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Luxury and Fashion Retailing in China: The Case of Florentia Village

Abstract The aim of this chapter is to investigate how luxury retailers manage brand communications and omni-channel retailing in a highly digital market such as China, which represents the most growing market for luxury products at the same time. A case study of an Italian luxury designer outlet operating in Mainland China and Hong Kong, Florentia Village, is analyzed. Data consist of semi-structured interviews with the firm's managers and store visits, triangulated with secondary data. Results discuss the main issues involved in the development of an effective luxury retailing strategy in the Chinese market, including activities on traditional and digital channels. The analyzed case study suggests that, despite the growing relevance of e-commerce, physical stores hold a primary role in enhancing the consumer experience in China. Moreover, luxury retailing strategies should focus at building a strong brand image that leverages on attributes such as country of origin and the integration with digital tools.

Keywords China · e-commerce · Fashion · Florentia Village · Luxury · Omni-channel

Introduction

China represents the first market for luxury products with Chinese consumers accounting for over 30% of the global luxury purchases (McKinsey & Company 2019). In particular, sales are driven by the rising purchasing power of young Millennials and Generation Z (Deloitte 2018), who are referred to the post-80's and post-90's generations (as those born after 1980 and after 1990) in China.¹ At the same time, over the past decade the Chinese market has been significantly affected by the e-commerce boom. With a market volume of US\$1002 billion online revenues as of January 2020, China is the first e-commerce market in the world (Statista 2020). This scenario constitutes a challenge for practitioners but also for scholars that analyze the evolution of retailing in a digital world.

The aim of this chapter is to analyze the main issues for international retailers in a highly digital market like China. A case study of an Italian luxury designer outlet operating in Mainland China and Hong Kong, Florentia Village, is analyzed. As pointed out by Jin and Cedrola (2016), case studies help to answer questions about firms' internationalization, however they represent a rarity within the literature.

Data was collected through in-depth interviews with company managers and store visits in China between 2012 and 2018. The remaining of this chapter is structured as follows. First, a literature review on the evolution of retailing is provided, focusing on recent studies on luxury retailing in China. Second, the research questions and methodology are presented. Third, the results of the case study of Florentia Village are analyzed. Last, the discussion section concludes.

¹ *Balinghou* (after 1980) and *jiulinghou* (after 1990) in Chinese language.

The Evolution of Retailing: Omni-Channel Strategies

Over the past few decades, retailing has been revolutionized by technology innovations, which have introduced new ways of selling products and engage consumers (Grewal et al. 2017), for example through e-commerce platforms or social commerce on mobile applications. There has been a move from multi-channel retailing, where channels are developed and managed separately within firms, to omni-channel retailing, where customer experience is modeled across different touchpoints and channels (Verhoef et al. 2015). Moreover, big data have provided an increased ability to predict customer behavior in five dimensions: customer, product, location, time, and channel (Bradlow et al. 2017).

Scholars agree that even if some sectors including the fashion industry have been slow in e-commerce adoption as it is difficult to translate the in-store experience to the online environment (Blázquez 2014), nowadays fashion brands adopt an omni-channel vision that allows customers to research and shop anytime and anywhere (Hansen and Sia 2015).

In the context of the Chinese market, omni-channels strategies have gained increasing relevance, driven by leading e-commerce giants such as Alibaba and JD.com (Euromonitor International 2018), which have both invested in physical stores. Alibaba defines omni-channel strategies as the “new retail” model, which integrates “the best of both the in-shop and online experiences.”² In China, the omni-channel approach is also known as “O2O,” an acronym that stands for “online-to-offline.”

Previous literature suggests that physical stores represent an important marketing channel in China. First, it is due to a cultural reason since Chinese consumers prefer to see and feel the products they purchase to have assurance of their quality (Wong et al. 2004). Second, flagship stores are a signal of the brand strength (Hu and Checchinato 2015; Moore et al. 2010). Moreover, Chinese consumers perceive foreign stores as superior to local stores (Chaney and Gamble 2008).

²Najberg, A. (2018, May 28). The future of retail is happening right now in China. *Alizila*. Retrieved December 17, 2019, from <https://www.alizila.com/future-of-retail-happening-in-china/>.

Regarding luxury retailing management, given the relatively recent market growth in China compared to other markets like Japan or Western countries, so far only a few studies have investigated this topic. In analyzing the retailing format of international firms in China, Goldman (2001) argues that luxury specialists usually replicate the same format of their home market since minor format changes could damage their brand's global image and unique offering. Also Liu et al. (2016) consider the standardization-localization issue, but from a brand communications' point of view. According to their study, on the one hand, foreign luxury retailers implement a more adaptive marketing communications strategy in China than those adopted in other mature markets in order to increase brand awareness. On the other hand, a strategic control of key branding issues is retained at the head offices in their home markets to maintain an overall global positioning. Bai et al. (2017) focus on foreign luxury retailers' internationalization strategies in China. They suggest that while in the entry phase, foreign firms usually adopt a single method (ranging from wholly owned strategies to local partnerships), in the post-entry phase multiple methods are increasingly popular. Therefore, once firms are more established in the market, they move to direct investments such as the opening of flagship stores and set online channels. In this respect, Deng and Wang (2016) argue that the Internet represents a relatively low cost of entry for foreign firms.

As previous studies have not analyzed the effects of the growing Internet retailing on the strategies of luxury retailers in the Chinese market, this study explores the main issues connected to brand and consumer engagement in this sector with the aim of stimulating future research in a topic under investigated in the current literature.

Research Questions and Methodology

With a market volume of US\$1002 billion, e-commerce most global revenues are generated in China, while in the United States revenues reached US\$420 billion as of January 2020 (Statista 2020). This scenario affects the overall retailing sector in China, including the luxury one, which has been characterized by the highest growth compared to all countries in the world (Bain & Company 2019).

The present study posits the following research questions:

- *RQ1. What is the role of physical points of sale in communicating brand values and engaging consumers in the Chinese luxury sector?*
- *RQ2. How do fashion retailers deliver the customer experience among physical and digital channels?*

In order to answer these research questions, the case study of Florentia Village, an Italian luxury designer outlet operating in Mainland China and Hong Kong, is analyzed.

Following previous studies that investigated luxury fashion retailing in China (Bai et al. 2017; Goldman 2001; Liu et al. 2016), a qualitative approach is adopted. The data collected consist of semi-structured interviews with the firm's managers, taken place in China between 2012 and 2018. The researcher also visited two main stores of Florentia Village, the Tianjin complex (located in Wuqing) in 2012 and the Shanghai one in 2017.

The FV interviewed informants are:

1. The Operations Director;
2. The Retail Director;
3. The Marketing Manager of the Shanghai store; and
4. The Head of Digital.

Interviews lasted around one hour each and were conducted in Italian and English. The interview questions covered topics including brand and communications strategies implemented in China, the retail format, the luxury brand perception of Chinese consumers, and the impact of digital channels on the retailer's overall strategy.

When agreed by the informants, the interviews were recorded and fully transcribed. To ensure triangulation and cross-verify the findings from the primary data (Yin 1994), secondary data consisting of sector reports and newspaper articles were analyzed.

Florentia Village Case Study

Overview of the Company

Florentia Village (Chinese name *Foluobunsa xiaozhen*) is an Italian luxury designer outlet operating in Mainland China and Hong Kong since 2011. It is invested by Silk Road Holdings and managed by RDM Asia, the Asian branch of the Italian company RDM-Fingen, a real estate development company founded in 1998 belonging to Fingen Group. The Group was founded by Marcello and Corrado Fingen in Florence in 1979 and operates in real estate development and retail. Historically, it has specialized in the fashion sector by acquiring the licenses of major global brands including Calvin Klein, Cotton Belt, Guess, and Jean Paul Gaultier.³ In Italy, Fingen Group has partnered with McArthur Glen, a main global player in the sector of factory outlets, to open five outlet stores (including Serravalle Outlet and Barberino Outlet). Aside from China operations, in 2015 RDM Asia partnered with Emaar Properties in Turkey to start building the first Florentia Village in Istanbul.

As of 2019, Florentia Village (hereafter, FV) has opened six stores in China in the following cities: Wuqing, Shanghai, Guangzhou, Hong Kong, Wuhan, and Chengdu. In 2018, the development of the seventh store started in the growing city of Chongqing, considered a new Tier-1 city. In the same year, FV turnover was US\$1 billion with a total of 18 million visitors.⁴

RDM Asia has replicated the same business model adopted in Italy by RDM-Fingen. However, as pointed out by the Operations Director, the entertainment element was enhanced as shopping represents a main hobby for Chinese consumers—especially during weekends and holidays (Faure and Fang 2008). In order to settle the shopping areas, RDM Asia first purchases the land where the mall will be built, then it develops the construction project. Afterwards, they lease commercial areas to anchor

³Fingen. (n.d.). *About us*. Retrieved November 19, 2019, from <https://www.fingen.it/about-us/>.

⁴Toscana24. (2019, June 13). *Florentia Village-Rdm apre il settimo outlet in Cina* [Florentia Village-Rdm opens its seventh outlet in China]. Retrieved November 19, 2019, from <http://toscana24.ilsolo24ore.com/art/oggi/2019-06-13/florence-villagerdm-apre-settimo-114038.php?uuid=ABvmlKE>.

tenants that pay a rental fee and a license fee, since RDM Asia owns the brands' business licenses (as in Italy). Therefore, they act as a landlord, although "not in the traditional way." As stressed by the interviewed managers, RDM Asia works closely with tenants in a joint cooperation in order to deliver benefits to both parties.

Similarly to the outlet centers developed by RDM-Fingen in Italy, all FV stores are open-air malls located at the proximity of Chinese first- and second-tier cities, well connected with public transport, such as bullet trains and subways. For example, the first mall, "Florentia Village – Jingjin Luxury Designer Outlet," was opened in Wuqing, a location in Tianjin municipality between Tianjin City and Beijing, which is connected with 22 daily trains. The total site area is 70,000 square meters. Figure 4.1 shows the scale model of FV in Wuqing.

According to the interviewed managers, the main competitors of Florentia Village are:

- Value Retail, which is the most direct competitor with a similar brand mix of luxury and foreign products. It is a European company headquartered in the United Kingdom and has opened two outlet malls in China located in Shanghai and Suzhou;
- Badaling Outlets, which is owned by a Chinese group and is located in Beijing. According to the FV Head of Digital, it is considered "the best performing outlet in Asia;"



Fig. 4.1 Scale model of Florentia Village in Wuqing (Photographed by the Author in April 2012)

- Bailian Group, a main Chinese retailer operating in grocery stores and also fashion. It owns an outlet in Qingpu, a Shanghai district, which “ranks as second outlet mall in Asia together with Florentia Village in Wuqing” (while Florentia Village in Shanghai ranks fourth);
- Tai Koo Li, part of the Swire Group (headquartered in Hong Kong), is an indirect competitor as it specializes in fashion, however items are sold at full price.

The main sectors of FV outlets are: luxury, which is the distinctive core of the complex, lifestyle, casual wear, and sportswear. Normally, casual wear sales generate a high turnover at outlet malls, however they are not the focus of FV as the company aims at keeping their environment distinctively upscale. The Retail Director explained:

Our business model is luxury [...]. Tianjin outlet was the first one to open an outlet of Prada, Bulgari, and other important brands in the whole China, and even the whole Asia. Therefore, we immediately identified ourselves as a luxury outlet store.

In the brand selection, FV aims at maintaining a high positioning and the Italian style, as analyzed in the following sub-paragraph. At every Florentia Village store, there are about 200 brands mainly from Europe and the United States. There is also a limited number of Asian brands and also Chinese brands, however the majority is usually not available in local competitors' malls as they are produced for exporting, therefore the offering exclusivity is preserved.

Table 4.1 summarizes key information about the case study.

The Italian Fashion Style

All Florentia Village centers are characterized by a classic Italian architecture and are decorated with squares, fountains, and monuments that evoke famous cities such as Venice, Florence, and Rome. Plants and flowers also contribute to recall gardens of Italian villas. Therefore, FV centers look like “Little Italy, Italian towns.”

Table 4.1 Data description of Florentia Village

Data	Description
Name of company	Florentia Village
Investors	Silk Road Holdings
Management	RDM Asia
Country of parent company	Italy
Year of entry in the Chinese market	2011
No. of stores	6
Turnover	US\$1 billion in 2018
No. of employees	550
No. of customers	17 million visitors in 2018

Source Author based on corporate website and newspapers' articles

However, the design of each village is not exactly the same. Wuqing Village displays a square similar to the amphitheatre of Verona (Fig. 4.2), then they built some bridges and an artificial canal, which clearly recalls Venice and can even transport customers on a real gondola; Shanghai



Fig. 4.2 Florentia Village in Wuqing (Photographed by the Author in April 2012)

store is characterized by an oval square and a building that resembles Doge's Palace in Venice (Fig. 4.3), whereas Foshan store has many small alleys and green spaces etc.

The Italian style represents a key element of the Florentia Village brand image and also a factor of consumer engagement. Differently from some Chinese outlet retailers, where the store density per square meter is higher, for RDM Asia it is important to maintain a balanced efficacy per square meter as well as the Italian style in the whole complex. The Retail Director argued:

(Florentia Village) is an Italian luxury brand in China. (Italy) is perceived as the first luxury country, from fashion to shoes, elegance, and design. For Chinese people, Italy is a little bit considered as the country of hedonism. Therefore, we always stress the Italian attribute. Our logo consists



Fig. 4.3 Florentia Village in Shanghai (Photographed by the Author in June 2017)

of the lily from Florence, then our name “Florentia” means Florence, which is a representative Italian city together with Venice and Rome.

The Italian style is conveyed by the store selection with top designer brands and also the food and beverages facilities, which include an Italian restaurant, coffee bars or ice-cream bars. Moreover, events and activities (for instance, Italian languages courses, sommelier courses or cooking classes) are organized to engage consumers and represent the Italian lifestyle values since most customers have not been to Italy before.

The Marketing Manager stressed:

(Our malls) have the logo in the entrance of the store, and the logo should be in Italian. So most customers say: “Oh, it’s Italian! It means quality!” [...]. In China, people think that luxury good products with the highest quality come from Italy or France.

Moreover, the Italian style is conveyed by maintaining a high positioning in fashion and luxury. Some Italian elements are used, e.g. music and images showing Vespa (the traditional Italian scooter), but not in a folkloristic way (elements like “pizza and mandolin” are not present). The Head of Digital argued:

It is an international environment, Italian but international. [...] We want to give the idea that you’re not in China any longer, this is what we want to provide: for a moment you can live the “Italian dream” without leaving China.

Therefore, the Italian lifestyle represented is fashionable and upscale in both static (such as the malls’ architecture) and dynamic elements (events and activities focused on Italy and Italian culture).

Target Analysis

The average customer of Florentia Village is between 30 and 35 years old with young children. Moreover, customers are mainly workers (and not students) so they have a certain purchasing power to buy discounted yet

luxury products. Most of them have never traveled abroad before, therefore visiting the mall also represents a way to live a Western/European experience.

Interviewed managers stated that customers usually visit Florentia Village stores once every three months, sometimes they drive a couple of hours to go there so it is unusual that they would not purchase anything at the end of their visit. Overall, customers are interested in luxury and fashion products but cannot afford to buy them at full price. Therefore, they are motivated to go to the outlet by the possibility to access luxury products and brands at a lower price, although merchandise belongs to collections one or two years earlier. In the case you are “extremely fashion-oriented and you are interested in the latest year’s collections, you would not go to the outlet.”

At the same time, it was pointed out that while in European outlet malls customers do not have high service expectations as the main appealing aspect is the discounted offer, this is not the case for China. Chinese customers consider outlets as an “opportunity” to buy a branded product with a discount up to 60% off the original price. Moreover, the entertainment element is central for malls in China and Asia. The service offering include several restaurants and cafés, and also entertaining activities for kids, therefore customers usually spend long hours at the mall.

As a consequence, the highest flows of customers happen during weekends (50% of the customers of the entire week) and holidays, since consumers spend the whole day with their families at the complex. This makes even more important to engage consumers with entertaining events and activities that are associated with the Italian values and exclusivity.

Heterogeneity of Chinese Consumers

As supported by previous studies (Cui and Liu 2000; Hu 2018), Chinese consumers are very diversified because of their cultural heterogeneity and a non-homogeneous economic development across the different regions of the country. Therefore, Florentia Village needs to consider the

specific characteristics of China's various areas in order to adapt its operations and activities. In all FV stores, there are mostly Italian and international brands, however some local brands are also present at certain outlets. The Retail Director argued:

(The Chinese consumer) is different from one city to the other, for example, we have realized that Shanghai is more stylish, they dare more, [...] whereas Beijing is more traditional [...], so there is a difference already between the two main Chinese cities. [...] Then Canton has a very local market, there are some brands that most people do not know, but since they are local, they are quite strong in our villages.

Interviewees confirmed that Shanghai is the leading fashion city in China, as explained by the Head of Digital:

I think China is made of many Chinas, so in reality it is difficult to consider the whole population as a single segment. In cities like Shanghai, fashion is certainly different, fashion is at the level of design and research while in smaller cities like Chengdu, which is growing well, but (consumers) are still attracted by "pure luxury." We have realized this difference for what concerns brands as well: in Shanghai, there are many small local brands but also Chinese fashion brands that are having a certain resonance on the market because they are doing some research. If you bring other brands like that outside of Shanghai, no one would consider them...

The Retail Director explained this trend as a consequence of the Chinese consumer sophistication over the past few years: some time ago, brands used to represent a main factor impacting the purchase decision, while nowadays consumers from more advanced areas look for something that can meet their "personal taste, and not necessarily a well-known brand." In this way, some consumers have started to choose niche brands over top of mind brands.

Moreover, activities are adapted to the characteristics of the local areas of each FV through "micro-marketing" campaigns. For instance, they monitor local holidays of that particular area in China and develop specific activities for the FV located nearby, considering cultural elements like food traditions and also how the communications message is presented.

Communications and Engagement Strategy

Most advertising activities are implemented through digital channels, including social media and communications involving local influencers (the so-called “KOLs,” which stands for Key Opinion Leaders). FV official accounts are active on WeChat and Weibo in Mainland China, while in Hong Kong they have also launched an account on Instagram.

Weibo is mainly used to provide information (FV Weibo account reached 151,631 followers as of December 20, 2019⁵), whereas FV’s WeChat account drives engagement with customers and permits to personalize marketing activities thanks to data analytics. WeChat subscribers are updated with news related to fashion trends or in-store activities. Some promotional activities like gift cards are also run, however they are not specifically related to any brand as those are implemented directly by FV tenants.

Most importantly, the loyalty program is also managed on the social network WeChat by means of a virtual card, which replaced the physical card in 2016. Based on the purchases made in all the outlet’s points of sale, Florentia Villages’ customers can gain points that are used to classify them into three tiers: Blue, Silver, and Gold, which represents the top level. Initially, when customers sign up for the loyalty program, they get a white card. If a customer spends a sum of over 700 RMB in one day, he/she will access the starting level, represented by the blue card. The threshold for the silver card is 10,000 RMB (or 10,000 loyalty points) within two months, whereas for the gold one it consists of a 50,000 RMB minimum expenditure (or 50,000 loyalty points) within five months. For each tier, specific targeted activities are developed, which include discounts, private sales, limited edition products, special events, etc. Silver and gold members can also access a VIP lounge—an Italian designed space with several services, including Wi-Fi and other activities, which is located in all Florentia Villages stores. The FV Head of Digital argued:

The VIP lounge is accessible only to members of a certain level, so there is an aspiration to spend more to access a certain type of environment. Outlets can be compared a little bit to airlines, where based on how

⁵Retrieved 2019, December 20, from <https://www.weibo.com/florentiavillage>.

much you spend you reach certain levels and depending on those levels, you access certain benefits.

Regarding KOLs, they are involved in collaborations with FV for activities such as store openings or events. They can be either national celebrities famous around China (usually, Chinese or Asian) or local celebrities that are popular only in a certain area and are relevant for the target audience, as explained in the previous paragraph. KOLs represent an effective way to reach users that did not know FV before, as they can communicate directly with their followers on their personal social media.

Among traditional media, out of home (OOH) and radio activities are developed, while TV commercials are considered to be too expensive and not in line with their target. According to the FV Marketing Manager, their target is quite young and active on digital channels, while the TV audience is represented by older generations.

Outdoor billboards are displayed at strategic urban locations, for example subway stations or on the highway at the proximity of the outlet, Huaihuai Road (a main shopping street in central Shanghai) etc.

Omni-Channel Strategies

Interviewees stressed that as a physical retailer, the core business of Florentia Village is and will remain offline. However, they strongly leverage on digital channels for communications and customer relationship management (CRM) activities through their loyalty program on WeChat.

Moreover, driven by the growing online sales, in early 2018 Florentia Village opened their own e-commerce platform, FVoutlet.com. This new channel includes a limited selection of brands as compared with FV physical stores, exclusively belonging to the top-premium and luxury division. Previously, products were available on luxury flash sales platforms Vip.com and Mei.com, respectively partner of Tencent and part of Alibaba Group.

The direct e-commerce website creates opportunities to reach new customers or engage with the existing ones, bringing “affordable luxury products all over China, giving everybody the opportunity to shop in Florentia Village.”⁶ Indeed, the main target of Florentia Village e-commerce platform is represented by consumers that live far from the outlet malls (for example, in cities classified Tier-3 and -4), therefore they use the digital channel to purchase. The secondary target is composed of the people that visited the physical stores but did not complete their purchases for time constraints. Therefore, main advantages of the FVoutlet.com are ease of use and convenience in terms of time and transportation, since the e-commerce website provides a 24-hour service delivering purchases directly to customers’ house, while there is no price convenience as product prices are maintained the same on the FV e-commerce and physical stores.

Informants underlined the relevance of the integration between the physical and online channels in contemporary retailing. They argued:

We do it in bi-directional way, which is from brick-and-mortar to digital, and from digital to brick-and-mortar, also because our core is brick-and-mortar, but from the end of last year we launched e-commerce, we also have a digital RDM. (Retail Director)

What is called omni-channel is the creation of a unique chain in which we are able to optimize the resources we have and deliver them both online and offline. Then, if in the future the online channel receives a big response, we will be able to use these insights to open new outlets. Maybe we will realize that in a certain region they are particularly interested in outlet merchandise and that can be an indication to understand if there is the possibility, the interest, and also the opportunity to open a physical outlet. (Head of Digital)

During the interviews, informants mentioned the limits of using just the online channel:

⁶Rapp, J. (2018, February 2). Booming Chinese luxury outlet launches own e-commerce platform. *JingDaily*. Retrieved November 20, 2019, from <https://jingdaily.com/booming-chinese-luxury-outlet-launches-own-e-commerce-platform/> (accessed on 7 March 2018).

E-commerce as standalone [...] is not useful anymore, since consumers want what we call “retail experience.” (The strategy) is not just about pricing, selling with the best offer [...] Now it is about selling something to create, provide an experience, so we have a VIP lounge, an elegant environment, attention to details... (Retail Director)

Thanks to “being born offline,” a main attribute Florentia Village has built throughout the years is the consumer trust towards products’ authenticity, which is perceived to be higher than mainstream retailers, in particular online retailers. The Head of Digital explained:

A major limitation of online luxury products in China is the consumer trust towards the product itself. Many times you think that the online product is fake, while Florentia Village has a solid brand awareness from the point of view of the product authenticity, which means that those who buy in Florentia Village offline know that they are buying a 100% real product, also because you know that are buying directly from the store’s boutique. [...] (Customers) may say: I don’t know if it is authentic, maybe this discount is so high because the product is not original. Something that does not happen in Florentia Village... Because our company is born offline, it has built its business on “you come, take a look, and touch,” which in some way bypasses the fear that the product is fake.

On the other hand, a main advantage of digital technologies is represented by analytics. They simplify the management of customer flows at stores and transactions, providing detailed data to better customize the retail experience. Data also facilitate FV to improve their collaboration with anchor tenants by analyzing KPIs together and developing appropriate tactics in a timely manner.

Discussion

Florentia Village represents a successful case study of an international luxury retailer operating in the Chinese market. Throughout the years, it has developed its business across different areas of the country, opening six stores and facing highly diversified consumers.

Regarding the format, on the one hand, RDM Asia has implemented a similar strategy of the outlet malls located in Italy as far as the location (both in China and Italy, stores are located at the proximity of large cities), dimensions, and colors are concerned. This confirms Goldman's (2001) study regarding the need for building a strong brand image across different markets by maintaining the same format. Also the business model is the same of the home market as RDM-Fingen acts as landlord and brand licensor.

On the other hand, in China Florentia Village enhances hedonic elements in store and online by means of the loyalty program. The country of origin attribute is conveyed through an architecture that recalls Italian cities and the selection of brands in the mall itself. Moreover, communications and engagement activities, such as recreational events, are designed "to educate" Chinese consumers to the Italian lifestyle. The loyalty program provides some utilitarian benefits (i.e., discounts or promotions), however symbolic benefits (i.e., access to the VIP lounge or invitation to special events) are more important for FV as a high-end retailer in order to deliver exclusivity (Stathopoulou and Balabanis 2016). Therefore, in answering *RQ1*, physical points of sale hold a primary role in communicating brand values and engaging consumers in the Chinese luxury sector. Florentia Village's main success factor is represented by the development of a strong and distinctive brand identity, which is enhanced by country of origin—in this case, "Made in Italy"—confirming previous studies on the positive foreign origin attribute in retailing (Chaney and Gamble 2008), and stressing the experiential element in retailing (Hirschman and Holbrook 1982; Davis 2013).

In answering *RQ2*, Florentia Village enhances the integration between online and offline channels by providing a consistent customer experience that leverages on data analytics (Dekimpe 2019; Silva et al. 2019),

in order to drive customer loyalty and design a better customer experience in store. Findings confirm that major advantages of digital platforms include the possibility to collect a huge amount of data about customer preferences and purchase decisions (Bai et al. 2017; Bradlow et al. 2017; Grewal et al. 2017). Thus, digital tools allow retailers to provide a personalized experience and develop more targeted activities (both online and offline), increasing customer engagement.

Based on this case study, in China physical stores represent a main marketing channel in the luxury fashion sector, where consumers are engaged in a highly experiential way through activities and events that reflect the brand image of the retailer. The in-store experience should be integrated with digital and mobile channels along the customer journey (see Chapter 6). Country of origin and a clear luxury positioning also represent key attributes of the retail experience. The architecture itself immerses customers in an “Italian village,” an international and upscale environment that most of them have not experienced before. Such elements help foreign retailers differentiate themselves from local companies.

In conclusion, this study provides interesting findings concerning luxury omni-channel retailing in China. However, it suffers from the limitations of generalizability as only a single retailer is analyzed. In the future research, the results from this study should be compared to other companies’ strategies, also considering countries other than China, for example Asian countries, in order to verify commonalities or identify any difference in the growing luxury retailing sector.

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