Fashion Luxury Towards The New Online Frontiers

Defining the Business Strategies of the New Online Frontiers for

the High-End Incumbent Firms in the Fashion Luxury Industry

Bachelor's Thesis by Matilde Sambuco

BSc. Liberal Arts and Sciences, major in Business and Economics

Thesis Supervisor: Aswin van Oijen

ANR: 199123

TILBURG ◆ UNIVERSITY

Understanding Society

Abstract

This Bachelor's thesis aims to define the business strategies for high-end fashion incumbents when going on the new online frontiers. The new online frontiers include the Metaverse. This study portrays the business strategies in general and all the different kinds of innovation: radical, incremental, disruptive and sustaining. A model is created to match each innovation with a specific strategic response. The model is then investigated through qualitative interview research with field experts. The interviews' outcome is that radical and disruptive innovations are co-occurring for going on these new online frontiers. Therefore, the most apt strategic response combines the proactive plus anticipatory approach from the model

Keywords: metaverse, innovation, new online frontiers, business strategies, luxury, fashion, interview research.

Chapter 1: Research Proposal

The High-end Incumbents VS. The New Online Frontiers

Many of the great scientific inventions derive from fantasy stories: the submarine was invented by Simon Lake, who was inspired by Jules Verne's book *Twenty Thousand Leagues Under the Sea*; the Motorola cell phone was invented by Martin Cooper, who credited the technologies from *Star Trek*; the atomic power invented by Szilard solved the problem of creating a nuclear chain reaction in 1933 thanks to the book *The World Set Free*, and Neal Stephenson firstly coined the word metaverse in 1992 in his cyberpunk fantasy book entitled *Snow Crash*. In Stephenson's novel, the metaverse was described as a virtual reality shared through an Internet connection, in which individuals are represented three-dimensionally through their avatar. Similarly, in 2021 Meta Platforms Inc. hired ten thousand people in Europe to create the metaverse. The Facebook group, too, changed its name to Meta, the cryptocurrencies companies have been investing in this new frontier, and Microsoft and Apple have most recently shown an interest in and invested in the metaverse and related technologies.

The metaverse is simply an online platform in which users need to register to access, and when registered, they can interact, play games and have experiences among members. Avatars or digital objects operate everything in the metaverse; for a more immersive experience, users usually wear augmented reality viewers or goggles. The metaverse includes in its technology: virtual reality, augmented reality and brain-computer interfaces, which are grouped under the name extended reality technologies. Virtual reality is "the computer-generated simulation of a three-dimensional image or environment that can be interacted with in a seemingly real or physical way by a person using special electronic equipment, such as a helmet with a screen

inside or gloves fitted with sensors" (McMillan et al., 2017, 163). While virtual reality is a fully immersive experience, augmented reality only involves using technological devices to add digital elements to a live view, such as photo filters of Instagram and Snapchat. Brain-computer interfaces instead are a tool for direct communication and interaction between the brain and an external device, such as a computer (Shih et al., 2012).

Beyond the technological aspects, there are three key elements to the metaverse: (i) presence, the feeling of being in the virtual space with virtual others (ii) interoperability, which is the ability of the online platform to travel across different virtual spaces but having the same virtual assets. For instance, some platforms allow individuals to create an avatar that they can use in hundreds of different virtual worlds, and Blockchain technologies can facilitate the transfer of digital goods. The third (iii) characteristic is standardization, which allows for the interoperability of platforms and services (Ratan et al., 2021). Within the concept of standardization, one can find the Open Metaverse Interoperability Group, which enables "to bridge virtual worlds by designing and promoting protocols for identity, social graphs, inventory, and more" (W3C Community Development Team, 2021).

The metaverse, and related technologies, should not be seen as a separate virtual world but as an extension of the world, necessary to seize humankind's opportunities. Although the metaverse and its related technologies are the greatest and newest innovation of the decade, it remains a land to explore and understand. This paper describes these new frontiers by narrowing the study and the findings to the luxury fashion industry, particularly the incumbent high-end firms such as the LVMH group, Prada, Hermès and Gucci. Why this sector? The answer to this question lies in the psychology behind fashion and luxury fashion: "Many psychological factors help explain what motivates us to be fashionable. These include conformity, desires for variety seeking, the

need to express personal creativity, and sexual attraction" (Solomon, 2022). In particular, when buying luxury goods, individuals are not only looking at the good itself, but the symbolisms and imagination behind it, which lead to self-expression and "gives an impression of opulence to the world which can produce feelings of empowerment and pride" (Shephard, 2019). Moreover, following Bain & Company's study for LVMH, ever since the pandemic, the luxury for personal goods is the sector that has had the steepest growth. Luxury goods lead to pleasure and comfort and are hard to obtain. For this reason, consumption of such goods involves buying a brand that represents value to both the individual and significant others (Wiedmann et al., 2009).

Luxury became a necessity for buyers and the economy in general: it created jobs. Furthermore, it is no longer used to represent power, as in ancient times it was accessible only to monarchs and noble individuals; now, it has become a pleasure for all (Shephard, 2019). Erwan Rambourg, the top-ranked luxury analyst and renowned author of books about the future of luxury, shared with LVMH optimistic trends and mechanisms leading to growth of this industry for the next few decades. He foresees the future as, leading to increased luxury spending because more women have access to higher-ranked positions, higher disposable income and a postponement of the age to have children. Secondly, another essential factor is China being the primary growth driver for luxury industries. Thirdly, the power of youth, which sees the last generations buying more and more from the luxury industry, but with an increasing focus on diversity, inclusion and sustainability (Louis Vuitton Maison Holding & Rambourg, 2020).

Therefore, the high-end incumbent firms within the fashion luxury industry are an important and interesting narrowing down of this study. As previously mentioned, fashion luxury is not a need but something that improves the well-being of individuals. In times of pandemic, when this individual well-being has been challenged, one should be reminded of how this sector has only

seen consistent and considerable growth, and how evermore people are turning to this sector to fill a void, and it is working. So through this study, the aim is to understand how this sector can continue to flourish in these new online frontiers.

Dressing up online and offline may seem two disparate concepts, but they are not. The Dubai Mall, Via Montenapoleone in Milan, the Champs-d'Elysées in Paris, the PC Hooftstraat in Amsterdam, Oxford Street in London, or the Fifth Avenue in New York all have a common element: they are crowded, full of high-end incumbent firms, and they draw in customers through show-windows.
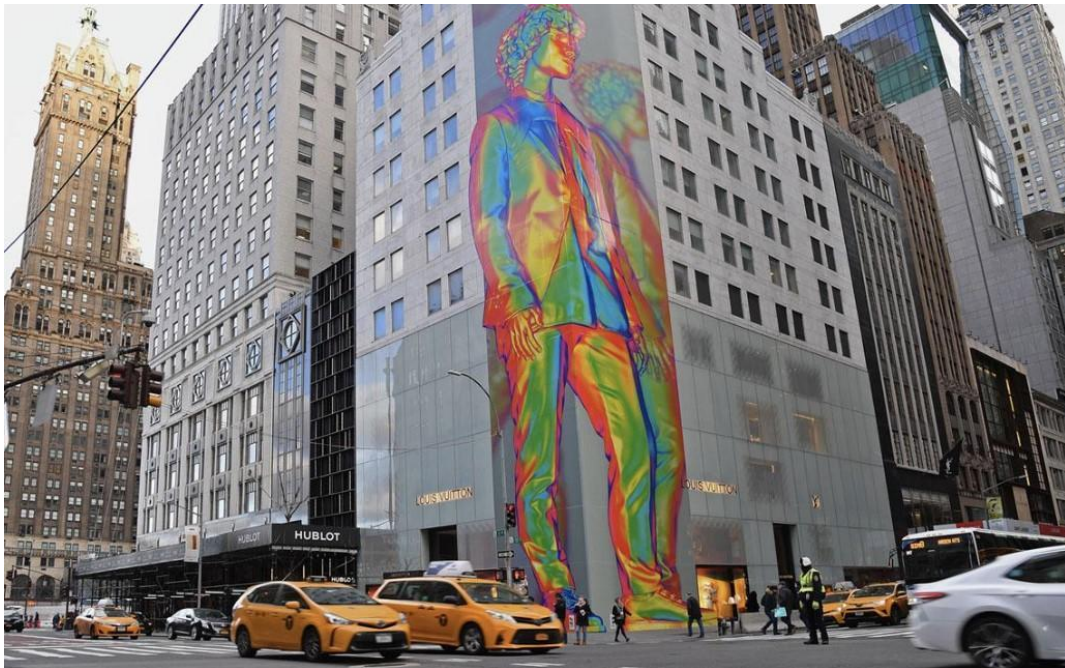

Figure 1: *Louis Vuitton*, Fifth Avenue in New York, retrieved from Pendzich, 2019

Figure 2: *Gucci*, Via Montenapoleone in Milan, retrieved from Capasso, 2012.

There are many barriers to entry in the offline fashion luxury sector: strong brand identity, customer loyalty, patent protections, and high switching costs. However, everything is a fresh new start in platforms like the metaverse, customers cannot be attracted by show-windows and any startup with the right digital capabilities can enter the industry. It has already happened recently with the Meta-Birkin Bag, created by the artist Mason Rothschild, who created NFT fur-covered Birkin Bags, the iconic bag from the brand Hermès, which sued him back, claiming ownership of the domain metabirkins.com. Rothschild's objective was to create art, he designed only 100 Metabirkins, and the success was very similar to the authentic Birkin bag, with the prices skyrocketing (one bag costs between £8,600 and £145,000). Historically, luxury fashion's DNA has been rooted in exclusivity with availability. At the same time, the broad accessibility of the metaverse may appear to be a contradiction, yet, the previous example has demonstrated how scarcity is still the driving force of high demand, and limited collections through NFTs will preserve the exclusivity. This shows the importance and urge of bringing the sector of high-end

incumbent firms in the new online frontiers, and the reason still lies in the visual identification of users, who now will find the shop online. High-end incumbent firms should be able to transpose the buying experience to the new digital frontiers and curate every aspect of the interactive experience. It is worth noting that "going meta" is another way to describe seizing the new online frontiers.

This study aims to respond to the research question: Which business strategies should the high-end incumbent firms follow in the new online frontiers? Because of the novelty of the new frontiers, the business strategies in the metaverse for high-end firms have not been thoroughly explored in pre-existing literature. The lack of research on business strategies for these new frontiers shows how the chosen sector may be unprepared on the subject, and through this study, one may avoid throwing these firms off guard. It is an opportunity that is to be taken as soon as possible, as the new frontiers are dynamic and constantly evolving, and the strategies must also be apt. This research will have many beneficiaries, such as the various managers of the firms and future researchers. For this reason, this study will first explore the general business strategies for disruptive innovation, the theory by Christenson which studies how entrants of an industry will focus on the incumbent firms' overlooked customer segments by fulfilling their needs through innovating the product or service. Through these analyses, this paper aims to lead to further beneficiary contributions and adding on to the literature surrounding innovation; and then provide a deeper focus on the high-end incumbent firms in the methodology section.

Following the chronological order of the study, more minor research questions will be addressed to elucidate the research question, such as: What are business strategies? Which are the innovations? What kinds of business strategies already exist for innovations in the sector? What business strategy can be apt for the new frontiers? What is the viewpoint of the experts of the

sector? Accordingly, the paper will be structured as follows: (i) the first section of the paper is the literature review of business strategies and specific strategies to tackle innovations; (ii) subsequently, there will be the methodology section, which includes an explanation of the interview research and the data collection; (iii) the next section will outline the results of the empirical study; (iv) and the last section will be the conclusion and discussion.

Chapter 2: Literature Review

Strategy in theory and in context

This study aims at understanding which business strategies to develop and implement for high-end incumbent firms when faced with the current technological innovations. This second chapter aims to define business strategies, understand innovation within the business field, and distinguish the drivers of innovative change of incumbent firms compared to start-ups.

The word strategy builds its etymology in Ancient Greek times, from the word "strategos", referring to the military chief. Thus, the notion of strategy has a military origin, and it consisted of an analysis of the enemy and application of resources to win the war. Similarly, today, strategy is identified as a company's theory about achieving competitive advantages. Gaining a competitive advantage means having a superior business position, but it is not only about being the best in the industry. As professor Michael Porter said in his lecture at Harvard Business School, strategy is about uniqueness; how a company can create a unique value for the set of customers it aims to serve. Strategy is fundamentally about choice-making, and the most fundamental choice is: whom is the company trying to serve? The essence of strategy is to find a unique position in the business that delivers unique value to the customers the company chooses to serve (Itqan Leadership Strategia, 2018). There are two primary levels of strategy: business-level and corporate-level. The business-level strategy outlines how to compete in each specific business in which the company operates, thereof actions that firms take to gain competitive advantage in a single market or industry. The corporate-level strategies are about which industry to compete in. It is crucial to define and understand the industry to carry out a

judgment in corporate-level strategies and understand the business and its position within the industry (Barney & Hesterly, 2019).

Notwithstanding, strategy is to be differentiated from tactics. In military terms, tactics are the theory of the use of military forces in combat; strategy is the theory of the use of combat for the object of war (von Clausewitz, 2008). Similarly, while business- and corporate-level strategies are a series of long-term holistic choices that companies make to distinguish themselves from competitors, the tactics are the individual steps and actions that the companies need to implement the initiatives outlined in the strategy (Laoyan, 2021).

Strategy is fundamentally the set of choices, the tactics a company makes across the value chain, and a good strategy has much clarity around these choices. The first step in establishing these choices is defining the company's mission, vision, and values. The vision is the company's long-term purpose that the company would like to achieve in the future. The mission constitutes the goals of the company and how to achieve them. Values are deeply held convictions, priorities, and underlying assumptions that influence the company's attitudes and behaviors. These elements are important both internally and externally to the company: internally because these are needed to guide management's thinking on strategic issues, especially during times of significant change; help define performance standards; inspire employees to work more productively by providing focus and common goals; guide employee decision making; help establish a framework for ethical behavior. Externally, they enlist external support; create closer linkages and better communication with customers, suppliers and alliance partners; serve as a public relations tool (Bain & Company, 2018).

The second step of strategic planning is setting the objectives, which are detailed direction statements that indicate what is necessary and important in an organizational strategy. Specifically, these are clear goals that the organization strives to achieve shortly (Harappa Education, 2021).

The third step of strategic planning consists of carrying out external and internal analysis to understand the company's strengths, weaknesses, opportunities, and threats. Any analysis of the threats and opportunities facing a firm should begin with understanding the general environment within which a firm operates. This general environment consists of six interrelated elements: technological change, demographic trends, cultural trends, the economic climate, legal and political conditions, and specific international events. Moreover, performing an external analysis should be parallel to performing an internal analysis to understand the strengths and weaknesses. The internal analysis looks at the resources and capabilities which create value for the firm. In the end, the objective is to find a synthesis between the two analyses (Barney & Hesterly, 2019). After the strategic analysis phase, there is the strategic formulation and implementation. The objective when making a strategic choice is to choose a strategy that: (i) supports the firm's mission, (ii) is consistent with a firm's objectives, (iii) exploits opportunities in a firm's environment and avoids weaknesses. A strategy that follows these criteria is likely to yield a competitive advantage. (Barney & Hesterly, 2019)

There exist four main types of strategies: the reactive strategy, the anticipatory strategy, the defensive strategy and the proactive strategy. The reactive strategy focuses on internal capabilities; actions are undertaken to align the firm's internal processes with political demands. It is constituted by a flexible organizational architecture and aims at yielding efficiency and legitimacy in the short term. The anticipatory strategy too focuses on internal capabilities and is

constituted by actions that firms take to gain a first-mover advantage by anticipating future public policy (Oliver & Holzinger, 2008). It requires scanning and predictive capabilities and aims at yielding the competitive advantage of being a first mover and enhanced reputation in the short and medium-term. The defensive strategy focuses on external capabilities, and actions are undertaken to prevent unwanted changes and protect the status quo. It is constituted by political and social capital deployment to continuously cultivate the current assets and market position of a firm. This strategy does not affect the competitive advantage directly (Oliver & Holzinger, 2008).

Lastly, the proactive strategy is made up of actions taken to shape and control how norms and public policies are defined; it uses external capabilities and focuses on firms' strengths and interests in the medium and long term. All four strategies will tend to sustain or enhance a firms' competitive advantage. The results will vary depending on how the strategy generated unique firm resources and competencies that are valuable, inimitable and well exploited by the organization. Pro-active strategies are the most promising among the four as they yield sustained long term competitive advantage (Oliver & Holzinger, 2008).

Innovation

In the past few decades, in 2016, Industry 4.0 has emerged, the Fourth Industrial Revolution. It follows from the first three Industrial Revolutions: the First Industrial Revolution took place in the early 1800s, when machine tools were incorporated in labor, aiding manufacturing; the Second Industrial Revolution occurred in the early 20th century when steel and electricity were introduced in factories; the Third Industrial Revolution was in the late 1950s when computer

technology was incorporated in manufacturing processes. The Fourth Industrial Revolution emphasizes digital technology from recent decades to a whole new level with the help of interconnectivity through the Internet of Things (IoT), access to real-time data, and the introduction of cyber-physical systems. Industry 4.0 focuses on the latest innovations and offers a more comprehensive, interlinked, holistic approach (Epicor Software Corporation, 2022).

Innovation is one of the key elements to business growth and increasing the competitive advantage, gained through the strategic planning process. In fact, through innovation, the companies improve productivity, reduce costs, and become more profitable; but it also has the social broader impact of improving living standards. Technological innovation, in fact, can improve levels of economic output and can deliver new goods and services to change human lives and capabilities (Lisbdnet.com, 2021).

An important aspect that should be considered before discussing innovations is paradigms. There are various ways to define a paradigm: it may be considered a common cohesive understanding that can vary across individuals, societies, and companies and as the individual way of interpreting experiences, which affects the personal worldview. For innovators, a paradigm is a mental model that affects their view on opportunities and ideas to formulate strategies. A paradigm highly matters when creating value for consumers, and it should continuously be assessed based on the company. In companies, paradigms shape the vision and the values they create and deliver (Marcus, 2000).

When innovation occurs, a paradigm shift will follow. A paradigm shift constitutes a new mental model where new orders are set. Usually, it comes with new technological revolutions, where new business models emerge and create new ways of interacting with suppliers and consumers. Incumbent firms need to pay attention to shifting paradigms because these shape how reality is

perceived and how to act in it, but also the business, its well-being, and the quality of the product and services will benefit (Marcus, 2000).

Anyhow, what is innovation? There are different ways of describing innovation, the idea per se is vague, but it contains both spatial and temporal content. Innovation comes with risks and uncertainty, creating complexity and fear of not being aware of situations beforehand. The OECD defines innovation in the third edition of the Oslo manual as "the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations" (OECD, 2009, 11).

There are two main types of innovation: radical and incremental (Ettlie et. al, 1984). Radical innovation explores new technologies, comes with high uncertainty, and focuses on products, processes or services with unprecedented performance features. Radical innovation creates dramatic changes and novel, risky or safe opportunities that either transform existing markets or industries or create new ones. On the other hand, incremental innovation exploits existing technologies with low uncertainty and focuses on cost or feature improvements in existing processes, products, and services. Incremental innovation, also called routine innovation, is often incorrectly considered as a "suicidal" type of innovation because it only allows for very slow progress. Instead, it is through these routine innovations that companies yield the most profits and build the ground for future radical innovations (Pisano & Hayes, 2015). The goal for companies is to combine different types of innovation that can become complements rather than substitutes. Incremental innovation improves competitiveness within current markets or industries, as it is constituted by a steady increase often from incumbent firms, if it does not turn into inertia.

Clayton M. Christensen in 1997 suggested a different characterization of innovation, which is still considered the most influential business idea in recent years. Christensen divides innovation into sustaining and disruptive. Sustaining innovation perpetuates the current dimensions of firm performance. This kind of innovation does not create new markets or values, but it aims at evolving incumbents with better values based on the already existing ones (Hagel III et al., 2015). Sustaining innovation allows the firms within the same industry to compete against each other on sustained improvements.

Differently, disruptive innovation is an innovation that simplifies and makes more affordable products and services to undesirable or ignored markets (Twin & Estevez, 2022). The word disruption is used to define a process where a smaller company (or a start-up) with fewer resources can challenge incumbent firms successfully (Larson, 2016). Usually, incumbent firms tend to focus on their most demanding and profitable segment, responding efficiently and better to the customer needs, often at a lower price. While incumbents continue to focus on their most demanding segment, sustaining the trajectory towards the most profitable end of the market, the entrant's disruptive trajectory will take over the low end of the market. Then, they will start moving towards mainstream and higher ends and challenge the dominance of incumbents. For the sake of clarity, the following graph illustrates the trajectories.
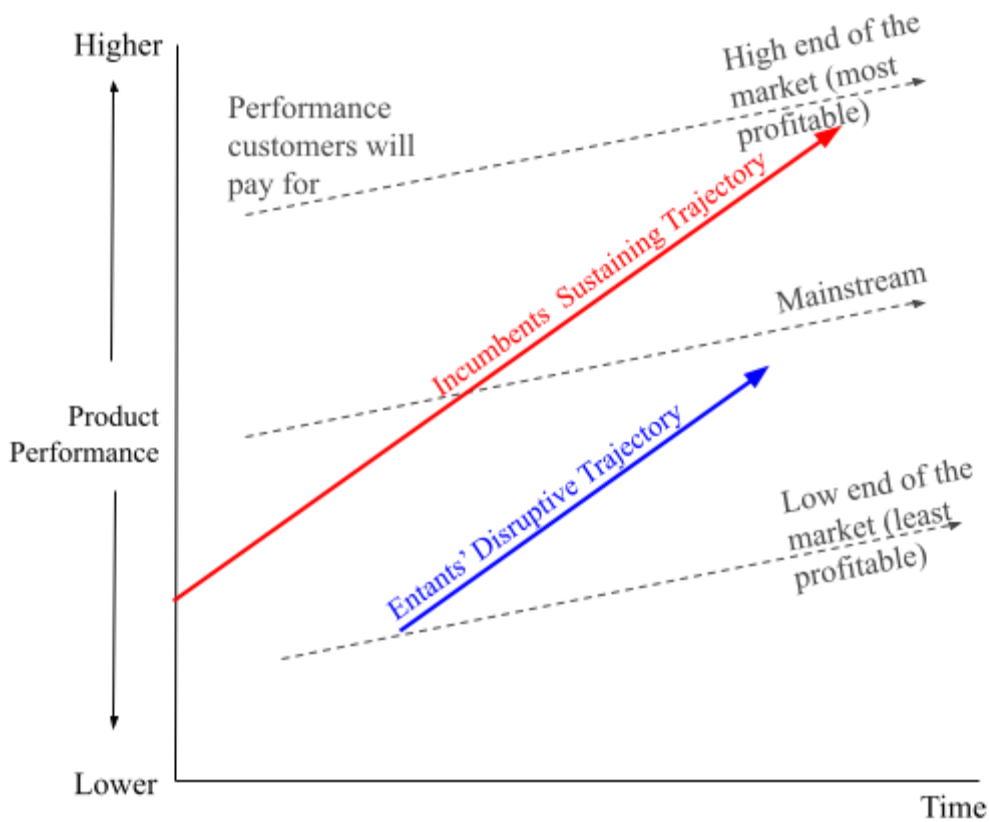
Figure 3: *The Disruptive Innovation Model*, adapted from Christensen, 2015.

Disruption is a process, and because it usually takes time to determine whether an innovator's business model will succeed, incumbents overlook disruptors as they may not feel threatened yet. However, it is significant to closely monitor the process and understand if the (possible) disruptors' business model is evolving to better serve the customer's needs for a good or service. This is crucial for the evaluation and to offset possible threats.

Failing to respond correctly to the trajectory may lead companies to collapse, as has been the case with the entrant disruptive force Netflix, which shifted the movie streaming from

Blockbuster's physical movie renting to an all-online movie streaming platform. Blockbuster went bankrupt in 2010, while Netflix now has 221.8 million subscribers (Oomen, 2022).

"Understanding what drives the rate of disruption is helpful for predicting outcomes, but it does not alter the way disruptions should be managed" (Christensen, 2015). When managers are faced with innovation, they can either choose to sustain or disrupt. Usually, when an entrant tackles incumbent competitors, incumbents accelerate innovations. This leads to either beating back the entrant or acquiring it. Moreover, Christensen's seminal study of the disk drive industry showed that the succeeding entrants following a sustained strategy were only 6%, implying that entrants with a sustained strategy are more at odds than entrants which adopt a disruptive strategy (Christensen, 2015). The purpose of Christensen's study was to understand the difficulties for the disk drive industry to have a successful performance when technology and the structure of markets changes. What happened was that the most successful firms aggressively developed the new component technologies required to address their leading customer needs, although by doing so it caused the leading drive makers to ignore a sequence of emerging market segments, where innovative disk drive technologies were utilized by entrants. As the performance of the entrants and their new architecture products improved rapidly, these firms were eventually able to conquer established markets as well. (Christensen, 1993). Christensen in his disk drive study distinguishes among two types of technological approaches to innovation: it either stands in the components of the technology, or it is designed into a system architecture. In the disk drive industry, incumbents used new component technologies, rarely with their initial products. The reason is that incumbents lagged entrants in introducing these new architectural technologies, even if new architectural designs had proven to be less costly and unrelated to intrinsic technological difficulties. Christensen already created a matrix that considers how a potential

innovation fits with a company's existing business model and technical capabilities, called The Innovation Landscape Map (Christensen, 2016).
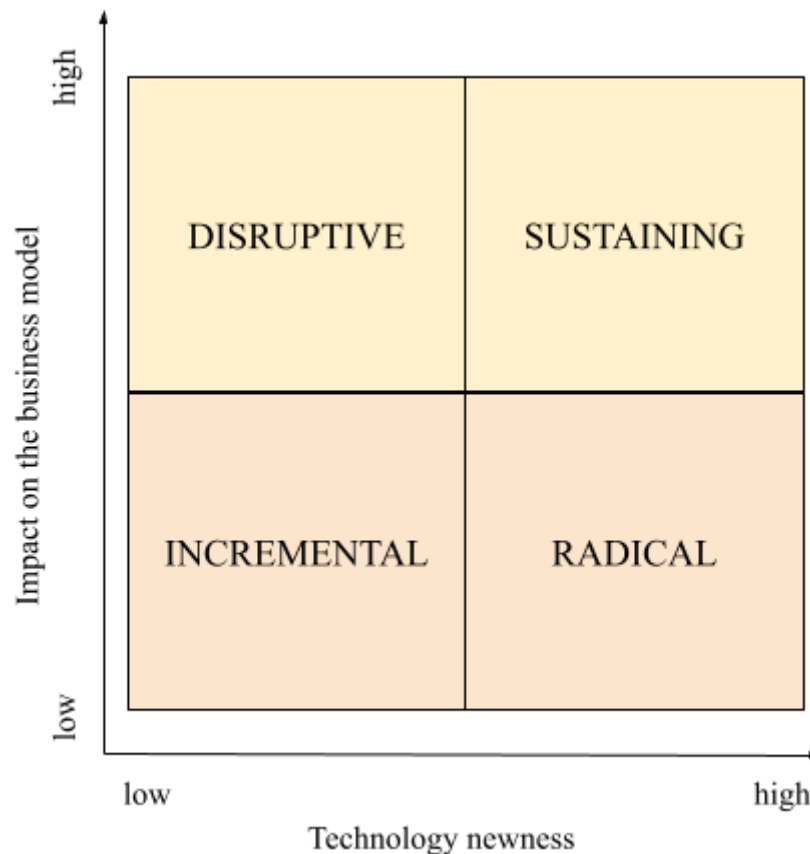

Figure 4: *The Innovation Landscape Map*, Adapted from Christensen, 2016

As one can see, radical innovations usually pose a purely technological challenge for companies, while disruptive innovations challenge the business model, but may not even include a technological innovation. When looking at the new digital frontiers, one can see how a radical innovation has already occurred and is waiting to be implemented in the business models.

 It is necessary to highlight that radical innovation and disruptive innovation are different. While radical innovation significantly shifts from existing performance, aiming at pushing the

(technological) boundaries of knowledge; disruptive innovation instead does not need to stem from radical technological innovations of this kind and does not aim at improving the performance frontier, but rather focuses on the overlooked portion of the market. These two different ways of classifying innovation focus on distinct features: radical versus incremental innovations are innovation types that differ in how these are created; disruptive versus sustaining innovations focus more on the consequences for entrepreneurs following a market introduction or process.

Although innovation is one of the key elements for business growth and gaining competitive advantage, there are various reasons for firms to fail to exploit innovation: (i) asymmetric information, when one party in a transaction is in possession of more information than the other, often when the seller that has more information than the buyer, it engages in opportunistic behavior; (ii) lack of coordination, it occurs when different stages of the value chain have diverse objectives that conflict, or because of also often caused by asymmetric information, when communication is distorted or delayed; (iii) diverse incentives, when two different sections within a company have discrepancies in choice making, for instance when research and development aims at innovation and managers instead aim at ensuring profits in the market; (iv) appropriability and safeguarding of intellectual property, being the capacity of the firm to retain the added value it creates for its own benefit, (v) lack of management foresight, so the inability of managers to align the direction of the firm in the future; (vi) poor understanding of the technical and competitive landscape, (vii) managerial myopia, when managers mainly focus on the short term; (viii) organizational inertia, being the inability to adapt and not pursue innovation (Kay, 1995).

Innovation is crucial in the business world. The successful exploitation of new technologies, ideas, or business models improves the production processes. Therefore, the products and services supplied by companies increase efficiency, increase the return on investment, improve profitability, and most importantly, create and deliver new value. When a business does not innovate, it will plateau. In an ever more globalizing and fast-paced market, successful innovation allows companies to stay one step ahead of competitors.

Strategies for Innovation

When faced with innovation, the strategic responses are varied: (i) proactive or reactive, a proactive innovator has a disruptive mindset, creating the future by developing new market opportunities and standing out from the competition, it aims at innovation and improving concurrently. They follow a radical innovation with continuous incremental improvements. Instead, a reactive innovator does not anticipate the need to change but rather considers innovation as something to react to, usually ideas come from other parties (customers or suppliers) waiting for others to disrupt the market where they will need to adapt. Consequently, the reactive innovators have to find a fast "me-too" fix (Kotelnikov, 2004). (ii) the centralized/decentralized approach instead regards organizational control over innovations. A centralized strategy is when an individual or team has complete control over innovation initiatives and idea management, but it limits scalability. A decentralized strategy approach allows other units or departments of the organization to have ownership with total control of the innovation process (Campbell et al., 2011). (iii) The push/pull approach is used especially in tech companies, the pull method identifies a problem first based on information from customers,

followed by idea generation. A push strategy is when instead an organization innovates based on their own ideas, trends and technology. Here, the new technological capabilities come first and then search for problems they can solve (Olhager & Östlund, 1990). (iv) The bottoms-up/ top-down approach constitutes a pathway for which the processes take place. In bottom-up innovation, ideas come from the floor (customers and employees). In the top-down strategy instead, ideas come from senior leadership (the board and executive members). The contribution is usually done (Lisewski, 2004). The latter is said to have a bureaucratic structure. The best strategy for success is actually a combination of these pathways: the best ideas come from the most diverse group. However, through the top-down strategy, leadership's insights and data can filter out and focus on strategic innovation themes.

Christensen and Overdorf, in their research, have suggested that the most effective way for incumbents to deal with radical innovation is by creating new units or organizational structures for innovation activities. This can be carried out in three ways: (i) by creating new organizational structures within the company, (ii) by extending to an independent organization to conduct the innovation activities, (iii) by acquiring a new organization that fits with the required innovation activities and values and incorporating it in the firm (Christensen, 2015).

In addition, following the recent study from Deloitte, market-leading companies are increasingly adopting the Disruptive M&A approach to address technology shifts. Disruptive M&A is a portfolio of collaboration structures including partnerships, joint ventures, buy-outs and corporate ventures that aid companies to find the key for innovative growth and transform their business. These deals do not solely focus on financial returns, but also offer access to new technologies and operating models. The disruptive M&A approach can generate future growth,

altering the trajectories and positioning disrupted companies to become the disruptors (Gill & Prakash, 2018).

Your Strategy Needs A Strategy

As one of the most important business strategic consulting groups suggests, "your strategy needs a strategy" (Boston Consulting Group, 2022). This can be achieved through ambidexterity, the ability to apply multiple approaches to strategy either concurrently or successively, especially for firms that operate in more than one strategic environment (Boston Consulting Group, 2022). A firm that is ambidextrous has multiple approaches to strategy which depend on the diversity and dynamism of the environment.

The following table will piece together what has been discussed in this second chapter, providing for each type of innovation a match in terms of strategic approach. Subsequently, in the following sections of the study, the model will be investigated.

Table 1. *Innovation/Strategic Response Model*

Type of Innovation	Strategic Response
Disruptive	Proactive
Sustaining	Reactive
Radical	Anticipatory
Incremental	Defensive

Chapter 3: Methodology

Qualitative Business Research

It is crucial to explore the model to ensure its functioning by following a thorough overview of the different business strategies and innovations and mapping them together for the most apt combination. This third chapter outlines the type of research used and the motivating factors, explains the data collection and sampling, and foreshadows the data analysis methods.

"Research is a systematic and logical study of an issue or problem or phenomenon through scientific method" (Krishnaswami & Satyaprasad, 2010). With respect to the scientific method, a distinction can be made between two research approaches: the quantitative and the qualitative approach. This particular paper will use the qualitative research approach. The qualitative approach was chosen because the business strategies for the new online frontiers are a recent and complex phenomenon. The qualitative method is valuable in providing detailed descriptions of complex phenomena (Sofaer, 1999). Qualitative research involves the collection and analysis of non-numerical data, such as experiences, ideas or opinions, to have an in-depth insight into the issue (Elkatawneh, 2016).

As Creswell states, qualitative research is "an inquiry process of understanding a social or human problem based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting" (Creswell, 1994, pp. 1-2). Using the qualitative approach, this study aims to understand the importance and meaning of developing business strategies in the new online frontiers, a new phenomenon, from the perspectives of the study participants. Moreover, the specific literature review is scarce due to the topic's novelty.

Even if there is literature surrounding the topics of new technological frontiers and business strategies for the high-end incumbent industry, there is no literature presenting the two issues together. This is another reason why the qualitative approach was chosen, to understand the underlying motivations and occurring activities from the experts in the field. Moreover, given the newness of the topic and the scarce prior literature, it would be pointless to generate hypotheses because the theoretical framework is not ready to support them; instead, this study aims at enhancing the theoretical framework surrounding the topic (Lanka, 2021). The quantitative approach is less suitable for this kind of study because hypotheses would be difficult to test due to a lack of observation given the novelty of the phenomenon. "Qualitative research is used to gain insights into people's feelings and thoughts, which may provide the basis for a future stand-alone qualitative study or help researchers to map out survey instruments for use in a quantitative study." (Jane & Austin, 2015).

The qualitative approach is further classified into different methods of research that vary according to the intent (pure research, applied research, exploratory research, descriptive study, diagnostic study, evaluation studies, action research) and the methods of the analysis (experimental research, analytical study, historical research, survey). It is essential to select the most relevant research for the study, as the quality of the research project depends on it. For this study, the chosen research method based on the intent is applied research with a solely qualitative approach. Applied research is carried out for finding solutions to real-life problems that require a policy decision and implementation, as is the case with finding the most apt business strategy for high-end incumbent firms in the light of the new digital frontiers. This kind of research is both problem-oriented and action-directed, aiming at an immediate and practical result. Even if the first aim of applied research is to find a solution to a practical problem, often, it contributes to the

development of theoretical knowledge, as this current study aims as well (Krishnaswami &
Satyaprasad, 2010).

The chosen method for this study is a fact-finding analysis that involves the data collected
directly from a sample or population through observation, interviews or questionnaires
(Krishnaswami & Satyaprasad, 2010).

Data Collection and Sampling

For this particular study, the primary data collection will be through interviews with experts in
the sector. Through interviews, researchers can have direct verbal responses and observe
non-verbal behaviors. The sample was chosen based on the needs of this study: to gain insight
into the new phenomenon of the new online frontiers. Through interviews with experts from
incumbent high-end firms and experts from the new digital frontiers, this study explores the
strategy/innovation model.

The experts that represent the sample population are: (i) Caterina Palumbo, her current role is as
head of sales at Rochas, an incumbent French fashion firm, and has previously been a sales
manager with a broad and successful international experience in the fashion and luxury industry;
(ii) Nir Kaldero, the author of the best-selling book, *Data Science for Executives*, and the
Executive Global Head of Data Science at NEORIS; (iii) Elio Milantoni, leader of the Corporate
 Finance Advisory of Deloitte Central Mediterranean, and Financial Advisory Leader of Deloitte
Private; (iv) Rossella Lehnus, partner of Deloitte in Italy, she leads the Disruptive Merger and
Acquisitions offering, one of the most innovative areas in Deloitte; (v) Carlo Nardello, he has

been professor of Digital Marketing at University La Sapienza, the chief strategic officer of TIM and now is director of Supertennis; (vi) Roberto Marseglia, engineer specialized in AI and Big Data. These experts were chosen to provide a holistic perspective on the topic of this study: the new online frontiers tackled by Kaldero and Marseglia, the topics of luxury high-end fashion incumbents with Caterina Palumbo, and the perspective on business strategies and disruptive innovation by Milantoni, Lehnus and Nardello. This integrated approach would fit best with this study as it allows for a complete understanding of defining the business strategies for high-end incumbents in the new online frontiers.

Interview Research

The interviewing process has five primary elements, the five C's: (i) constructing the interview, (ii) commencing the interview, (iii) conducting the interview, (iv) concluding the interview, (v) compiling the data and analyzing the results (Krishnaswami & Satyaprasad, 2010, 1). When constructing the interview, it is important to distinguish the two types of interviews: structured and unstructured. A structured interview is similar to an interrogation, where the interviewer leads the discussion and collects data faster; an unstructured interview is more conversational, where the interviewer takes the lead from the interviewee, and it can produce new knowledge on the topic. This paper will use a structured interview type with open-ended questions, so that interviewee responses can reflect opinions, attitudes and explanations (Krishnaswami & Satyaprasad, 2010, 2).

The interviews will begin with the question for consent of recording. The open ended questions that will be asked during the interviews are the following:

- What is your expertise field?

- Which are the business and revenue models in the metaverse? How can a high-end incumbent firm obtain a competitive advantage on the new online frontiers?

- How do these high-end incumbents change when going online versus when going meta?

- How do the incumbents define / redefine the target audience when going meta? How much of a niche is the Metaverse?

- What pushed the incumbents that are already present in these new immersive online platforms? What are other incumbents waiting for?

Through these questions, I aim at understanding what is the specific kind of innovation that incumbents are faced with, which is the impact on the business model, and what kind of strategic response are they attaining.

When commencing the interview, the important aspect is to create a positive relationship with the interviewee and alleviate any tensions. When conducting the interview, the interviewer should be aware of the feedback and avoid going off-topic or clarifying any odd responses. When concluding the interview, the interviewer should summarize the main facts from the interview (Krishnaswami & Satyaprasad, 2010, 7).

There are different ways of recording what is said and done during an interview, such as taking handwritten notes or audio-recording. For this study, audio-recording will be the data collection method; then, the recordings will be transcribed verbatim before data analysis can begin (Jane & Austin, 2015).

Data Analysis

The data analysis process with open questions, frequency count and content analysis will be carried out using the software for qualitative analysis Atlas.Ti. Through the software, researchers are able to break down large amounts of textual, graphical, audio and video data. By doing so, one is able to arrange, reassemble and manage the material in a creative and systematic way. The software codes the data so that it creates a system of meaning focusing on the specific research subject. "ATLAS.ti offers a set of tools and features that are powerful and flexible enough to get to the bottom of even the most complex data material. These tools will help you to discover the intricate hidden "texture" of your data, its interwoven meanings." (Atlas.ti, 2022). Atlas.ti was chosen for carrying out the data analysis for this study for its effectiveness and its unique features of interactive margin area (digitally transferring the traditional paper-and-pen analogy in the digital world) and its analytic level below coding, that supports inductive reasoning and phenomenology in a better and advanced way than other software (Atlas.Ti, 2022).

Chapter 4: The Results

The results section will be divided according to the coding of the main topics of the interviews carried out on the platform Atlas.Ti. This chapter will be structured as follows: it begins with a deepening of the technologies, followed by a characterization of the target audience. Subsequently, the accessibility and the psychological factors that influence the customers and suppliers of the high-end incumbent luxury fashion industry will be defined, followed by an explanation of the old and new opportunities. The last section of the chapter will encompass the business models and strategic responses that emerged from the research.

The Technologies

Following the interview with professor Marseglia, it is appropriate to expand more on the technologies, the recent developments, the surrounding opportunities and issues, and what these encompass.

One should discern among different definitions of the metaverse: for individuals such as Mark Zuckerberg, the CEO and President of Meta, Inc., the metaverse encompasses all those physical spaces in which interaction can take place as if it were in the same physical space. However, a group of academics better defines it functionally through the metaverse roadmap.
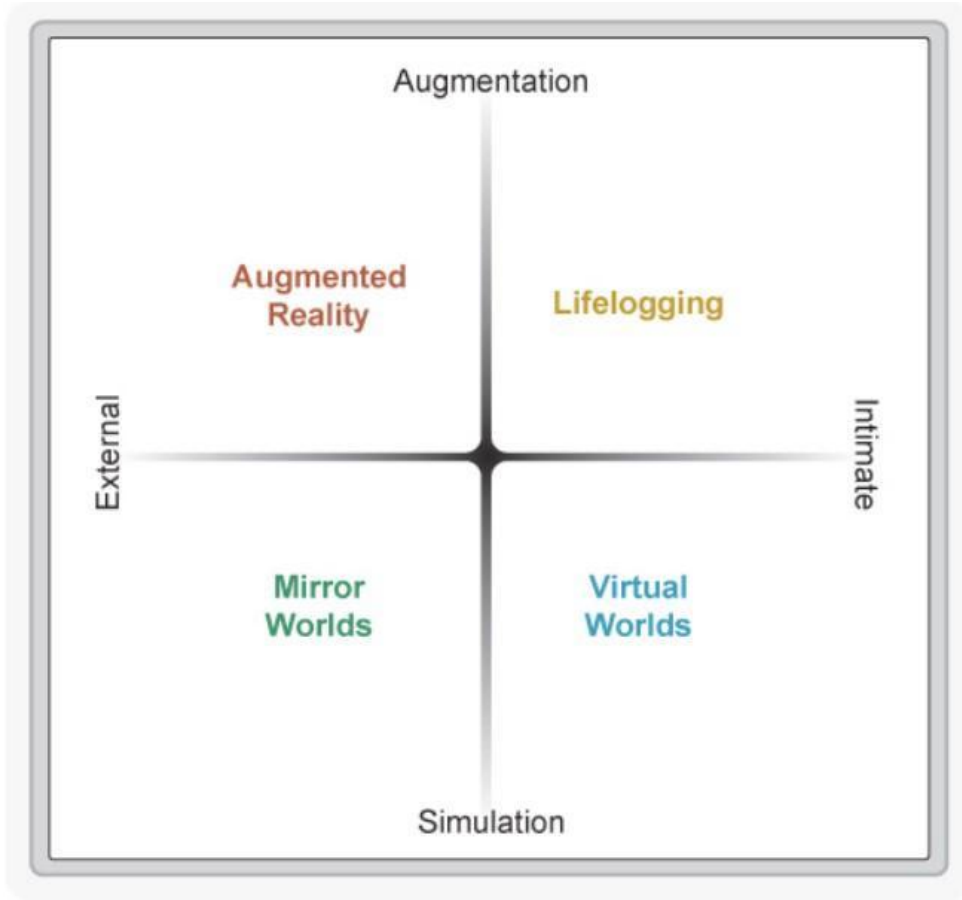
Figure 5: *The Metaverse Framework*, retrieved from The Metaverse Roadmap (Smart et al., 2007)

They have defined the metaverse's framework: based on the two axes of simulation or augmentation and intimate or external. Virtual worlds are fast-growing computer-simulated environments with elements of both the physical and the virtual realities (Marseglia). Augmented reality is a phenomenon that has been previously explained in this study. Lifelogging holds a personal record of one's daily life, depending on the extent of details, such as having an iWatch that monitors your activities, heart rate, etc. Mirror worlds encompass external simulation. An example could be Dallara Automobiles, a brand that, even before manufacturing the car, can insert mathematical equations, simulate the driving, and, if needed, engineers can change things.

The difference between the two kinds of definitions is that Zuckerberg created his definition for convenience: Facebook has stagnated for the past years; he hoped to shake up things by changing it into Meta. In comparison, the framework provided by academics is more functional. Kaldero, too, offered his perspective on the metaverse by saying that "the metaverse is really not so different than going on LinkedIn, Facebook or Instagram because it is just the same web. But instead of in 2D, in 3D, this is why we call it Web 3.0" (Kaldero).

Platforms like the metaverse are omnichannel, and the customer journey is much longer than the old customer journeys. Until this moment, e-commerce has been characterized by the notion of O2O, online-to-offline. In O2O, shoppers from online platforms are directed toward the physical store. Now, the process goes back from offline to online, for instance, when individuals post a photo of what they have bought in the physical store on social media. The metaverse is an online-to-online channel. When a digital strategy needs to be built, especially in companies where the digital component is essential, the first thing that is carried out is the process mapping, and the first mapping that is done is the customer journey. The data collection process is crucial for defining the customer journey, especially with the new online frontiers.

Unfortunately, through the interviews with experts Kaldero and Marseglia, these high-end incumbents of the fashion luxury industry are not so invested in the data collection processes. Data collection allows companies to have a 360 view of their customers. The companies Nike and Lululemon are among the best examples of data collection within the fashion (not luxury) industry. "Nike, for example, has been investing in machine learning for over seven years, and through longstanding data collection, they can figure out not just how to sell more, but really understand the taste of their customers and how to build products catered for them." (Kaldero). Kaldero, to support this view, provides the following example: "Nike found out from their data

that most of their customers love to play the game of cards UNO, which has nothing to do with their business of selling shoes. Nevertheless, Nike designs shoes that look like the cards, which are impossible to buy. Nike learns through the demographic of their people and their tastes and what they want and starts designing products oriented towards their customers. This is the second level in the game that incumbents need to get into. It goes all the way to the manufacturing and the supply chain. Because if you do not have data about the demand, how can you actually serve the customers and orient the supply chain?" (Kaldero).

For incumbents in the high-end luxury fashion industry, the problem, according to Kaldero, is that "they really should more efficiently consolidate their data that they have from the different lines of business and create a data lake, a place where they have data from about all their customers across all the years and of course, all the different product lines". This data collection process allows for a complete picture of the clientele, and based on that, incumbents should be able to improve their sales and predict even before production, just like Nike does. At the moment, high-fashion brands do not really understand their clientele's needs from a data perspective. Also, for Nardello, consolidating the data is crucial: "why do I need the data? Because I want to find the link, the most important refinement, between those who welcome the customer and the customer himself, which is what we strive to do also in physical terms because it is not that our natural being changes. It does not change. And then you also need to understand how you draw attention".

Some of these high-end incumbents are on the metaverse already. There are the ones that could be considered innovators or the early majority, who already developed their game on these platforms and are earning through these platforms, like Gucci or Louis Vuitton through Roblox and creating games on there. Some incumbents have bought land on the metaverse for the sole

purpose of advertisement and to show that they are a part of it. This could be regarded as a form of marketing. However, as Kaldero pointed out, the data collection process should be a central part of innovating to optimise better high-end incumbents going meta. Data collection should be included in the business model as one of the primary aspects to seize the opportunities of the new online frontiers. According to Nardello, these companies should "at least have a very competent data officer and unit, and then they must have specialists for every platform, who understand the consumption behavior of the people there and try to understand what their needs are" (Nardello). The metaverse allows for the physical experience in the online world, which is a huge tool for data collection.

Furthermore, another important aspect when formulating the strategy for the metaverse is understanding the cryptocurrency. As of the 9th of May 2022, the Biden-Harris Administration has invested 65B$ for ensuring that all eligible households in the United States have access to high-speed, reliable internet. As President Joe Biden said: "speedy internet is not a luxury any longer; it is a necessity" (Biden, 2022). This is a way to ensure that the entire population has access to information, knowledge, transactions and the new online frontiers. As Kaldero pointed out during his interview, cryptocurrencies were created initially to serve the low socio-economic people that actually cannot open a bank but still wanted to invest their money. However, over time cryptocurrencies moved from a low-income to a high-income type of tool. It is interesting to look at it strategically, against its original mission now, "cryptocurrency is a tool for the high-end customers, how can I leverage it?" (Kaldero). Lately, the incumbents Prada and Cartier as well have implemented blockchain technology as a form of payment. "The need to understand the origin of crypto and how crypto is now perceived in the market is crucial. And if this overlaps with their specific clients, then they can actually grow the business for that" (Kaldero).

However, it is necessary to underline the issue of the currencies within the new online frontiers: Fiat money is the type of money issued by governments, like the Euro or Dollar; the cryptocurrency instead derives its value from the blockchain technology. According to Nardello, this could be considered one of the metaverse's obstacles. On that note, professor Marseglia explains two schools of thought within these new online frontiers: those who argue that all transactions are to be carried out solely through blockchain technologies and those that do not preclude from incorporating fiat money as himself. Also because another critical factor is the exchange rates: buying luxury goods in Europe is cheaper than buying them in the United States or China. Nonetheless, if all were to become cryptocurrencies, there would be no difference in price, and there would be a devaluation of these brands (Nardello). This would be a fundamental aspect to keep in mind for a company when doing price positioning on these new online frontiers, mainly because it would be a global company on a global platform. As Kaldero said in his interview, "it makes sense to expedite the process to accept crypto as a form of payment".

Cryptocurrencies are a valuable tool. However, as Marseglia points out, "the attitude is slightly different in the digital market. The blockchain serves to certify the possession of something; however, the certification must pass. This theme is recurring, but if I put my data on the blockchain, the data is not necessarily trustworthy. The data depends on how you produce it". These new frontiers are primarily based on blockchain. "When we say I want to enter the metaverse. In my opinion, you are trying to say that I want to exploit an ensemble of new technologies that include computer vision, 3D graphics, the blockchain to try to build interactions that within the Web 2 were not possible" (Marseglia).

The Target Audience

As mentioned above, the data collection allows incumbents to realize the scale of their clientele that would be interested in the new online frontiers. Palumbo says the younger generation is most interested in these new online frontiers. Also, for Lehnus and Milantoni, it is most interesting for the younger generations: "This is because during lockdown they were increasingly online, and now it is way more challenging for them to get out of this online world, so everything shifts in these platforms".

Although with open access, the metaverse is still the "niche of the niche" in terms of the target audience. However, as Nardello remarks: "perfect knowledge of the target audience is more complicated because you are in a more global environment". For this reason, data collection is such a fundamental aspect of going meta because it gives you the full picture of your clientele.

Accessibility and The Psychology Behind Luxury

When talking with the interviewees most knowledgeable about the industry (Palumbo, Kaldero, Nardello), they all underlined the psychological aspects of luxury, both from the perspective of the brands and from the perspective of consumers. The first issue is the need to be affiliated with the elite. This factor pushes people towards buying high-end fashion brands, also from low-income households and younger generations. This was especially true in pandemic times when individuals had more disposable income to spend, and most individuals chose to reward themselves. The second aspect to consider in the psychological factors of the luxury industry is that brands are constantly growing, especially since the pandemic for the reasons mentioned

above. However, the incumbents are still not able to track the clientele and have a 360 picture of their customers. Stronger psychological forces drive this growth, but to be sustained, the data collection of the clientele is to be improved. As Kaldero said: "the fundamental issue of data, of data collection, of creating a data lake is that they have all the customer 360 profile, and allows these brands to anticipate the demand". The growth still occurs, but not being able to frame the customer may generate difficulties, especially while entering the new online frontiers where the knowledge of the customer is the best way to succeed. High-end incumbents in the luxury fashion industry seem to avoid the issue at hand, as these are historic companies with an important heritage and are still growing. Nevertheless, implementing technological advancements is crucial, especially when it comes to comparing smaller firms within the same industry. "When you are small, like the brands Lululemon, you are more conscious about technology and how to use it to serve the mass of people because it is a survival matter" (Kaldero)— until now, resolving through the importance and heritage of the brand has been the mainstream measure for the majority of incumbents within the industry. According to Kaldero, this aspect should change within the next year otherwise, these firms could face adversity.

Moreover, 4 out of 6 interviewees raised the same concern: shifting from an offline to an online platform. The metaverse and similar digital new online frontiers may be regarded as the physical world of the internet. However, this does not mean that the offline world ceases to exist. As Caterina Palumbo pointed out in her interview, "online is ok, but also incorporate the offline".

The new online frontiers should be regarded as an addition to the already existing ones. Synergies should be created between these two worlds: "one does not exclude the other, even if clearly one goes more and more towards the metaverse, you cannot only live in the metaverse, so you do not take away all that other part of the physicality and craft and manual skills as well"

(Palumbo). According to Palumbo, the physical side cannot be ignored: "there are some products where the touch of the typical product comes to mind. Loro Piana, for example, wearing or touching their product makes the difference because clearly, you feel the exclusivity of the yarns and fabrics. It creates an interaction with your person. That is, you feel so wrapped in this garment that in the end, you buy it". Perhaps this physical sensation may also be included at a later time in these new online frontiers if technological advancements would allow it. However, for now, when entering the metaverse, these firms should focus on other aspects of their brand. Indeed, the new online frontiers will not take away the physicality of the brands but should focus on other characteristics, like gaming, to improve the customer experience.

The Old and New Opportunities & Risks

Another theme that emerged while coding the interviews was the parallelism between old and new opportunities with the new online frontiers. According to Palumbo, "all of us today cannot separate innovation from the fashion sector. In what sense are the various technologies used? What is the ultimate goal? It is practically to use IT solutions. For what? To optimize, improve the customer experience at the highest levels". The customer experience is for the purpose of increasing sales, and it encompasses the quality of a company's supply, starting from the experience within the (online) shop to the packaging even of the product. Nowadays, "the customer must feel at the center of the shopping experience, and therefore all these new technologies are used to reach the final purpose, which is to increase the brand's turnover" (Palumbo). Also, according to Kaldero, brands should figure out how to improve and alter the customer experience based on the data of their clientele; and, most importantly, how they should leverage the data to improve the customer experience, their pricing strategies and commercial

sales. For Nardello, instead, on these new online frontiers, you are able to homogenize a customer experience that today's brands are unable to do. "In my opinion, for the moment, we are still on the subject of different business-to-business models. In this sense, the metaverse can do things that can be useful not so much for direct sales but for solving problems. For example, customer care and customer support. A Gucci customer will connect through assets directly to the same experience everywhere, even transforming the Gucci product into an NFT and then selling it for your avatar or for your home that you are creating on your platform." (Nardello). The business-to-business models involve the exchange of information, products and services from one business to another, rather than from one business-to-consumers.

Following Marseglia's remark that "the metaverse is the physical world of the online world", incumbents now have the opportunity to collect much more data in this way. For example, if you go to a Prada store, Prada does not know if you stop for 2 hours to look at a bag. Do it in the metaverse; after 10 minutes of looking at the bag, they can send you a discount on that bag, particularly in the hope that you are price-sensitive and consequently manage to recover the so-called lost cart, which is a typical downside of e-commerce. So, why metaverse? "Because clearly, compared to the possibilities of interaction, it allows you to have a series of more possibilities that are not allowed in the traditional Internet and the physical world" (Marseglia).

However, new opportunities are usually accompanied by risks. According to Carlo Nardello, going online (in the early 2000s) and going meta are two very similar processes, with the same initial lack of regulation and the same concerns. The new online frontiers are still in the emerging stage, and there is a lack of regulation because these are to be established as time goes by. For example, lately, it has been established that avatars within the metaverse cannot get too close because of reported previous disturbances of some avatars to others. Nevertheless, also in the

Internet world in the early platform Usenet, the first regulation that broke down the utopian view of a platform without regulations occurred following a bad joke on a Jewish ventriloquist, posted on the same day of Kristallnacht, which created offenses and turmoil. Also, in the metaverse, the regulations still have to be created and implemented as it is in its emerging stage.

Another risk may be found on the side of purchases: in Europe, the Consumer Code protects consumers from scams. However, this does not exist in the metaverse, and buyers on these platforms are not safeguarded yet.

On top of the lack of regulation, which is to be improved, another risk is losing "the investment in the product that a brand like Hermès makes. Translating the product into a game risks losing the intrinsic value in the fact that it is designed, handmade, the feel of good leather, softness, a smell, etc. All these things are typical of luxury." (Nardello). The important aspect of avoiding these risks is understanding how to translate your brand into the metaverse to avoid diluting the strong brand image. To avoid these risks, the most crucial factor is to fully understand the target audience given by the data collection processes (Nardello). Another aspect to consider is that when you buy a Birkin bag today, you can use it or resell it at a higher price because the vintage market nowadays is the trend. According to Nardello, the central aspect is that you govern it, but there is no second hand on the new online platforms, and it takes away all that part of a secondary market. However, Nardello also says that the time to experience the metaverse is now and that as it is in its emerging stage, it does not take much time to go from the failures to capitalize on success.

The Strategy and Business Model

When talking with Palumbo, she underlined how some companies are already on the platform, and some have been for a long time: "Among all the companies using these new innovative systems was Gucci. Gucci already in 2018, in Florence through the Gucci Garden, created this experience. Alessandro Michele (Gucci's creative director) is parallelly not leaving aside the past and studying the present; however, he went towards the future and was the first to use these avatars to create the virtual mannequins that you could dress up. And then, of course, you could also buy these rare items simultaneously. Alessandro Michele has been the forerunner ever since and has always continued to be the first. Gucci uses the technology as a business strategy to serve the consumer's consumption, not vice versa as it had been in the past, up to the point of sale. As you probably have also seen Gucci on Roblox". (Palumbo)

Also, on this notion, Lehnus and Milantoni consider Gucci as one of the disruptors: "the disruptor could be considered some company like Gucci, they were among the first of these high-end incumbents in the fashion luxury industry to implement augmented reality in their physical shops, and were the first in the metaverse to release virtual sneakers. The latecomers are going through radical innovation".

 According to the joint interview with Lehnus and Milantoni, it is essential to look at the competitive arena to understand how to obtain a competitive advantage and find new opportunities. The competitive arena is "a graph with the time on the x-axis and on the y-axis the disruption (or radical innovation). The peak in the graph will follow from a technological improvement in virtual and augmented reality. The issue with these virtual and augmented realities at the moment is that they are not fully able to break through because the video quality is

inferior to 2D. The moment the technological improvements go through, and you can perfectly see, there will be the next technological jump, which leads to the graph's peak" (Lehnus & Milantoni). Also, Marseglia underlined that some technical aspects have to be improved on the platforms. For example, there was the attempt to create a fair through the metaverse called Hyperfair, which was entirely inside this virtual world with avatars, but, according to Marseglia, it did not turn out so well because the graphic engine was very basic, not as defined video quality as it would be in 2D. As long as the traditional methods are better than these new online platforms, it will be more challenging to switch for customers for daily usage.

Technology is constantly evolving, and there are oculus which are much lighter and effortlessly wearable, wireless and portable. Many video games, including Roblox, still focus on a 2D vision because the quality of 3D is still inferior and less comfortable. It is worth noting that the immersiveness of the virtual and augmented realities is impactful: your eyes work within an environment with different physics laws, and not having all of your body involved creates some discomfort, such as nausea, because you separate the vision from the physical sensation.

What would happen after the next technological jump? "The next technological jump, which they have been experimenting with, is the diffusion of sensory suits, allowing them to exploit the sensory feeling of touch. This will be followed by solutions to satisfy the other senses of taste and smell" (Lehnus). During the interview, the competitive arena was formulated:
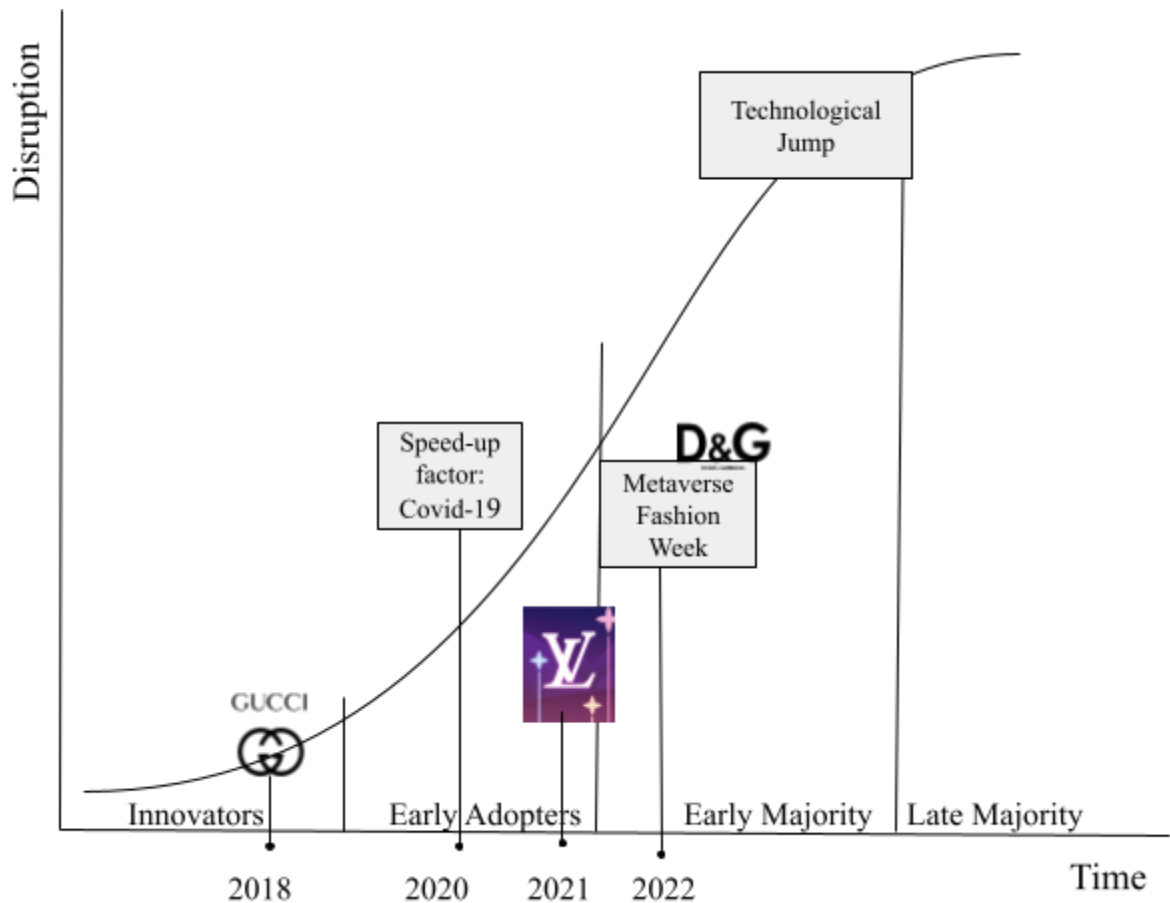
Figure 6: *The Competitive Arena*

The graph shows that although the developments of these new online frontiers are constantly evolving since the invention of the World Wide Web, and that in the last six years, it has been receiving an evermore immersive characterization, "Covid marked a speed-up of the process" (Lehnus & Milantoni). They mention that the first speed-up factor was Covid. The invention of the oculus has characterized the previous technological jump; the next technological jump will be characterized by the improvement of the quality (to HD) and comfort of the oculus. Following the radical innovation and technological jump, there will also be an evolution of the business

model with alternative revenue models. With the new business model, the aim will shift from just creating awareness (Lehnus & Milantoni).

During covid, the home working policies pushed individuals to recreate the physical interactions in a virtual space. Today it is carried out through video conferences like Google Meet and Zoom, but tomorrow this should occur in an immersive reality through the oculus. Of course, we will not project ourselves on these platforms by wearing the oculus; we will project our avatar, which should represent our style and personality: "going beyond the doppelganger that individuals created on social media, these avatars could represent a new ego and should also absolve those functions of physical vicinity and connections. Such as body language, microexpressions, and the exchange of chemicals that we have daily with whomever we meet. The avatar should substitute the persona in the virtual exchange. Its duty is so crucial that people could make it similar to our physical persona; it is not just a puppet. So, if I want my avatar to represent me in a seminar in front of hundreds of people, should we not make it as fashionable as I try to be in real life? Am I keen to invest to make it a good representation of myself?" These are the critical questions that should be asked, according to Lehnus.

So what kind of investments should the high-end fashion companies have to open themselves to the opportunities of this new market? According to Lehnus, it does not make much sense to carry out a traditional M&A in which you invest in similar skills to your own. What is needed is a disruptive M&A that hunts those start-ups that develop more innovative technologies. For instance, the competition in the metaverse is based on those firms able to read big data, carry out the best customer profiling and be able to intercept them by creating a virtual community to which they belong. Why the community? Because the metaverse does not have geographical confines and physical distances, the vicinity among users is shaped by the affinity of interests

and purchasing power. The companies need to enter or form these communities to create loyalty among their customers and give them a sense of belonging as part of the community.

In the end, not all will be online, according to the interview with Lehnus and Milantoni: "I do not think or hope that we shift to only online, but there will be a part of our lives, like the business side, that will take place ever more online, and this is also making us shift the way in which we live the physical lives, that is why we are also re-thinking the spaces within our offices, homes and cities (like having a study in the home or having open space offices).

Framing the Results

The objective of the qualitative research method was both to have an answer to the questions inherent to the model and discover what more lies behind these new online frontiers.

The first question regarded the difference in the business models and obtaining a competitive advantage in the new online frontiers, which all the interviewees thoroughly answered. All the interviewees underlined that the focus, until this moment, for these new online frontiers is to improve the customer experience and that it does not necessarily have to be about the product, such as selling the digital version of the garment.

Nardello, Marseglia, Kaldero and Palumbo talked about the importance of data collection and how the data collection process can be facilitated through the new online frontiers. Also, Lehnus and Milantoni underlined that an essential aspect of these new online frontiers is creating a virtual community; going beyond just enhancing the customer experience and not having any geographical limitations should be considered a valuable tool.

Taking on the major example of innovation to underline the importance of prioritizing the technologies, the company Amazon was built on a business model based on the motto "Get Big Fast", with the goal of exploiting the online environment rather than being product-centric. It was one of the first times it occurred, going against the conventional notions of business that foresees executives setting the business laws and only after aiming to reach the goals with technology. Following Amazon's example, what is to happen is understanding the emerging technologies and the new online frontiers and building the business model around these. What we can learn from Amazon is to focus on the customer, identify inefficiencies and ways to eliminate them; try different things, collect data, and adjust (Jordan, 2012, 866).

The second question regarded how these high-end incumbent firms changed when going online and when going meta. From the findings of the interviews, it emerged that one of the main aspects to consider when going meta is the change of target audience, identifiable through the data collection process, which is to be improved in the incumbent high-end firms in the fashion luxury industry. A secondary aspect to consider when going meta was the possibility of a devaluation of the brand when adopting the blockchain technologies as a form of payment; it would generate a homogeneous pricing strategy among the global platform of the metaverse. Covid has been an accelerator of these innovations, but a technological refinement is still expected to improve the experience on these platforms. What matters most in these new online frontiers is translating the customer experience and improving it. The interviews emerged that what happens when an incumbent is going meta is a disruptive innovation involving changes in the business models; for instance, going on these new online frontiers through gaming. Nevertheless, it is also a radical innovation, mainly involving technological shifts and the subsequent technological jump.

To reply to the question about the target audience, the interviewees focused on the importance of the data collection process but also assured that these new online frontiers are more of interest to the younger generations. Moreover, even if the metaverse is available and accessible to everyone, buying through NFTs and blockchain technologies is, in reality, still a niche.

The last question was why some incumbents already chose to seize these new online frontiers and why others still do not, and Lehnus and Milantoni best answered it through the competitive arena. Most of the incumbents are still waiting for the next technological jump. While according to Kaldero, the incumbents still have to improve their data collection process, a necessary tool for going meta. In the next chapter, this study will explore the most apt strategic response to these innovations, in the light of what was learned through the interviews.

Chapter 5: Conclusion

Summary

Fashion luxury has been one of the industries faced with the most considerable growth ever since the pandemic. Given the higher disposable income of households and the more substantial need to build a community, evermore individuals are turning to this sector to fulfill a want. Simultaneously, the pandemic has been the speed-up factor for technological advances, leading to many opportunities and innovations. This study aimed at understanding and filling the literature gap on how the high-end incumbents' fashion luxury sector could continue to flourish in the paradigm shift of these new digital frontiers.

This study aimed to answer the research question: Which business strategies should the high-end incumbent firms follow in the new online frontiers? A model was created to answer this question, and it was investigated with the qualitative research method of open-ended interview research with experts from the field. The model outlines the different kinds of innovation: disruptive, sustaining, radical and incremental, and their respective strategic responses, proactive, reactive, anticipatory, and defensive. The most apt types of innovation for these new online frontiers that emerged from the interviews are disruptive innovation, involving a change of the business models, and radical innovation, involving a change of the technologies.

The interviews confirmed that the new online frontiers offer high-end incumbent firms from the fashion luxury industry a valuable tool to improve the customer experience. When going meta, incumbents can get to know the client better based on the data collection processes rather than focusing solely on creating the virtual garment. The new digital frontiers can be encompassed in.

The Metaverse Roadmap: two axes, simulation/augmentation and external/intimate, define the framework of going meta; this includes Mirror Worlds, Virtual Worlds, Lifelogging and Augmented Reality. As emerged from the research interviews, the new online frontiers could be considered the physical space within the online world. Operating mainly through gaming in this emergent stage, these new online frontiers should not be seen as a substitution of the physical world or physical work but rather as an addendum. Building a community on these new online frontiers is different and could work better, given the absence of any limits, geographical or whatnot.

It would be necessary to create the apt synergies between the current technologies and manufacturing and the wide range of opportunities that the new online frontiers offer for the high-end incumbent firms within the fashion luxury sector. In the physical world, the luxury sector has a variety of underlying psychological attributes that push the clientele to buy: the need to belong to the elite; but also to build loyalty and a community-driven by exceptional craftsmanship and quality, the exclusivity, and the status that comes with it.

Discussion

The metaverse is not a recent invention; it is made up of incremental steps which lead it to today's new online frontiers, still waiting for the next technological jump to improve the quality, yet it is nothing new. It could be said that Thomas Khun's book, *The Structure of Scientific Revolutions*, can be compared to the contemporary phenomenon of innovation: "The breakthrough, or paradigm shift, in Kuhn's model, occurs with a change in mindset rather than a brilliant invention" (Kuhn, 1970). However, the breakthrough occurred through the speed-up

factor of Covid-19, when evermore there was the need to use the new online frontiers due to limitations in physical contact. The speed-up factor indeed helped the paradigm shift. A change occurred in the collective mind of the communities: "during scientific revolutions, scientists see new and different things when looking with familiar instruments in places they have looked before… paradigm changes do cause scientists to see the world of their research-engagement differently (Kuhn, 1970).

When dealing with disruptive innovation, a similar phenomenon occurs, for example, "Facebook Photos disrupt Kodak's physical (and even digital) printing business because the problem shifts from having photos to *sharing* them" (Jordan, 2012, 411). The key asset for these new online frontiers is the paradigm shift: "cognitive reframing of the customer value proposition and the profit formula, in particular, constitute critical elements of successful technology developments" (Jordan, 2012, 411).

As mentioned above, in the new online frontiers, the types of innovations are mainly two and are equally important. Disruptive innovations are primarily involved with changes in the business model. In fact, in the new online frontiers, the focus shifts temporarily from the product, and what is enhanced is the customer experience and creating a community through the customer experience. This is also necessary to maintain and boost the feeling of loyalty that these high-end incumbents are renowned for and to grasp the new opportunities that the new online frontiers offer. The model created in this study outlines that a proactive strategy is the most appropriate type of strategic response for disruptive innovations. The importance of the proactive strategy is that it focuses on the firms' strengths and interests in the medium and long term, coupled with external capabilities to shape and control public norms and policies. Indeed proactive innovators have a disruptive mindset, which is necessary when faced with the rapid changes of going meta.

A proactive strategic response aims to create the future through developing and embracing new market opportunities.

At the same time, these high-end incumbents are faced and will continuously be faced with radical innovations; the next technological jump is necessary to conquer these new portions of the market. Radical innovations involving mainly technological shifts are best managed through an anticipatory strategic approach (Oliver & Holzinger, 2008). By focusing on internal capabilities, firms can focus on actions that give them a first-mover advantage and enhance their reputation in the short and medium term; however, it requires scanning and predictive activities.

Since the kinds of innovations in these new online frontiers are a combination of disruptive innovations and radical innovations, it is apt that the strategic approaches too are a combination of the proactive and anticipatory strategies. Disruptive and radical innovations are confronted with changes in the business model and the technologies. The proactive plus anticipatory strategic response would allow incumbents to tackle both simultaneously. By combining these strategic approaches, high-end incumbents can focus on radical technologies by utilizing their internal capabilities, gaining competitive advantages in the short and medium-term, and focusing on their internal strengths in the medium and long term to face the disruptions. Moreover, since the proactive strategy also employs external capabilities, it will yield a complete strategic approach, with more chances of success, of gaining a first-mover advantage and sustaining it through changes in the business model. The combination of the two strategic responses allows covering more completely the two kinds of innovation. These cannot be tackled separately because it is a co-occurring phenomenon. Therefore, also the strategic responses have to co-occur. Tackling disruptive and radical innovations separately was already present in previous academic literature. However, through this study, it was obvious that these are two phenomena

happening together. As such, the strategic response formulated in this study adds to the literature gap.

Moreover, as mentioned in the innovation section, "your strategy needs a strategy" (Boston Consulting Group, 2022). This can be achieved through ambidexterity, applying multiple approaches to strategy concurrently, especially where the incumbent has to operate in more than one strategic environment, the physical, the online, and the meta environment. Ambidexterity can help combine the aforementioned strategic responses to gain a competitive advantage. It would not only allow for improving short-term performance but also focus on long-term success, and the ability to carry out two seemingly disparate things at once is what ambidexterity encompasses (Tandemploy, 2018).

Although ambidexterity is not a new concept, it has never occurred in this field to combine the strategic responses of proactive and anticipatory, as it has never happened the phenomenon of combined disruptive and radical innovations to this extent. This study aims to add to previous academic literature the combination of the strategies and, most importantly, provide essential insight into these new online environments from experts in the field.

This recent phenomenon of prevailing in the new online frontiers has never been investigated in previous academic literature, especially regarding this portion of the market, the luxury fashion industry. By investigating the phenomenon with experts, this study could frame the most apt business strategies for going meta for the high-end incumbents. This study has revealed that going meta is no longer an option; it is already happening or will happen shortly. For the digital natives the difference between the online and the offline world does not exist. For instance, for the generation Z or Alpha, born after 1997, there is not a substantial difference between hanging out physically or online, as in the virtual game Roblox. As learnt through this study, today the

53

level of innovation is still not ready to embrace this online availability, it will happen after the next technological jump. As Ray Kurzweil states: "An analysis of the history of technology shows that technological change is exponential, contrary to the common-sense "intuitive linear" view. So we won't experience 100 years of progress in the 21st century — it will be more like 20,000 years of progress (at today's rate)" (Kurzweil et al., 2001). Thus the incumbents within the industry need to seize these opportunities today through the aforementioned business strategies.

Implications for Practice

On a more practical level, it is worth again mentioning how essential the data collection process is for going meta. This study has shown its importance and how much of a common problem it is for incumbents in the fashion luxury sector. Data collection helps to understand the clientele of the companies better and improve the customer experience, leading to the goal of re-creating the community on these new online frontiers. Better data collection offers an array of practical opportunities, from understanding the customer to strategic marketing implementation. Regardless, to do so, it is necessary to go through with the combination of the strategic responses, proactive plus anticipatory, to best seize these opportunities.

On the side of the firm's internal capabilities, as it also emerged from the interviews, it is necessary to build a unit dedicated to these new online frontiers. There should be a skilled data officer able to run the unit, collect the data into data lakes, and understand what the data mean for the company and the clientele. Not only to understand the clientele and the target audience but also to anticipate the demand and ensure a smoother process in the supply chain. The

high-end incumbent can accommodate the new opportunities by having solid internal capabilities on these new technological frontiers.

On the side of external capabilities, the incumbent needs to be able to manage and anticipate future public policy. Nevertheless, encompassed in the importance of external capabilities lies the direct connection with another individual or group. Incumbents dealing with going meta could hire external individuals or consultants for data collection processes, translating data and making good use of it. In this way, it would be easier and more efficient to find the right amount of expertise to insert into the business. At the moment, there are a variety of start-ups which focus precisely on the data collection process, among which is the company Cloud4Wi. Cloud4Wi offers a range of WiFi guest products, location analytics, and location-based marketing that aim at engaging with consumers. With Cloud4Wi, enterprise companies across multiple industries can use existing WiFi networks to power their business. Cloud4Wi's range of products already connects more than 130 million mobile users in 45,000 locations, gathering more than 10 billion data locations per month (Cloud4Wi). As Deloitte does and as their experts suggested in the interviews, evermore incumbents are increasingly doing disruptive M&A, with the focus on gaining access to these new technologies and opportunities, making the incumbents at risk of being disrupted, the disruptors. One of the suggestions for managerial implications would be to carry out a disruptive M&A with the start-up mentioned above or similar. By doing so, the high-end incumbent can cover to a more considerable extent the radical innovation by implementing the anticipatory strategy and focusing on the internal capabilities offered by the start-up to acquire advantages. Moreover, at the same time, apply the proactive strategic response to face the changes and seize the new market opportunities.

Every firm, even the food stand next to the stadium, has a business model. However, it is not a given that the company has the business model it needs (Jordan, 2012, 412). What matters most when defining the business model is to be careful of preconceptions. That is, in fact, one of the reasons why incumbent firms have more difficulty in being flexible compared to a start-up, for instance. In order to properly create a business model, to disrupt rather than be disrupted, change is essential. In these instances, it is not enough to solely create a unit that focuses on data and can translate the data for seizing the online opportunities. What is ulteriorly needed is a change agent or unit, someone with a flexible and holistic outlook that can embrace the opportunities and dodge the threats. The change agent should be able to change minds (Jordan, 2012, 413).

Limitations and Future Research

The main limitation of this study was the sampling, the interviews that were carried out were six in total, and the sample was not too diverse. For future research, the main suggestion is to gather data from more and more diverse experts in the field, as this research has been majorly centered on the company Deloitte.

Moreover, since this was an inductive explorative study, the focus of the qualitative interview research was to provide a deeper insight into the topic and further understanding. Due to this second limitation, the conclusions of this study are not generalizable to the population. The direction for future research would be to carry out deductive research on the topic.

This study aims at filling the literature gap on the topic of seizing the new online frontiers for high-end incumbents. The literature review has focused separately on academic literature on the new online frontiers, the business strategies, and academic literature on the precedent

developments in the fashion luxury industry when going online. There are more literature gaps to be filled through future research, such as the topic of cryptocurrencies and devaluation risks. Moreover, as mentioned in the introduction, Erwan Rambourg, the top-ranked luxury analyst, foreshadowed three factors for the luxury industry's growth, the power of youth, China as a growth factor, and the future being female. The power of youth was thoroughly explored throughout this study and through the importance of customer experience. However, as an additional direction for future research, it would be interesting to explore further the other two factors for innovating in the industry.

References

Atlas.Ti. (2022). *What is ATLAS.ti*. ATLAS.ti. Retrieved April 24, 2022, from

https://atlasti.com/product/what-is-atlas-ti/

Biden, P. (2022, May 9). *Remarks By President Biden on the Affordable Connectivity*

Program⌷. The White House. Retrieved June 6, 2022, from

https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/05/09/remarks-by-pre

sident-biden-on-the-affordable-connectivity-program%EF%BF%BC/

Bain & Company. (2018, April 2). *Management Tools - Mission and Vision Statements*.

Bain & Company. Retrieved March 12, 2022, from

https://www.bain.com/insights/management-tools-mission-and-vision-statements/

Barney, J. B., & Hesterly, W. S. (2019). *Strategic Management and Competitive*

Advantage (6/E ed.). Harlow, England: Pearson. 9780134743530

Boston Consulting Group. (2022). *Your Strategy Needs a Strategy | Ambidexterity*. BCG.

Retrieved April 10, 2022, from

https://www.bcg.com/publications/collections/your-strategy-needs-strategy/ambidexterity

Campbell, A., Kunisch, S., & Müller, G. (2011, June 1). *Centralization vs*

decentralization: Making better choices for your organization. McKinsey. Retrieved

April 10, 2022, from

https://www.mckinsey.com/business-functions/people-and-organizational-performance/o

ur-insights/to-centralize-or-not-to-centralize

Capasso, A. (2012). *120105010.jpg*. CONTROLUCE. Retrieved April 10, 2022, from

https://www.controlucepix.com/image/I0000aLI9Hstjq.I

Cefis, E., Malerba, F., Marsili, O., & Orsenigo, L. (2021). Time to exit:"revolving door effect" or "Schumpeterian gale of creative destruction"?. *Journal of Evolutionary Economics*, *31*(5), 1465-1494.

Chesbrough, H. W. (2003). *Open innovation: The new imperative for creating and profiting from technology*. Harvard Business Press.

Christensen, C. M. (2000). *Meeting the Challenge of Disruptive Change*. Harvard Business Review. Retrieved March 23, 2022, from https://hbr.org/2000/03/meeting-the-challenge-of-disruptive-change

Christensen, C. M. (2015, December). *What Is Disruptive Innovation?* Harvard Business Review 93, no. 12, 44–53. Retrieved March 22, 2022, from https://hbr.org/2015/12/what-is-disruptive-innovation

Christensen, C. M., Bartman, T., & Bever, D. V. (2016). *The hard truth about business model innovation*. MIT Sloan Management Review 58, 31-40.

Christensen, C. M. (1993). The Rigid Disk Drive Industry: A History of Commercial and Technological Turbulence. *The Business History Review*, *67*(4), 531–588. https://doi.org/10.2307/3116804

Creswell, J. W. (1994). Research design: Qualitative & quantitative approaches. London: Sage Publications

Elkatawneh, H. (2016, January). The Five Qualitative Approaches: Problem, Purpose, and Question. *Electronic Journal*. 10.2139/ssrn.2761327

Epicor Software Corporation. (2022). *What is Industry 4.0? | The Industrial Internet of Things*. Epicor. Retrieved March 23, 2022, from https://www.epicor.com/en-in/blog/learn/what-is-industry-4-0/

Ettlie, J. E., Bridges, W. P., & O'keefe, R. D. (1984). Organization strategy and structural

differences for radical versus incremental innovation. *Management science*, *30*(6),

682-695.

Excellence Magazine Luxury. (2021, June 15). *Dior sceglie gli Champs-Elysées per la

sede parigina*. Excellence Magazine. Retrieved April 10, 2022, from

https://www.excellencemagazine.luxury/dolce-vita/dior-chooses-the-champs-elysees-for-t

he-paris-headquarters/?lang=it

Gimenez-Fernandez, E. M., & Beukel, K. (2017). Open innovation and the comparison

between startups and incumbent firms in Spain. *Universia Business Review*, *3*.

Gill, S., & Prakash, S. (2018). *Self-disrupt or self-destruct*. Deloitte. Retrieved April 19,

2022, from

https://www2.deloitte.com/uk/en/pages/consumer-business/articles/future-of-consumer-b

usiness.html

Hagel III, J., Wooll, M., de Maar, A., & Brown, J. S. (2015, November 12). *Patterns of

disruption Anticipating disruptive strategies in a world of unicorns, black swans, and

exponentials*. Deloitte Insights.

https://www2.deloitte.com/us/en/insights/focus/disruptive-strategy-patterns-case-studies/

anticipating-disruptive-strategy-of-market-entrants.html

Harappa Education. (2021, October 28). *Objectives And Goals Of Strategic Planning

Harappa*. Harappa Education. Retrieved March 18, 2022, from

https://harappa.education/harappa-diaries/strategic-planning-objectives-and-goals/

Hyytinen, A., Pajarinen, M., & Rouvinen, P. (2015). Does innovativeness reduce startup

survival rates? *Journal of business venturing*, *30*(4), 564-581.

Itqan Leadership Strategia. (2018, November 22). *Strategy - Prof. Michael Porter*

(Harvard Business School). YouTube. Retrieved March 23, 2022, from

https://www.youtube.com/watch?v=tyUw0h5i9yI

Jane, S., & Austin, Z. (2015, May-Jun). *Qualitative Research: Data Collection, Analysis,*

and Management. NCBI. Retrieved April 15, 2022, from

https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4485510/

Jordan, J. M. (2012). *Information, Technology and Innovation*. John Wiley and Sons,
Inc.

Kay, J. (1995). *Foundations of Corporate Success: How Business Strategies Add Value*.

OUP Oxford.

Kotelnikov, V. (2004). *Proactive Innovation and Reactive Innovation definition,*

strategies. Innovarsity. Retrieved March 21, 2022, from

http://innovarsity.com/coach/innovation_proactive-reactive.html

Krishnaswami, O., & Satyaprasad, B. (2010). Business research methods. Himalaya

Publishing House. Created from uvt tilburg-books on 2022-04-01 10:24:04.

Kuhn, T.S., (1970) *The Structure of Scientific Revolutions*. University of Chicago Press.

Kurzweil, R., Watts, L., & Rampata, B. (2001, March 7). *The Law of Accelerating*

Returns « Kurzweil. Kurzweil AI. Retrieved June 10, 2022, from

https://www.kurzweilai.net/the-law-of-accelerating-returns

Lanka, E. (2021). *Why We Need Qualitative Research in Management Studies*. Redalyc.

Retrieved April 17, 2022, from https://www.redalyc.org/journal/840/84064926001/html/

Laoyan, S. (2021, October 5). *Qual è la differenza tra strategia e tattica? • Asana*.
Asana.

Retrieved March 19, 2022, from https://asana.com/it/resources/strategy-vs-tactics

Larson, C. (2016, November 15). *Disruptive Innovation Theory: 4 Key Concepts | HBS Online*. Harvard Business School Online. Retrieved March 23, 2022, from https://online.hbs.edu/blog/post/4-keys-to-understanding-clayton-christensens-theory-ofdisruptive-innovation

Lisbdnet.com. (2021, December 18). *How have technological innovations helped consumers*. Lisbdnet.com. Retrieved March 17, 2022, from https://lisbdnet.com/how-have-technological-innovations-helped-consumers/

Lisewski, B. (2004). Implementing a learning technology strategy: top–down strategy meets bottom–up culture. *ALT-J*, *12*(2), 175-188.

Louis Vuitton Maison Holding & Rambourg, E. (2020). *Future Luxe* [podcast of Inside LVMH]. Inside LVMH. https://www.insidelvmh.com/

Marcus, L. M. (2000). Paradigm shifts-E-business and business/systems integration. *Communications of the Association for Information Systems*, *4*(1), 10. https://aisel.aisnet.org/cgi/viewcontent.cgi?article=2534&context=cais

McMillan, K., Flood, K., & Glaeser, R. (2017, june 21). *Virtual reality, augmented reality, mixed reality, and the marine conservation movement*. Wiley. Retrieved february 20, 2022, from https://onlinelibrary-wiley-com.tilburguniversity.idm.oclc.org/doi/pdf/10.1002/aqc.2820

OECD. (2009). *Introduction*. OECD. Retrieved March 17, 2022, from https://www.oecd.org/berlin/44120491.pdf

Oliver, C., & Holzinger, I. (2008). The Effectiveness of Strategic Political Management: A Dynamic Capabilities Framework. *Academy of Management Review*, *33*(2), 496-520.

Olhager, J., & Östlund, B. (1990). An integrated push-pull manufacturing strategy. *European Journal of Operational Research*, *45*(2-3), 135-142.

Oomen, M. (2022). *Netflix: How a DVD rental company changed the way we spend our free time - by BMI*. Business Models Inc. Retrieved April 10, 2022, from

https://www.businessmodelsinc.com/exponential-business-model/netflix/

Pendzich, E. (2019, January 25). *Foto stock editoriale 12-STORY ART INSTALLATION BY VIRGIL ABLOH - Immagine stock*. Shutterstock. Retrieved April 10, 2022, from

https://www.shutterstock.com/it/editorial/image-editorial/louis-vuitton-flagship-store-new -york-usa-25-jan-2019-10073577b

Pisano, G. P., & Hayes, R. H. (2015, June). *You Need an Innovation Strategy*. Harvard Business Review. Retrieved April 10, 2022, from

https://hbr.org/2015/06/you-need-an-innovation-strategy

Prahalad C.K.& Ramaswamy Venkat, *Co-Opting Customer Competence*, 2000. Retrieved

Apr 8, 2022from http://www.venkatramaswamy.com/articles_files/2000-hbr.html

Ratan, R., Lei, Y., & Zerbo, J. (2021, November 2). *What is the Metaverse? Two Media & Information Experts Explain*. The Fashion Law. Retrieved February 23, 2022, from

https://www.thefashionlaw.com/what-is-the-metaverse-two-media-and-information-exper ts-explain/

Schultz, H. (2021, September 2). *Why Innovation Is Essential for Business Success - 2022*. MasterClass. Retrieved March 23, 2022, from

https://www.masterclass.com/articles/why-innovation-is-essential-for-business-success

Schumpter, J. (1942). *Capitalism, Socialism and Democracy*. Harper & Brothers.
Shephard, A. (2019). *How did luxury become a necessity? | Research*. The University

of Sheffield. Retrieved February 23, 2022, from

https://www.sheffield.ac.uk/research/features/how-did-luxury-become-necessity Shih, J.

J., Krusienski, D. J., & Wolpaw, J. R. (2012, march). *Brain-Computer Interfaces in Medicine*. NCBI. Retrieved February 20, 2022, from

https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3497935/

Sofaer S. (1999). Qualitative methods: what are they and why use them?. *Health services research*, *34*(5 Pt 2), 1101–1118.

Solomon, M. (2022, January). *Fashion Psychology - Michael Solomon - Consumer Behavior & Marketing Expert*. Michael Solomon. Retrieved February 20, 2022, from

https://www.michaelsolomon.com/fashion-psychology/

Strategy Management Consulting. (2022). *Strategic planning*. SME Strategy. Retrieved March 17, 2022, from https://www.smestrategy.net/

Smart, J.M., Cascio, J. and Paffendorf, J., *Metaverse Roadmap Overview*, 2007

Twin, A., & Estevez, E. (2022, March 23). *Disruptive Innovation Definition*. Investopedia. Retrieved March 23, 2022, from

https://www.investopedia.com/terms/d/disruptive-innovation.asp von

Clausewitz, C. (2008). *On War*. Oxford University Press. 9780199540020

W3C Community Development Team. (2021, April 27). *Metaverse Interoperability Community Group*. W3C. Retrieved February 23, 2022, from

https://www.w3.org/community/metaverse-interop/

Wade, M., & Shan, J. (2016). *The Battle for Digital Disruption: Startups VS Incumbents*. *IMD*. https://www.imd.org/

Wiedmann, K.-P., Hennings, N., & Siebels, A. (2009, june 9). Value-based segmentation of luxury consumption behavior. *Psychology & Marketing*, *26*(7), 625-651.

https://doi-org.tilburguniversity.idm.oclc.org/10.1002/mar.20292