

Entry and Expansion Strategies for Burberry in Oman by Applying Porter's Five Forces Model

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Abstract

The purpose of this study was to apply Michael E. Porter's "Five Forces" analysis to suggest how Burberry should pursue expansion into Oman and to reveal the strengths and weaknesses of the Omani market in terms of luxury brands. By employing Porter's model as the theoretical framework, an extensive review of published literature was conducted for this study. The results showed that several forces lower entry barriers for foreign luxury retailers in Oman, including deregulated policies and few competitors. There are few alternatives for Burberry to reduce the threats of substitutes. The results also showed that the intensity of competitive rivalry is not high in the Omani luxury market. The findings will be useful for the retailers for entering the Omani luxury fashion marketplace and provide an overview of Burberry's expansion into a new market by evaluating the multi-dimension of competition and conditions in Porter's five forces model.

Keywords : Luxury retail, Porter's five forces, entry, expansion

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The consumption of luxury products has been growing rapidly around the world over the past few decades. According to statistics, the underlying global luxury demand has grown at an annual rate of 7% - 8% over the last decade. The consumption of luxury brands in Arabian Gulf countries, in particular, is increasing rapidly. Lately, even in light of the political turmoil and economic crisis that hit some countries in the Middle East and North Africa, Gulf countries are becoming more prominent luxury brand consumers. Oman is one of the Arabian Gulf countries that attracts substantial foreign investment and luxury brands with a medium to high per capita GDP. The British luxury brands are part of the European luxury brands that expanded successfully in the Middle East market.

The first company that comes to mind when discussing British luxury brands is Burberry; it is part of British culture. For more than a century, it has dominated the British brand landscape. Burberry now boasts of more than 500 stores in over 50 countries (Burberry, 2013). Its target is to be a globally established brand name. The British luxury fashion house Burberry distributes clothing, fashion accessories, fragrances, sunglasses, and cosmetics. The brand concentrates mainly on leather and outerwear.

The purpose of this study is to analyze the structure of the Omani luxury market's attractiveness to foreign luxury brands with a focus on Porter's competitive five forces and to identify emerging issues and opportunities to assist in the strategic positioning of these brands in Oman. Porter's five forces analysis will be applied as a theoretical framework since it allows us to examine the structure of the industry, which determines the attractiveness of a retailer and the industry potential for profitability. The five forces model also provides a baseline

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for evaluating the strengths and weaknesses of a retailer regarding where it stands in terms of consumers, suppliers, entrants, rivals, and substitutes. The Burberry profile will be included, and relevant literature related to the strategy will also be reviewed.

Research Questions

- ✎ Is Porter's five forces model a good strategy to be applied for luxury brand expansion ?
- ✎ Is Oman an attractive market for the luxury brand Burberry ?

Objectives of the Study

- ✎ To evaluate Porter's five forces model in the case of luxury brand expansion.
- ✎ To analyze the attractiveness of Oman for Burberry by using the five competitive forces model by Michael E. Porter.
- ✎ To identify the existing competitive advantages as well as the key factors of Burberry's success in Oman.
- ✎ To provide an understanding of the strengths and weaknesses of the new market and suggest recommendations to the retailer based on the application of the strategy.

Burberry Profile

Burberry is a British company that was established in 1856 by Thomas Burberry, who was 21 years old at that time. He opened a small shop on the high street of a town called Basingstoke. From the beginning, Burberry dedicated himself to being innovative and creative. Burberry offered breathable, waterproof coats when it was a medical and military imperative before it became a fashion item. He was inspired by “smock frocks” to use Egyptian cotton treated with a proprietary solution to keep out rain while still allowing air to circulate. Burberry established his first shop in London in 1891 at 30 Haymarket in the city's West End. By then, Burberry, as it was known, was offering clothing selections for sport, country, travel, town, military, and court use (Conti, 2007). By 1910, the first international store was opened in Paris on the Boulevard Malesherbes. In 1920, Burberry entered into wholesale agreements with Japanese retailers (Tungate, 2005).

Burberry's revenue increased gradually from 2006 to 2012. The revenue of the company increased rapidly from £1,190m in 2006 to £3,000m in 2012. The operating income also increased in 2006 ; it was 200m and had increased to 600m by 2012 (Ahrendts, 2013). The British fashion house said the increase of crediting pushed sales up to £928m for the six months up to March 31, 2014, following investments in its “innovative” marketing strategy and customer service. Retail sales account for 70% of the group revenue. Marketing efforts helped spur total revenue for the business to £1.3bn, a 19% increase from the previous six months (Joseph, 2014). In 1998, Burberry saw its annual profits drop from £62m to £25m (Finch & May, 1998). Burberry's financial performance from 2000 (when most of the initiatives were concluded) to 2003 saw a turnover increase of 263% and a profit revenue increase of 630% (Moore & Birtwistle, 2004) ; however, outerwear and large leather goods remained at about half of the mainline revenue (Burberry, n.d.).

The company expanded rapidly in emerging markets ; it had more than 173 stores in 2013 compared to 91 stores in 2009. In China, the company is developing rapidly to meet the demands of the Chinese luxury market. In the Middle East, the store portfolio was extended with the opening of five new stores across Kuwait, UAE, and Saudi Arabia. The brand's footprint in Latin America also increased with the opening of four new stores in Brazil: São Paulo, Recife, and two in Rio de Janeiro. In North America, department stores are doing well with the further

expansion of shop - in - shops. In one year, Burberry opened stores in five new markets : Jordan, Kazakhstan, Latvia, Estonia, and Georgia (Burberry, n.d.).

(1) Industry Analysis : Instead of focusing solely on traditional stores, Burberry now concentrates on online shopping to meet the needs of millennial shoppers, especially in Asia. Today, Burberry offers products in its physical and online stores, and Burberry products are also available in high-end department stores, such as Nordstrom, Neiman Marcus, and Harrods. According to Joseph (2014), Burberry managers decided to close 20 stores, and at the same time, they opened 20 to 25 stores in different places. They now focus on flagship markets, such as London and major cities in China. They also concentrate on travel retailers where the brand can gain greater access to luxury consumers.

Expectations of reduced global economic growth negatively impact consumer confidence and sales growth. The economic crisis in 2008 affected sales across markets around the world. Although Burberry group's performance remained strong, the economic slowdown impacted the sales rate by affecting several factors. It reduced consumer wealth, which leads to a reduction in demand. It impacted the financial stability of suppliers, which disturbed the group's supply chain. Furthermore, it impacted the financial stability and recovery of banks and other financial institutions, all of which could negatively impact sales and profitability; however, the global reach of Burberry aided in surviving the economic risks (Burberry, 2015). In addition, the company conducts constant reviews and reports to solve any changes in the ongoing sales performance. Flexible payments are used to assist suppliers, as required. Also, managers monitor the credit ratings of financial institutions that hold deposits to enable the company to take appropriate action (Burberry, n.d.). Burberry also has a new policy to diversify its target customers.

In the past, Burberry was known for its classic designs that targeted an older market. Recently, the company has also started to target younger consumers who do not have much knowledge of Burberry's core products. This is an appropriate approach because younger generations have the aspiration to inspire Burberry designs, and their income increases as they age. Young adults nowadays have the authority to make independent buying decisions, and they become more fashionable and opinion leaders (Vincent, 2016). The designs and products vary to attract younger consumers. For example, in the past, Burberry had only a few classic designs for trench coats, but today, they have more than 300 different styles from capes to cropped jackets to target a new generation. Burberry managers believe that the trench coat is their most classic and iconic product. This product defines the brand (Ahrendts, 2013) ; however, collection diversity depends on locations as well as age.

The company has adopted various strategies to meet consumer demands around the world. In Japan, for example, the developed line is described as being classic in style and is adapted to suit the seasonality and fit requirements of Japanese consumers. The Burberry Blue and Burberry Black brands are two other diffusion lines that are sold exclusively within Japan (Moore & Birtwistle, 2004). In the Spanish market, the company is “more diverse with a strong classic element.” These classic designs started being sold exclusively in Spain beginning 1997 and in Portugal beginning 2002. Later, the collection was extended to the rest of Europe and to the UK. With its emphasis on casual fashion and its newly modernized logo, the range is differentiated from the Burberry London brand (according to the company) by its design, marketing, distribution, and pricing. Burberry often operates in capital cities within wealthier locations. These stores offer a product variety that is generally similar, but merchandise is offered to suit local climates and local variations. For example, the Burberry stores in New York and Chicago stock a wider range of rainwear compared to the Beverly Hills store, which places greater emphasis on lightweight products (Moore & Birtwistle, 2004).

(2) SWOT Analysis: Burberry has strengths, weaknesses, opportunities, and threats. Based on the facts presented previously, Burberry has several strengths and advantages. One of the main advantages is that Burberry is a distinctive luxury brand with international recognition and broad appeal. It is also one of the luxury brand leaders

that merges highly successful merchandising strategies with diverse distribution channels. The diversity of its products that cover men's, women's, and children's apparel and accessories has largely contributed to its success. In fact, Burberry has a unique history as a British lifestyle brand that gives it a priority in the luxury market.

The main weakness for Burberry is that the classic line is rarely changed. Burberry designs are easily recognizable. The checkered line is a distinctive design of Burberry collections that includes limited innovative designs and selections. This specific line is based on the British style, and the brand reflects authentic British heritage, which is highly associated with history and culture, such as royalty and VIPs (Burberry, 2013). Recently, the check pattern began to appear less often in the designs ("Burberry and globalization: A checkered story," 2011). Although Burberry designs are limited and recognizable, they are still distinctive.

Strong business momentum with high capital gives Burberry numerous growth opportunities and the advantage to expand even more rapidly in the future. The crediting strategy and the loaning of money provide Burberry with great opportunities to raise its capital and expand its sales. Asia is the newly targeted market for Burberry. After reporting a double-digit increase in 2014, it has re-emphasized the growth opportunities in China (Smith, 2014). The brand image continues to improve even among new generations. Ahrendts, Burberry's chief executive officer, reported in 2007 that honing the company's image has been a priority for her (Conti, 2007). Currently, Burberry has a strong brand image.

In contrast, an economic crisis would be the main threat to Burberry. The luxury sector, as other sectors, was affected by the global economic slowdown. Recently, Europe's debt crisis and slower growth in emerging markets like China showed signs of impact on brand sales (Conti, 2007). Since Burberry is a high-priced luxury brand, any type of economic slowdown will prevent consumers from purchasing its products. Other luxury brands, such as Gucci and Louis Vuitton, could also be sources of threats. Ahrendts (2013) admitted that Burberry is facing a more challenging external environment due to other luxury brands.

Literature Review of International Business Strategy

The international business strategy that has been chosen and applied to expand Burberry globally is Porter's (1980) five competitive forces model by Michael Porter. The five forces analysis tool was developed by Harvard professor Michael Porter in 1980. The five forces of the model present a framework for industry analysis and business strategy development. It draws upon industrial organization economics to derive five forces that determine the competitive intensity and, therefore, the attractiveness of a market. The five forces are: (a) threat of new entrants; (b) threat of substitute products/services; (c) bargaining power of suppliers; (d) bargaining power of customers; and (e) the industry rivalry. According to Harper (2013), the five forces can further be considered in terms of vertical forces (the bargaining power of suppliers and customers) and horizontal forces (the threat of new entrants, substitute products, and industry rivals).

Several studies have applied the five forces model to consider strategic positioning relative to providing products and services. Puiu (2010) applied Porter's five forces model on the retail market in Romania. The study revealed that the market in Romania is not very good, but has had a positive evolution in the last several years. The competition is high, and the barriers are also relatively high. The power of national suppliers has been diminished by the integration of Romania into the European Union; the power of consumers is moderate, and the substitutes appear as discount stores and e-retailing.

Pringle and Huisman (2011) examined the higher education system in the province of Ontario, Canada with a focus on universities. For this industry analysis, the researchers applied Porter's five forces framework. Their assessment revealed that competition in Ontario's higher education industry (university sector) was mixed. Their findings suggested that policy makers, the sector, and individual institutions must consider the impact of technology and globalization when seeking a competitive position for the higher education system. This study

showed the impact of international expansion strategies that can be applied not only to the retail sector, but also to the education sector.

A study conducted in India by Mann and Byun (2011) evaluated the effect of five forces on the Indian apparel retail industry's competitiveness and the entry and expansion strategies for foreign retailers. The results revealed that several forces reduced entry barriers for foreign fashion retailers, including deregulated policies, increased shopping malls, rising income, and demand for Western brands ; however, there are threats of substitutes, such as the proliferation of gray markets and Indian's preference for unorganized retailers and traditional attire.

Akcagun and Dal (2013) analyzed the Turkish apparel industry using Porter's five forces model. The researchers surveyed the managers of 35 different apparel companies. Their findings showed that competition between the existing companies in the Turkish apparel industry was high because of the large number of similar companies and low exit barriers; however, the threat of substitute products and the bargaining power of the suppliers were not very high. The bargaining power of buyers was increasing because of the current global economic situation.

After reviewing Burberry's profile and the relevant studies that applied Porter's five forces model, I suggest that Burberry should apply these forces as well to scan the Omani market. Oman is one of the Middle Eastern countries in which Burberry has not yet expanded. It has a strategically important position at the mouth of the Arabian Gulf ; it is bordered by the United Arab Emirates and Saudi Arabia. Oman's proven reserves of petroleum total about 5.5 billion barrels, the 25th largest in the world. The gross domestic product and purchasing power parity (GDP and PPP) grew in 2012 to be \$90.055 billion per capita and \$29,166, respectively, a significant increase as compared to previous years. In fact, Oman is a developing country that is estimated to be a developed country by 2050 ; however, the high GDP and per capita income level increase the purchasing power of the Omani consumers who encourage the arrival of luxury brands such as Burberry. Furthermore, Burberry has a positive brand image among Arabian Gulf consumers who share the same culture, which predicts its success in Oman. In fact, Burberry has already succeeded in Arabian Gulf countries with more than 25 branches in Saudi Arabia, United Arab Emirates, Kuwait, Bahrain, and Qatar.

🔗 **Integration and Synthesis of Burberry and the Strategy :** To my knowledge, the best-known framework for the analysis of industries is the five forces model by Michael E. Porter. In addition to considering the strategic positioning relative to present industry competitors, the model also considers future products and services and the new providers of products and services that may enter the industry and compete with existing offerings (Harper, 2013). The five forces analysis is only appropriate for the analysis of an individual line of business. The model is commonly applied in the development of business strategies and is used as a method for understanding competition in various sectors. The model has been applied successfully in the sector of fashion and apparel. In this paper, the model will be applied to the luxury brand : Burberry. According to Ahrendts (2013), even though Burberry had an excellent foundation, it lost its focus on its global expansion strategy. They had 23 licensees around the world, and each of them is doing something different. Applying Porter's model will help Burberry managers demonstrate the effectiveness of expanding to a new country, Oman. The model will help them determine whether the new country offers a profitable market that will yield high returns.

The Application of Porter's Five Forces Model

To demonstrate the success of Burberry in Oman, Porter's five forces model has been applied as follows:

(1) Threat of New Entrants : If a firm plans to enter a market in a new country, it will most likely decrease profitability for all firms in the industry. New entrants into a market create pressure on prices, costs, and the rate of investment necessary to compete and gain market share (Porter, 2008). A high threat of new entrance could help the

competition but decrease the profit for other firms, while a low threat of entry decreases the competition and increases the profit (Harper, 2013). Some factors can have an effect on how much of a threat new entrants may pose. Not every nation is competitive in every sector. Some factors create competitive advantages, such as national values, culture, economic structures, institutions, and historical considerations (McCann, 2011).

After investigating the Omani market, few obstacles were found. The cost of entry is relatively low in Oman. It is easy to find a low price rental store in a good location. For international expansion, retailers usually continue to franchise in the international environment, which also depends on the experience in the new environment (Quinn & Alexander, 2002) ; however, because of the potential risks in emerging markets, Burberry continued to work with franchisees and partners in countries where it has limited experience to benefit from local expertise.

There are no obstacles in terms of government policy. While government policies can create large obstacles to entering a market, this is not the case in Oman (Rajasekar & Al Raei, 2013). Recently, as part of its economic strategy of diversification, the Government of Oman has taken several measures to improve investment in the country to encourage local firms and to attract foreign investment. The Government of Oman follows the WTO's policies on the liberalization of the market. The free market condition of the WTO plays a key role in relieving such restrictions and imitation of the retailer policy (Rajasekar & Al Raei, 2013). After Oman became part of WTO in 2000, several obstacles were removed, and foreign trade was encouraged (Lalji, 2006).

Burberry has a positive brand image among Middle Eastern consumers, which gives Burberry a clear advantage. Oman is a Middle Eastern country that would provide good brand equity among consumers. Unfortunately, not many luxury brands have been founded in Oman to allow investigation into customer loyalty to established brands; however, Burberry already succeeds in gulf countries that share the same culture of Oman. To conclude, it seems that based on the review, there are few obstacles for the Burberry brand to enter the Omani market.

(2) Threat of Substitute Products or Services : The existence of products rather than new products increases the tendency of buyers to switch to alternatives. Plastic, for example, is a substitute for aluminum. The threat of substitution is not usually direct. For instance, software that is being sold to travel agents could be threatened by a substitute when travel websites substitute travel agents (Porter, 2008). To analyze the threat of substitutes, it is important to look at the price performance differentiation between the substitute and the new product. Price plays an essential role in threat of substitutes. A substitute can be a great threat when it provides buyers with better services at lower costs (Rajasekar & Al Raei, 2013).

Burberry falls into the category of luxury brands. Therefore, appropriate substitutes for Burberry products would be other luxury brands, such as Coach, Armani, and Gucci. Coach focuses primarily on accessories and handbags. Coach is not ranked in the top 10 luxury brand players; however, Coach's prices are much lower and more affordable than Burberry's. Gucci is placed in the top 10 for global luxury goods. While Gucci offers apparel collections, it focuses mainly on luxury accessories. It is considered the highest-priced brand for accessories. Armani, another competitor of Burberry, is also placed in the top 10 for global luxury goods. Although Armani focuses on apparel, the brand maintains a strong presence in the luxury market (Jacobson, n.d.). To compete with the prestige of lines offered by its rivals, Burberry launched the Burberry Prorsum line - a premium, high-fashion collection (Moore & Birtwistle, 2004). Because Coach and Gucci focus more on accessories, and Armani focuses more on the apparel market, Burberry has strategically positioned itself in the minds of consumers by penetrating both the accessory and apparel market while remaining a luxury brand.

Burberry has enjoyed significant growth and high revenue since 2000 without direct impact from its competitors ; however, since the main competitor luxury brands for Burberry are not yet in Oman, consumers may consider counterfeit goods as products to substitute genuine Burberry products. Some consumers do not object to a counterfeit product as long as it appears beautiful to other observers (Higgins & Rubin, 1986). Counterfeit products usually have symbolic value to satisfy the desire of customers who are looking for social prestige (Nia &

Zaichkowsky, 2000). According to Verma, Kumar, and Yadav (2018), income and age of the consumers played a significant role in consumers' buying intentions for purchasing counterfeit products. Although counterfeit products are much cheaper than the original brand, they are often lacking in quality, which makes them a poor alternative for most consumers.

(3) Bargaining Power of Customers (Buyers) : The bargaining power of buyers is the ability of customers to put the firm under pressure. Buyers can gain more value by forcing down prices, receiving a higher quality, or receiving more services (Porter, 2008). This power is controlled by the number of buyers, the importance of them in the market, and switching costs from one supplier to another (Barutçu & Tunca, 2012). The buyer power is considered high when the buyers have several alternatives.

In the case of Burberry, there are few alternatives for the consumers in the luxury market, which reduces their bargaining power. Buyers in Oman may consider mass-market products, such as Zara and H&M, as alternatives to place a firm under pressure and force it to reduce its prices; however, there is a large gap between the luxury market and the mass - market, and mass products are almost never considered as an alternative to luxury products.

Buyers are powerful if they have the ability to reduce prices using their clout primarily to pressure price reductions. However, when the quality of the product is high, buyers are generally less price sensitive (Porter, 2008). Price sensitivity is one of the most influential factors in buyers' decision making. Price sensitivity is a function of the overall buying behavior of customers, their income, and the value that the buyers give to the products (Rajasekar & Al Raei, 2013). Since Burberry is an expensive luxury brand, the buyers have no ability to reduce prices. The uniqueness of Burberry products gives the firm power over buyers. The advantage in this case belongs to the company and not to the customers. In fact, firms can take measures to reduce buyer power by implementing a loyalty program. A customer becomes a loyal customer based on the level of associations that are created by the retailers and by meeting the customers' quality expectations (Deepa & Chitramani, 2016).

(4) Bargaining Power of Suppliers : The power of suppliers involves raising the prices of raw materials, supplies, or tools (Barutçu & Tunca, 2012). Powerful suppliers can gain more value for themselves by raising their prices or limiting quality or services (Porter, 2008). Suppliers have the power over the competition in the industry through their bargaining power. Suppliers can be a source of power over the firm when there are few substitutes.

Workforce suppliers in Oman provide qualified and experienced workers who can be consolidated easily into the regional labor market (Rajasekar & Al Raei, 2013). Firms usually prefer hiring inexpensive laborers to lower their operating costs and capital expenditure. The General Federation of Oman Trade Unions (GFOTU), which was established in February 2010, aims to develop labor skills and raise the professional level of skills. It also aims to raise the cultural and social level of the workers and to develop awareness between them (www.gfotu.org). Therefore, workers in Oman are prepared to work in the luxury brands sector.

Another bargaining power of suppliers involves raw materials. In the case of Burberry, there is no need for raw materials or components because the finished products will be shipped directly to the new branch ; however, the situation would be completely different if Burberry decided to open a manufacturing branch in Oman. Labor and services (such as expertise) are considered part of the supplier link. Burberry would not find difficulty in hiring laborers for a new branch because labor costs are not high; however, the important strategic location of Oman at the mouth of the Arabian Gulf will facilitate the transportation of products.

(5) Intensity of Competitive Rivalry : Competitive rivalry refers to the strength of competition in a market or an industry (Barutçu & Tunca, 2012). The intensity of rivalry is defined as the efforts that existing competitors make to maintain and improve their market share, revenue, profitability, and image (Rajasekar & Al Raei, 2013). It is determined by industry growth, industry concentration, diversity of competitors, and product differences (Mann & Byun, 2011). For most industries, the severity of competitive rivalry is the major determinant of the

competitiveness of the industry. A high rivalry reduces the profitability of a market (Rajasekar & Al Raee, 2013).

In Oman, competition is not high, which increases the chance of success, but it might increase the chance of risk. There is no direct competitor for Burberry. The other luxury brands are not yet there. Other luxury products that are available online might raise the degree of competition. The online media today provides consumers with quick, relevant, and convenient information about products and services and also deliver them (Venkataraman & Raman, 2016). However, powerful competitive strategies, such as implementing a loyalty program, would help the firm improve its position among competitors.

Since 2000, the liberalization of trade has attracted foreign retailers. According to Lalji (2006), after accession to the WTO in 2000, the government shifted toward free market values, courted foreign trade and investment, and introduced industrial regulations and labor laws. As a result of this accession, the barriers will be limited, and the competition in the retail market will increase. Even though the luxury fashion market is not currently in Oman, it is expected that the competition will grow over the next few years.

The overall results and assessment of Porter's five forces analysis shows that this is a suitable strategy to be applied for the expansion of luxury brands. After a thorough analysis of Porter's five forces in terms of the retailer Burberry, it can be concluded that the Omani apparel retail sector poses a relatively low level of entry threat, provides a fast foreign investment growth rate, and features a new government policy that encourages foreign firms. The low number of competitors in the market gives Burberry a major advantage. In addition, few alternatives have been found, which give Burberry a strong position in terms of substitute products and services, unless consumers consider counterfeit goods as an alternative. Some consumers may shift to the mass market if they find luxury brands too expensive; however, the uniqueness of Burberry products gives the firm power over buyers. In fact, labor and other supplier costs are not high in Oman, which reduces this cost. Overall, the intensity of competitive rivalry is not high, making it an attractive market for luxury brands.

Conclusion

The 2000 WTO agreement opened several opportunities for foreign retailers, who can now enter the Omani market via greater control entry. Porter's five forces model has been applied step-by-step in this study to investigate the Omani market as a suitable market for luxury retail. This analysis aims to identify the primary sources of competitive advantage and the key success factors of the new market. The results indicate that Burberry would face few competitors when entering this new market, which is a great opportunity to target this market. This result is consistent with the findings of Kim (2013), who indicated that competitive priorities are closely linked with the firm's choice of the target market. The investigation also indicates few government regulations and high consumer income. In contrast, the main weakness in the Omani market is the lack of luxury products, which creates several questions regarding "why" and "why not yet," although other products are high in demand in Oman like communication products. This result is inconsistent with the findings of Rajasekar and Al Raee (2013) as they observed that the strongest competitive forces in the communication market in Oman was among competitors and threat of substitutes.

Managerial Implications

Burberry should consider opening a new store in Oman after considering this review. It should target new markets that welcome foreign investments and have fewer government regulations regarding new companies. After accession to the WTO in 2000, Oman encouraged foreign firms, especially fashion and apparel firms, to enter its market. Burberry should enter the Omani market to have the first mover advantage. Since primary competitors such as Coach, Gucci, and Armani are not yet there, this would give Burberry a strong position in the new market.

As Burberry entered the Saudi Arabian, Qatari, and Emirati markets as a franchise, I suggest using the franchise strategy for entering the market in Oman. Oman shares the same culture as other Arabian Gulf countries where Burberry has already experienced success with over 25 branches. Omani businessmen must attract and bring luxury brands to Oman.

Burberry should target countries in which the average income is increasing rapidly because it also increases the level of purchasing power of the consumers. Per capita income in Oman increased by 130% in the past 30 years, which makes it a good environment for foreign investments.

Limitations of the Study and Scope for Further Research

The study is conducted for one luxury brand, which is Burberry. Although the study is specific from the beginning, the generalization for other brands is limited. Other research studies could examine the expansion of other luxury brands in Oman using potentially different strategies. Such studies would provide important insights into the differences and similarities between other brands in terms of different expansion strategies.

The study relied on data collected from secondary data sources and content analysis. Majority of the data collected for this study were qualitative, and future research may attempt to collect quantitative data with a view to producing a richer comparison. A questionnaire should be developed and adopted for such studies. Moreover, such research studies should examine the changes in the relative effect of each of the Porter's forces in different periods of time since the most important current force may be the least important in the future, and therefore, application of the results over a long time is limited.

Finally, future studies could use a different international approach to investigate the Omani market's strengths and weaknesses regarding luxury brand entrance. Although the five forces model is a good strategy to apply for the analysis of industries, other strategies could be more effective for understanding retail expansion. An additional study should be conducted to investigate the Omani market in-depth and to reveal why other luxury brands have not entered this attractive market. Although there are demands for luxury products online, the physical stores have not yet been established in Oman. Furthermore, Porter's five forces could be applied to mass fashion retailers of the Omani market. Although, some mass-market brands are already there, such as Zara and H & M, the potential for other mass-market retailers could be examined by using the same strategy.

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