedback at the end of the collection and it is the last thing for the collection, and the feedback sometimes is being channelled to the beginning of the next new collection. He says that they want to educate the customer, and that customers tend to follow trends but they want to create the trends and surprise the customer and to give something innovative to the market. When he was asked about constraints, he said that there are technical constraints because of the brand's location, but he looks at constraints as challenges and always tries to find a way to walk around them. He said that every brand he worked for has a different strategy of how it decides what product it would design, and there is no certain template, but it does involve other members who are in the business. He explained that luxury is always changing, and it is not the same like it was ten years ago, and "as long as there is a limit of supply that immediately becomes luxury. And the minute there is demand that that particular demand moves into into high street and so on and the beauty of it". He further noted that the notion of luxury changes depending on the generation and where the disposable income is, it used to be older people and now its young people. He summarised by saying that the notions of luxury will always change, and will always want to be aspirational and that people will look for the experience, for the rare experience of buying a luxurious product.

INTERVIEW NUMBER ELEVEN
DES 11
Date: 14/12/18
Hour: 16h00
Duration: 1h40m

This designer holds a bachelor's degree in design. He has been working for different brands around Europe and the USA. The interview was held during his workday and without interruptions. Luxury product for him must have a high-quality craftsmanship, high-end fabrication, extra details to trims and finish, every detail needs to have high quality, overall a lot more consideration of the whole process. He and the team are trying to use less of the standards forecasting and trends analysis tools, they like to go the different galleries taking in the culture and the art and everything that they are seeing of that day. He also talked about the inspiration they are taking from the rich heritage of the brand that have been more then hundred and fifty years. He emphasized that he always goes back to the brand's heritage, he uses their heritage (he was really living and breathing the brand). He said that they are sourcing materials very carefully and are trying to do most of the sourcing internally. when production is being done outside there is always a representative from the company who supervises the whole process. He feels that they are leading in the industry and creating trends. He gets the feedback on the collection from other people in the company and does not meet the customer directly. Most of his constrains are technical and others are from the merchandising team, the merchandising team also defines it the seasonal concept, in other words the design brief. He explained that he needs to balance the freedom of creativity with the commercial aspirations that merchandising team require. To him, luxury used to me more exclusive, limited, and substantially with a very high price tag. He thought that today is a really interesting time for luxury and that designers are challenged by creating products that are more accessible. He said that luxury used to be designed behind closed doors and most of the people would be scared to enter those doors, and now there are queuing outside of stores and there are online accessibility. The consumers are much younger, and significantly more investments are made for targeting them. He believes that luxury will constantly change from now until eternity, and he thinks that there is a need for freshness and newness within this category. He talked that the way people are dressing had changed to much more casual, and that luxury products are now showing signs in needs for sportswear, but also the change of a healthier lifestyle.

INTERVIEW NUMBER TWELVE
DES 12
Date: 16/12/18
Hour: 12h00
Duration: 1h40m

This designer holds a bachelor's degree in design. She has been working in the USA, but got her education in Europe, she is a junior designer and has been working with the company for about three years, the interview was taken while she was on holiday. What makes a product luxurious, in opinion, is material, the fabrication, and that it should have something new and innovative or different, everything that could make it very unique and different. She gets her inspiration from museums, exhibitions, different interiors, prints an also the brand's own library, she also uses online tools and trade shows. She gets a plan from the merchandising team including who their target consumer is, who she should design for, she doesn't meet the consumer directly. She receives a written feedback about the collection, how well it sold, what was good and what needs to be improved. She needs sometimes to limit her choices for special embroideries because of their cost (she talked about hundreds of dollars cost for a single piece of embroidery). She talked about how creativity could be a constrained, how hard it is to always come with new ideas, and finally she brought up the choice of colours for the collections, she said that it is very hard for her to choose colours because colour is very personal, it is either a specific customer likes the specific colour or not. She needs to be creative but also to always keep in her mind that whatever she creates must align with the brand handwriting. When she talked about luxury is being mass produced, she described how hundreds of years ago you would hand down a special luxury item from mother to daughter, between generations. That luxury item should be treasured and stay forever and should have a sentimental feeling to it. She was worried about products being made in masses and she hoped that people would buy more quality and less quantity of products. She gave her own example thinking of buying a Chanel bag and that she thought how come she could not buy a fake one, she doubts whether she was deserving the real Chanel, at the end she bought a Coach bag and she still felt embarrassed. She decided to have the bag symbolize for new starting her new job. She is concerned about global warming and how brands should take an action and improve their product lifecycle to be more sustainable, and that workers in the fashion industry should be paid more. At the end she spoke about that direction of sportswear in luxury, what a great way to bringing younger consumers who want contemporary luxury products, but also to have more comfortable items like athletic - fashionable sneakers.

INTERVIEW NUMBER THIRTEEN
DES 13
Date: 21/12/18
Hour: 10h00
Duration: 1h35m

This designer holds a bachelor's degree in design. He has been working for different brands around Europe and USA. The interview was conducted while he was at work with only a small interruption which did not influence the flow of the interview. He described his work experience and how consumer's diversity in different countries influence the product outcome. He says that a luxurious product is more about the consumer and a marketing perspective, but the quality of material and craftsmanship is still very important and that the border between premium and luxury brands became blurred. He talked about their product is designed to last for a long time and how carefully they choose the materials and the factory to have less effect on the environment. He talked about the balance between the brand DNA as a heritage brand and the need to innovate, that innovation takes much longer to develop versus something that he really knows, he explained that it is very important to always bring freshness to the market. For innovation, they are using collaboration with different Universities' research labs and with other companies. That the materials are very important to him, and sourcing is done for the best kind of materials and not only local but also overseas. The designers are getting a brief from the product management team including consumer insights, since the brand exports to other countries, they must be aware that the product would fit in different markets. The product management team tries to constantly look for feedback on the products from the consumers that influence the design process, because everything is global now. He said that a lot of the constraints are actually internal, and that people do not like change and he needs to relay on the sales team to convey the product correctly to the consumer, or to sell it to the buyer which could be sometimes frustrated because they are not doing it the way he planned. He said that you feel like you are losing control: " so what you have to do is make sure that A. you are being true to your brand , that B. you are educating both the sales team and the buyers as to why that product is there in the first place." Other constrains are the factory capacity, cost of materials and even internal politics. He talked how luxury had changed and that how funny it is that luxury has become streetwear and that kind of those two things have morphed together. It used to be that the rich would buy luxury, now it is "kind of everyone, because they want to buy more quality". He thinks that transparency became important for the consumer and "it will result that it what will become more important how you behave as a brand", and luxury would have to become more sustainable. He said that McCartney has been doing that for years but

that now other brands are starting to do that as well. At the end, he talked a little more about the heritage of the brand and that he sees that one of his duties is to safeguard the legacy of the brand.

INTERVIEW NUMBER FOURTEEN
DES 14
Date: 25/12/18
Hour: 10h00
Duration: 50m

This designer holds a bachelor's degree in design. She has been working in the Europe, she is a junior designer and has been working with the company for about three years, and the interview was taken while she was on holiday. For her, luxury was the quality and the production of the garments, where and how is being made, usually more eveningwear or special occasions. For inspiration she visits libraries and museums, she uses online tools and sometimes draping on a mannequin to get the feel of the product, looking for vintage pieces is also part of the process. Their brand has an internal archive, but it has not been in used much, she thought that it is because the creative director was a little bit board seeing it. She said that until recently she has no consumer in her mind when she designs, she just created the image was almost more important than the actual sale, but lately the brand was acquired so she is starting to see transformation. She gets a brief from the merchandising team, who are in charge the structure of the collection. She explained that luxury is not like couture that you have a very explicit rules, luxury could be anything and "it serves usually people with money", but on the other hand, later in the interview she said that it could be that luxury is not expensive anymore.

INTERVIEW NUMBER FIFTEEN
DES 15
Date: 28/12/18
Hour: 11h30
Duration: 1h40m

This designer holds a bachelor's degree in design. He has been working for different brands around Europe. We had the interview on the weekend. He thought that what would make a product luxurious is a very relevant equation, he said that the element of time is extremely important, how much time you put into the product development. In the past it was more about rarity of materials and fine workmanship. Time for him was the time to create the material or the craftsmanship in contrast to today that everything is being produced fast. He tried to define the difference between premium and luxury talking about space and more elements but stopped and said that it is blurred and hard to define. For his inspiration he researches magazine, images, trade shows, vintage clothing, also he looks into other design sectors, sectors that are not necessarily garments. He looks at past collections, he likes to get the mood, the mood of the fabrics, or the mood of the silhouette. Sometimes he goes to the brand archive but unfortunately it is not always easy to access them (he talked also about other brands he used to work for). He divided the collection that he designs to pre-collection and collection; commercial team has more power of the pre-collection and he needs to follow a brief , while on the show collection he has no pricing or creativity limitations, but needs to incorporate the spirit and the heritage of the brand in it. He is facing various constrains, like the different requirements from the commercial department to the design director to the creative director and at the end the reality. The reality of time that he needs to work in, he said that time is definitely a constraint, there is never enough time trying to do your best. He talked about how luxury becomes greener, he says that there is nothing luxury about seeing a man walking down the street and he has a million brands and logos and snakeskin and exotic animals. He thinks that brands that are not authentic will collapse and new small luxury authentic brands are going to flourish.

INTERVIEW NUMBER SIXTEEN
DES 16
Date: 3/1/19
Hour: 17h00
Duration: 1h40m

This designer holds a bachelor's degree in design and has more than twenty years of experience working for the same brand in Europe. The interview was held while she was at home. She talked about luxury product as something that you buy but not always need, along with craftsmanship and high-end materials. She said that luxury for her should give a feeling for something that you pamper yourself and even brag about. Her resources are online tools and trade fairs and what brief that she gets from the management, people in the brand are working in other locations around the world so she has the opportunity to get insights about other teams about different cultures and markets. She said that having different teams around the world could be great but also constrain her. Just to get people to be online at the same time for a meeting is very hard because the time zone and to align their ideas to the brands' DNA. She said that another constrain is time, they design two years in advanced so they must look ahead so by the time they would enter the market they will still lead. She said that this is tricky with luxury because many times you have no chance to meet the customer or consumer. She believes that be people are always going to desire things they never need, designer products that are more beautiful or more almost unreachable, but she thinks that "the market itself might change and the consumer reasons might change, she thinks the consumerism changes people are so much smarter because everybody has basically seen everything". She said that luxury in the past was precious and held something special for a special occasion while now it is difficult to find such an experience. She extended and said that "big companies have to be quite careful, because consumers actually will vote you out maybe, if you don't give them that experience and feeling they want to have". But she was not sure how it will be done. She thinks that traditional luxury is going to disappear, and people are going to look more for memorable experiences and the need for uniqueness for your own soul will become more important than to have a status by wearing something really expensive. Before, people wanted to look the same but now it is more about individuality.

Appendix 7: Definitions of luxury brands

1. Alexander McQueen
2. Alexander Wang
3. Balenciaga
4. Barbour
5. Body Glove
6. Burberry
7. Calvin Klein
8. Canterbury
9. Chanel
10. Comme des Garçons
11. Diesel
12. Dior
13. DKNY
14. Dolce&Gavvana
15. Fendi
16. Giorgio Armani
17. Givenchy
18. Gucci
19. Haglöfs
20. Hermès
21. Hugo Boss
22. Hunter
23. Issey Miakey
24. Joseph
25. JW Anderson
26. Karen Millen
27. Karl Lagerfeld
28. Katharine Hamnett
29. Kenzo
30. Lacoste
31. Lanvin
32. Le Chameau
33. Loewe
34. Louis Vuitton
35. Lua Morena
36. Lululemon
37. LVNH
38. Moët Hennessy
39. Nike
40. Prada
41. Puma
42. Quiksilver
43. Roberto Cavali
44. Saint Laurent
45. Sandro
46. Sealskinz Ltd
47. Sperry
48. Stella McCartney
49. Thom Browne
50. Thomas pink
51. Tommy Hilfiger
52. Trussardi
53. Valentino
54. Vivian Westwood
55. Yohji Yamamoto