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Final Thesis

Italian luxury fashion brands from the perspective of Japanese Gen Z: a Japanese market analysis

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Abstract

The Luxury Fashion Market in Japan is mature and consolidated. Despite a slowdown and weakening of Japan’s position in the global luxury fashion industry from 2005 onwards, it still represents a good slice of the global luxury market and its position remains prominent today. However, the generational, social, and value changes may constitute a challenge even for those brands whose image and position appear to be consolidated. This thesis project aims to investigate the perception and the knowledge that young Japanese, belonging to the so-called Generation Z, specifically those aged between nineteen and twenty-five, have about Italian Luxury Fashion Brands. This category of goods, together with other products, falls under the Made in Italy label. In this regard, the questions this research aims to answer are the following: How deep is the knowledge of Italian Luxury Fashion Brands by Japanese young people and what is their perception of it? What are the challenges that Italian Luxury Fashion Brands may have to face in the coming years with the new Japanese generation dominating market? In order to answer these questions, an on-site survey was conducted, and the target group was submitted to an online questionnaire. Therefore, a quantitative research method was chosen. The data collected made it possible to understand the degree of knowledge of Japanese Generation Z in Italian luxury brands. More important, it is to understand the interest and above all the future willingness of the target group in acquiring Italian luxury fashion brands, allowing assumptions about what the situation could be like in about five-ten years when the target audience will have purchasing power.

要旨

日本のラグジュアリーファッション市場は、成熟し、堅調である。2005 年以降、世界のラグジュアリーファッション業界における日本の地位は鈍化し、弱体化したが、それでも世界のラグジュアリー市場のかなりの部分を占め、その地位は今日も際立っている。しかし、世代や社会、価値観の変化は、イメージや地位が確立しているように見えるブランドにとっても課題となる可能性がある。

本修士論文では、いわゆるジェネレーション Z に属する日本の若者、特に 19 歳から 25 歳の若者が、イタリアの高級ファッションブランドについてどのような認識や知識を持っているのかを調査することを目的とする。このカテゴリーに属する製品は、他の製品とともに、Made in Italy の一部である。この点で、本研究が答えようとする問いは、基本的に次の 3 つである。

日本の Z 世代は、イタリアのラグジュアリーファッションブランドについて、どの程度深く知っているのか？日本の Z 世代は、イタリアンラグジュアリーファッションブランドに対してどのような認識を持っているか？さらに、日本の新しい世代が市場を支配する中で、イタリアのラグジュアリーファッションブランドが今後数年間のうちに直面する可能性のある課題とは何か？

この修士論文は 4 章に分割されている。第 1 章では、1990 年代から現在までの日本の主要な経済・社会動向を、とりわけ 2007 年から 2021 年までの期間を中心に概観する。その目的は、日本のジェネレーション Z が成長した背景を理解することである。まず、日本国民の可処分所得と貯蓄能力が過去 15 年間でどのように変化したかを分析し、日本社会における消費性向の傾向を把握する。次に、公的債務、税負担、賃金動向、社会支出、労働者の状況などを考慮し、日本経済の全体像を描き出す。最後に、今回の研究プロジェクトの対象である 19 歳から 25 歳の日本の若者、いわゆるジェネレーション Z の特徴や諸側面を概説する。

第 2 章では、日本のファッション市場について、流通チャネル、ファッション消費動向、日本の Z 世代の購買習慣などの側面に焦点を当てる。

第 3 章は、日本の高級品市場に焦点を当てたものである。ラグジュアリーとは何か、ラグジュアリー・ブランドはどのように定義できるかを紹介し、次に、ラグジュアリー・グッズの消費者の特徴を検討した。最後に、イタリアブランドの日本進出とその戦略について解説する。

第 4 章では、日本の Z 世代のイタリアの高級ファッションブランドに対する知識や認識、購買習慣や価値観について調査している。まずジェネレーション Z と高級品の関係について述べている。高級ブランドと消費者の関係を構築するうえで感情的な要素が重要であることを指摘した。次に、日本の Z 世代を対象にした量的調査を行った。幅広く詳細な情報を得るために、アンケート調査を選択した。アンケート調査は、入門編 2 問、研究内容に関する 16 問の計 18 問で構成されている。大分大学と成蹊大学に在籍する日本人大学生 76 名を対象に実施した。最後に、得られたデータの分析について述べている。

収集したデータから、日本の Z 世代のイタリアの高級ブランドに対する認知度を把握することができた。まず、調査では、回答者の 61%がイタリアの高級ファッションブランドを知らないことが明らかになった。また、イタリアのファッションに対する日本の若者のイメージと認識は、主に高品質、高価格、スタイリッシュない衣服という特徴と結び付き続けている。同様に重要なことは、ターゲット層のイタリアの高級ファッションブランドに対する興味と、何よりも将来の購買意欲を把握することであり、ターゲット層が購買力を持つ約 5 年～10 年後の状況を想定することである。この点に関して、「イタリアの高級服を着てみたい」と回答した人は 79%、「将来、イタリアの高級ブランドの服を購入する可能性がある」と肯定的に回答した人は 51%に上った。これは、イタリアの高級ファッションブランドにとってポジティブなフィードバックである。

Introduction

The Japanese luxury fashion market is mature and robust; although Japan's position in the global luxury fashion industry has slowed and weakened since 2005, it still represents a significant portion of the global luxury market and its position is still prominent today. However, changes in generation, society, and values can pose challenges even for brands that appear to have an established image and position.

The purpose of this master's thesis is to investigate the perceptions and knowledge of Japanese youth, especially those aged 19 to 25, who belong to the so-called Generation Z, regarding Italian luxury fashion brands. Products belonging to this category are part of Made in Italy, along with other products. In this regard, there are basically three questions that this study seeks to answer. How deeply do Japanese Generation Z know about Italian luxury fashion brands? Furthermore, what perceptions do Japanese Generation Z have of Italian luxury fashion brands? What challenges might Italian luxury fashion brands face in the coming years as the new Japanese generation dominates the market?

This master's thesis is divided into four chapters.

Chapter 1 provides an overview of the major economic and social trends in Japan from the 1990s to the present, focusing on the period from 2007 to 2021. Its purpose is to understand the background of the growth of Generation Z in Japan. First, we analyze how the disposable income and saving capacity of Japanese citizens have changed over the past 15 years to understand trends in consumption propensity in Japanese society. Next, we will develop an overall picture of the Japanese economy, taking into account public debt, tax burden, wage trends, social spending, and the situation of workers.

Finally, we outline the characteristics and aspects of the target of this research project, the so-called Generation Z, the Japanese youth aged 19 to 25.

Chapter 2 will focus on aspects of the Japanese fashion market, including distribution channels, fashion consumption trends, and the buying habits of Generation Z in Japan.

Chapter 3 focuses on the Japanese luxury goods market. It introduces what luxury is and how luxury brands can be defined, then examines the characteristics of luxury goods consumers. Finally, the entry of Italian brands into the Japanese market and their strategies are described.

Chapter 4 constitutes the focus of this thesis. It investigates Japanese Generation Z's knowledge and perception of Italian luxury fashion brands, as well as their buying habits and values. It first discusses the relationship between Generation Z and luxury goods. The emotional component is important because it helps to build and strengthen the relationship between luxury brands and consumers. Next, the survey design methodology is described. It then provides more detailed information about the research subjects and data collection methods, and a quantitative survey method was chosen. The questionnaire survey consisted of 18 questions, including two introductory questions and 16 questions related to the content of the research. It was administered to 76 Japanese university students enrolled at Oita University and Seikei University. Finally, the analysis of the data obtained is described.

The data collected allowed us to understand the level of awareness of Italian luxury brands among Japanese Generation Z. Equally important is to understand the target group's interest in Italian luxury fashion brands and at the same time their willingness to purchase this category of products in the future. This will allow us to image the situation approximately in five to ten years from now, when the target group will have purchasing power.

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Chapter 1. Japan: socio-economic scenario

1.1 Understanding changes in Japanese spending

The aim of this first section is mainly to investigate how the disposable income and savings capacity of Japanese citizens have changed most over the last fifteen years in order to understand how household spending has been influenced and the trend in the propensity to consume in Japanese society, taking into account events and dynamics that also affected the Country during the 1990s. Subsequently, the focus will be on the economic and social context of Japan, offering an overview of the dynamics affecting and characterizing the society, as a means to understand the environment in which the Japanese youth, the target of this research, grew up and live.

Japan is a modern and democratic Country with an exceptionally long-life expectancy, boasting a low crime rate and solid social harmony (Akram, The Japanese Economy: Stagnation, Recovery, and ChallengesJournal of Economic Issues 2019). With a Gross Domestic Product (GDP) of 4,940,877.78 in US dollars (2021), currently Japan represents the world's third largest economy preceded by the United States and China[1]. Unfortunately, Japan holds another record that is the highest General government debt among Organization for Economic Co-operation and Development countries (OECD) at 259.4 percent of GDP.

It is possible to identify several significant years for the Japanese economy. The 1990s were the years of the bursting of the Speculative Bubble and the Asian Financial Crisis, 2008 the year of the Global Financial Crisis, 2011 the year of the Tohoku Earthquake, and the last one 2020, characterized by the biological and economic crisis caused by the Coronavirus pandemic.

For this research it is of fundamental importance to understand the disposable income and savings capacity of the Japanese citizenships and how these trends influenced and still influence household spending. We will start by briefly analyzing the data on disposable income in the 1990s and then move closer to the contemporary period.

In the 1990s, when the bubble economy collapsed, companies in financial difficulty are said to have adopted measures such as wage cuts and redundancies. However, disposable income has continued to rise since then, although the growth rate has declined. Watanabe analyzed the general characteristics of single worker households by sex and age over the time period 1989-2019. The average of disposable income for men and men under 30 increased until 2004. On the other hand, the average disposable income of women declined after peaking in 1994, probably due to the increase in non-regular employment in the 1990s, which was more common

[1] World Bank national accounts data

among women. In contrast, the disposable income of women under 30 remained lower for all the period but continued to increase until 2009. The phase of the decline in disposable income was more pronounced for men, with a peak in 2009. The sharp decline occurred after the 2000s, particularly between 2009 and 2019, at the turn of the Lehman shock and the Great East Earthquake. (Watanabe, 若者のファッション消費をめぐる言説の虚実—全国消費実態調査の分析から 2021).

In more detail, we look at data from the time period 2008-2020.The graph shows us the disposable income of households per capita over thirteen years period. As can be seen, the trend is fluctuating with positive and negative peaks. After a negative value of -1.72% in 2014, the disposable income of households has gradually increased to reach a level of 3.77% in 2020. Coinciding with a growth in the employment rate and an increase in social spending, there has been an overall recovery in disposable income.

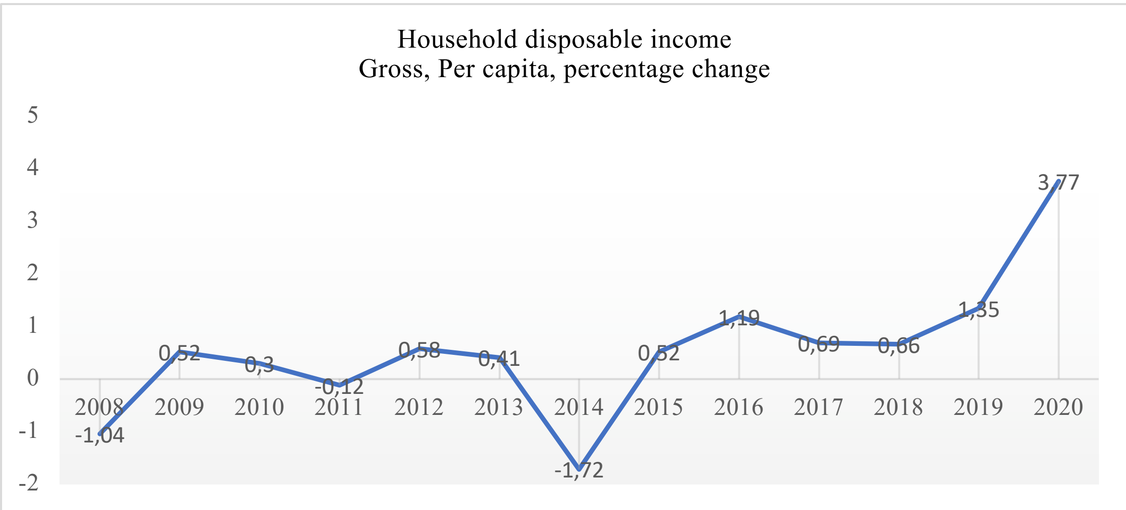


Chart 1OECD (2023), Household disposable income

From the graph below, we can see a collapse in the savings rate due mainly to the fall in household income, but also to the virtually zero growth in wages over time, which we will discuss later. We see a value of 12.2% in 2020, the first year of the pandemic, which is very high compared to the savings rate in previous years, and this is because the climate of uncertainty usually leads to a reduction in individuals' propensity to consume and increases the propensity to save.

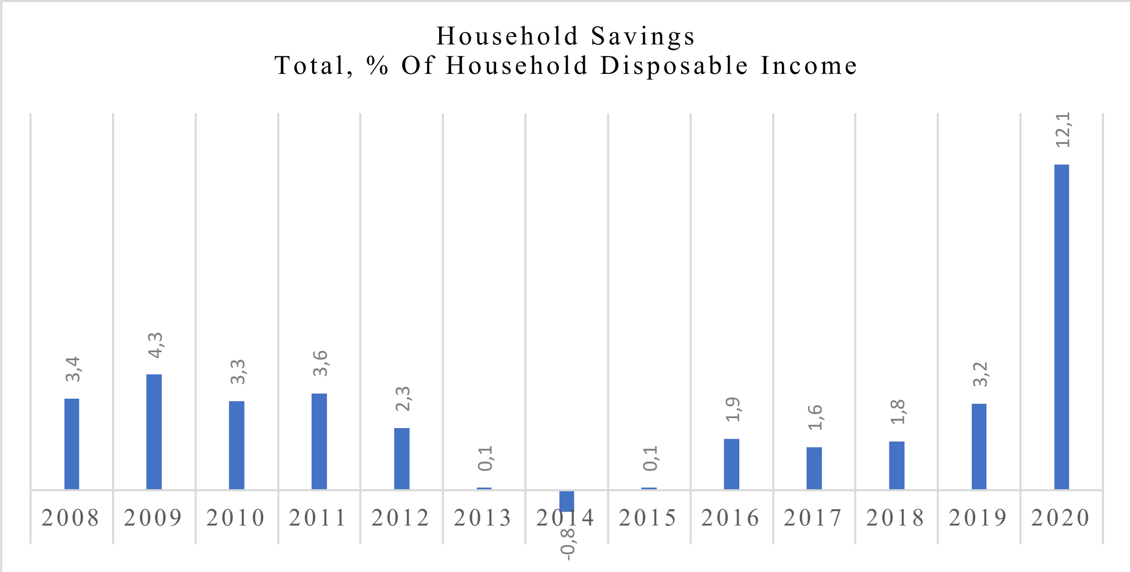


Chart 2 OECD (2023), Household savings

What has happened to the expenditure of individuals and households in recent years? It is interesting to observe the trend in household spending and how this has varied over a fifteen-year period. The graph below illustrates the household spending tendency in percentage of GDP. From 2007 to 2009, the value of household expenditure grew from 55% to 57%. After a slight decline in 2010, it continued to grow, peaking at 58% in 2013. From then on, there is a continuous and sharp decline until 2016, with the value dropping by four points. In the three-year period 2016-2019, the trend is fairly stable but from 2020 there is a new decline caused by the pandemic, which brings household expenditure levels to the absolute lowest value of the fifteen years considered, at around 53% of GDP.

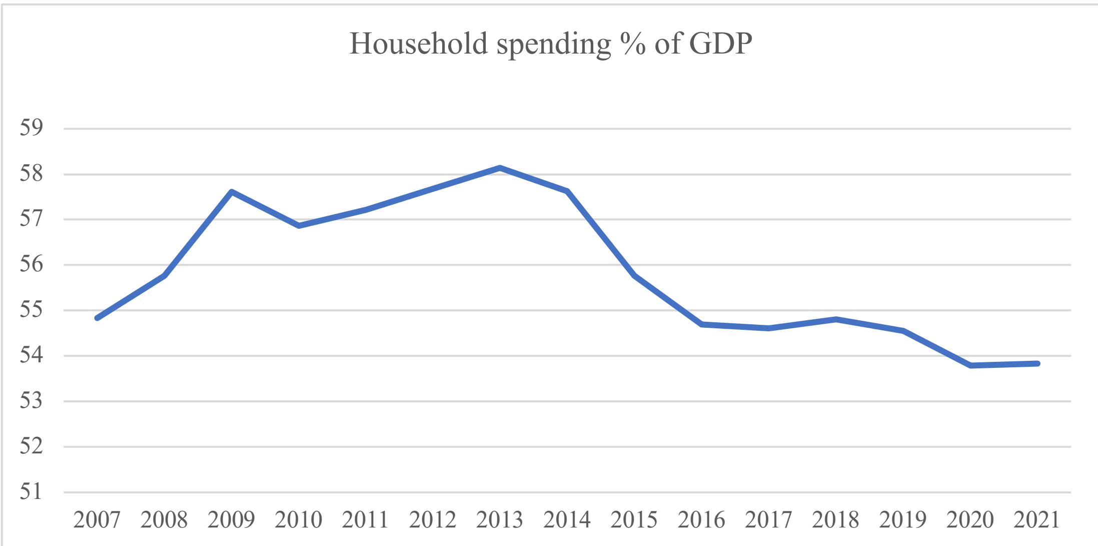


Chart 3OECD (2023), Household spending

Since the mid-1990s, private consumption has risen an average of merely 0.8% on a year-over-year basis. The cause is the timid growth of household income and weak wages.

Furthermore, the increase in sales taxes from 5% to 8% in April 2014 led to a decline in real private consumption, especially in real retail sales. A sales tax increase in April 1997 also had a similar effect, but the drop in 2014 was more acute (Akram, The Japanese Economy: Stagnation, Recovery, and Challenges 2019). As had been predicted by Akram, with the further increase in consumption tax in October 2019 from 8% to 10%, there was a modest slowdown in real private consumption and real retail sales.

1.2 Japanese economy overview

We can now draw a complete picture of what the Japanese economy is like, taking into account Japan's public debt, the tax burden, wage trends, social spending and workers' condition. This will allow us to better understand the dynamics described above and frame the context in which Japanese Generation Z is placed.

As mentioned at the beginning of this paper, one of Japan's defining records is having the highest government debt among OECD countries. The graph below shows the development of Japan's public debt over a period of time between 1995 and 2021. Japanese debt began to rise in the early 1990s when, after the bursting of the speculative bubble, the economy slipped into a scenario of low growth and deflation. In 1997, the year of the Asian financial crisis, there is a further recessionary phase due to rising tax rates and indirect taxes[2]. The debt continues to grow steadily until around 2003, then there is a stabilization phase between 2004 and 2007. The global financial crisis aggravates the situation again, bringing marked growth from 2007 onwards. In 2013, the public debt returns to stable levels, but in 2020, with the Covid-19 pandemic, there is a new increase, also considering the expenses incurred for the Olympic Games.

[2] Taxes are defined as indirect if they affect the acts of production, exchange and consumption of goods and services through which the individual indirectly manifests his or her ability to pay.

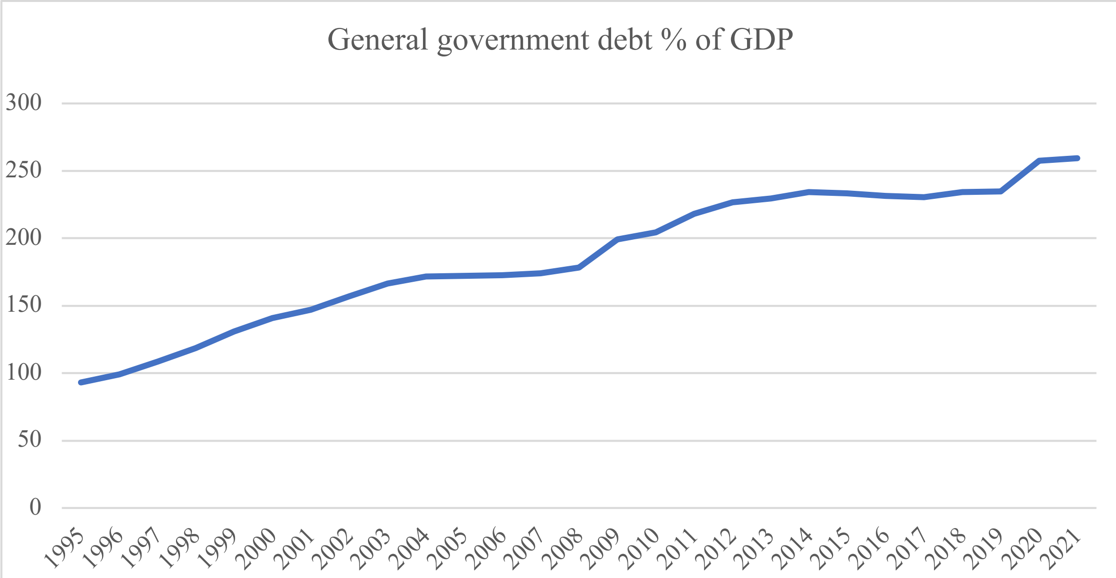


Chart 4 OECD (2023), General government debt (indicator)

To counter this situation of stagnation, successive governments have decided to implement an economic policy aimed at vitalizing economic growth by expanding fiscal spending with budget deficits. Furthermore, the Bank of Japan (BoJ) started implementing an impressive quantitative easing program to constrain deflation and stimulate the economy, through the purchase of government and private debt securities and equities (Ono, Japanese Economy: Two Lost Decades and How Many More? 2019).

What role does the Bank of Japan play within the National economy? Japan has monetary sovereignty; thus, the Central Bank has the ability to print money with the obligation to be guarantor of the public debt. Moreover, when it issues government bonds, it buys a large part of them, financing public spending and the domestic economy. Japanese debt is mainly held by public or semi-public institutions, which means that a large part of the debt is in the hands of the Japanese themselves. Furthermore, government bond yields are determined by the BoJ, a pioneer in adopting a low and zero interest- rate policy. This “Low long-term interest rates strategy” has thus enabled low interest payments on government debt, thereby reducing the burden (Akram, The Japanese Economy: Stagnation, Recovery, and ChallengesJournal of Economic Issues 2019) and making interest rates trend a crucial issue for the sustainability of Japanese debt.

Japan's debt is sustainable because it is absorbed from within and supported by Japan's central bank. However, we should ask how sustainable it is in the long run. This situation could be changed by demographic trends as the number of elderly people increases and the number of people of working age decreases. Fewer people finance the debt, while pensions and healthcare costs increase.

Economic policies put in place by governments have the ability to influence and impact the behavior of individuals and households. Tax revenue and social spending are two instruments of fiscal policy that governments use to manage their economy. Adopting the definition provided by the OECD, “tax revenue is the revenue collected from income and profit taxes, social security contributions, taxes on goods and services, payroll taxes, property and transfer taxes, and other taxes and it can be considered a measure of the degree of government control over the resources of the economy”.

Looking at the case of Japan and considering a time span from 2007 (the year before the Lehman shock) to 2020, it is possible to notice a steady increase in tax revenue in relation to GDP, with a slight decrease in the three-year period 2009- 2011.

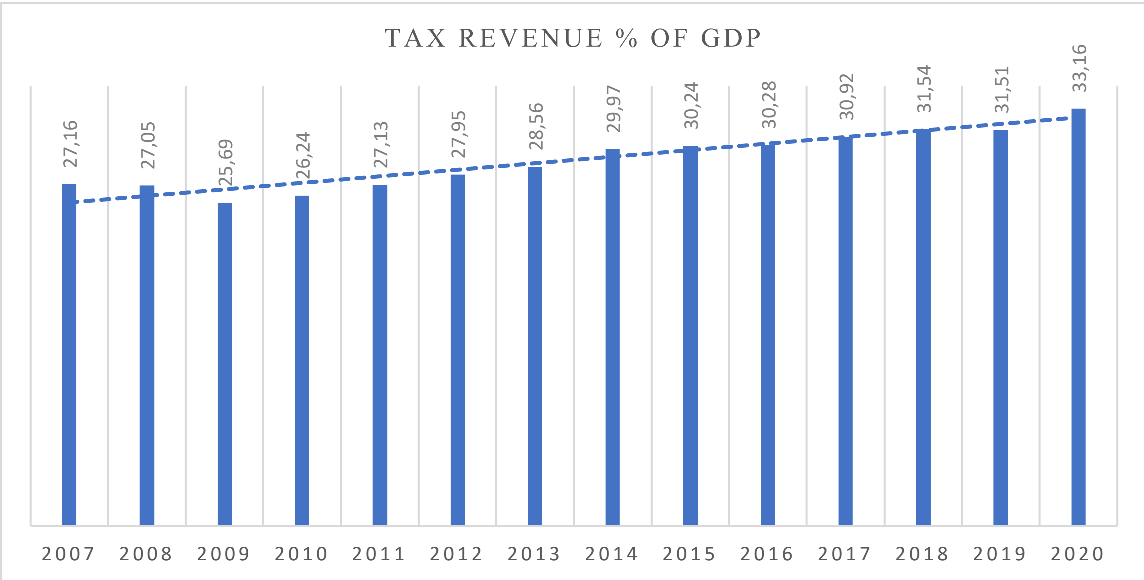


Chart 5 OECD (2023), Tax revenue (indicator)

However, looking at the data provided by the Japanese Ministry of Finance for the year 2019 in the chart “*International comparison of national burden rates (% of national income) (36 OECD member countries)*”, it can be seen that richer countries or those with a more stable economic situation also have a higher tax burden. Of the thirty-six countries shown, Japan ranks twenty-fifth in the ratio of social security contribution burden and tax burden, with a percentage respectively of 25.8 and 18.6. This means that there is a discrepancy between what the state spends and what it earns.

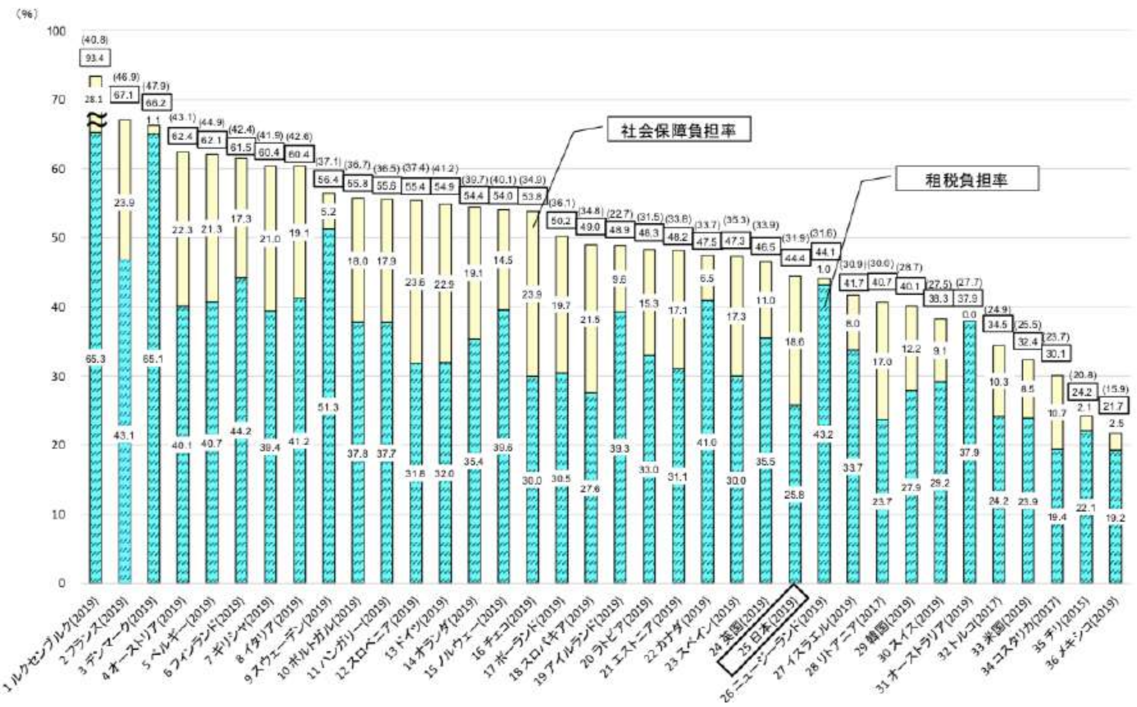


Figure 1Comparison of National Burden Rate (% of National Income) in OECD Countries. (source Japan: Cabinet Office "National Accounts", Other Countries: "National Accounts"(OECD), "Revenue Statistics"(OECD).

As mentioned above, Japanese economy began a period of stagnation in the 1990s, nevertheless governments decided to increase funds for the social system. The data below show how social spending over the years grows, not excessively but gradually and continuously, with peaks at the 2009 year following the beginning of global financial crisis, the 2011 Great Tohoku earthquake and in 2020 for the Covid-19 pandemic. One of the determining factors is the demographic condition with an ever-increasing proportion of elderly population in need of medical care and requiring the payment of numerous pensions. However, the economic performance as a whole must be considered. It is true that social spending has increased, but if GDP decreases, even spending that has not be changed is higher.

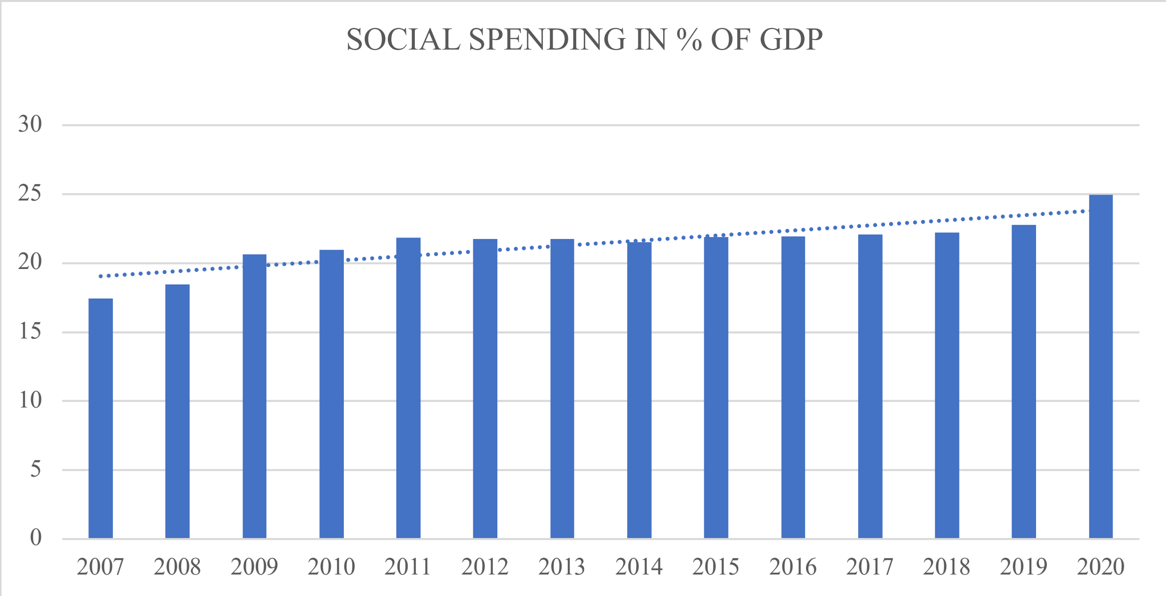


Chart 6 OECD (2023) Social spending

Consumption tax has also increased over the years. It has been a hotly debated political issue that has influenced the spending level of individuals and households along with taxes and wage trends.

The consumption tax is among the most important indirect taxes. They affect the acts of production, exchange and consumption of goods and services through which a person indirectly manifests his or her ability to pay. Japan's first consumption tax was introduced on 1 April 1989. Subsequently, despite the public outcry, the tax was raised in stages to 5% in 1997, 8% in 2014 and to 10% in October 2019 (with food and beverages and newspapers remaining at 8% due to the application of reduced tax rates).

Despite the controversy surrounding the introduction and then the raising of VAT, the reasons for its institution include correcting the unfairness of the tax system and ensuring stable revenues. Another major reason for the call for the creation of a consumption tax was the issue of dealing with an ageing society (Zeiken Press, s.d.). To a certain extent, the consumption tax helps to restore intergenerational equity as it is also supported by the elderly who have no taxable income. In fact, there were concerns that a tax system relying on the working-age population (salaried workers, etc.) as in the past would lead to a tax burden on workers reaching its limits, as well as an increased sense of tax burden and unfairness on taxpayers, which could also discourage business and motivation to work (Zeiken Press s.d.). However, the tax burden of the consumption tax is strongly 'regressive'. The lower the income bracket, the greater the burden it places on the individual and the household.

Placing Japan within an international framework and comparing its VAT with other OECD countries, it can be seen that its value is rather low. As can be seen from the graph, VAT in

European countries is around 21%, while for food goods it is around 10%. On the other hand, the ASEAN zone with China, Korea and Japan has VAT at around 10%, which drops to 2% for food goods.

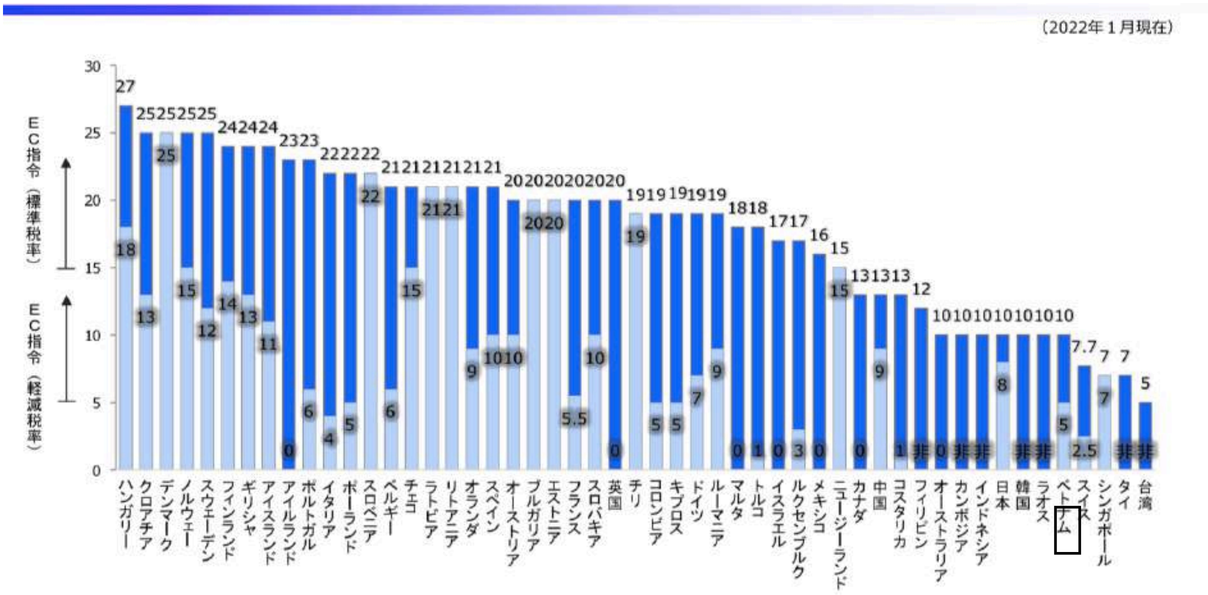


Figure 2 Ministry of Finance Japan: Comparison of VAT rates (standard rates and applicable rates for foodstuffs) in several countries (source OECD documents, European Commission and National Government websites, IBFD)

Over the years, an increase in taxation and social spending has not been matched by an increase in wages. The graph below shows the trend average wages in Japan and in OECD Countries between the period of time 2007 and 2021.

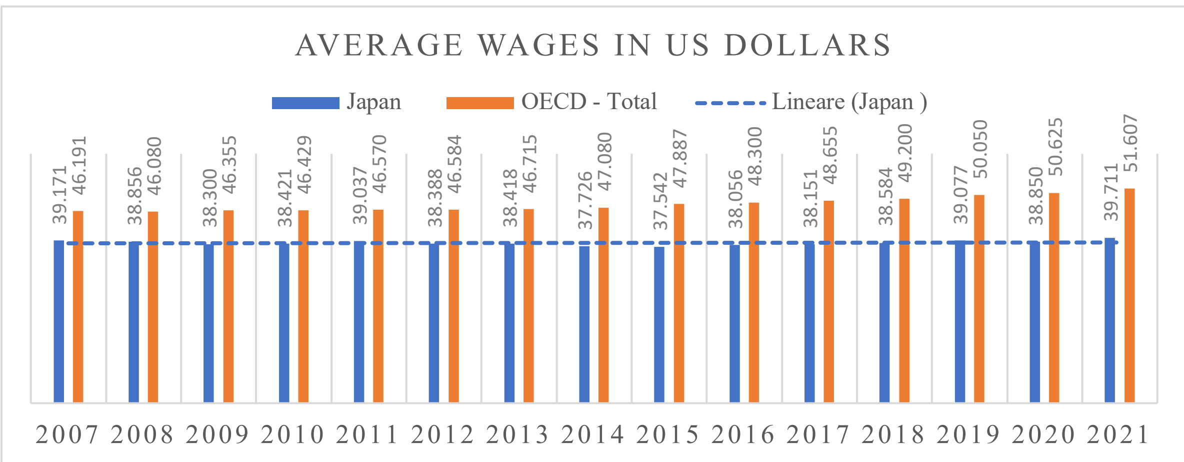


Chart 7 OECD (2023), Average wages

What can be seen is that over a period of fifteen years, the salaries of Japanese people have remained the same, ranging between 37,000 US dollars and 39,000 per year. On the other hand, the average salary of the OECD countries, although not exponentially, has gradually increased by about 6,000 US dollars. It is easy to notice that Japan's wage level is now considerably lower than that of OECD member countries ad its gap is widening. These data are to be added to the information above. If the increase in taxation is combined with a gradual contraction of wages, the result is a gradual impoverishment of Japanese citizens and a consequent contraction of household spending.

When talking about the Japanese labor market, two dynamics jump out at you: a low unemployment rate but also a high employment rate, especially when compared to the average of the OECD countries. The graph shows trends of the unemployment rate in Japan and the OECD countries over the time period 2007- 2021. It can be seen that the values recorded by Japan are rather low for the period of fifteen years, with a peak of 5.7 % reached in 2009, at the time of the global financial crisis. From then on there has been a continuous decline, reaching a low of 2.35 % in 2019, before rising again in 2020-2021. Furthermore, looking at the value of 7.16 % recorded by the OECD countries in 2020, it would seem that the economic crisis caused by covid-19 did not have the same impact on the Japanese labor market.

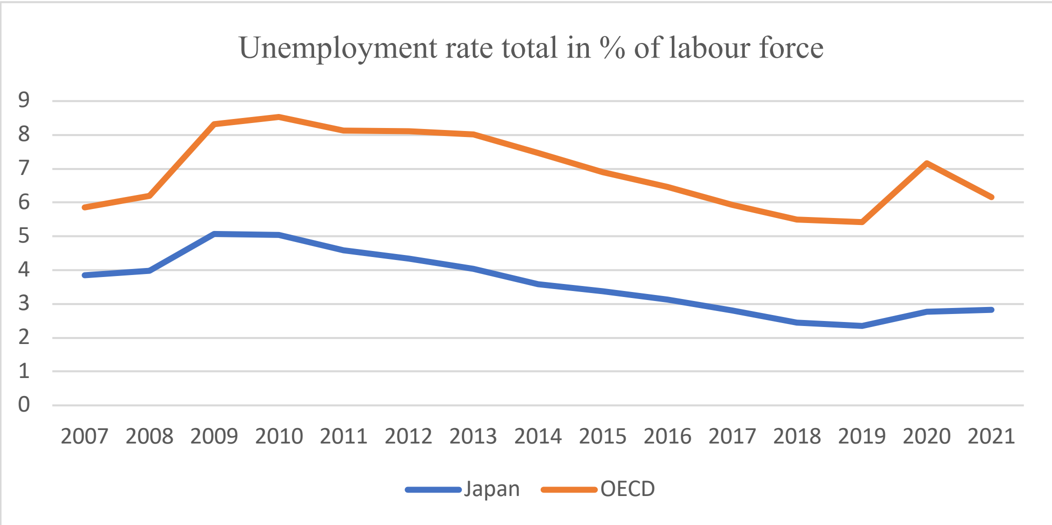


Chart 8 OECD (2023), Unemployment rate

At the same time, the employment rate among the working age population[3], which has always been above the OECD average, has remained fairly stable over the years (around 70 percent), registering a continuous increase from 2013 onwards that did not stop or change even after the Lehman Brothers collapse or during the peak years of the pandemic.

[3] The working age population refers to people aged 15 to 64.

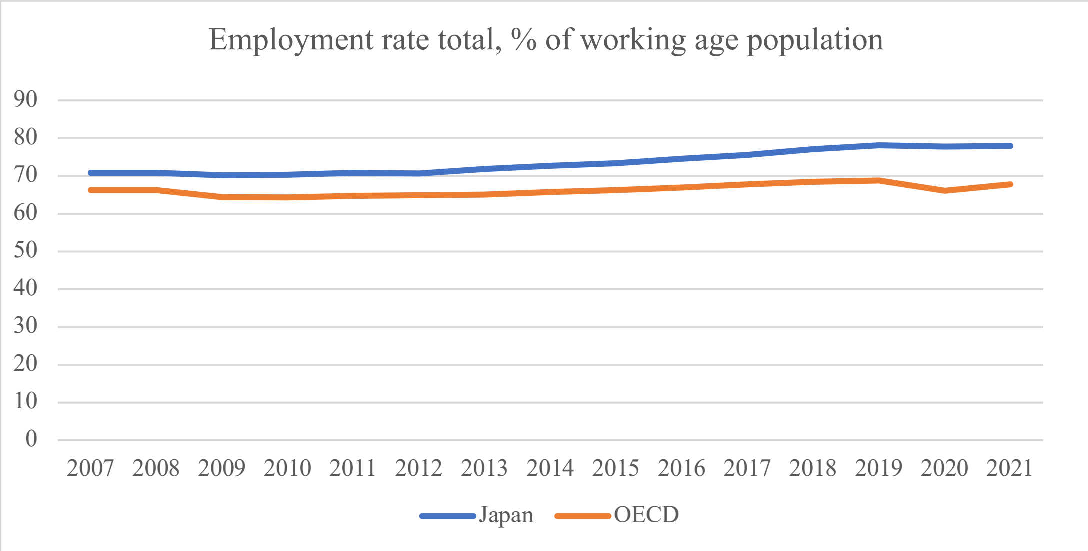


Chart 9 OECD (2023), Employment rate

If we were to merely passively observe the data provided by the two graphs just described, one could infer that the situation in the Japanese labor market is favorable. However, several aspects must be taken into consideration and the available information should be analyzed from a critical point of view. Japan can objectively boast a low unemployment rate and a high employment rate, what needs to be investigated is what kind of employment is promoted. In fact, the composition of employment is changing and is characterized by a continuous increase of non-regular workers[4].

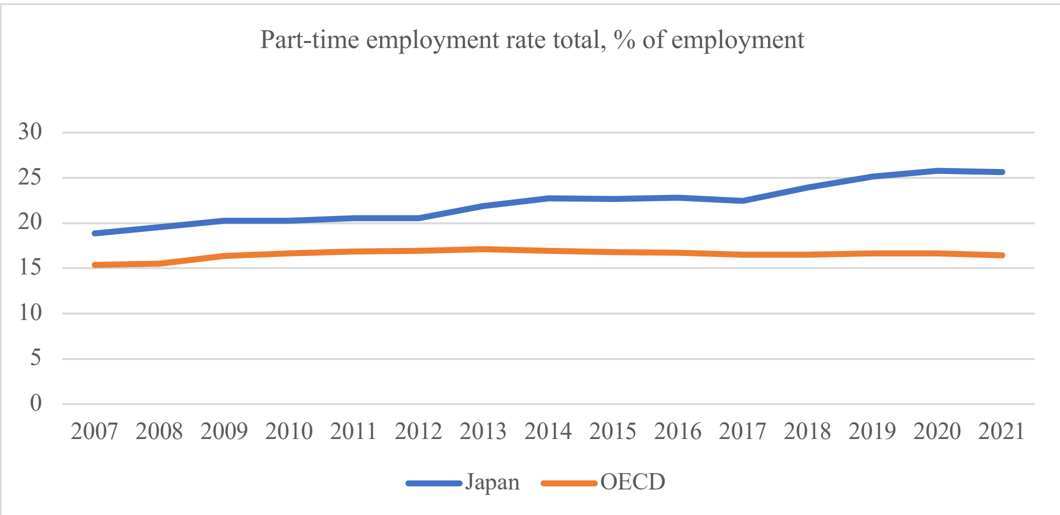


Chart 10 OECD (2023), Part-time employment rate

[4] In the Japanese labour market non-regular employment includes all workers under the categories: “part-time workers”, “temporary workers”, “dispatched workers at worker dispatch offices”, “contract workers”, “commissioned workers” and “other workers”. (OECD, OECD s.d.)

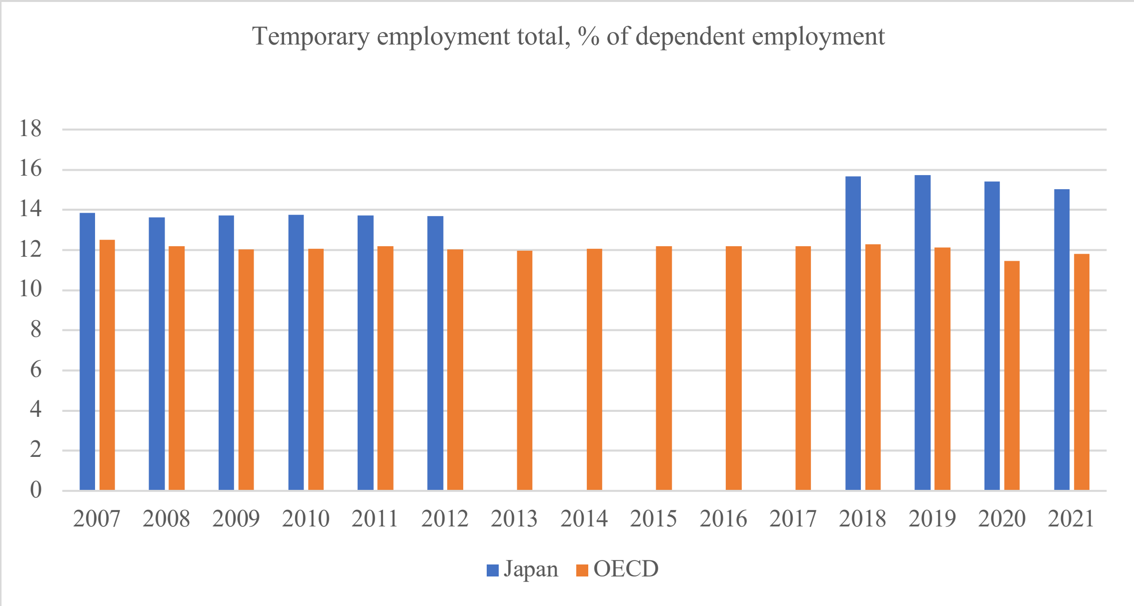


Chart 11 OECD (2023), Temporary employment[5]

What the graphs show is a steady increase over the years in the percentage of both part-time and temporary workers. Especially the percentage of part-time workers has been soaring since 2012 and it has not stopped. Starting with a value of 18.86% in 2007, it continued to rise over the years, registering a first peak in 2016 with a value of 22.79% and a further one in 2021, reaching a percentage of around 25% of part-time workers in the total number of employees. The proportion of part-time workers in Japan has always been higher than in the OECD countries, but since 2017 this gap has widened. The situation is also similar for the data concerning temporary workers. The percentage of temporary workers in the Japanese market exceeds the average of the OECD countries. There has been an increase in this category of jobs since 2018, which has led to a greater gap with the OECD countries. But why is it important to dwell on the composition of the Japanese labor market and make these considerations? Because usually the training that companies and employers give to non-regular workers is less than that given to regular workers, and if the percentage of the former category increases, this has repercussions both on the average labor productivity, which will slowly decrease, and on the labor force, which will have to increase in order to generate the necessary amount of work (Ono, Japanese Economy: Two Lost Decades and How Many More? 2019). Another factor to be taken into account are wages. If the percentage of non-regular workers increases, there will be a larger and larger segment of the population with a lower and insecure income at their disposal, which

[5] Source: Labour Market Statistics: Employment by permanency of the job: incidence. No data available for Japan from 2013 to 2017

will then be reflected in the share of income that individuals and families will devote to spending.

This change in the distribution of jobs brings attention to another phenomenon, namely the polarization of the labor market, which affects wages and types of employment. By polarization of the market is meant an increase in employment in highly specialized (and remunerated) professions and in low-skilled, low-paid professions, in parallel with a decrease in employment in intermediate professions (Spadavecchia 2020). This is a phenomenon that affects markets globally and not only in Japan, in fact in almost all OECD countries there has been a decline in medium-skilled occupations. However, while most OECD countries have seen a growth in employment in high-skilled jobs, Japan, in contrast, has seen a relative increase in low-skilled employment (OECD, OECD 2021).

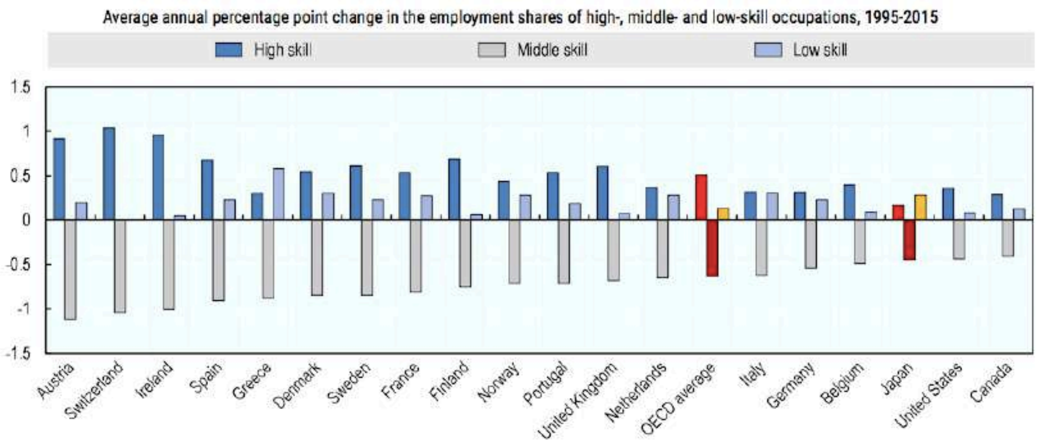


Figure 3 Source: Adapted from OECD (2019[6]), OECD Employment Outlook 2019: The Future of Work, https://dx.doi.org/10.1787/9ee00155-en.

1.3 Japan’s main social dynamics

A foreign company that decides to open up to or want to strengthen its presence in the Japanese market must have a complete overview of the country and its dynamics. Having introduced and described Japan's economic development over the last fifteen years, focusing on the issues and data of most interest for the outcome of this research, we will now turn our attention to another important aspect that characterizes Japanese society: its demographic trends and changes. Why is it important to make this observation on Japanese population current situation? Because understanding how a country's population composition has changed and continues to evolve allows us to make estimates of future trends and understand what to expect and what dynamics we will be confronted with.

Japanese's population is shrinking. Over a period of fifteen years, it has decreased by about three million, counting 125 million inhabitants in 2021. A steady and continuous decline can be observed from the chart and it is estimated that if this trend continues the Japanese population could reach 108 million by 2050 (Ono, Japanese Economy: Two Lost Decades and How Many More? 2019).

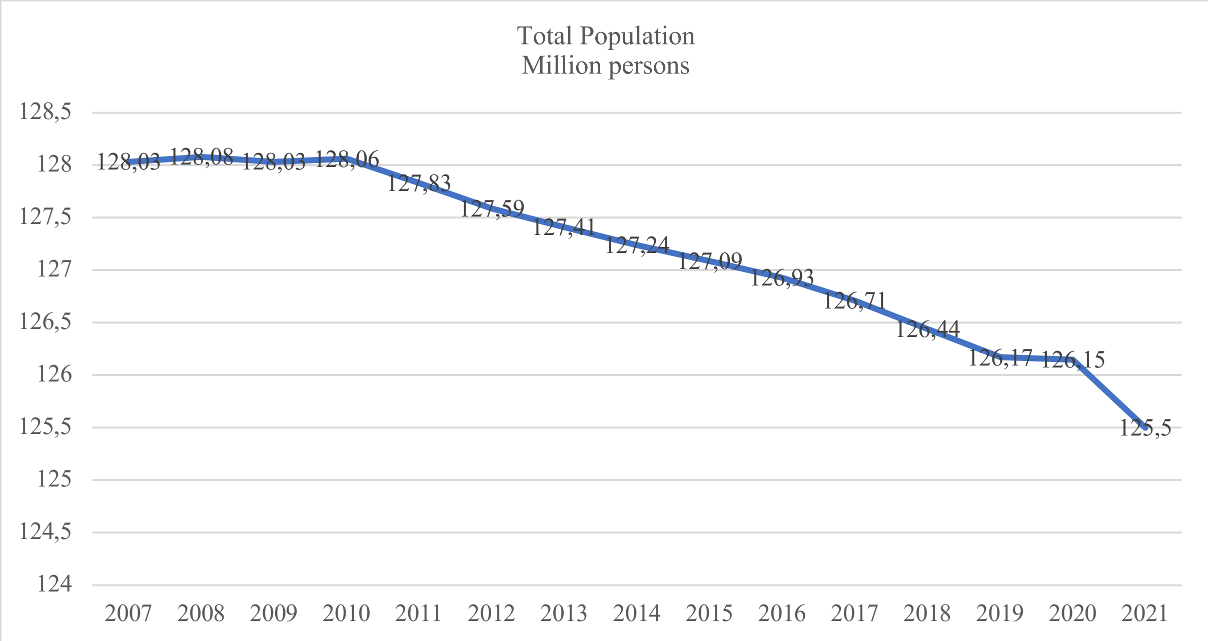


Chart 12 OECD (2023), Total population

Fertility is an element of population growth, together with mortality and migration. It is strongly linked both to the causes and effects of economic and social developments. Figures for the fertility rate (births per woman) do not bode well for the future. In the case of Japan, it is one of the lowest among the OECD countries, averaging 1.33 per woman in the year 2020. According to the description and estimation provided by the OECD in the "Fertility rates section" of the website, rate of 2.1 children per woman would be needed to guarantee a substantially stable population (OECD (2023), Fertility rates (indicator). 2023).

Another consideration to be made concerns the number of foreign-born people residing in Japan, the percentage of which is very low. Less than 2.0% of the Japanese population is foreign-born, reflecting the lack of openness to immigration (Akram, The Japanese Economy: Stagnation, Recovery, and Challenges 2019).

The other phenomenon that characterizes Japanese society is an exponential ageing of the population. In fact, while there has been a decreasing birth rate, there has also been an increase in the elderly population. As can be seen from the graph, the trend line of the young population and that of the elderly population follow opposite directions.

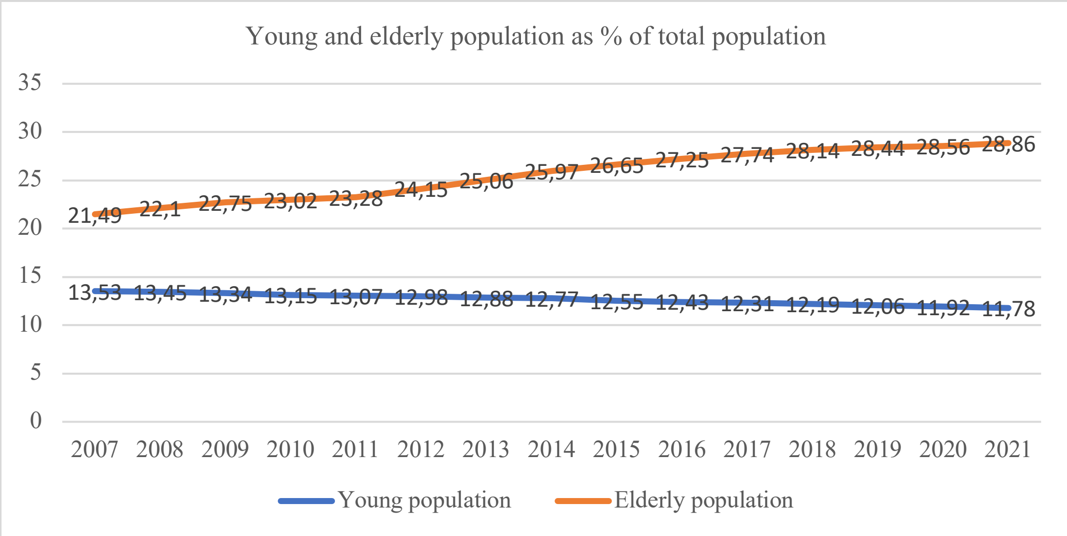


Chart 13 OECD (2023), Young population; OECD (2023), Elderly population

The demographic composition of a country needs to be considered not just because it influences other aspects, such as economic trends, but also choices made by the government. As mentioned in the previous section, social spending has been increased constantly and gradually during the years. The ageing of the population is directly linked to this government's decision. An ageing population will require more medical care but also a large outlay on pensions. At the same time, a shrinking birth rate and a consequent decrease in population pose a threat to Japan's labor force and the sustainability of its economy.

Another negative trend related to the analyzed dynamics is a growing income inequality. Income inequality is defined as a measure that points out the gap between different individuals' or households' disposable income throughout a population. One of the indicators used to measure the level of inequality is the Gini Coefficient[6] (OECD, OECD s.d.). Unequal income distribution can affect stability society as well as economic growth, bringing to an impact on GDP. In recent years, income inequality has increased in almost all developed countries and advanced economies.

As shown in the graph, today the Gini coefficient for Japan is 0.334, registering one of the highest values. Even considering the average of OECD countries, Japan's position does not improve. Moreover, this is compounded by one of the highest poverty rates[7] in the world. In

[6] It is based on the comparison of cumulative proportions of the population against cumulative proportions of income they receive, and it ranges between 0 in the case of perfect equality and 1 in the case of perfect inequality (OECD, OECD s.d.).

[7] The poverty rate is the ratio of the number of people (in a given age group) whose income is below the poverty line; Depending on the percentage of disposable income and the assets, which are derived from it, we have different poverty

the international comparison of the OECD, Japan ranks 5th, after Costa Rica, Israel, Latvia and Mexico[8].

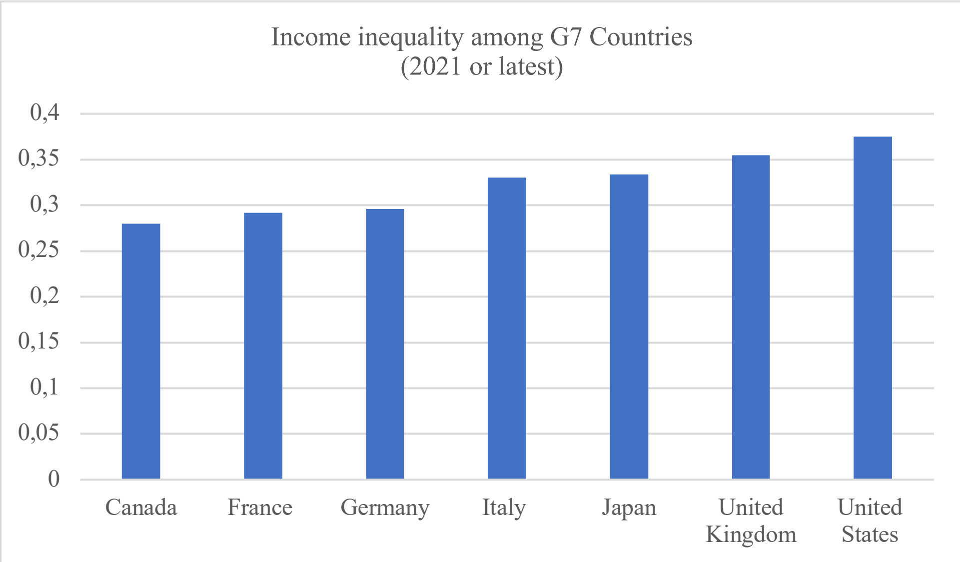


Chart 14 OECD (2023), Income inequality among G7 Countries

But what are the causes of the increase in income inequality and the poverty line in a country like Japan, which, as mentioned at the beginning, is the third largest country in the world by GDP?

This phenomenon can be explained by a number of aspects of the country's socio-economic trends that have been explored so far. Firstly, the steady increase in the proportion of non-regular workers is a crucial point in explaining the rise in market income inequality in Japan. This dualism of the labor market, with non-regular workers being paid lesser and lesser and a decreasing share of regular workers has led to a consolidation of the category of the *working poor*, those who, despite having a job, find themselves at risk of poverty and social exclusion due to the low level of their income, job uncertainty and inability to save. Secondly, the ageing of the workforce. The ageing of the population has contributed to an increase in income inequality trough a greater income differences between groups, as the elderly have a lower income than the working-age population. Moreover, the level of income inequality among the over-65s is higher than in the 18-65 age group, and this is because a smaller proportion of the over-65 population is active in the labor force. However, one has to keep in mind that usually the elderlies have accumulated and set aside an amount of savings during their lifetime that will then be used to partly finance their retirement. Thus, it is mainly the working-age population,

rates: absolute and relative. However, two countries with the same poverty rates may differ in terms of the relative income-level of the poor (OECD, OECD s.d.).

[8] OECD DATA (2023), Poverty rate

which is being affected by an increase in income inequality due to nonregular-work increase and inexistant variation in wages over the years (Jones 2007).

We have already looked at the development of social spending. It has increased as a percentage of GDP in the context of an ageing population, although it remains below the OECD average. However, if we consider the percentage of social spending received by low-income households, it has decreased. What can be deduced, therefore, is that the impact of social spending on inequality and poverty is feeble compared to other OECD countries and insufficient to offset the degradation in market income. (Jones 2007).

1.4 Discovering the Japanese Gen Z

Having provided sufficient information to place the new generation of young Japanese in a common social and economic background, in this section we will outline the characteristics and aspects of the target group of this research project, young Japanese people aged between nineteen and twenty-five.

They fall into that category known as the Generation Z, also referred to *Satori* Generation in Japan. Relying on the Collins online dictionary definition, Satori is a Japanese Buddhist term that "indicates the state of sudden indescribable intuitive enlightenment".

There is no clear definition or delineation, generally it refers to people born between 1996 and 2005. However, it can also include people born in the late 1980s and people born after 2005. (Retail Guide 2023). Generation Z now accounts for 1/3 of the world's population, and some estimates suggest that by 2031, the income of Generation Z will reach more than 1/4 of the world's population. This is why Gen Z is a target group that attracts worldwide attention in corporate marketing.

However, Japan has fewer Generation Z than other countries. As we have seen, Japan has experienced a gradual decrease in births over the years. In 1997, for the first time, appeared the term "declining birth-rate". It was in this year that the number of children became smaller than that of the elderly population. Thus, this means that Generation Z and the decline of the population started in the same moment. Since Generation Z is a minority in Japan, they are often neglected in terms of numbers, and the focus tends to be on senior population. This indifference to Generation Z is even more evident in politics. Along with low voter turnout, policies that ignore Gen Z tend to go unchallenged. (Y. Kojima s.d.)

This generation was born and raised in a time of economic recession. During this period, Japan experienced a series of events that shock the entire society, including the bursting of the bubble economy, the collapse of Lehman Brothers. In addition to the economy, this is a generation that has experienced major natural disasters such as the Great East Japan Earthquake and global warming in their childhood. From an early age, they were able to closely observe the social problems of the older generation, such as restructuring, job changes and independence, and realised the harshness of the real world. From another perspective Gen Z is also a privileged generation who can easily get what they want when they want it (Global Saiyou 2022).

Which personal traits characterize Gen Zers? Generation Z tends to be rational, stable-oriented, pragmatic and separate work from private life. They have a strong sense of not wanting to fail and having no expectations of society. Therefore, they are strongly conscious of keeping in step with others rather than competing vigorously when it comes to social interaction (Hiroyuki 2022). They value their private time more than money. They feel happier to enjoy their time on their own as long as they receive the minimum necessary money, rather than being paid while being stressed at work. The sense of belonging to a company is lower among them. There is a sense of working as an individual rather than having the idea of being a member of a company. They tend to think that if they only efficiently complete the work they have to do, the rest is their own time (Global Saiyou 2022).

Whereas, from a consumption good point of view, it is said they are less brand-conscious and luxury-oriented. People in the bubble generation tended to want to own high-end brand goods and luxury foreign cars as status. However, the Gen Z grew up in a period of economic instability, and they find value in practical and cost-effective products rather than brands. Their lack of interest in high-end brand products is shown by the lack of tendency to show off. However, there is also the view that this generation's preference for no-brands is an unconscious justification for the lack of money and the resignation of not being able to buy luxury goods due to the recession (Retail Guide 2023).

Gen Z are also defined as digital native, a generation which has been familiar with digital technology since birth and feels at home in the world of the internet; communication via social networking sites is a normal part of their lives. The internet has been widespread since childhood, and electronic devices such as mobile phones and computers have been around for a long time. On the other hand, they also understand the negative aspects of the internet and are skilled at filtering information through their own filters to determine what information is accurate and credible, rather than believing everything on the internet. Although they have the dexterity to interact moderately with various groups, there are indications that they may be suffering from “connection fatigue”. Around half of Generation Z are suffering from connection fatigue, creating a need for solitary activities (Hiroyuki 2022).

Gen Z are frequent users Instagram and TikTok. They are also strongly influenced by the recommendations of others, especially influencers, due to their desire not to make mistakes in their consumption. Also, in order to avoid wasting money, people use the Internet to read reviews of what they want and compare it with other products before purchasing something. As social networking sites make it easy to interact with others, Generation Z in particular spends more on the things they need to do to interact with others than on goods (Hiroyuki 2022).
The graph below shows the percentage of interaction with media by Generation Z as of September 2021. The data is based on the results of a monthly survey of 200 university students on the *Circle Up* university app, run by Dentsu's Youth Research Department. In the top three positions are YouTube, TV and Line (an instant messaging application for smartphones, tablets and computers similar to WhatsApp). The data also show trends that can be seen in Generation Z globally, e.g., the use of platforms such as Amazon Prime and Netflix (which increases in conjunction with the declaration of a state of emergency and voluntary opt-outs).
Radio has not been an important media among the four mass media until now, but both due to the spread of internet radios, including *radiko*, and its characteristic of being a medium that allows other activities to take place while listening, it has adapted to the values of Generation Z, which places importance on optimising time

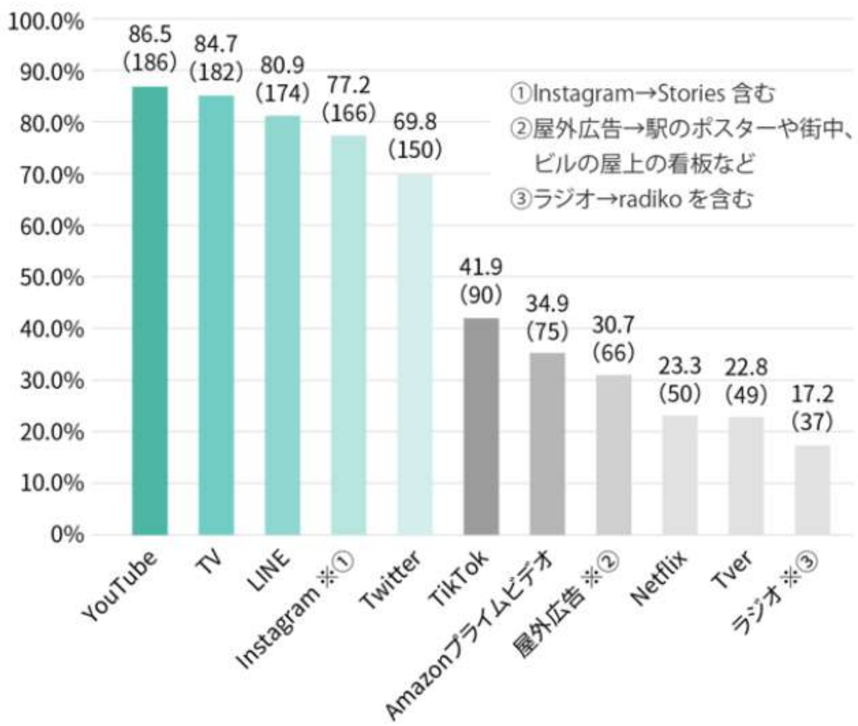


Figure 4 Media contact status of Generation Z- Dentsu Youth Research Department, Trend Survey Questionnaire 2021, September: "Media contacted in the past week (MA)"

With regard to what has just been said, one consideration must be made. In Japan, the designation and categorization of Gen Z is usually used by third parties, belonging to a different generational group, to refer to a certain segment or group from a marketing point of view. This is to say that young Japanese people do not themselves have the awareness to belong to this group and identify with certain characteristics. This represents a big difference with Europe and in our case with Italy, where young people themselves tend to use this denomination, to be aware that they are Generation Z and think that they have specific characteristics.

Nevertheless, there are episodes that testify to a gradual awareness by young Japanese of belonging to a new generation, different from the previous one, which embraces innovative values and a vision of a better future. In this respect, the article of the web version of POSSE magazine should be mentioned. The article "I want to create a movement that radically changes society", which appeared in vol. 48, reported the interviews of three young people belonging to Generation Z, born between 1996 and 1999. Among the questions, they were asked about their experience within society up to that time. All three reported a sense of oppression felt mainly within the school system and in a broader sense within society as a whole, but above all they mentioned the word "competition", expressing a desire to break away from this vicious circle in which young Japanese people are trapped from an early age, first in the school context and then in the work environment. These young people stated to aim at creating a better, healthier society, but before that, they also realize the need to increase their peers' awareness not only of belonging to a specific group, Generation Z, but also of having a voice to fight what is wrong with society (POSSE 2022).

These statements suggest that Generation Z is not so disinterested and passive towards society but rather seems to be willing to act actively to change what is wrong. Understanding the characteristics of Gen Z, communicating effectively, meeting their needs and listening to their idea of future is of paramount importance in targeting the next generation of consumers who will be responsible for the next wave of consumption. In other words, both quantitatively and qualitatively, Gen Z will play a key role in achieving future social and marketing goals.

Chapter 2. Glimpse of Japanese Fashion Market

2.1 General features

After introducing the economic and social aspects of Japan, and outlining the characteristics of our target group, we continue our research by going into the specifics, focusing on the clothing market in Japan and some of its aspects.

According to the research conducted by *Yano Research Institute* on the domestic apparel market (which includes men's clothing, women's clothing, and baby/children's clothing) in 2022, the size of the total domestic fashion retail market in 2021, was 7,610.5 billion yen, up 1.3% from the previous year, due to easing restrictions on behaviour due to the corona crisis (Mizukoshi, Yano Research Institute 2022).

Figure 5 Total Apparel Fashion Market size in Japan; source: Yano Research Institute

The clothing market in Japan is a mature market and this is why it is important to focus on individual brand characteristics and to differentiate oneself from the rest. The fashion market in Japan has some distinctive traits of great importance that cannot be ignored and must be kept in mind both by those approaching the market and by those aiming to stay there. Japanese fashion market is extreme competitive, both in terms of quality and the number of competitors. The quantity of goods is beyond the necessary level and it is possible to find a wide range of products with minimal variations. Moreover, deliveries of supplies must take place in a short time. As the recession deepens, consumers also do not compromise on product selection and pay attention to price as well as quality. When entering the Japanese market, the needs of consumers must be carefully considered and the individual features that can differentiate a product from other manufacturers must be determined (Italian Chamber of Commerce in Japan 2013).

It is generally believed that a product that succeeds in Japan will have even more success in other global markets. It is therefore important for companies approaching the Japanese market to improve the quality of their products and services, including feedback from extremely demanding Japanese consumers in their product development plans. In recent years, the world's leading brands have successively opened and expanded their signature stores, many of which have been positioned as global flagship stores, and some of these brands use the stores in Japan to perfect their latest innovations (Italian Chamber of Commerce in Japan 2013).

In Japan, there are many unique styles of fashion that are adopted and imitated in other parts of the world as well, just think of the *kawaii* style or the *Lolita Fashion*, characterized by elaborate designs, with pagoda sleeve, puff sleeve, frill collar, frilled cuff and dress with an inverted wine glass shape. However Japanese consumers stand out worldwide for their interest in international fashion styles and trends. In July 2021, the Rakuten Group[9] conducted research to find out which Country (Japan excluded) has the most influence in terms of fashion in Japan and why. The 5,124 male and female users surveyed via the group's app, *Rakuma*, had to answer the question "Which country besides Japan do you reference the most in terms of fashion?". The countries presented to users by Rakuten included: South Korea, United States, United Kingdom, France, Italy, Spain and China. What was found in this research? With regard to the female category, Korea was the top answer for almost every age group, in particular girls and teens between the ages of 10 and 20, respectively with a value of 77.3 percent and 56.7 percent. Korean fashion was the main answer also for women in their 30s and 40s, while older women (50s and 60s) expressed a greater preference for European fashion (Roll 2021). Therefore, it can be assumed that the popularity of K-pop groups and their idols plays a key role in influencing the fashion tastes of the younger generation.

On the other hand, the result for men shows less influence of Korean fashion. They prefer American fashion over the styles of any other country (beside Japan). Focusing on our target group, men in their 20s, data shows that 47.7 per cent are inspired by American fashion, followed by Korean fashion 13.8 per cent, France and the UK, with same percentage of 11.5. What percentage of today's Japanese 20-year-olds say they are influenced by Italian fashion?

[9] Rakuten Group Inc is a Japanese company that operates in the e-commerce, digital content, communications and Fintech sectors. It mainly provides Internet services to individuals, communities, businesses and society. The company offers shopping, leisure and lifestyle services; digital content including e-books and video distribution, online media and marketing solutions. Rakuten also provides communications services, including mobile communications; and Fintech services, including online banking, credit card and other payment services, securities trading, loyalty program and insurance (https://www.globaldata.com/company-profile/rakuten-inc/).

The survey shows that among men the percentage is 6.9, while among women it is even 2.6 per cent. These derisory percentages gradually grow as the age of the respondents increases. As for women, also in this case Italian fashion attracts more fifty-year-old and sixty-year-old male users (Roll 2021).

Why is Korean fashion so successful among the Japanese? What makes it so popular? Of the multiple-choice answers selected by users, the one with the highest percentage was related to affordability and ease of availability. "I like celebrities and artists from that country" was another answer that was quite successful. As for American fashion, the main reason was "Because I can really express myself" (43.2%), while the majority of respondents who voted for French and Italian fashion said, "Because they have brands I can trust" (43.2% and 51.4% respectively) (Roll 2021).

Surveys like this are extremely valuable for the Italian fashion industry. The results show that Italian goods convey confidence to customers, due to the quality of the brands, the image of the company and durability over time of both the product itself and the brand image built into the collective imagination. However, what these data reveal raises equally important questions that Italian brands should try to answer if they aim to enter or remain in the Japanese market. How can Italian products be made more accessible, in terms of availability? How could the image of Italian fashion be modernised to appeal to the younger generations? How can the perception of an Italian fashion for adults be removed from the imagination of new Japanese generations? As regards the ease linked to finding Italian fashion products, the distribution channels should be investigated. In the second case, good marketing and communication strategies could be the key for reaching younger people. What is the problem with marketing? Japan is a heavily high-touch, high context culture. Delivering messages in a cross-cultural context and also finding cross-culturally aware marketer are critical issues. Usually, Italian companies in Japan are small and even the big ones, mostly cannot afford marketing divisions. Italian companies sell mostly niche products, or so they are perceived and applying mass market techniques seldom works. However, marketing is needed but the communication strategy of Italian companies in Japan is seriously neglected. Actually, the Internet has definitely modified and flatten the field for new brands wanting to enter the Japanese market, but marketing and branding strategy is needed to fill the gaps that still exist (The Italian Chamber of Commerce in Japan 2021).

2.2 Distribution channels

Distribution channels are the pathways through which products and services pass from the producer or service provider to the final consumer. The main distribution channels in Japan operate through the producer-wholesaler-retailer-consumer system. Wholesalers are usually differentiated according to their main customers: regional areas, department stores or retail shops. The main distribution channels in Japan include: Department stores, Shopping Centres, Fashion Buildings, Outlets[10] and since 2000 the large specialised shop[11] chains.

In a department store different kinds of goods can be found, from food to clothes and jewellery. Different display categories can be adopted within it. In the Item corner, the items are displayed by type and brand on the shelves, the shop assistants are from the department store and it is the latter that sets the prices, earning a percentage (30-40%). Then, there are Brand shops. This category of stores can be defined as a delimited space dedicated to the sale of a certain brand. The shop assistants in this case may be from the department store or the supplier, while the prices are recommended by the supplier and the percentage of sales that the department store obtains generally varies from 30 to 40%, depending on the importance of the brands. The last category is Brand boutique: a real boutique, where the prices are decided by the supplier as well as the furnishings, signage and shop assistants. Shopping Centres are defined as new complexes located in the centre of the city and arising from the redevelopment of areas. Finally, Fashion Buildings are specialised in various clothing, goods and cosmetics especially for young people. They have a good range of selected shops carrying domestic and foreign brands for women (Italian Chamber of Commerce in Japan 2013).

The National Survey of Consumer Affairs, provides the following categorisation of shopping locations:

- Department stores
- Supermarkets
- Discount store and Mass sales specialty store
- General retailers, defined retail outlets

[10] Outlet stores have a theme park-like atmosphere but are actually shopping centres where you can buy branded products at a reasonable price (Italian Chamber of Commerce in Japan 2013).

[11] Specialised shops are in fact outlets with a limited assortment, with articles by emerging designers and carefully chosen according to the target customers or the taste of the owner. In fact, the specialised shop, in order to survive, needs to expand its size without ever forgetting the importance of the uniqueness of the offer and the rarity of the product (Italian Chamber of Commerce in Japan 2013).

This classification is complemented by multi-channel and omni channels, in turn classified into two categories: mail order (internet) and mail order (other). In addition to these, there is “Other”, which includes markets and recycle shops.

E-commerce is another important channel for the clothing industry in Japan. Its importance in the Japanese apparel sector is growing. It has a higher sales penetration than other sectors, with a market valued at 1.91 trillion yen in FY2019 and an annual growth rate of 7.74%. It accounts for approximately 13% of total sales (pre-COVID). Companies such as Rakuten, Amazon and Yahoo, as well as Japanese fashion e-commerce pioneer ZOZO, have made fashion e-commerce more accessible to customers. Selected shops and major speciality shop chains have started to focus on omnichannel shopping in recent years, lowering the barrier between consumers and the real world. In addition, an increasing number of services are offered that take advantage of the vast amount of information available on the Internet, convenience of use and personalisation, making it easier for consumers to obtain information (Digital Crew 2022).

The data reported by the Yano Research Institute and illustrated at the beginning of this chapter show that, despite the recovery of the Japanese clothing market in 2021, there was to a great degree a contraction in this market sector. From 2016 to 2021, the size of the overall domestic fashion retail market decreased somewhat, from approximately 9.220.3 billion yen to 7.610.5 billion.

How can one explain the phenomenon that the Japanese apparel industry market as a whole is declining, while the size of the e-commerce market is growing? From a broader point of view, one of the main factors is the push towards digitization in conjunction with the decrease in the number of real outlets. Furthermore, the spread of a business model known as OMOs (Online merges with offline), which crosses the boundaries between online (EC) and offline (physical shops), has led to an increase in the EC conversion rate, creating more business opportunities and consumption patterns. The increasing use of smartphones, online payment systems and technologies such as artificial intelligence have contributed to the spread of this new channel. This allows consumers to shop according to their needs and lifestyle, e.g., by picking up clothes purchased online in a physical shop or paying online after trying on clothes in a shop. Moreover, services that have sprung up in recent years, such as virtual try-on services, which allow the buyer to try on clothes online according to their body size without having to go to a physical shop, have given this sector a boost. The main factor behind the rapid growth of clothing e-commerce rates in 2020 can only be attributed to the Covid-19 pandemic. With the repeatedly declared state of emergency after 2020 forcing people not to leave their homes, it has pushed and forced consumers to buy clothes in online shops, a practice that has gradually taken hold. During the period of self-restraint in going out, many manufacturers were unable to visit their physical shops and many of them closed. Businesses also changed their policies to shift to e-commerce, which is in high demand, and some brands have seen a significant increase in sales through e-commerce as a result. Even after the relaxation of preventive measures, the rate of EC usage has not decreased significantly and shopping practices combining physical shops and EC are expected to become even more common. Other influences will be the increasing use of flea market applications (reuse) and the rental of clothing (sharing economy) (EC-Cube 2022). Although there has been a conspicuous increase in the use of e-commerce in the clothing sector in the last years, its rate was less than 20 per cent by 2020. This means that there is still a great demand for physical shops and the in-store experience remains crucial for Japanese costumers.

The import distribution channels can be broadly divided into “developed imports” (with products developed to importers' specifications by exploiting the resources and technologies of advanced countries to developing countries) and imports proper. A large part of imports from China and South-East Asia are of the first type and therefore the distribution channels are roughly the same as those for products manufactured in Japan by domestic producers. On the other hand, imports into Japan mostly refer to products of European and US brands or produced under licence. Many of these products are imported from abroad via Japanese subsidiaries, import agents or trading companies and then sold to consumers by retailers via domestic wholesalers. In recent years, an increasing number of large retailers are trading directly with importers and coupled with the increasing popularity of internet trading, wholesalers are beginning to lose strength as distribution circuits become progressively shorter (Italian Chamber of Commerce in Japan 2013).

Japan's decision to join the World Trade Organisation in 1995 has certainly simplified the bureaucratic import processes. More benefits, not only for Japan but also for its partner Countries come from the trade agreements concluded in recent years, such as the Trans-Pacific Partnership (2014) or the Free Trade Agreement with the EU (2019)[12].

[12] The negotiations initiated in November 2012 by the European Commission to establish the Free Trade Agreement (FTA) with Japan were concluded in 2017, and the Economic Partnership Agreement (EPA) finally entered into force on 1 February 2019. The agreement is the largest trade negotiation that the EU has ever entered into with a non-EU country, but it imposes radical changes over a period of 10 to 15 years. The agreement envisages the elimination of more than 97% (in number of customs codes) of duties between Europe and Japan in the medium term.

2.3 Trends in Fashion Consumption

In this section we will look at how Japanese consumption has changed over time in the area of primary interest for this research, namely fashion. Fashion is a more selective consumption and does not require the same degree of caution when purchasing consumer durables. Moreover, one-person households have a greater degree of freedom in consumption because there are no constraints imposed by other family members or the upbringing of children, and consumption desires are more likely to lead to purchasing behavior (Watanabe, 若者のファッション消費をめぐる言説の虚実—全国消費実態調査の分析から 2021).

Over time, the attitudes and consumption behavior of young people have been discussed on several occasions. From the 1980s onwards, the mass consumer society began, and scholars started to discuss the consumption of goods, especially fashion. Umezu (1994) reported that in the first half of the 1980s, before the economic bubble, there had been a boom in domestic brands in Japan, but it was from the mid-1980s onwards that the culture of consumerism really began to take hold, triggering a second boom, this time of foreign brands and young people were seen as the carriers of the consumer society. During these years, fashionable consumption existed among young workers as a whole, including those living in rural areas (Watanabe, 若者のファッション消費をめぐる言説の虚実—全国消費実態調査の分析から 2021).

What happened to consumption in the 1990s? Ueda et al. (1993) conducted a consumer survey in October-November 1992, after the bursting of the economic bubble. Consumption trends were analyzed from the perspective of both the household economy and those who entered their 30s in the 1990s. While in the former case the percentage of expenditure on clothing was significantly reduced, the latter group, on the other hand, did not change significantly and continued to maintain their traditional style of fashion consumption.

The 2000s were seen as the beginning of a general decline in the propensity of young people to consume. Kuga based on a comparison of the National Survey of Consumption, released by Consumer Affairs Agency in 2017, showed that expenditure on clothing decreased by ¥1,931 for men and ¥8,166 for women between 1989 and 2009.Yamaoka, in his book “Young who do not want” (*Hoshi garanai wakamono* 欲しがらない若, 2009) spoke of young people's estrangement from fashion in the 2000s, referring to the emerging disinterest shown in the products of famous brands. Again, Matsuda referred to the youth of the 2000s as “The non-consuming generation” in his book *Iya shōhi sedai* (嫌消費世代, 2009). On the other hand, Tsuji (2006) referred to the germination of a “new brand orientation”, pointing out that young people with a positive attitude towards fashion were more interested in famous brand products than those with a negative attitude.

This downturn in young people's interest in fashion includes both the quantitative aspect of declining purchases and the qualitative aspect of declining luxury brand products. With regard to the first change in monetary value, an analysis taking into account changes in consumer price levels is necessary. On the qualitative side, however, the increasing availability of cheap and fashionable fast fashion should be mentioned (Watanabe, 若者のファッション消費をめぐる言説の虚実—全国消費実態調査の分析から 2021). The Fast Fashion Industry characteristic is making low quality clothes at super low prices. This means that changes in fashion consumption does not imply an interest in fashion itself. Furthermore, the phenomenon of declining consumption has not only been seen among young people but also among other age groups, and it must be borne in mind that their decline is also linked to other dynamics, both economic and social which we have addressed in the first section of this research, such as the drastic decrease in the quantity of the young population.
We will refer to data from the National Survey of Household Consumption, Income and Expenditure of the Ministry of Internal Affairs and Communications examined and processed by Watanabe Yuko. The survey focused on "expenditure on clothing and footwear” by analysing eight time points from 1984 to 2019 with a five-year interval between each: 1984 ,1989, 1994, 1999, 2004, 2009, 2014, 2019. In order to investigate the change in expenditure on clothing per item among young people under the age of 30, by gender, from 1984 to 2019, two different criteria were used; the monthly purchase amount is combined with both the actual amount but also with the amount adjusted to the 2015 consumer price index.
Expenditure on clothing includes Japanese clothes, Western clothes, shirts and jumpers, underwear, fabrics and yarns, other clothing (ties, socks, etc.), footwear. What can be deduced from the graphs (p.35) is that the starting value of the monthly expenditure for clothing and footwear for women and men is different; that of men is capped at 12,000 yen per month, while that of women is double. Reading the data, we understand that the actual amount was significantly higher in 1989 than in all the other eight periods while the subsequent decline starting from the 1990s, close to the bursting of the speculative bubble already visible from the actual amount, is still more drastic if you look at the adjusted prices. However, the lowest monthly spending values for clothing and footwear purchases among men under 30 have been recorded since 2004, from a value of 9,402 in 1989 to a value of 4,545 yen in 2019. Also, as far as women are concerned, the highest consumption in the clothing section was recorded in 1989 with a value of 11.354 yen. Also, after the bubble burst in the 1990s, the price remained between 7,000 and 9,000 yen, before decreasing significantly to around 5,000 yen between 2009 and 2019.

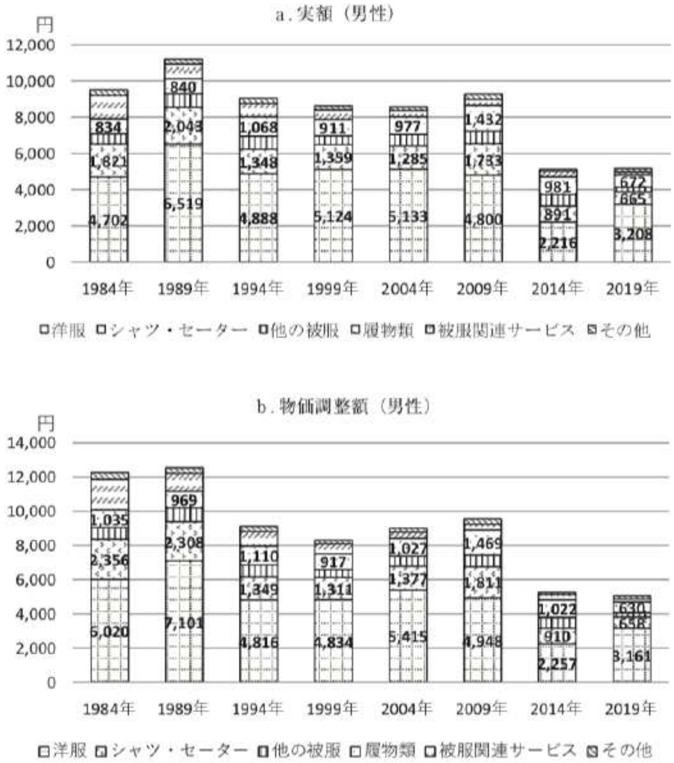


Figure 6 Source: Watanabe Yuko; 若者のファッション消費をめぐる言説の虚実 p.81 Monthly clothing and footwear expenditure by item of clothing and footwear purchased - under 30 years old, men

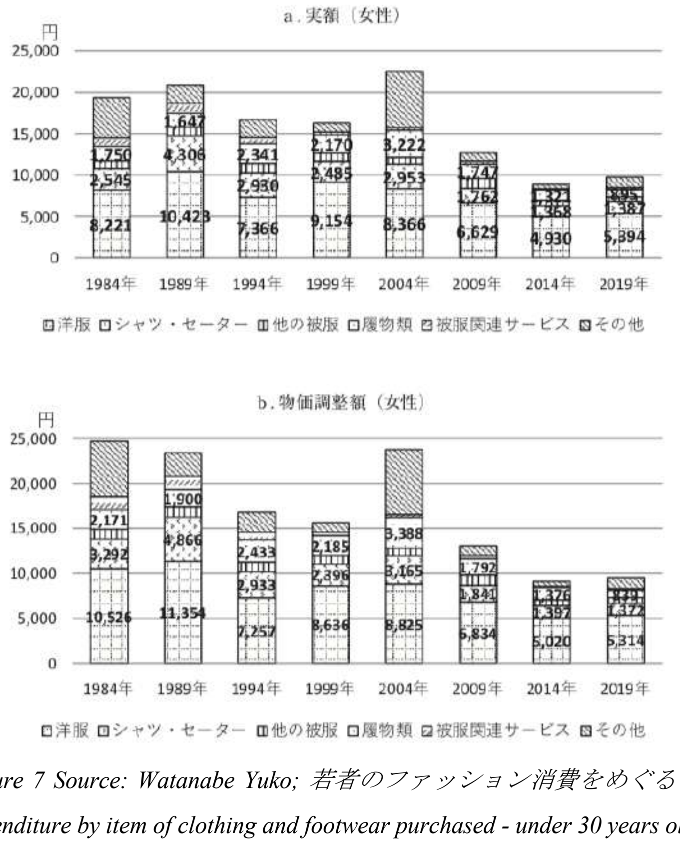


Figure 7 Source: Watanabe Yuko; 若者のファッション消費をめぐる言説の虚実 p.82 Monthly clothing and footwear expenditure by item of clothing and footwear purchased - under 30 years old, women

There is virtually no difference between men and women in terms of spending change over time. The 80s, in line with the development of consumer society, were characterized by a large expenditure and large amounts of money dedicated to the purchase of clothing. There was a sharp decline in the 1990s following the economic events mentioned above, and an even more pronounced decline occurred in the 2010s. The period between 2009 and 2014 was characterized by the Lehman shock consequences and the Tohoku triple cataclysm. There was a sharp drop in spending on clothing by men and women under the age of 30, with a consequent predictable move away from fashion consumption. However, from 2014 to the most recent 2019 survey, there has been a halt or even a slight recovery, both in terms of monthly purchases and the share of consumer spending.

Also, from a survey conducted by Watanabe and Machida first in 2015 and then in 2019 and aimed at university students there was a greater interest and a more positive approach to fashion in 2019 compared to 2015. It has been suggested that the reasons for this are changes in the shopping environment such as the spread of smartphones and the development of applications for online shopping, as well as the diversification of shopping paths. Furthermore, in terms of apparel composition, we find that the decline is quite small in the clothing category purchase compared to the others mentioned above (Watanabe, 若者のファッション消費をめぐる言説の虚実―全国消費実態調査の分析から 2021).

As we have seen, in recent years the spending capacity of households has decreased dramatically, and this has also manifested itself in the clothing sector. Kensuke Kojima[13], in his article entitled «The Japanese don't know... The real reason why the Japanese are getting poorer and poorer», explains how the spending power of Japanese citizens has declined since the 2000s in conjunction with changes in the economy (e.g., increase in consumption tax) showing that the coronavirus is not solely responsible for this impoverishment. Compared to 2000, average household consumption expenditure dropped to 87.6 percent and specifically, spending on the clothing sector fell by 54.3%. In the same period the share of household spending on clothing fell from 3.00% to 1.86% and was overtaken by spending on beauty products and services (K.

[13] Kensuke Kojima is a prominent fashion business consultant and a pillar of the Japanese fashion industry. He started his career as a leading women's specialty retailer. He established Kojima Fashion Marketing Co., Ltd. in 1981, and has since focused on highly effective marketing strategies based on accurate operating data collected from national and regional shopping centres. As an innovator, Kojima assists major retailers and apparel manufacturers in the development of their business through intensive research, educational programs and strong analytical columns for major trade magazines.

Kojima, 『日本人は知らない...日本人がどんどん「貧しく」な っている「本当の理由」』 2021).

The economic stagnation previously mentioned and discussed, in terms of consumption is reflected in a change in the behavior and habits of Japanese consumers, who have gradually shifted their attention to an increasingly broader and cheaper range of products, without necessarily having to sacrifice quality (such as the casual clothing made by the Japanese company Uniqlo, leader in the domestic market). The data pooled from the questionnaire and analysed above would confirm what Kojima stated. The target group actually only mentioned relatively affordable brands that do not, however, renounce quality.

How is the clothing sector reacting to this decline in consumption in Japanese market? Some of the foreign fast-fashion clothing chains such as Bershka, Zara, Gap will accelerate their withdrawal from the Japanese market due to declining incomes and consumption exacerbated by the pandemic. With pressing problems such as falling birth rates, an ageing population and economic stagnation, Japan no longer seems such an attractive market in which to invest. Looking back, it was until 2013 that foreign clothing chains entered the market one after the other, but after that they stopped. The arrival of H&M in 2008 and Forever 21 in 2009 initiated the fast fashion boom. Sales rapidly expanded to 131.6 billion yen in 2009 and 160 billion yen in 2011, reaching a peak in 2015 with 267 billion yen (K. Kojima, 『落日の日本を見切って撤退が加速する外資アパレルチェーン』 2022). At this point a consideration arises, if brands such as Zara, Gap, Bershka that seemed established have made a retreat from the land of the Rising Sun, it is to be expected that the entry of smaller or lesser-known foreign brands becomes unlikely.

The discourse seems to be different when it comes to Luxury brands. Japan is a noteworthy market for international luxury brands, ranking third after USA and China. Consider the luxury empire LVMH (MOET HENNESSY LOUIS VUITTON), its financial results for the fiscal year 2021 showed sales of EUR 64.215 billion, an increase of 43.8% compared to the first half of the year and 19.6% compared to the previous year. The Fashion and Leather Goods division, the largest one, which accounts for almost half of the entire company's sales at €30.896 billion, grew 45.7% year-on-year and 38.9% year-on-year in 2019 (K. Kojima, 『「LVMH」と「H&M」の 決算にみる天界と地上の格差』 2022). Also, the Italian Haute Couture sector has been only marginally affected by this change in consumer habits, maintaining its position by virtue of brand strength and the consumer's attitude to concentrate purchases on a limited number of prestigious products. The fashion sector therefore continues to benefit from generally sustained demand, due to the quality and uniqueness of Italian products, which have also been

able to count on the high propensity to consume by the wealthier classes. Japan still represents a good slice of the global luxury market. It should also be pointed out that the Japanese luxury industry, including the distribution and retail system, is going through a restructuring phase. According to the experts, the system that will emerge will be leaner and more flexible, this will facilitate Italian companies by making them more competitive against Asian competitors, which today enjoy a decisive advantage in terms of distribution (Info Mercati Esteri 2022).
However, it certainly cannot be said to be the rosiest of times for the luxury world in the Japanese market. Pierre-Yves Donzé, Professor of Economic History at The University of Osaka, distinguishes four different phases in the evolution of the luxury market in Japan. The first phase, which began in 1970, was characterised by real growth since there was no market yet. The second one was in the 1980s. There was a general expansion that saw its fruits in the early 1990s. But it is the third period, from 1989 to 2004, that represents the culminating phase, and which saw Japan on the podium as the largest luxury market in the world. The last phase, which began in 2005, sees a slowdown and weakening of Japan's position, which nevertheless remains prominent today (D'Agostino 2021).

2.4 Where does Generation Z buy?

As we have seen, the use of e-commerce in the fashion industry has surged in recent years for reasons related to both the development of technology, with the increased use of smartphones, and the lifestyle changes that the pandemic has imposed on us. This does not mean that online shopping has replaced physical stores, e-commerce purchases still represent a moderate percentage of fashion purchases in general, but they certainly provide a viable and convenient alternative that is likely to become more and more natural over time.
By comparing the shopping habits of consumers in the single-person household category under 30 in 2014 and then in 2019, it became clear that for both women and men, there have been significant changes in where they buy their products in the last five years.
Men under 30 in 2014 bought more in department stores (with a monthly expenditure of 1,908 yen), while those in 2019 bought more at general retailers (monthly expenditure of 2,824 yen). On the other hand, the category of purchases made through mail order (internet) over 5 years increased from a monthly value of 135 yen (2014) to 791 yen (2019). The trends for women, on the other hand, are as follows: in both 2014 and 2019, general retailers constituted the largest category of shopping locations. In 2019 there were mainly two changes, the first being a decline in the monthly value spent in department stores (from 2,780 yen to 1,465 yen) the second, and more significant, was an increase in online shopping: the value increased exponentially from

196 yen to 1,031 yen. The use of smartphones has led to an increase in internet shopping, especially for women (Watanabe, 若者のファッション消費をめぐる言説の虚実―全国消費実態調査の分析から 2021).

In order to try to match Watanabe and Buchmann's statement about young people use of online shopping, in the questionnaire created and submitted to the target group to investigate their purchasing habits was included a question related to the "place" of purchasing. We anticipate in this section the results to understand young Japanese preferences' for purchasing location, while the entire questionnaire and research results will be shown and analysed in chapter four.

The question asked, number two of the whole questionnaire, is: "Where do you usually buy clothes?". The multiple-choice question includes two answers: physical stores, indicated in Japanese language as *Jittenpo* (実店舗), or the Internet, simply indicated as *Netto* (ネット). The total number of respondents was seventy-six, of whom thirty-one men and forty-five women.

As the graph shows, more than half of the respondents, sixty-seven percent, habitually buy their clothes in physical shops while the remaining thirty-three percent prefer to use the Internet for their purchases.

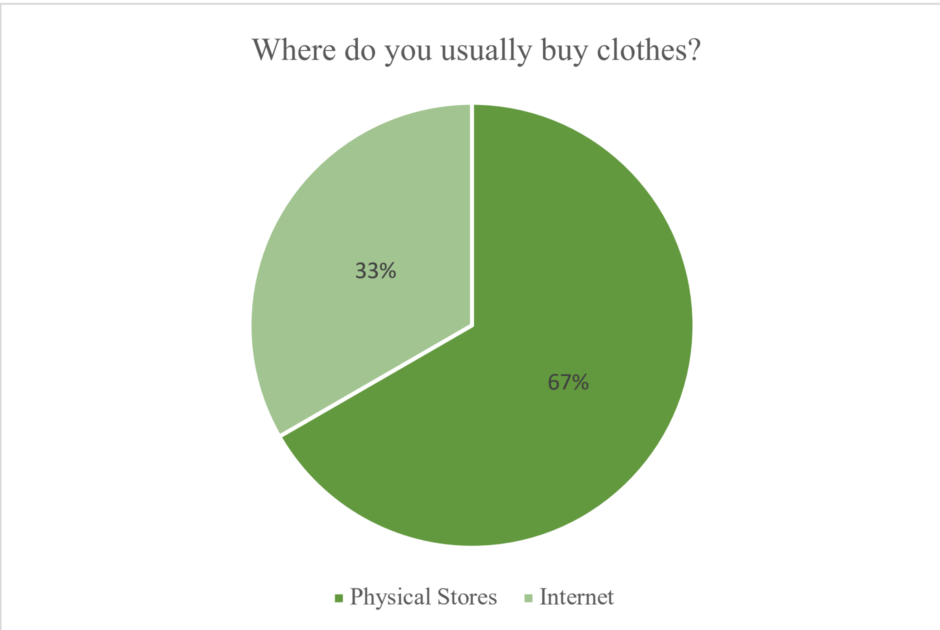


Chart 15 Answer to the question number two: "Where do you usually buy clothes"?

The data obtained allow us to further investigate the responses received, creating a comparison between men and women. The chart below allows us to state a preference for shopping in physical stores for both men and women. Even considering that the total number of female respondents is higher than men, it is possible to say that the number of those who buy clothes online turns out to be half the number who prefer a retail experience.

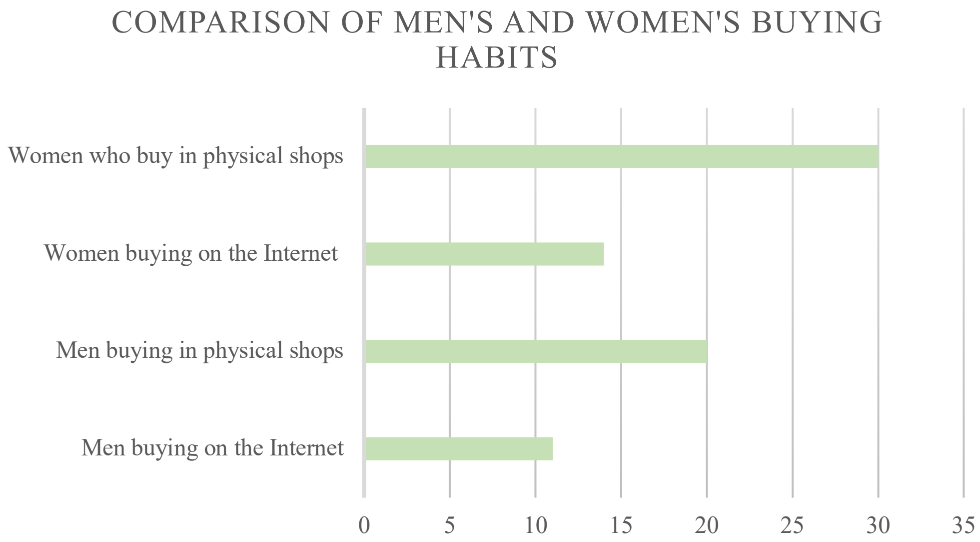


Chart 16 Comparison of men's and women's buying habits

Despite the small-scale number of respondents who took part in this research, we can state that although Gen Z are the digital native generation and make great use of the internet, smartphones and other technological devices, when it comes to purchasing products in the clothing industry, the "real" experience is, in this case, the best option that meets their needs.

Respondents were also asked what the reason for their preferences was and in which types of shops they normally bought. The majority of those who habitually buy in physical shops indicated the following as their main reasons:

- Because I can try on the clothes (*shichyaku dekirukara* 試着できるから)
- Because you can see the colour and details of the clothes when you actually see them *(jissai ni mita kata ga fuku no shikimi ya komakai tokoro o miru koto ga dekirukara* 実際に見た方が服の色味や細かいところを見ることが出来るから)
- Because you can get it directly (*chokusetsu te ni torerukara* 直接手にとれるから)
- Because I can understand if clothes size is right for me (*fuku no saizu ga jibun ni au ka wakarukara* 服のサイズが自分に合うかわかるから)
- Because I enjoy drawing on the shopkeeper's knowledge of the garment and how to match it (*Tenin-san ni sono fuku no chishiki ya awase-kata o kaku no ga tanoshīkara* 店員さんにその服の知識や合わせ方を描くのが楽しいから)

What can be deduced from the answers above is that the reasons why young Japanese prefer to buy from physical stores are essentially of a practical nature. They mainly want to see and touch what they are spending their money on, making sure it meets size requirements but also quality, approaching the purchase concretely. They also consider the guidance of shop assistants important, relying on their competence and professionalism for a better experience and a safer purchase.

On the other hand, what drives young people to buy clothes using online sites shops? Again, one could say that one of the main reasons is practicality. However, it is a different kind of practicality than that indicated by the ones who enjoy shopping in physical stores. In fact, for many, being able to buy without having to leave their houses and go to the store represents a great convenience. Here are the most meaningful and popular answers:

- Because there are discounts and you do not have to go to a shop (*Netto wa waribiki ga ari, tenpo ni ikazu ni kaerukara* ネットは割引があり、店舗に行かずに買えるから）
- Because of the variety (*shurui ga ōiikara* 種類が多いから)
- Because it takes me a long time to choose clothes（*Yōfuku o erabu no ni jikan ga kakatte shimaukara* 洋服を選ぶのに時間がかかってしまうから）
- Because I want to buy it after thinking calmly at home (*Ichido reisei ni ie de hontōni iru ka kangaete kara kaitaikara* 一度冷静に家で本当にいるか考えてから買いたいから）
- Because of the Coronavirus crisis (Koronaka dakara コロナ禍だから)

These answers allow us to understand relevant factors related to both the shopping habits and characteristics of Japanese Generation Z. The convenience of online shopping is mainly due to doing the activity without physically going to the location of purchase, having discounts and a greater variety of products available. In fact, sometimes online shops reserve discounts and limited product types exclusively for customers who buy from the online store. Moreover, it is possible to understand that they value money but also time. In the first case because they decide to take advantage of the discounts, in the second because they are aware of the time that needs to be allocated to the purchase.These attitudes reveal a further characteristic, namely the tendency to think about and ponder what to buy and make decisions at their own pace, not launching into impulsive purchases.

The last of the listed answers confirms how external events contribute to form and shape new habits that are then maintained over time. Even in Japan, albeit marginally compared to European countries or China that have adopted lockdowns as a preventive measure to avoid contagion, the Covid-19 pandemic has forced people to change and modify their lifestyle. In fact, as mentioned in the previous paragraph, the pandemic has been indicated as one of the major reasons for the increase in e-commerce in Japan, especially in the clothing sector.

What are the favourite shops where young Japanese people buy? Respondents were asked to name the brands they usually buy. Twelve shops were indicated by the target group and almost all of them are Japanese brands. Following an alphabetic order, they wrote down: Beams, GU, GRL, Global Work, H&M, Nico and…, Second-hand stores, Shimamura, Uniqlo, Zara and ZOZOTOWN.

Chart 17 Answer to the question number three: Please indicate the Brands of clothing you usually buy

The greatest preference was expressed for the GU brand. In second place, with equal scores, are UNIQLO and ZOZOTOWN, while in third place the data shows second-hand shops. In fourth position we find GRL, followed by Global Work and H&M, which were mentioned the same number of times. Finally, the least mentioned brands are Beams, Nico and..., Shimamura and Zara.

All these are mainly cheap and affordable brands, now called “fast fashion”, which have become an integral part of the fashion scene not only in Japan but also in other industrialized countries. As mentioned above, this kind of fashion makes possible to get clothes at a good price and with decent quality.

Let us look in more detail at the three brands that were most mentioned by the respondents and that together constitute 57 percent of the total brands mentioned.

GU was inaugurated in March 2006 and it headquarter is in Tokyo. The English version of the Gu website defined it as *“(...) a sister brand of UNIQLO (...)”*. Gu's slogan focuses on the freedom to be oneself and to feel good about one's self and this message is made clear on their Japanese web page. Below is the quotation in the original language and the version translated into English for inclusion here.

ちょっと服を変えるだけで、気分は変わる。前向きな自分、なりたかった自分、みたことみたこと n 見たことのない自分。誰だって、毎日新しい自分に出会える。旬で、心地よい服を。い今の気分で、もっとじゆう自由に。ＧＵは、自由。

Just a little change of clothes can change your mood. A positive self, a self you want to be, a self you've never seen, a self you've always wanted to be, a self you've never seen, a self you've never seen, a self you've never seen, a self you've never seen. Everyone can find a new you every day. Wear clothes that are in season and comfortable. We are all about feeling free to be who you are and what you want to be. GU is freedom.

UNIQLO, abbreviation of Unique Clothing Warehouse, is a clothing company founded in 1949 as a textile manufacturer in Yamaguchi, Japan. It is now a global brand with 2,394 stores worldwide[14]. The first UNIQLO store was opened in 1984 in Hiroshima. For a long time, UNIQLO outdoor clothing was considered affordable and practical, but not particularly fashionable or attractive. The late 1990s brought a significant change and turned UNIQLO into a more popular brand. In 1998, Fast Retailing launched the sale of formerly high-end products at a retail price of ¥1,900 (about €12.75). This campaign generated great interest among consumers. Also, in the same year UNIQLO opened its first store in Tokyo, in the Harajuku district, kick-starting the company's expansion into urban areas of Japan. UNIQLO was the first company in Japan to establish a SPA model, which stands for Specialty Store Retailer of Private Label Apparel and encompasses all stages from design and production to distribution and sales to the customers. Thanks to this, the company was able to consistently position affordable clothing on the retail market. Another milestone in the company's history was the opening of the first overseas UNIQLO store in London in 2001, which marked the beginning of the company's global expansion. Since 2002, the company has successfully expanded its business in Asia, opening a series of UNIQLO stores in South Korea, Hong Kong, Singapore, Taiwan, Malaysia, Thailand, the Philippines and Indonesia. After Japan, UNIQLO has the largest

[14] https://www.fastretailing.com/eng/about/business/aboutfr.

presence in China (Assmann s.d.). Their clothes feature both a bright and a muted colour palette of beiges and greys, models of minimalist simplicity and no-logo.

ZOZOTOWN is the fashion e-commerce service owned by ZOZO, Inc., formerly START TODAY CO., LTD. The company Launched the e-commerce site ZOZOTOWN (Introducing items from 17 apparel select stores) in 2004. In 2010 the “ZOZOTOWN” app for iPhone was set up and two year later “ZOZOUSED”, an online shopping website for second-hand/vintage apparel born. Among the services offered are the outfit / styling idea app, “WEAR” and “ZOZOSUIT 2” a 3D body measurement suit introduced in 2020 (ZOZO s.d.).

The above graph also showed a certain popularity of second-hand and vintage clothing stores. More and more Gen Zers seem to opt for buying second-hand garments. The reasons given by the respondents include mainly:

- More moderate price of the garments.
- Issues of personal taste, with reference to the retro style of the garments.
- Large variety of garments in the shop.

Just a minority referred to sustainability, in connection with the purchase of second-hand clothes.

Another trend that emerges from the graph is the small number of those who buy European fast fashion brands, such as Zara or H&M. We have already seen in the previous paragraph how after an initial boom of these and other fast fashion brands (including GAP, Bershka, Forever 21 etc.) which started in 2009, there has been a gradual retreat and a continuous closure of stores in Japan.

Regardless of the Brand indicated by the respondents in answer to question number four of the questionnaire "Please indicate the reason why you choose to buy products of that brand" the main reason why most of them buy clothes of the above-mentioned brands is *kosupa* コスパ. It is the abbreviation of the English word cost performance, in Japanese language *Kosutopafōmansu* コストパーフォーマン. This means that in addition to design, features such as simplicity or a more sophisticated style, what the young Japanese are looking for is value for money. It is not enough for clothes to be cheap; they also have to last. One respondent wrote: “I want to buy clothes that I don't have to throw away right away”. Another said: “I want to use it for a long time”[15]. Quality therefore seems to be one

[15] The answers provided in the questionnaire by the respondents are translated from Japanese into English to be reported here.

of the main and sought-after characteristics that an item of clothing must possess. Moreover, some have openly indicated that while for simple t-shirts affordability is one of the most important selection criteria, when it comes to jackets, trousers and coats they are willing to spend more.

Chapter 3. Japanese Luxury Market

In this third chapter, we continue our research by delving into the world of luxury. The aim of the research conducted on the target group is to investigate perceptions and knowledge of Italian luxury fashion brands. Before focusing on the analysis of the data collected, which will be presented in the next chapter, we would introduce here what luxury is and how a luxury brand can be defined. We will then look at the characteristics of consumers of luxury goods, trying to establish what are the reasons behind the purchase of luxury brands. Attention will also be paid to the birth and development of the Japanese luxury market, tracing the stages that have taken place. Finally, the last part of this chapter will be dedicated to understanding the entry of Italian brands and the strategies adopted.

3.1 Defining luxury

What is luxury? Why are some brands considered luxury and others not? What characteristics make a brand luxury? This is the topic that will be covered in this section.
Although several definitions of luxury have been given over time, even today there is no single definition that is universally accepted or unambiguously employed by researchers and scholars when studying this field. There are two main streams of scholars concerned with defining the concept of luxury: business history scholars and management scholars. They focus on different aspects of the luxury industry and consequently, this means that they do not have a shared vision and definition of what luxury is. The work of management scholars focuses mainly on the analysis of luxury brands and their management. Brand management aims to distinguish luxury goods from common goods and to position them at the top end of the market. On the other hand, historians define luxury as a socio-cultural outcome due to the birth of a consumption society in the eighteenth century and thus, the creation of a new business and a new industry. (Donzé e Fujioka 2008).

However, of the various definitions given over time (the late 1990s - first half of the 2000s), it is possible to find common traits and characteristics described by the various scholars in reference to luxury. These include high quality, premium price, high level of aesthetics and rarity (Costello, Ko e Taylor 2019). Nueno and Quelch in 1998 stated that the characteristics that make a luxury brand are excellent quality, a heritage of craftsmanship, distinctive style and design, and global recognition (Nueno e Quelch 1998). Again in 2001, Dubois et al. identified six main components related to the concept of luxury: excellent quality, high price, scarcity and uniqueness, aesthetics and polysensuality, ancestral heritage and personal history, and lastly superfluousness (Costello, Ko e Taylor 2019).

Most reports on economic trends and perspectives on luxury business sources assume that luxury goods are exclusive items, aimed at high-net-worth individuals, with high prices and mostly sold through selective channels (Merlo, Italian Luxury Goods Industry on the Move: SMEs and Global Value Chains 2018).

Still, other scholars state that there is no static and exhaustive definition of luxury. In some cases, the definition of luxury goods goes beyond the mere consideration of high prices. Som and Blanckaert argue that “The definition is in the mind of the connoisseur of luxury goods. The definition is dynamic. What is luxury today for some may not be luxury for others and, with time, may even not be considered as luxury. For this reason, luxury goods have prospered in time.” (Som e Blanckaert 2015).

What emerges from the literature review on the subject is the importance of the role of the consumer. Indeed, consumers have the power to determine through their perception and consideration whether a brand is luxury or not. Despite the fact certain strategies adopted by managers, such as premium pricing or high quality, may increase the likelihood that consumers perceive the brand as luxury, these actions may not lead to the creation of a luxury brand if consumers do not perceive it as such (Costello, Ko e Taylor 2019).

Furthermore, it could be said that another characteristic of luxury is selling a dream in any era. To understand how luxury goods can sell such dream elements, we need to understand what dreams are being sold. It's a dream to be special, to feel like you belong to a special group of people and this hasn't changed since the beginning (Som e Blanckaert 2015)

Another aspect to be taken into account is that luxury goods cover a wide range of product categories. Luxury can be divided into two big categories: heavy luxury, such as watches and jewellery, and soft luxury, such as fashion. A broader definition of the luxury industry includes products and services such as wine and spirits, food, travel, hotels and spas, technology and automobiles.

In this research, we will adopt the definition proposed by management scholars who speak of luxury goods concerning their market positioning and the particular marketing strategies employed. To this, we will also combine the characteristics described by Nueno and Quelch concerning the nature of luxury goods: excellent quality, heritage and craftsmanship, and premium price. Moreover, luxury will be discussed here regarding clothing apparel.

3.2 Drivers of Luxury Consumption and Luxury Consumers

Over the years, scholars have not only studied the world of luxury and its products and tried to define luxury, but they have also questioned what factors determine luxury consumption. In their article "What is a luxury brand? A new definition and review of the literature", Costello, Ko, and Taylor selected and then collected several theories, used by other scholars, that explain what drives consumers to buy luxury brands. These theories are strongly linked to the behavior of individuals who consume luxury goods and are primarily of social nature. They have been summarized as follows: self-concept theory, conspicuous consumption, social comparison, extended self/consumer culture theory and theory of uniqueness.

All are united by the individual's desire to display their status and power, both in relation to others and in relation to themselves, to express who they are and where they want to go. The idea of showing status is perhaps the most ancient reason why individuals consume luxury items. Already Veblen, in 1899, indicated as the main reason for the conspicuous purchase of luxury goods by the *leisure class*[16] the desire to display their wealth and, consequently, status. Together with status, personal values are also linked to the notion of uniqueness. Often individuals, feel the need to distinguish and differentiate themselves from others when there are too many similarities in their social environment. Other motives for consuming luxury goods have included hedonic pleasure, which arises from owning luxury products, and pride, which can have both positive and negative connotations. McFerran, Aquino, and Tracy found that positive pride, defined as genuine/authentic pride and produced by hard work and success, is a more significant driver for luxury consumption than pride defined as "hubristic", which stems from narcissism (Costello, Ko e Taylor 2019).

The expansion of the luxury market around the world has led to the consideration of other factors that may drive the purchase of luxury goods. These reasons are related to the cross-cultural sphere.

Understanding how consumers' behaviour is influenced by their culture is of paramount importance in understanding how they will approach purchasing but also in developing marketing strategies that meet the needs of international customers around the world. For example, will the attitudes towards luxury goods of individuals belonging to a collectivist society be the same as those belonging instead to an individualist society? Bian and Forsythe surveyed in 2012 US and Chinese students to investigate whether individualism and

[16] The theory of the leisure class is a book published by the sociologist and economist Thorstein Veblen in 1899. It is s a critique of consumerism and conspicuous culture promoted by the wealthy leisure class in America during the Industrial era.

collectivism make a difference in the motivation to purchase luxury brands. The results indicate that attitudes towards luxury goods perform important social functions, influencing both affect and behavior. However, collectivism did not cause Chinese students to desire the same brand; on the contrary, they demonstrated a greater need for uniqueness than US students[17].

Another recurring discourse when it comes to the purchase and consumption of luxury goods is the Country of Origin and the effect this concept has on the consumer's purchasing decision. The Country of Origin (COO) effect is a psychological effect that occurs when customers are not familiar with a product (e.g., product quality) and the image of the product's country of origin has a "halo effect" on the customers' evaluation of the product. Nagashima defined Country images as the representation or stereotype of a specific country that consumers associate with products. Roth and Romeo (1992) identified several dimensions that qualify a nation in terms of its production profile and from which a country's image is derived. There are four dimensions that include innovative approach (superior and cutting-edge technology), design (style, elegance, balance), prestige (exclusivity, status of national brands) and workmanship (reliability, durability, quality of national manufacturers). Usunier (1993, 2006) provides a more comprehensive definition of country image, defining it as a multidimensional construct influenced by cognitive components, affective components and stereotypes. From time to time, global consumers perceive the COO as the Country of design (CoD), as the Country of assembly (CoA) and as the country of Manufacturing (CoM), linked to the "Made-in" label (Godey et al. 2012).

It may change over time, as customers become more familiar with the Country, but also as marketing practices and strategies improve costumer's perception and knowledge of that product. As consumers become more knowledgeable about a Country's products, the country's image has less influence. Usually, the Country-of-Origin effect has a particularly strong influence on the elderly, less educated, and politically conservative.

In this regard, research conducted by Godey et al. in 2011 examined the role that Brand, and Country of Origin effects have on the consumer when purchasing luxury goods and non-luxury goods. Since this research focuses on the luxury goods market, we will report data from this area as it is of greater importance and relevance to the work. The study not only updates the existing literature on COO, but also includes qualitative research conducted in seven countries (China, France, India, Italy, Japan, Russia, and the USA) on a total sample of approximately

[17] From a cultural perspective Collectivism can be defined as the principle or practice of prioritising group cohesion over individual needs. Traditional communities such as those in Asia and Africa, but also Latin America are defined as collectivist, while Western communities (North America, Europe) are classified as individualist.

1100 people (around 150 respondents for each Country) to understand the main and driving factors influencing the purchase of luxury goods. The study uses the following criteria to understand what drives consumers' choice in buying luxury brands: brand, COO, COD, COM/A, price, warranty, design, and advertising.

The data collected from the interviews showed that the most important criterion for purchasing luxury goods in the seven countries is "design", followed by "brand" in second place and "warranty" in third. Among the above criteria, the COO ranks only fifth. The researchers pointed out that while for the first three selection criteria the answers were universally agreed upon, for the COO there was not the same value; on the contrary, there were important differences.

Given that the market of interest for this research is Japan, we report below what was discovered about Japanese consumers of luxury goods. Data showed that Japanese consumers are distinguished by the great importance they attach to price in their purchasing decisions. They also take design and COO into account very significantly, (results in line with developed country averages) but, in contrast, they are the only consumers in developed countries who attach little importance to Brand (Godey et al. 2012). From this study, it is easy to deduce that the impact of COO is weaker than that of brand and other criteria in choosing and purchasing luxury goods.

In conclusion, several criteria and aspects seem to influence the consumption of luxury goods and the behaviour of luxury buyers. It is both characteristics intrinsic to the product (such as taste, design, material and performance) and factors extrinsic to the product (such as price, brand name, shop reputation, warranty and COO). To these, features of a social and cultural nature are added, such as the willingness of showing status and/ or power and cross-cultural elements. The cultural component plays a key role in the perception of luxury. Indeed, depending on one's cultural background, it is possible to attach importance and value one feature rather than another. If we take into consideration one of the traits attributed to luxury products described in the previous paragraph, e.g., high quality, what has been observed over time is that Japanese consumers have a conception of quality that is extremely higher than that of consumers in other countries and that the concept of quality includes not only the product itself but more broadly also the service, i.e., the purchasing process and after-sales service. The impact of all these dimensions is of great importance and must be taken into account as they have the power to influence consumer's perceptions and actions and consequently consumption and purchases.

If we wanted to profile Japanese consumers, we could say that they are well-educated, yearning for novelty, sensitive to status symbols, willing to pay for quality and loyal to Brands. Of course, globalization is changing people and culture, but the uniqueness of the Japanese consumer is showing. Chadha and Husband (2006) dealt with Japanese consumers' behaviour. What they found was that customers rarely show off and are aware of the fine line between self-expression and exhibitionism in Japan's egalitarian society. They are receptive to trends and fashion and have high regard for workmanship, technology, and design. Consumer attention to trends is strong as their request for high-quality standards should be constant over time. They have high service expectations during and after the purchase and also pay great attention to the corporate image (Italian Chamber of Commerce in Japan 2013).

3.3The Inauguration and Evolution of the Luxury Fashion Market in Japan

In the first part of this chapter, a literature review was provided on the definition of luxury. This allowed for the adoption of a definition that is suitable for this research with particular reference to the field of fashion. Subsequently, we wanted to understand what factors stimulate and influence both consumption and consumers' decision to purchase luxury goods. Going into specifics, this section of the research will be devoted to the birth and evolution of the Luxury Fashion Market in Japan. This will provide an insight into the stages of establishment, development and transformation of the luxury clothing industry in Japan that today represents a mature market.

The luxury goods industry is one of the fastest-growing sectors in which Europe has strengthened its competitiveness in the global market since the 1970s. The luxury business can be said to be a new industry given its organizational structure but at the same time old, as it embodies its heritage, craftsmanship and history and it owns and manages brands with histories dating back to the 19th century. An additional important feature of the luxury business is profitability. Such profitability is the result of new management strategies introduced in the 1970s and 1980s aimed at creating more economic value through brand building and distribution management (Donzé e Fujioka 2008).

The creation of the Japanese Luxury Fashion Market dates back to the years post WWII and it is strictly related to changes both in the economic sphere and the cultural one.

In the evolution of the luxury market in Japan Pierre-Yves Donzé, distinguished four different phases. The first phase, which began in 1970, was characterised by real growth since there was no market yet. The second one, in the 1980s, was a phase of general expansion that saw its fruits in the early 1990s. The third period, from 1989 to 2004, represents the culminating phase.

Japan was on the podium as the largest luxury market in the world. The last phase, which began in 2005, sees a slowdown and weakening of Japan's position.

3.3.1 Start-up phase: 1960s-70s

The years following the Second World War and in particular the 60s and the 70s were years of intense economic growth for Japan and this was also reflected in consumption. Between 1955 and 1964, Japan's average annual real economic growth rate reached 9.7%. According to the government survey on household income and expenditure, in addition to the increase in expenditure on basic foodstuffs, the index of expenditure on food, clothing and other goods increased almost fivefold between 1948 and 1978, and together with this development of the Japanese economy, sales of all retailers and department stores in Japan soared (Fujioka, Kaneko e Li 2018).

The emergence and development of the luxury market in Japan, with a consequent consumption of goods of Western origins, cannot be dissociated from historical events and the cultural and social changes they have brought about. At the end of World War II, the American occupation of Japanese territory began. Inevitably, the Americans brought a new lifestyle that influenced many aspects of everyday life: clothing, eating habits, and furniture. As a result, Japanese consumers began to approach this new way of life, particularly the way of dressing. This can be explained both as the start of a trend but also as a way of embracing this new beginning and riding the wave of economic growth. Fujioka et al. report that:

> Japanese consumers embraced this fashionable new style as a symbol of democracy and yearned for Western goods in a desire to catch up with the rich economies of Western developed countries. (…). Japanese consumers therefore began to favour expensive Western products over cheaper traditional ones in order to fully embrace the benefit of Japan’s economic development in the 1960s. Department stores were ideally placed to meet these new demands from their Japanese customers, leading the Westernisation of the Japanese lifestyle and the growth of the manufacturing industry for Western clothing and other Western products[18].

[18] Rika Fujioka, Zhen Li, and Yuta Kaneko, The Democratisation of Luxury and the Expansion of the Japanese Market, 1960–2010, 2018, p.137

During this time, as mentioned above, the market for luxury goods in Japan is not yet formed but the demand for luxury products from Japanese consumers starts to arise and it suggests that soon the Land of the Rising Sun could be fertile ground for this type of business. Luxury products were only available in Department Stores, and such consumer demand they were expanding. As seen in the previous chapter, Department Stores constitute still today an important distribution channel for luxury goods. However, during the Fifties and the Sixties, they represented the sole channel of communication between Western luxury products and Japanese consumers. This is why Department Stores have played a crucial role in the development of the Luxury market in Japan, becoming the predominant retailers targeting the upper end of the market, and offering both new fashionable Western products as well as the traditional, expensive kimonos for wealthier Japanese consumers. (Fujioka, Kaneko e Li 2018) This close collaboration between Western luxury brands and department stores was due mainly to Japanese government rules on Foreign Trade, which determined and established the channels of access for goods on Japanese soil and posed a barrier to goods imported by Western Countries. The first changes in luxury brands' access to the Japanese market occurred in the mid-1960s, with the reduction of trade barriers, which nevertheless continued to make the way impassable for foreign companies, even though they were internationally renowned brands. These first steps in terms of bureaucracy and regulations have made it possible to add other channels of access, such as wholesaling and exporting, to the list of options. Despite the liberalization of the market, non-tariff barriers remained important until the late 1990s. Because of the barriers, it was complicated for foreign companies to open bank accounts in Japan, which also affected the renting of property to set up their own outlets. Under these conditions, relying on department stores was the best and easiest option. Department stores represented the ideal business partners, and at the same time, they were happy to offer their sales space to important brands. This allowed luxury companies to increase their sales through Japanese department stores' customers and department stores to improve their image, making them more prestigious, and their consumption.

This winning partnership between Japanese department stores and Western luxury brands has remained intact even as licensed products were introduced. With the introduction of licensed products manufacturers could produce apparel for exclusive department store customers using the cut designs granted to them by these exclusive licensing agreements. However, as department store licenses limited them to supplying only the corresponding store, manufacturers entered into agreements with Western fashion designers to license production so they could supply a wider market (Fujioka, Kaneko e Li 2018). These licensed products lacked the prestige of the traditional luxury ones, but Japanese customers in the late 1970s and early 1980s still preferred to purchase these slightly more fashionable items rather than their run-of-the-mill counterparts which were made only by Japanese manufacturers. This suggests that brand prestige was important even though the product was indeed locally made**.** As their popularity increased, however, particularly fashion-conscious customers were no longer satisfied with this type of product and began looking for more fashionable and exclusive goods of higher quality. Producing goods under license proved to be extremely productive both in terms of sales and profit for Western companies (Fujioka, Kaneko e Li 2018).

This practice and the changes that occurred in the luxury industry in the 1980s, which will be discussed shortly, have been cited as the factors that led to the "democratization of luxury". The democratization of luxury refers to the conspicuous consumption of luxury goods by an ever-widening segment of the population. This phenomenon of the democratization of luxury led to the expansion of the luxury market in Japan. Consumption did not extend to all categories of goods and services but was mainly limited to accessories, leather goods such as handbags. The market for these affordable categories of luxury products turned out to be extremely lucrative. Luxury companies also realized the strategic importance of these affordable products for entering the then-emerging market. Luxury companies, therefore, decided to create products specifically for Japanese customers and which were mainly sold in Japan. For example, the Louis Vuitton handbag became part of an expected gift economy, between couples and from parents to children. Takahashi's research (2007) shows that an average Japanese family would own 1.6 Louis Vuitton products between the late 1980s and the early 1990s.

3.3.2 From expansion to peak: the 1980s and 1990s

The 1980s saw a period of radical change in the organizational form of the luxury industry. In France, there was a shift from an industry dominated by a conglomerate of family-owned to a few powerful multinational enterprises. It consisted of the centralization of financial resources, distribution systems and brand portfolio management, and the independence and decentralization of the operational management of the companies belonging to these groups. Italian luxury companies followed another strategy: the emergence of small, family businesses that focus on fashion and design and use flexible value chains for supply. This industrial restructuring allowed luxury companies to implement marketing strategies and control their products directly from the European headquarters. It has already been mentioned that at the beginning of their market entry in Japan, European companies were unable to access it without local partners. Department stores, distributors and importers introduced and sold these luxury goods throughout Japan, sometimes through licensing agreements, and thus companies did not have complete control over the brand management of their products in Japan. The changes in organizational structure led to a loss of bargaining power by department stores in Japan, while flagship stores became an important sales channel (Donzé e Fujioka 2015).

The growth in consumption and profits of the luxury sector that occurred within the Japanese market in the 1980s was not only due to the structural reorganisation of European luxury companies but also to the economic development that took place in Japan in those years.
At the end of the 1980s, Japan went through a period of economic growth and this prosperity also began to bear fruit in the luxury market. It was the time of the economic boom, a time when relative economic power was at its peak, consumer confidence was high and the demand for luxury goods was increasing. The strong value of the yen in the 1980s was another factor that helped to further strengthen the consumption propensity of the Japanese during this period. It pushed retailers of imported products to lower their prices, making it easier for consumers to buy imported products in Japan and abroad. In addition, more and more Japanese customers started to visit Western countries and buy luxury goods there at lower prices than at home (Fujioka, Kaneko e Li 2018).Thanks to the strong yen and the resulting economic bubble, some Japanese consumers had become rich. In addition, even those who were not necessarily “rich” were enjoying an increase in disposable income due to Japan's economic development and began to buy small fashionable items - handbags, wallets, rings, scarves and the like - rather than the traditional expensive items such as jewelry and clothing. Economic prosperity also led to the expansion of the luxury market towards the younger Japanese generation. It was common for teenage girls to buy Louis Vuitton bags, an example of the democratization of luxury described above. These economic factors explain the increase in imports of luxury goods in the late 1980s. Until the burst of the economic bubble in 1991, Japanese consumer confidence continued to grow and with-it also consumption (Fujioka, Kaneko e Li 2018).

From the statistics on the sales of luxury goods in Japan, published by the Yano Research Institute since 1984, it is possible to see how rapidly the luxury goods market grew in the late 1980s and early 1990s. In a five-year period between 1985 and 1990, retail sales of imported luxury goods increased by 272%, from 446.3 billion yen to 1,656.7 billion yen in 1990, when the peak was reached.

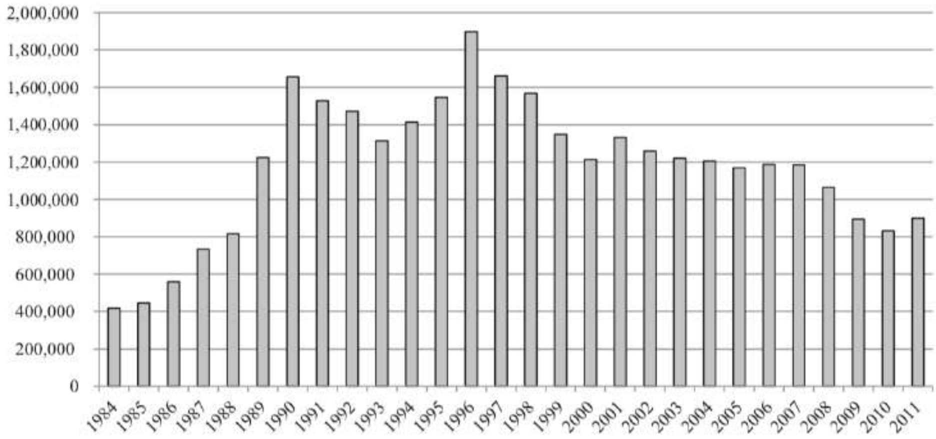


Fig. 7.1 Sales of luxury goods (millions of Yen)

Figure 8 Source: Yano Research Institute (2011) in P.-Y. Donzé, R. Fujioka), Global Luxury, 2018

As previously mentioned, the Japanese economy experienced two key moments during the 1990s: the bursting of the speculative bubble in 1991 and the Asian financial crisis in 1997. As can be seen from the graph, the bursting of the speculative bubble in 1991 and the consequent fall in household income did not particularly alter the consumption of personal luxury goods. In fact, a new peak was recorded in 1996, with a value exceeding 1,800 billion yen, which even surpassed the one reached in 1990. Therefore, it can be said that despite the economic changes, the consumption of luxury goods during the nineties remained unchanged.

3.3.3 The slowdown phase: the 2000s

The link between economic circumstances in Japan and household income and expenditure had already been explored at the beginning of this research, making us understand how economic conditions shape the trend in the consumption of individuals.

Since 2000, a continuous and gradual decline in the consumption of luxury goods has been observed, with a value of approximately 1,200.00 million yen. A further drop has been recorded since 2008, the year of the global financial crisis following the Lehman Brothers shock. According to Yano Institute Research's on luxury fashion sales by category (2011), sales of clothing and shoes have declined since about 1997, but sales of handbags and leather goods have remained stable even after 1997. Thus, it can be deduced that economic changes have a different impact on sales according to the product category.

As can be clearly seen in the Figure 8, the value of the luxury goods market in 2011 was almost halved compared to 1996, the year in which the highest value was recorded. The triple cataclysm that struck Japan in 2011 had tragic economic and social repercussions on the archipelago. The research conducted by the Yano Research Institute on the domestic market for imported luxury brands (we refer to luxury brands imported from the US or Europe) in 2022, allows us to continue analyzing the consumption trends of luxury brands and the value of their market. The research comprises two macro-categories: “Clothing and Fashion Accessories” and “Other than Clothing and Fashion Accessories”. This second category specifically includes watches, jewelry, crystals/china/porcelains, eyewear and writing materials. In the graph below, only data belonging to the first category, i.e., "Clothing and Fashion Accessories", has been reported, as it is relevant to this research.

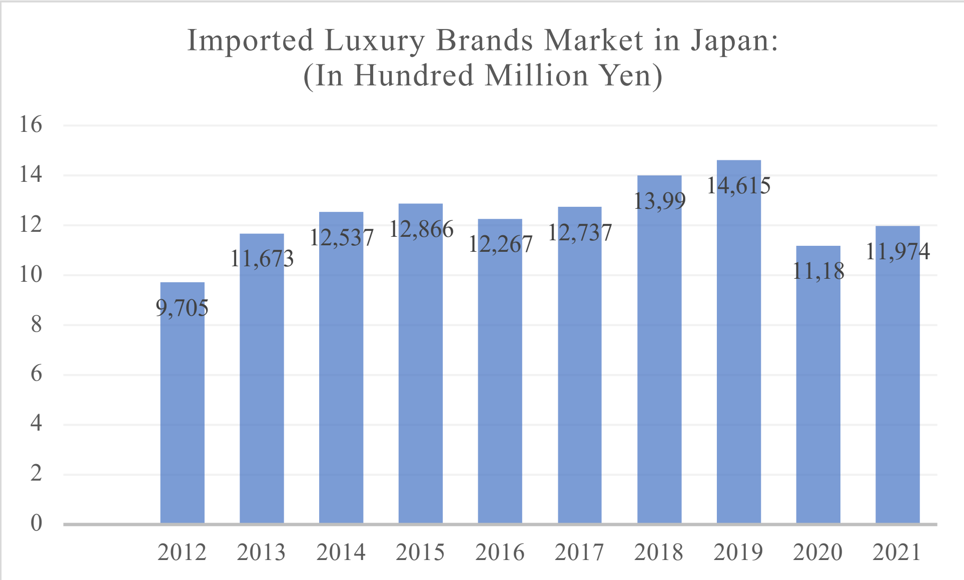


Chart 18 Source: Yano Research Institute (2022)

A slow but gradual increase can be seen from 2013 onwards, with values similar to those recorded between 2006 and 2008.

In 2020, due to the Covid-19 pandemic, the market size of domestic imported luxury brands fell again but not drastically. Figures reported by Yano Research Institute speak of the market recovering from 2020, when its value had dropped significantly from the previous year, but still remained at 85.1% of that in 2019. An important factor to be taken into account is the demand from foreign tourists (inbound tourism demand). It was estimated by the Yano Research Institute to occupy 13%. Subtracting this figure from the size of the market in 2019, the domestic luxury brands imported in 2021 are almost the same as in 2019. This leads to the assertion that demand from the Japanese consumers, following the coronavirus crisis, has recovered to the level of 2019. However, it is necessary to differentiate products by category. Those that made considerable recovery were jewelry, watches, and bags & small leather goods. The category with a small recovery was men’s clothing and shoes, while women’s clothing resulted to have a further decline to 98.6% in 2020 (Mizukoshi, Yano Research Institute 2022).

In 2022 Bain and Company released in collaboration with Fondazione Altagamma, the trade association of Italian luxury goods manufacturers, the 2021 Luxury Goods Worldwide Market Study. The study as well as providing information on the development of the global luxury market over the past three years, also looks at the performance of individual regions. Asia, which held the top spot in 2020, maintained its prominent position, followed by the United States and Europe. Nevertheless, the pandemic has changed the world map of luxury. Consumer spending on personal luxury goods increased in the home market as tourism plummeted from 80% to 90%. Europe, Japan and the rest of Asia have only partially recovered in 2021 and have yet to reach pre-corona levels. Japan is expected to return to pre-pandemic levels by 2023, growing by 10% to €20 billion at current exchange rates, and Europe by 2024. The rest of Asia is expected to return to growth, up 19% to €32 billion at current exchange rates (Bain&Company 2022).

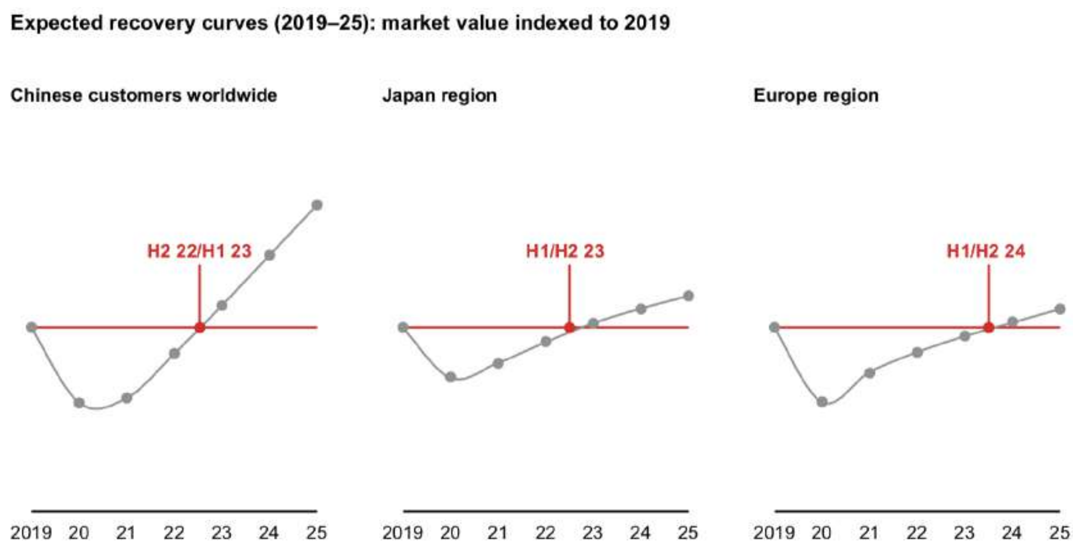


Figure 9 Source: Bain&Company (2022)

According to Bain& Company's study, four growth trends will fundamentally transform the luxury market by 2025. First, the Chinese consumer will become the leading nationality for luxury goods, accounting for 40% to 45% of global purchases. Second, mainland China is on its way beyond the US and Europe to become the world's largest luxury goods market. Third, the Internet will become a major channel for purchasing luxury goods. Fourth, the younger cohort (Generations Y and Z) should become demographically dominant in the luxury market, accounting for 70% of global purchases.

3.4 The Arrival of Italian luxury fashion brands

After having analyzed how the luxury market in Japan was born and has evolved over time, it is necessary to dwell on the entry of Italian fashion brands into the Japanese market.

Vergani and other fashion historians tracing the history of Italian fashion, date back the official birth of Italian fashion to 1951. That year, Giovanni Battista Giorgini (1899-1971), a descendant of a noble Florentine family and buyer of Italian handicrafts for some important US department stores, convinced a small group of up-and-coming Italian fashion designers to show their work at his villa in Florence to international fashion journalists and also to his colleagues among American buyers. Giorgini's event launched Italian clothing production onto the international markets, showing on the catwalk nine haute couture designers and two boutique collections (Merlo, Italian Luxury Goods Industry on the Move: SMEs and Global Value Chains 2018).

At the beginning of the 1950s, Italy had not yet matured the necessary knowledge and experience in the clothing manufacturing sector, which is why it decided to look to foreign organizational models, especially the American one, which were then adapted to local needs. Thus, it began an important reorganization phase, made up of investments in physical capital and technological knowledge, the expansion of marketing and distribution with the introduction and development of sales chains, which in twenty years will bring Italian companies at the founding of the Italian luxury apparel industry, structured as Small and Medium-sized Enterprises (SMEs). The 1980s and 1990s were pivotal years for the Italian fashion industry. During this period, Italian fashion underwent a transition, characterized by the shift from "affordable haute couture to luxury prêt-à-porter". This was the moment that marked the entry of Italian companies into the luxury business, bringing Italy to the attention of the international market as a producer of haute couture and seeing the emergence of the great brands we still know today. (Merlo, Italian Luxury Goods Industry on the Move: SMEs and Global Value Chains 2018).

As seen before, in the 1970s the market of foreign luxury goods began to develop in Japan. Then, the 1980s were a time of strong economic growth, which resulted in increased consumption and demand for European luxury goods by Japanese consumers. Especially in the beginning, foreign companies found it very difficult to penetrate the trade barriers posed by Japan's bureaucracy and this led to the development of different business models. Donzé and Isozaki (2022) identified two different business models adopted by French and Italian companies to enter the Japanese market. While French companies relied on the so-called *dominance* model, Italian companies opted for the *collaboration* model. What are the differences between the two business models? In the dominance model, the implementation of fashion brand management by the Japanese partners is strictly controlled by the foreign brand. In contrast, in the collaboration model there is a relative autonomy of the local brand representative. As already mentioned, access to retailers without a direct presence in the Country was one of the main obstacles for foreign companies. This is why they decided to cooperate with traditional wholesalers. In the 1980s, in addition to independent wholesalers, General Trading Companies became major players in the luxury fashion market. One of the largest GTCs in Japan, Mitsui & Co. Ltd. (Mitsui), created the first Joint Venture with Italian fashion brands. From the mid-1970s until 1990, JVs became the standard form of market entry for Italian fashion brands. At the beginning of the 1990s, the bursting of the speculative bubble caused a decline in Japanese households' income and consumption and foreign companies with a presence in Japan also felt the repercussions of this event. Regaining full control of one's brand became a central challenge for many luxury companies. The need to tighten control over brand management has led some companies to set up Wholly Owned Subsidiaries (WOS). This was compounded by marketing problems (e.g., enhancing the brand equity diluted by licensing.), but also operational challenges (extremely high inventory levels and falling prices due to international price discrimination). To counter these increasing issues, in the 1990s Italian brands began to move towards the French *dominance* model, which saw full adoption in the 2000s (Isozaki e Donzé 2022).

Chapter 4. Generation Z attitudes towards Luxury Fashion Products

The fourth and final chapter constitutes the focal point of this thesis project. After framing the Japanese Generation Z within the socio-economic context, looking at their purchasing habits, and explaining the characteristics and dynamics of the luxury industry and market, in this section, we will first investigate Generation Z's relationship with luxury products and then we will focus on the analysis of the data collected from the questionnaire submitted to the target group. The aim is to understand how in-depth Japanese Generation Z knowledge of Italian luxury fashion brands is, what is their perception of them, and the future prospects for their willingness to purchase these brands. First of all, the method of constructing the questionnaire will be explained. Next, more information will be provided on the research subjects and the method of data collection. Subsequently, the research questions and starting hypotheses will be explained. Finally, the analysis of the data obtained will then be presented.

4.1 Understanding the relationship between Generation Z and luxury

As already mentioned, Generation Z, today aged between 10 and 26, currently represents one-third of the world's population, which means that a major generational and demographic shift is underway, not only in society but also in the market. According to research by Bain and Company, by 2025 Generation Y (Millennials) and Generation Z will be the dominant purchasing agents in the global luxury market, accounting for more than half of all consumers. Therefore, figures and estimates alone help to realize how important it is to understand this category of consumers whose purchasing power will become increasingly relevant and influential. In the first chapter, it was pointed out that in Japan, Generation Z is less numerous than in other countries. The birth year of the first Gen Zers coincides with the beginning of the decline in births in the archipelago. In 1997, for the first time, births were lower than the elderly population. However, the smaller quantity in terms of numbers should not make the mistake of not giving the right attention to consumers in this market.

In a previous section, we attempted to profile luxury goods consumers and understand what motivates them to purchase luxury goods. In addition, we also provided some of the main factors for Japanese customers deciding to purchase luxury brands and collected some of the characteristics that distinguish Japanese customers in general. However, this information must be handled critically, as it does not specifically refer to Generation Z and therefore could present inaccuracies or inconsistencies if read concerning the group object of this research.

Indeed, although Generation Z already constitutes a part of today's consumers and will be particularly relevant in ten to fifteen years, thanks to their ever-increasing purchasing power, there are still not enough studies investigating their relationship with luxury brands and the purchase of luxury products. Several questions need to be answered. For instance: what kind of relationship does Generation Z have with luxury brands? How do they perceive luxury? What characteristics do they attribute to a luxury good? Do their values and habits influence the way they see luxury and the attitudes they have/could have with luxury goods? Investigating what relationship Gen Z have with luxury and understanding what it is and represents for them should fall within the interests of luxury brand companies. This would allow them to understand what challenges this generational and consumer change will bring to the market and consequently understand how to act to seize opportunities and counter threats.

In this section, we will deal with understanding the relationship that young people and young adults of Generation Z have with luxury brands. However, the following has limitations. The lack of studies and research on the subject, as well as specific data for the Japan area, will not allow us to be exhaustive enough. Among the studies taken into consideration to be able to draw a picture of the relationship between Gen Z and luxury brands, reference will be made to both researches conducted among American Gen Z and Japanese Gen Z, specifically defined as *Luxury Gen Z.*

But why is it important for brands that their customers and consumers create a solid bond, a relationship with them? Over time, various scholars have expressed their views on the importance of the link between the consumer and the brand. Fournier (1998) stated that consumers may have with brands relationships similar to personal ones, feeling strong attachments and emotional bonds to brands. Again, according to Hwang and Kandampully (2012), the emotional side is even more important for luxury brands in building strong relationships, since consumers are more loyal to luxury brands when they feel connected to and experience brand love. Furthermore, Lee and Watkins (2016) pointed out that for luxury brands the establishment of a relationship with the consumer is more crucial than with any other type of brand, because usually luxury brands are not bought daily. Thus, establishing a long-term relationship is critical for encouraging repeat purchases of luxury goods.

Eastman et al. surveyed in 2020 to understand the relationships Generation Z consumers have with luxury brands. The research focused on several aspects, identifying Generation Z's choice of a luxury brand, the nature of their relationships with the brand, what characterizes these relationships, and the internal and external influences that shape these relationships. The 56 Generation Z respondents (born in 1996 and 2001), recruited from a large US public

university in 2019, were asked to create personal brand collages which described their relationship with a luxury brand freely chosen by them. Thirty-eight luxury brands belonging to different categories (Fashion, Vehicles, Travel and entertainment, Sports, Technology Health, and beauty) were mentioned by respondents. The brand choices made by the various interviewees led the authors to collect the brands indicated in three categories: “traditional luxury”, “masstige” and “non-traditional brands”. The traditional luxury category includes those products with the characteristics described and also adopted in this research, namely high-quality, premium-price products usually associated with exclusivity and status. Masstige, on the other hand, indicates that category of products made by a luxury brand, hence prestige, but intended for the mass market. Regarding non-traditional brands, Eastman et al. reported that “Non-traditional luxury brands were defined as those brands that do not fit the definitions of traditional luxury or masstige. In other words, these are brands that are mistaken for luxury brands by Generation Z respondents”.
These data allow us to make more considerations. The fact that more respondents chose as luxury brands, brands that do not fall under the “classic definition” of luxury could mean that the concept of luxury is subjective but also evolving, confirming Som and Blanckaert's statement "(...)What is luxury today for some may not be luxury for others and, with time, may not even be considered as luxury(...)". Generation Z's view of luxury does not necessarily correspond to that of the past, as the luxury brands selected by the Generation Z sample included many brands, especially those considered mass-market, that previous generations did not consider luxury (Eastman, Li e Shin 2022). However, another aspect also emerges, namely the lack of adequate knowledge of traditional luxury brands on the part of Gen Zers. This situation could generate two different reactions. Could Generation Z be a problem or an opportunity for the luxury industry? Looking positively at this data, one could say that what has been observed constitutes a challenge for traditional luxury brands to make themselves better known and clarify their identity since not all consumers perceive luxury in the same way.

Particularly interesting are also the characteristics attributed to luxury brands chosen by Generation Z respondents. The most frequently mentioned characteristics were “hedonic value”, “excellent quality” and “extension of the self”. If one is aware of the characteristics traditionally attributed to luxury goods, one notices that some of the criteria hitherto considered fundamental, namely the importance of craftsmanship, uniqueness, and limited quantity/rarity, are missing. This further change in the criteria of luxury confirms the difference between the main consumers of tomorrow and the consumers of past generations. However, this should not lead to generalizing this information. As already mentioned, cultural variation plays an important role in defining what luxury is and influencing perception. As we will see below, the characteristics reported by Japanese Gen Z seem to differ from those reported by American Gen Z.

According to the data collected, it seems that luxury brands are used/purchased by Generation Z mainly for various hedonic leisure and entertainment activities and special events. (Vacation/travel, Sports/outdoor activities, Special occasions such as weddings, prom, parties, or concerts). This makes us realize that for Generation Z, luxury is to be included in an everyday context as part of their lifestyle. Here again, the clear difference between the previous generations and the traditional use of luxury of showing one's status emerges (Eastman, Li e Shin 2022).

As regards the relationship between luxury brands and consumers, the interviewees expressed themselves mainly on "Self-connection", "Commitment" and "Interdependence". The self-connection refers to the brand that helps express some central component of the consumer's identity. Commitment, instead, indicates loyalty to the brand but not love, and finally, interdependence recognizes the brand as an important part of the consumer's daily life. The discussion then centers on what the brand does for them and how it makes them feel rather than passion or love for the brand (Eastman, Li e Shin 2022). What can be affirmed from the reported data is that the differences in the values and behavior of Generation Z compared to past generations are also reflected in what they consider luxury. Moreover, the popularity of masstige products among responding Gen Z recalls what has previously been said about the democratization of luxury, extremely popular among young Japanese in the late Eighties and early Nineties. The similarity between masstige products and democratized luxury products is revealed if one looks at the marketing strategies used by companies to sell their products to young consumers with low incomes. Otherwise, the use by young people of past generations and that of Gen Z turns out to be different, since as we have seen their interest is not to show status.

Below we will try to understand and get to know better the Japanese Generation Z's thoughts about fashion and luxury brands. We will refer to and discuss the data obtained from a survey conducted by CONDÉ NAST Japan[19], in May 2021, on the survey on "Generation Z's awareness of and interest in fashion and luxury brands, purchasing behavior and use of social

Condé Nast Publishing house, known internationally, which took its name from its founder Condé Montrose Nast (1873-1942), owner of important magazines such as Vogue, House and garden and Vanity fair. Among the best-known titles, in addition to those already mentioned, Glamour, Allure, Details and GQ, magazines aimed at readers interested in new trends and consumer choices of the moment (https://www.treccani.it/enciclopedia/conde-nast/).

networking services". The survey was conducted by LINE Research, with whom CONDÉ NAST has a partnership, on the attitudes and interests towards fashion and luxury brands, purchasing behaviour, and SNS usage. The CONDÉ NAST Social House Project conducted the survey on both Generation Z in general and luxury Gen Z. The latter has been defined as those who 1) spend more than 200,000 yen[20] a year on fashion and 2) have interest in luxury brands. The survey was conducted on fashion, cosmetics, and the use of social networks. What emerged from the research conducted on Japanese Luxury Gen Z? They spend four to five times more per year on fashion, beauty, and cosmetics than Gen Z in general. While most Generation Z respondents spend between ¥10,000 and ¥50,000 per year on fashion, 80% of the luxury Gen Z spend between ¥200,000 and ¥300,000 to ¥500,000 per year.

Among other questions, respondents were asked to indicate which reasons/criteria made them prefer luxury fashion brands. The main characteristics mentioned by many luxury Gen Zers were "high quality", "trendy design" and "unique design". Since the most common answers of generic Gen Z were "no preferred brand" and "convenience", it can be inferred that luxury Gen Zers are much more demanding when it comes to products. Furthermore, the answers given by the Japanese Gen Z immediately reveal differences from the statements of the American young people regarding the characteristics of luxury fashion brands. Both American and Japanese Generation Z respondents mentioned "high quality" as a hallmark of luxury brands. But, while American Generation Z mentioned characteristics such as hedonic value and the extended self, characteristics connected to the pleasure that the brand should convey, Japanese Gen Z indicated the importance of design, which must be unique and trendsetting. Once again this proves how much, not only the values or belonging to a generation, but also the socio-cultural background influences the perception and attitude that the individual has of luxury brands.

Among the interviews collected, in addition to the survey, the following by a Luxury Japanese Gen Z is particularly interesting:

デザインを見て、そのブランドを認知し、バックグラウンドを知ってさらに好きになるケースが多い。初めて好きになったラグジュアリーブランドとの出会いは、友人が着ていた服を見て。友人からそのデザインの由来を聞いて、感銘を受け、そのブランドが好きになった。

In many cases, people recognise a brand by looking at its design, and like it, even more, when they learn about its background. The first time I fell in love with a luxury brand was when I saw the clothes my friend was wearing. When my friend told me about the origin of the design, I was impressed and fell in love with the brand[21].

[20] At the current exchange rate, the amount corresponds to around 1,300 euros.
[21] The interview has been translated from Japanese into English for inclusion in this paper.

These words allow us to deduce mainly two things. Firstly, the Japanese Gen Z shows interest not only in the design but also in the history and origin of the brand. Secondly, unlike American Gen Z who attach more importance to what the brand does for them and how it makes them feel, Japanese Gen Z speaks more in terms of passion or love for the brand. Therefore, the approach and attitude towards luxury brands are confirmed to be different.

As mentioned in the first chapter, much of the information about fashion and beyond is gathered mainly from various social networks by Japanese Gen Z. The main SNSs that Gen Z uses for reference to fashion are Instagram, YouTube, and Twitter. To these are also added other SNSs, such as TikTok, Notes, and Clubhouse. When asked what they care about when following fashion-related social networking sites, there was a marked difference in the options "knowledgeable and professional" and "trustworthy information". Luxury Gen Z indicated that they browse social networking sites for more in-depth information. Another characteristic of Luxury Gen Z is the high level of interest in the Sustainable Development Goals (SDGs). Those who responded, "interested and actively working on the SDGs", "interested and working on the SDGs to some extent", and "interested but not working on the SDGs but would like to work on them in the future" accounted for about 60 percent of the total (Condé Nast Japan 2021).

The information reported in this section makes us realize that the concept of luxury is evolving and transforming. Generation Z is shaping a new idea of luxury and creating a new bond with brands, that differs from that created by previous generations. The socio-cultural context continues to be a crucial aspect in the perception of luxury, regardless of which generation is being analysed. The topic of the relationship between Gen Z and luxury brands and their attitudes toward luxury would need more study and research to delve deeper into information about the consumer group that will make up a large part of the market soon and which consumption will depend on. Luxury companies should be aware of how their brands are perceived and what new consumers see as luxury.

4.2 Questionnaire construction

This research uses a questionnaire to explore Japanese Generation Z's knowledge and perception of Italian luxury fashion brands, their purchasing habits, and values. To conduct this study a quantitative research method was selected, which aims to obtain data that is statistically representative of a market or a segment thereof. This investigation comes from the field of empirical social research and, therefore, involves the collection of numerical data. This data is then analysed and processed to test hypotheses or pave the way for new research insights.

The questionnaire developed consists of both closed-ended questions (which involve the selection of yes or no answers, or multiple choice) and short open-ended questions. In closed-ended questions, both the question and the answer have a standardized formulation; the answer alternatives are defined by the researcher, and the interviewees choose the one that comes closest to their situation. In contrast, in open-ended questions, the question is standardized (same formulation and same order for all the interviewees), but the interviewees are given full freedom in answering. Both types of questions have pros and cons. Open-ended questions allow for richer answers and depth to be obtained but at the same time, they could be vague in the expressions used, lack homogeneity, or be ambiguous. On the other hand, the closed-ended questions, presenting an identical framework for the answers, allow for more systematic analysis and reflection on the data collected. However, the proposed alternatives do not have the same meaning for everyone and have the power to influence responses, in a certain sense piloting the freedom of those who respond. This is why it was decided to build the questionnaire including both types of questions. This study requires both standardized questions to carry out an analysis that allows the collection of numerical data, and open questions with short answers to know the opinion of the respondents without limitations. The opinion survey was developed in the Japanese language. The use of the mother tongue in surveys is of paramount importance, as it encourages better responses from respondents due to their familiarity with the language.

The questionnaire is made up of a total of eighteen questions, two introductory (ones concerning the gender and origin of the respondents) and sixteen concerning the content of the research. Furthermore, a total of twelve images, grouped in three sets of four, were shown in one of the questions asked to the respondents. These are images of both male and female outfits proposed by three different Italian luxury fashion brands. The reason for showing these pictures is to make all respondents start from the same level of knowledge to answer the question posed but also to give everyone the same yardstick for comparison and evaluation, as the absence of knowledge on the part of some and prior knowledge on the part of others could have influenced the answers. The questions were organized in ascending order by degree of specificity, from the most general to the most significant.

4.3 Research Subject and data collection process

Given the focus on the Japanese Generation Z's knowledge and perception of Italian luxury fashion brands, the questionnaire was submitted to a total of seventy-six Japanese University students between 19 and 25 years old, enrolled at Oita University and Seikei University. University student samples have been chosen as they represent a variety of financial resources, circumstances, and lifestyles but also because being on site it was easier to reach this segment of young people, indeed the students were recruited at the University campus and dormitories. Most respondents come from the Kantō, Kyūshū, and Hokkaido regions, with a smaller representation for the other regions of Japan: Chūbu, Chūgoku, Kansai, Shikoku, Tohoku. The opinion survey was created as a Google Form and conducted between the end of November 2022 and the end of January 2023. For easy sharing, a QR code was created and sent via the instant messaging application LINE.

The first part of the questionnaire (from questions one to seven) aims to investigate the respondents' interest in the fashion sphere, their purchasing habits, concerning channels and brands, and their involvement and commitment to any social missions of fashion companies. This first part of the questionnaire concludes with a question on the main criteria that normally motivate the target group to buy clothes. The second part of the questionnaire (from question eight to question sixteen) aims to test Japanese Gen Z's knowledge of Italian luxury fashion brands and their impression/perception of them. The respondents were also asked about any previous experience with Italian clothing and their feedback on them. Subsequently, we used pictures to show outfits of different brands to the respondents, asking them whether they would buy them or not, briefly motivating their answers. In this way, we could understand which features and characteristics, not only of the outfit shown but of the Brand in general, could satisfy the taste of the respondents. Finally, the last two questions aim to investigate the willingness and future propensity to buy and consume Italian luxury fashion brands' clothing, briefly motivating the given answer. This will allow us to make estimates for the future and predict what the challenges might be for Italian luxury clothing companies that will soon have to deal with this new category of consumers.

4.4 Research Question and Hypothesis

Since Japanese Generation Z is the focus of this research, the topics presented were treated regarding the target group. This study added to the already existing material and literature, mainly used to introduce the topic addressed in each chapter, data and information related to

Generation Z, to place them in an economic and social context, to know their buying habits, to understand how they relate to luxury products.
The questionnaire that was developed to obtain more information on Gen Z and Italian luxury fashion brands' relationship, joins the work of analysis and elaboration of sources and information discussed in the previous chapters, intending to provide a new point of view and answers to the questions underlying this study. Through the questions posed in the questionnaire, this paper addresses the following research questions:

1) How deep is the knowledge of Italian Luxury Fashion Brands by Japanese Generation Z?
2) What is Japanese Generation Z's perception of them?
3) What are the challenges that Italian Luxury Fashion Brands may have to face in the coming years with the new Japanese generation dominating the market?

As we have already seen in Chapter Two, Japanese Gen Z in terms of fashion is currently more influenced by Korean style. Given the difference in style and prices, and also considering the geographical distance between Japan and Italy, the first hypothesis is that Japanese Gen Z does not have adequate knowledge of Italian luxury fashion brands. Another factor to consider is the origin of the respondents. The major centers where Italian luxury fashion brand stores are located are the big cities, mainly Tokyo and Osaka, therefore the second hypothesis is a lesser familiarity or lack of knowledge of Italian high fashion brands on the part of respondents from rural areas far from the large centers.
Every generation is different. The social and economic context in which one grows up and lives influence the values, ideas, and thinking of individuals. Hence, the third hypothesis: Generation Z has different values, needs, and tastes from previous generations, and given the generational change that will occur in the market, the luxury industry and consequently luxury fashion brands will face challenges in meeting the tastes of a new group of consumers.

The data from the opinion survey will be reported and discussed below. They will be presented following the order in which the questions were asked of the respondents. In some cases, graphs and tables will be used for greater understanding and clarity of the data collected. Moreover, as previously mentioned, the chosen vehicular language in which the questionnaire was constructed is Japanese, to get closer to the target group. Consequently, all data and answers have been translated and will be reported in English.

4.5 Results and Discussion

The first question asked concerns the interest in the field of fashion. This is because involvement, generally, influences and determines the degree of knowledge of a given topic. Among the 76 respondents (31 of which identify themselves as the male gender and 45 as the female gender), 40 percent stated that they were interested in fashion, and 43 percent that they were relatively interested. Only 17 percent of the respondents expressed their lack of interest in the fashion field.

Questions number two to four aimed to find out about the buying habits of Japanese Gen Z. The answers obtained, analyzed, and anticipated in Chapter Two of this research, showed that 67 percent of respondents prefer to buy clothes in physical shops, compared to 33 percent who buy online. The main brands purchased (GU, Uniqlo, ZOZOTOWN) mainly fall into the fast fashion category. The data also revealed the popularity of second-hand shops, which ranked third among the shopping locations indicated.

Next, the target group was asked whether in their opinion fashion brands should have/have a social mission. It was explained that the term "social mission" refers to the fact that if a company is founded and allowed to exist, then the company should contribute to society and not just pursue profit. Fifty-nine of the seventy-six respondents, or 78%, answered the question in the affirmative, compared to 22% who answered in the negative. Those who answered "yes" were then asked to choose which of the proposed options they thought were the social missions of fashion companies. In addition to the suggested answers, respondents were free to indicate other social missions or leave additional comments. The answers are collected and presented in Table 1.

Table 1

Collected answers to question number six

Social Mission	Number of subjects
Environmentally friendly	25
Attention to the use of human and environmental resources	14
Adequate wages for employees	17
Gives people an identity	13
Charity	7

"Environmentally friendly", "Attention to the use of human and environmental resources" and

"Adequate wages for employees" are the suggested options in the questionnaire, while "Gives people an identity" and "Charity" have been indicated autonomously by the respondent and added to the table with these labels for the relevance they had, since they have been pointed out by several subjects. As the table shows, the majority of respondents believe that one of the social missions of fashion companies should be to take care of the environment. In more detail, commitment and effort toward the achievement of the Sustainable Development Goals (SDGs) were also indicated. Next, based on the number of respondents, "Attention to the use of human and environmental resources" (chosen by 17 respondents) and "Adequate wages for employees" (chosen by 14 respondents) were selected. Some of the respondents mentioned a further social mission, to take care of the poorest "donating clothes to families who cannot afford to buy new clothes". In addition, other respondents also pointed to the need to reduce waste linked to mass production but also to irresponsible mass consumption. Also, less social but more personal missions that fashion brands should pursue were indicated, such as making people who buy, and wear garments of a certain brand feel good and strengthen their identity.
The following quotes taken by the questionnaire show the importance of responsible behavior for Japanese Gen Z participants in the research by fashion companies toward the environment and also their awareness of critical issues fashion companies have to face today:

「大量消費、大量生産で利潤を生みだし、環境や貧困に目を向けないファッションブランドは存在すべきではない。服を作るにも環境への配慮や子孫のために考えて行うべきである。」

「近年、問題である大量生産大量消費により環境に問題を与えているため環境に配慮するという社会的使命を持つべきである。」

「サステナブルな商品を生産すること、エシカルな調達を行うこと、フェアな取引を行うこと。」

「安さを追い求めすぎで、その服を作る作業員の人権問題や、労働環境問題など、さまざまな問題を、解消させつつ、ファシャン業界で新しい風を吹かせるべきだと思う。」

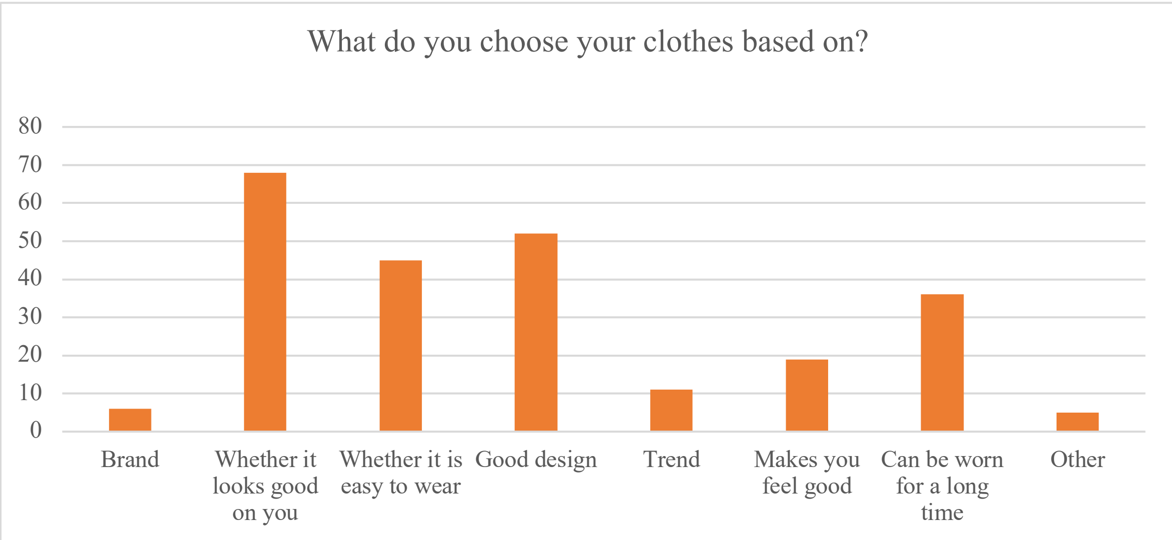
"Fashion brands that generate profit through mass consumption and mass production and do not pay attention to the environment and poverty should not exist. Even making clothes should be done with consideration for the environment and for our descendants."

"Fashion brands should have a social mission to care for the environment because mass production and mass consumption have caused environmental problems in recent years."

"We should produce sustainable products, procure ethically, and conduct fair trade."

"I think we should give a new wind in the fashion industry while eliminating various problems such as human rights issues of the workers who make the clothes and labor environment problems caused by the excessive pursuit of cheap prices."

The participants were asked based on what they choose and buy their clothes. The multiple-choice question had seven answer options to choose from. The options include factors related both to the garment itself (brand, design, quality, versatility) and to what the clothes do for them and how they make them feel.



Chartt 19 Answers to question number six: "What do you choose your clothes based on?"

As the graph shows us, the criterion most frequently chosen by respondents (68 out of 76) is "whether it looks good on you", followed by "Good design" (52 participants) and "Whether it is easy to wear" (45 respondents). Good fit, attention to design aesthetic and the versatility of a garment thus seem to constitute indispensable characteristics on which the Japanese Generation Z bases its purchases. Almost half of the respondents also selected the option "Can be worn for a long time", which refers to the quality of a garment to be worn for a long period. The answer chosen by the smallest number of respondents (six out of 76) was "Brand". This data provides an opportunity to reflect on a relevant issue for Italian and other luxury fashion brands. Since the importance given to the brand appears insignificant, it is clear that established and famous brands cannot rely on their name to reach this group of consumers but must keep in mind the major criteria described above: develop products that are indicated to Japanese consumers, have a distinctive design, reflect the tastes of the target consumers.

With question number eight, and thus halfway through the questionnaire, we enter the heart of the research to understand whether and to what degree Japanese Generation Z knows Italian luxury fashion brands.

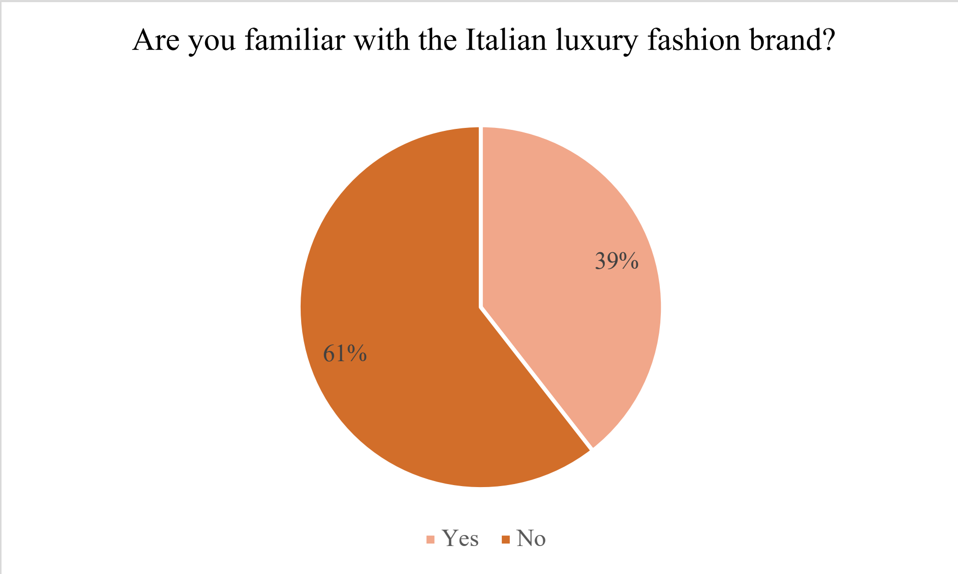


Chart 20 Answers to question number eight: "Are you familiar with Italian luxury fashion brands?"

The data collected in the graph shows us that only 39% of the respondents are familiar with the luxury brands of Italian fashion. By cross-referencing the data obtained from this question and question number one concerning interest in fashion, it was found that the majority of those who expressed interest in fashion answered in the affirmative to question number eight. The percentage of negative responses obtained thus confirms the accuracy of the first hypothesis, namely lack of knowledge and familiarity with Italian haute couture brands. Again, cross-referencing the responses from this question with the place of origin of the participants allowed us to confirm the second hypothesis described in the previous section. Forty-two out of forty-six respondents who stated they were unfamiliar with Italian fashion brands come from the Kyushu region, far from the big cities where the stores of the large metropolis where luxury brands stores are located.

The research proceeds by asking those who claimed to know Italian luxury fashion brands to indicate among a list of ten famous brands reported, those familiar to them and also giving the possibility to indicate others not present among those proposed. Brands have been listed in Table number two in alphabetical order.

Table 2

Answers to question number 9: " Please choose Brands you know"

Brands	Number of subjects
Armani	13
Bottega Veneta	9
Dolce&Gabbana	15
Fendi	17
Ferragamo	7
Gucci	27
Prada	7
Trussardi	0
Valentino	11
Versace	6

The five brands best known by the Japanese Gen Z turn out to be, in order of points obtained, Gucci, Fendi, Dolce&Gabbana, Armani e Valentino. These are followed by Bottega Veneta, Ferragamo, and Prada, selected by the same number of participants, Versace, and the last one Trussardi, which turns out to be unknown to the respondents, since not a single vote was selected. Then, some of the respondents freely indicated other brands not included in those proposed: Diesel, Etro, Emilio Pucci, and Miu Miu (an Italian fashion house belonging to the Prada Group). Others have mistakenly referred to the Italian luxury fashion brand "Burberry", which is instead a British luxury fashion house that makes clothes, accessories, and cosmetics. While the above demonstrates a greater knowledge on the part of some of the respondents, it also shows how easily a lack of adequate knowledge can generate confusion in the collective imagination.

Questions ten and eleven are intended to investigate direct experiences with the purchase and use of Italian luxury fashion brands. First of all, respondents were asked if they had already purchased Italian brands; only five out of the total seventy-six respondents answered in the affirmative. Then, those who answered in the affirmative were asked to describe their experience and impressions of Italian clothing. Among the five respondents, two referred to the good quality and design, one to the performance and functionality of the product, and two others to the hedonic pleasure of owning those Italian garments. The responses received are reported below.

- Good quality (*shitsu ga ii*質がいい)
- Good design and quality (*Dezain mo shitsu mo yokatta* デザインも質も良かった)
- Worn for many years without tearing or stretching (*Naganen kite ite mo, yabure tari nobi tari shinai* 長年着ていても、破れたり伸びたりしない)
- The user's personality comes out (*Tsukau hito no kosei ga deru*使う人の個性が出る)
- Comfort is not much different from the Japanese one, but it reminds me of my visit to Italy and makes me feel better (*Kigokochi wa Nihon no mono to amari kawaranai ga, Itaria ni itta toki no koto o omoidasete kibun ga agaru*着心地は日本のものとあまり変わらないが、イタリアに行った時のことを思い出せて気分が上がる)

From the testimonies collected, although extremely limited in number, it would appear that Japanese Gen Z value performance of garments self-identity, and the hedonic value of luxury more highly, while older generations appreciate more the functional and social value of luxury, the use of luxury products to affirm and display one's status.

Question number twelve refers to the idea and impression young Japanese people have of Italian luxury fashion brands. It is important to understand whether these are still appreciated by Japanese Generation Z and perceived as something prestigious, and exclusive or whether the idea and perception of Italian haute couture have been waning and changing with the passage of time and generational change. The multiple-choice question offers four-choice answers and the possibility of freely writing opinions and personal impressions on Italian luxury fashion brands do not present among the options proposed.

The characteristics included as possible answers to the question “What is your impression of Italian luxury fashion brands?” reflect the idea of the Western collective imagination of Italian high fashion clothing products and the definition of luxury adopted in this research. Therefore, the adjectives presented to the respondents are linked to high quality and premium price but also style characteristics. Since the questionnaire was created in Japanese, we also worked on finding a good correspondence between the Japanese term and the English translation. Before analysing the data obtained, we dwell briefly on the linguistic choices.

Table 3

Translation from Japanese into English of the adjectives included in question number twelve

Japanese language	English translation
おしゃれ Oshyare	Stylish / Fashionable
上品 Jōhin	Elegant/ Refined
高級 Kōkyū	High-quality/High class
高価 Kōka	Highly-priced
奇抜 Kibatsu	Eccentric/Original

As can be seen from the Graph, the most selected adjective, by 30 percent of the respondents, is stylish/fashionable, followed by 25 percent who chose high quality/high class. Eighteen percent of the respondents also think that high priced is another characteristic of Italian high fashion brands and 15 percent find them stylish/refined. Of the answers freely given by the respondents, a small percentage listed as characteristic "Eccentric/Original". Furthermore, 8 percent stated that they had no particular impression of Italian luxury fashion brands because they knew nothing about them.

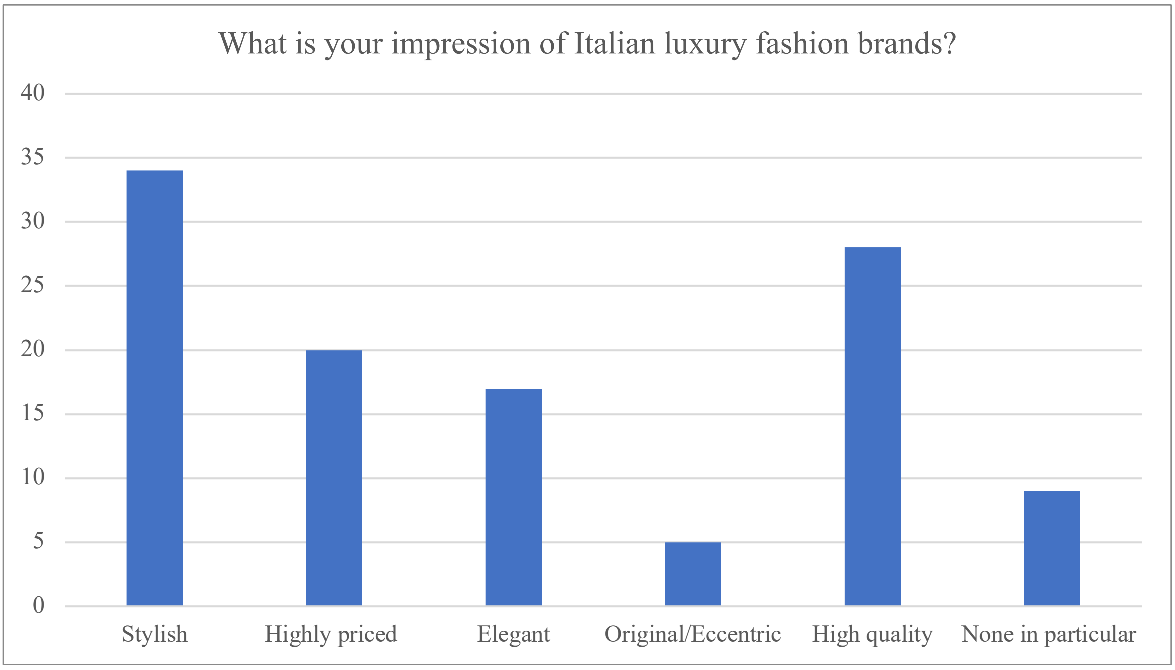


Chart 21 Answers to question number twelve: "What is your impression of Italian luxury fashion brands?

In question number thirteen the respondents were shown a total of twelve pictures of both male and female outfits of the brands "Bottega Veneta, Gucci, and Fendi", taken from their respective online shops of the autumn-winter collection 2022. Afterward, they were asked whether or not they would like to buy clothes from that brand and explain why.

Both Bottega Veneta and Gucci are brands belonging to the conglomerate KERING, an international luxury goods group that incorporates some of the most renowned fashion, leather, and jewellery brands. Bottega Veneta is a luxury fashion House founded in Vicenza in 1966 and acquired by KERING Group in 2001, today it is based in Milan. The brand is known for its discreet logo and artisanal craftsmanship. Gucci is one of the most well-known and influential luxury brands in the world, and it is also the most popular among respondents. The Maison was founded in Florence in 1921 and acquired by KERING IN 1999. The brand is known for its eclectic and contemporary creations and expression of Italian craftsmanship. The Fendi Maison was founded in Rome in 1925 and was acquired in 2001 by the world's leading luxury group LVMH (Moët Hennessy Louis Vuitton), becoming part of the "Fashion & Leather Goods" division. These three brands were chosen because they express in different ways the distinctive characteristics of Italian haute couture: quality, craftsmanship, and design.

Following the order in which the images were shown to the target audience, we start with the results of the Bottega Veneta brand.

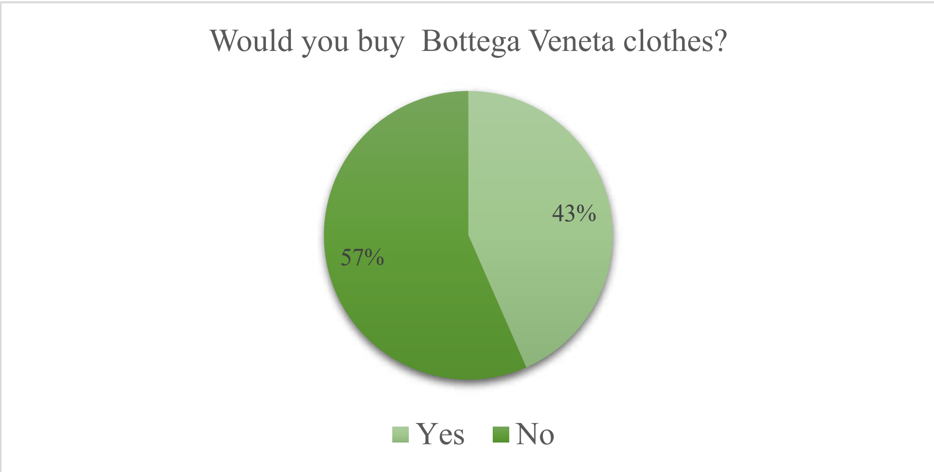


Chart 22 Answer to question thirteen: "Would you buy Bottega Veneta clothes?"

As shown in Chart 22, fifty-seven percent answered that they would not buy them, compared to forty-three percent who expressed a willingness to buy. Below is a table summarising the most relevant reasons given by both factions of respondents.

Table 4

Answer to question thirteen: " Why would you buy/ not buy Bottega Veneta clothes?"

I would not buy it	Number of subjects	**I would buy it**	Number of subjects
The style does not suit me	16	The style suits me	4
I do not know the brand	10	Brand Known	5
-		Simple but sophisticated	14
-		Mixing and matching	6

The data collected show that the main reason why some respondents would not buy Bottega Veneta branded clothes is that the clothes do not enhance the characteristics, figures, and image of the respondents. Others emphasised that this is not a personal issue but more generally concerns the physical conformation and build of the Japanese people. For another segment of participants, on the other hand, the reason for buying is related to a lack of knowledge of the brand and not to a question of style or fit. Those who responded positively indicated features such as simplicity but at the same time the sophistication of the clothing, that constitutes the main reason. Part of the respondents indicated as reason the versatility of the garments, given the ease of mixing and matching. Only four motivated their answer by saying that Bottega Veneta garments are suitable for them and five motivated their possible purchase because they know the brand.

Below we analyse in detail the data obtained for the Gucci brand. Thirty-six percent of the respondents said they would like to buy them, compared to sixty-four percent who expressed a negative opinion.

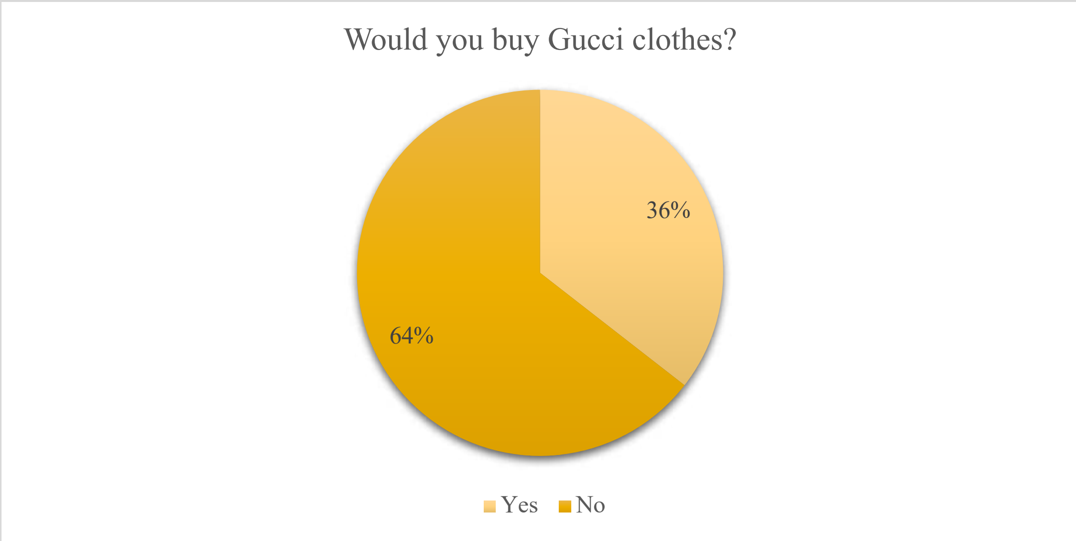


Chart 23 Answer to question thirteen: " Would you buy Gucci clothes?"

Among the reasons cited that prompted the respondents to take this decision, the following were listed, grouped in Table number five.

Table 5

Answer to question thirteen: " Why would you buy/not buy Gucci clothes?"

I would not buy it	Number of subjects	**I would buy it**	Number of subjects
Too eccentric	14	Established reputation	6
The style does not suit me	10	Cool	9
-		Good quality	4

Again, the most relevant answers given by the largest number of participants were reported. The two main reasons expressed by the majority of respondents against purchasing Gucci garments are the aesthetic eccentricity and the unsuitability of the garments to the respondents' physical shape. About the eccentric character of the products, some answers included opinions such as "Too individualistic", "It's too flashy" and "I would like it if there was no logo". On the contrary, those inclined to buy spoke of the worldwide reputation of the brand, someone explicitly mentioned that they "would like to buy Name Value", of the excellent quality, but also of the appealing style. Someone else referred to the cool style by saying that although she doesn't wear patterns often, she would make an exception if it were Gucci.

The last brand shown was Fendi. In this case, there is a smaller difference between those who responded positively and those who would not buy Fendi garments, compared to the data collected for the Gucci brand. Forty-five percent answered affirmatively, while fifty-five percent stated that they would not buy Fendi clothing.

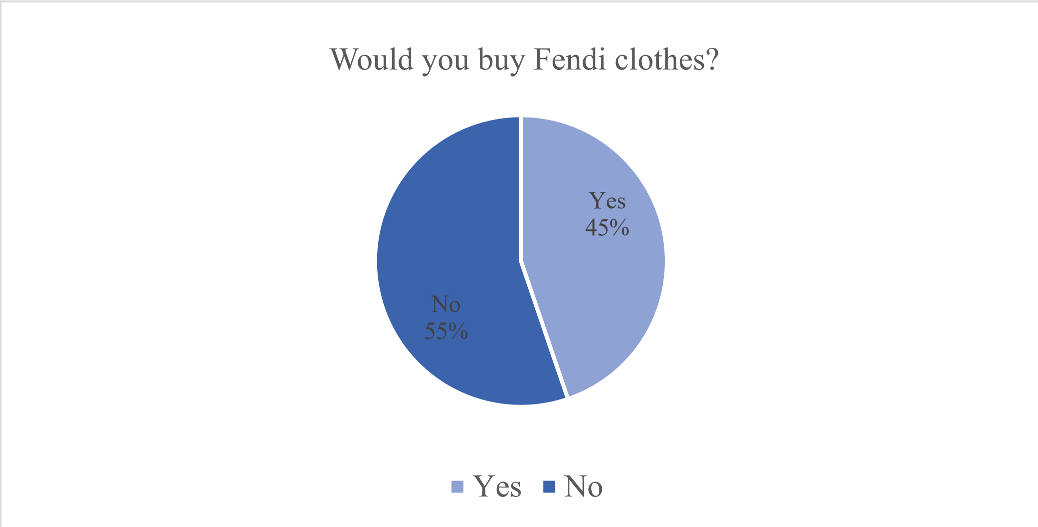


Chart 24 Answer to question thirteen: " Would you buy Fendi clothes?"

Although again, the percentage of those who expressed a negative opinion about buying Fendi branded products is higher than that of those who responded positively, it still represents the highest percentage of propensity to buy compared to Bottega Veneta and Gucci clothing. The answers summarised in Table 6 below allow us to understand that lack of brand awareness is one of the main reasons why Japanese Gen Z would not buy Fendi clothes, followed by “I don't like the style”. On the contrary, those familiar with the brand motivated their propensity to purchase precisely by reference to the brand's reputation. Other responses supporting the willingness to buy Fendi clothing include a simple yet sophisticated style, versatility, and glamorous style of the garments. Among other worth noting comments reported by respondents we report here: “cute but a bit too novel for me to wear and too short in length”, “it can be worn for any occasion”, “it is classic and suits my taste”.

Table 6

Answer to question thirteen: “Why would you buy/not buy Fendi clothes?”

I would not buy it	Number of subjects	**I would buy it**	Number of subjects
I do not like the style	6	Simple but sophisticated	7
I do not know the brand	8	Established reputation	5
-		Easy to wear	6
-		Cool	5

Questions number fourteen and fifteen aim to understand the respondents' present and future willingness to wear and buy Italian brands.

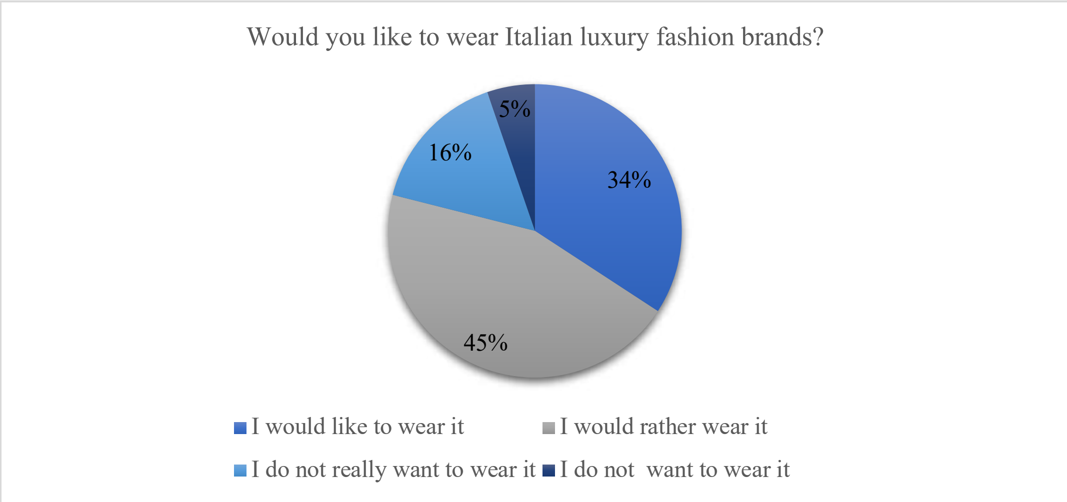


Chart 25 Answer to question fourteen: "Would you like to wear Italian luxury fashion brands?"

Firstly, respondents were asked whether they would like to wear Italian luxury fashion brands. The multiple-choice question has four answers, each expressing a different degree of interest from the highest to the lowest. The majority of respondents, forty-five percent, said they would prefer to wear Italian clothes, followed by thirty-four percent who stated they would like to wear them. Overall, therefore, seventy-nine percent of the respondents showed their willingness to wear them. Sixteen percent of the respondents were relatively indifferent by answering "I do not really want to wear them", while only four of the respondents expressed a negative opinion on this issue.

Projecting into the future, 51 percent responded positively about the possible purchase of Italian luxury fashion brands' clothes, compared to the negative 49 percent.

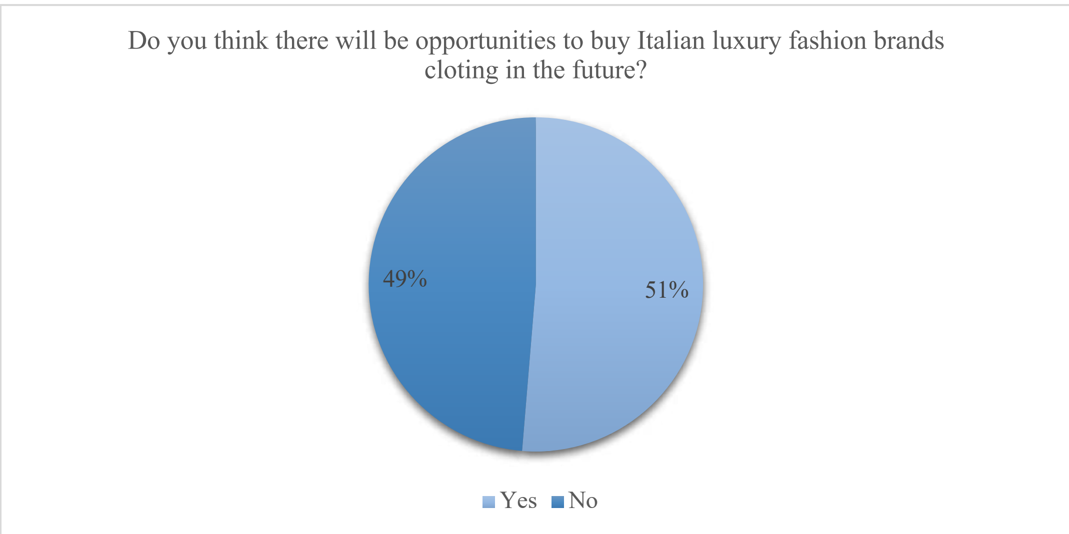


Chart 26 Answer to question fifteen "Do you think there will be opportunities to buy Italian clothing in the future?"

Analyzing the responses of Japanese Generation Z, it was found that the majority of those who expressed a positive attitude towards buying Italian luxury fashion brands in the future have an interest not only in Italian high fashion, but this involvement extends to Italy as a Country. Many have stated that they would like to travel to Italy or even move and live in our Country. Some of the respondents indicated tourism to Europe and Italy as a future opportunity to buy them. Others refer to the fact that they are well-established brands, with long histories and of good quality and thus, reliable brands. What are instead the motivations of those who answered negatively and therefore do not think that in the future there will be opportunities to buy clothes produced by Italian high fashion Houses? The thirty-seven respondents who expressed a negative opinion on question number fifteen motivated their answers mainly through three statements: “I'm not interested in buying clothes from Italian luxury brands”, “I think they don't suit my body shape as a Japanese person”, “I don't know enough about them”. Some of the respondents residing in regions of Japan where there are no Italian fashion shops motivated their answer by indicating the impossibility of buying them because there are no specialized shops, and they would not know where to buy them. Finally, a very small percentage also stated that “they only come from models with good style and are not something ordinary people can wear”.

4.5 Conclusion, limitations, and future research

The research focused on understanding the Japanese Generation Z's knowledge and perception of Italian luxury fashion brands. What can be deduced from the data collected is the need for Italian luxury fashion brands to further strengthen their image or get known in non-metropolitan areas. The survey revealed that 61 percent of the respondents are not familiar with Italian luxury fashion brands, providing the answer to the first question of this research and at the same time confirming the first hypothesis, i.e., the lack of adequate knowledge of Italian haute couture brands on the part of the Japanese Generation Z. Moreover, as mentioned above, some correspondence was found between subjects who indicated their lack of knowledge and familiarity with any Italian luxury fashion brands and subjects who came from regions that do not host large urban centers, where specialized shops can be found. These data lead us to confirm therefore the second hypothesis of the research.

The second research question concerns Japanese Gen Z's perception of Italian luxury fashion brands. The image and perception among young Japanese people continue to be linked mainly to characteristics such as high-quality, premium-priced, and stylish garments. This represents positive feedback for Italian luxury fashion brands demonstrating how the myth of Italian High Fashion Houses built up over the years continues to live on. The prestige attributed to Italian luxury fashion brands also emerges from further testimony. Those who were willing to answer further questions were asked what it would mean to them to be able to wear clothes belonging to this category of luxury goods and whether they would wear Italian haute couture clothes daily or on special occasions. The seven respondents stated that wearing clothes from Italian luxury brands would help to make them feel special. Furthermore, all stated that they would wear Italian luxury fashion garments for special events and important occasions and therefore not daily. This constitutes a big difference with the American Generation Z who, as emerged from the research of Eastman et al., consider luxury goods as something to integrate into everyday life. What seems to bring together America's Generation Z and Japan's Generation Z is the use of luxury brand clothes not linked to the will or interest of showing one's social status, a typical trait of past generations.

The third research question starts from the hypothesis that a generational change within the market, which will soon see Generation Z as the protagonist, could lead the major Italian luxury fashion brands to face various challenges. First of all, the Italian luxury fashion brands should aim to make themselves better known to the Japanese of Generation Z, most of whom, as already mentioned, are unaware of the big names in Italian high fashion. As already seen, social networks are an integral part of life and a way of communicating daily with the Japanese

Generation Z. They could therefore constitute a means by which to reach this group of consumers. Then, concern for the environment and society are also requirements that companies must take into account if they aim to attract Japanese Gen Z. As mentioned above, 78 percent of respondents stated that brands should have a social mission to pursue, which mainly includes attention to environmental resources and human capital.

Young Japanese seem to be in search of a simple, clean yet sophisticated style. The versatility of a garment indicated by expressions such as "easy to wear" and "mixing and matching", would also seem to be among the must-haves of a garment. It is possible to assume that these features are appreciated as much as the reputation and fame of the brand in certain cases, as shown by the responses received for Bottega Veneta garments. Although no one mentioned "established reputation" as a reason, the responses of those who expressed a positive opinion on the purchase contain valuable information on what young Japanese people look for and like. However, some of the respondents motivated their possible purchase precisely concerning their knowledge of the brand. Thus, in any case, the brand should be known by the audience. Gucci is certainly the most popular brand among young Japanese, but it is not the most appreciated.

An important factor to keep in mind for Italian luxury fashion companies is the result that emerged from question number six. Out of seventy-six participants, only six selected "Brand" as a criterion on which they base their purchases. Quality, comfort and wearability, attention to design aesthetics, and the versatility of a garment seem to be the essential characteristics on which the Japanese Generation Z bases their purchases. Consequently, it can be inferred that Japanese Gen Z would buy designer clothes if they like them in terms of design, rather than because they are attracted by the so-called "Brand power" of the clothes. It emerges the need to develop products that are indicated and adapt to the taste of the consumer, not only in terms of aesthetics but also in terms of wearability. Among the main reasons why the participants in the survey would not buy clothing from the proposed brands is a style that does not enhance the physical characteristics of the respondents, concerning the body shape as Japanese people, and often flashy textures that do not reflect the taste simple yet elegant that Japanese Gen Z seek. This demonstrates that international taste does not always reflect what the company produces and offers.

This research has limitations. First, the number of survey participants appears limited. To make the research more reliable, a survey should be conducted on a larger sample of subjects. Second, respondents expressed their willingness to purchase Italian luxury fashion brands based on a sample of twelve photos belonging to three brands. This means that the answers could vary considerably showing 1) a greater number of images with different outfits, and 2) outfits from other Italian luxury fashion brands that are different from Bottega Veneta, Fendi, and Gucci. Finally, further research is needed. Of particular interest would be a study that confirms or refutes the estimates presented here, investigating the future purchasing habits of Japanese Generation Z when they will enter the labour market and will have purchasing power.

Conclusion

This study was primarily concerned with investigating what young Japanese Generation Z, aged nineteen- twenty-five, know and think about Italian haute couture, intending to understand their needs and tastes. As a result, it allowed us to realize what challenges this new generation of consumers poses to Italian luxury fashion brands.

We have seen the economic and social conditions of Japan, understanding that Generation Z was born and raised in a period of economic recession during which Japan experienced a series of events that shocked the entire society, from the crisis caused by the collapse of Lehman Brothers to major natural disasters such as the Great East Japan Earthquake. Economically, these events have translated into a constant decline in disposable income and consumption by individuals, but they also shaped a generation that tends to be rational, stability-oriented, pragmatic and has no expectations of society. While, from the point of view of good consumption, Generation Z is said to be less attentive to the brand and less oriented toward luxury.

Also, some factors of the Japanese fashion market were presented, concerning the dimensions of the domestic fashion retail market (with the most recent data up to 2021) and the distribution channels in Japan. What was found is that the main channels include department stores, shopping malls, and fashion buildings but also e-commerce is another important and growing channel. Data on the purchasing preferences of the Japanese Generation Z who participated in the survey were also presented and it emerges that more than half of the interviewees usually buy clothes in physical stores, confirming a preference for purchases in traditional distribution channels.

To adopt a definition of luxury to be used in this work, studies by business history scholars and management scholars who have dealt with the definition of luxury over the years were taken into consideration. Here a definition has been adopted that looks to luxury goods for their market positioning and the particular marketing strategies employed, combined with characteristics such as excellent quality, heritage and craftsmanship, and premium price. The criteria and aspects that influence the consumption of luxury goods and the behavior of luxury goods buyers were also investigated. These are both characteristics intrinsic to the product (such as taste, design, material, and performance) and factors extrinsic to the product (such as price, brand name, store reputation, warranty). To these are added characteristics of social nature, such as the willingness to show status and/or power. It has also been seen how the concept of the Country-of-Origin Effect is recurrent when it comes to the purchase of luxury goods.

Moreover, the cultural component plays a fundamental role in the perception of luxury because one's cultural background leads one to consider and perceive luxury differently.
The birth and evolution of the luxury fashion market in Japan have been illustrated through a subdivision into three main phases: the start-up phase, the expansion and peak phases, and finally the slowdown phase. Both external factors, such as a radical change in the organizational form of the luxury industry, and internal ones, such as the economic performance of Japan, have contributed to characterize these phases. Moreover, we have seen how initially, during the Eighties, Italian fashion companies opted for the collaborative model to penetrate the Japanese luxury market, and then adopted the French dominance model in the 2000s.
A quantitative research method was selected to conduct the study on Japanese Generation Z knowledge and perception of Italian luxury fashion brands. The results of the questionnaire highlighted the need for Italian luxury fashion brands to make themselves known to Japanese Generation Z. At the same time, despite the unfamiliarity with specific brands, the image, and perception of Italian fashion luxury products among young Japanese people continue to be linked mainly to characteristics such as high-quality, premium-priced, and stylish garments. The willingness and possibility to buy clothes from luxury Italian brands in the future expressed by the Japanese of Generation Z bode well. Half of the respondents were positive about the future purchase of clothing produced by the major Italian fashion brands. The other half who expressed a negative opinion (49 percent) excluded the possibility of purchasing in the future for reasons related to the lack of adequate knowledge of Italian luxury fashion brands, the lack of shops where you can find these items of clothing in the smaller urban and because they believe that the style does not enhance the Japanese physicality. Therefore, excluding the small percentage of those who said they have no interest in wearing and buying clothes from Italian luxury brands, we can deduce that with the necessary attention from Italian luxury fashion brands to the needs and tastes of this segment of consumers, a greater number of Japanese Generation Zers could be inclined to buy and wear clothing from Italian luxury brands in the future.

Questionnaire submitted in the original language.

性別：
女
男
どちらともいえない

出身地(地方):
① 北海道
② 東北
③ 関東
④ 中部
⑤ 関西
⑥ 中国
⑦ 四国
⑧ 九州

1）あなたはファッションに興味がありますか？
① あります
② どちらかというとあります
③ どちらかというとありません
④ ありません

2) 普段、洋服はどこで購入することが多いですか？
① 実店舗
② ネット

3) そのお店の名前を教えてください。

4) 3 番を選択した理由を教えてください。

5）ファッションブランドは社会的使命を持つべきですか。
つまり、企業を設立して存在させるからには、利潤を追い求めるだけでなく、その企業が社会に貢献すべき意義があるはずであります。
① はい
② いいえ

6）５番で「はい」を選択した人に質問です。どのような社会的使命を持つべきですか。
① 環境に配慮すること
② 人的・環境的資源の活用に留意すること
③ 従業員への十分な賃金

7）洋服はなにを基準に選びますか？（複数回答可）
① ブランド
② 自分に似合う
③ 着回しがしやすいかどうか
④ デザインの良さ
⑤ トレンドである
⑥ 気分が上がる
⑦ 長く着ることができる
⑧ 「その他」

8）イタリアのラクッジュリーファッションブランドをご存知ですか？
①はい
②いいえ

9）8 番で「はい」を選択した人に質問です。そのブランドを教えてください。
① Armani
② Bottega Veneta
③ Dolce&Gabbana
④ Fendi
⑤ Ferragamo
⑥ Gucci
⑦ Prada
⑧ Valentino
⑨ Versace
⑩ Trussardi
⑪ どれでもない

10） イタリアの衣料品を買ったことがありますか？
①はい
②いいえ

11） 10 番で「はい」を選択した人に質問です。イタリアの衣料品を使った感想

をお願いします。

12） イタリアのファッションブランドについてどのような印象をお持ちですか。

① 上品
② 高級
③ おしゃれ

④ 高価
⑤ 特に無い

13) イタリアのブランドについて質問します。それぞれのブランドの服の写真を見て質問に答えてください。

① Bottega Veneta ボッテガ・ヴェネタ

Figure 10 Bottega Veneta outfits

a. ボッテガ・ヴェネタの服を購入してみたいですか。その理由も教えてください。

② Gucci グッチ

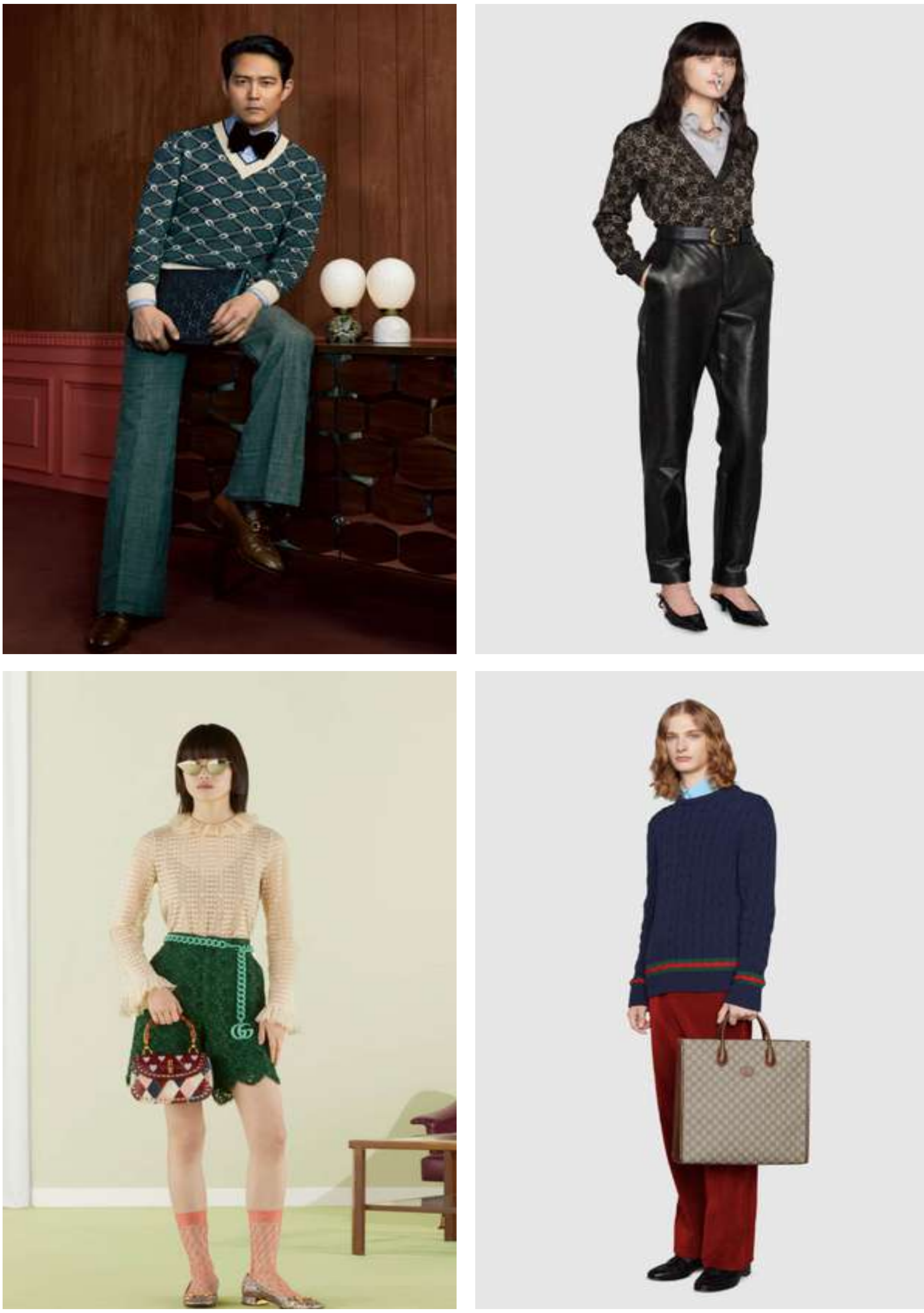


Figure 11 Gucci outfits

a.　グッチの服を購入してみたいですか。その理由も教えてください。

③ Fendi フェンディ

Figure 12 Fendi outfits

a.　フェンディの服を購入してみたいですか。その理由も教えてください。

14)　イタリアの高級ファッションブランドを着てみたいですか？
① 着てみたい
② どちらかというと着てみたい
③ どちらかというと着てみたくない
④ 着てみたくない
15)　今後イタリアの衣料品を購入する機会があると思いますか？

16)　その理由を挙げてください。

① はい
② いいえ

インタビューに対応できる場合は、メールを書いてください。

Questionnaire submitted translated into English

Gender:

① Female
② Male
③ Rather not to say

Place of birth (region):

① Hokkaido
② Tohoku
③ Kanto
④ Chubu
⑤ Kansai
⑥ Chugoku
⑦ Shikoku
⑧ Kyushu

1) Are you interested in fashion?

① Yes, I am.
② Yes, to a certain extent
③ Somewhat not.
④ No, I don't.

2) Where do you usually buy your clothes?

① In a physical shop
② On the internet

3) What is the name of the shop?

4) Why did you choose number 3?

5) Should fashion brands have a social mission?

In other words, since a company is established and allowed to exist, there should be a significance that the company should contribute to society, not only in pursuit of profit.

① Yes
② No.

6) Question for those who selected “Yes” in No. 5. What social mission should the company have?

① To be environmentally friendly.
② Pay attention to the use of human and environmental resources
③ Adequate wages for employees

7) What do you choose your clothes based on? (Multiple answers allowed)

① Brand
② Whether it looks good on me
③ Whether it is easy to wear
④ Good design
⑤ Trendy
⑥ It makes you feel good
⑦ Can be worn for a long time
⑧ “Other”

8) Are you familiar with the Italian Luxury Fashion Brands?

① Yes
② No

9) This question is for those who selected 'yes' in number 8. Please tell us about the brand.

① Armani
② Bottega Veneta
③ Dolce&Gabbana
④ Fendi
⑤ Ferragamo
⑥ Gucci
⑦ Prada
⑧ Valentino
⑨ Versace
⑩ Trussardi
⑪ None of the above

10) Have you ever bought Italian clothing?

① Yes
② No

11) Question for those who selected "Yes" in No. 10. What are your impressions of Italian clothing?

12) What is your impression of Italian fashion brands?

① Stylish
② Elegant
③ High-quality
④ Highly priced
⑤ Nothing in particular

13) Questions about Italian brands. Look at the pictures of the clothes of each brand and answer the questions.

① Bottega Veneta
a. Would you like to buy Gucci clothes? Please also tell us why.
② Gucci
a. Would you like to buy Gucci clothes? Please also tell us why.
③ Fendi
a. Would you like to buy Fendi clothes? Please also tell us why.

14) Would you like to wear an Italian luxury fashion brand?
① I would like to try it on.
② I would rather wear it.
③ Somewhat unwilling to wear it
④ I don't want to wear them.

15) Do you think you will have the opportunity to buy Italian clothing in the future?

① Yes
② No

16) Please give reasons for this.

If you are available for an interview, please write your email.

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