Marketing Western Luxury Retail Brands

In The Middle East

HONOR'S CAPSTONE

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After moving from California to Dubai in high school and then back to Washington D.C. for college I have had the chance to observe both American and Middle Eastern consumer cultures. Through my own observations as well as academic research, I come to believe in general that the Middle Eastern consumer is open to enjoying foreign luxury fashion brands. For an international brand to be successful in the Middle East however, it needs to appeal to the local culture and take into consideration the local religion and values for advertising purposes. Successful brands realize that fostering a global image while pleasing the Middle Eastern local customers is important.

For the purposes of this paper, the term *Western* includes Europe as well as the North American region. Furthermore, the term *Middle East* is considered a broad term that can be debatable. The Middle East is considered as Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, United Arab Emirates and Yemen. [1] The term *Luxury brands* are defined as "goods that the mere use or display of a particular branded product brings the owner prestige apart from any functional utility." [2]

 Middle Eastern countries are targeted by multinational luxury brand fashion companies; as so, this market is very lucrative for firms to emerge.[3] The Middle East is attractive to luxury international brands despite the possibilities of political uncertainties

[1] Glynis Jones. "Middle East expansion--the case of Debenhams." International Journal of Retail & Distribution Management, (2003): 370.

[2] Han Gee, Joseph Young and Xavier Dreze, "Signaling Status with Luxury Goods," Journal of Marketing, (2010).

[3] Navid Behravan, Morteza Jamalzadeh and Roozbeh Masoudi. "A Review Study of Developing an Advertising Strategy for Westerner's Companies among Middle East Countries: the Islamic Perspective," Information Management and Business Review, (2012): 107.

due to the young, wealthy and growing population, competitive brand market of over 250 brands, growth in mall spaces, prominent consumer shopping behavior and consumers' general luxury brand preference. [4] In fact, in 2007, the Gulf Cooperation Council (GCC) which consists of: Persian Gulf states of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates deemed retail the second largest growth sector after real estate.[5] "The Gulf - Saudi Arabia, Qatar, Bahrain and United Arab Emirates - is the Middle East area with the most potential and this is where UK retailers have focused their efforts." [6]

According to *Altagamma Consensus 2011,* the luxury retail market in the Middle East has total value of $5.3 billion (approx. 2% of the total global luxury market) and was expected to further grow by 10% - 12% by the year 2013. [7] The *Ledbury Research Consultancy* also claims that the number of luxury stores in the UAE increased by almost 50 percent. [8] Therefore luxury brands are realizing that expansion to the Middle East would be profitable as consumers have high purchasing power and are attracted to high quality and elite brands.

In this paper I will assess brand management in the hopes of functioning *glocally* (global + locally*).* Specifically discussed are methods in how Western brands can alter their brand image and advertisement strategy to appeal to the local Middle Eastern audience with out diminishing the brand's value. Furthermore there are specific

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[4] See "Debenhams" <u>Strategic Direction</u>, 2003.
[5] Furey, Tracey. "Franchising in the Middle East, Dubai and Beyond." <u>Franchising World</u>*:* Jan 2007: 88
[6] "Debenhams Middle East benefits from local understanding: The Shieks' favorite department store," <u>Strategic Direction</u>, 19 2003.
[7] See <u>Luxury Movement,</u> 2013.
[8] John Church, "Luxury and the Abaya: The Middle East Makes Its Mark." <u>INSEAD Knowledge</u>, (2011).

marketing techniques that brands can pursue in order to remain successful with the

Middle East audience.

 The paper will cover the topics listed below as follows:

I. Consumer Behavior in the Middle East
        a. Social Status in the Middle East
        b. Shopping Culture in the Middle East
II. Purchase Behavior in Middle East
III. Political and Cultural Considerations
        a. Women in the Middle East
        b. Young Population in the Middle East
IV. Social Media in the Middle East
IV. Successful Marketing Strategies in the Middle East
        a. Advertising Multi Views Model
        b. Standardization vs. Localization Advertisement Strategy
V. Franchising in the Middle East

I. Consumer Behavior in the Middle East

"Middle Eastern consumers are image driven, fashion-wise, playful and unrelenting in pursuit of the best." [9] They are aware that the best fashion brands are often times foreign and it is a common misconception that UAE consumers hate everything Western and American. [10] In fact, Iranian-American artist Eric Parnes concurs: "In the case of the luxury [Western] labels, there's definitely a cultural love for them deep into the Middle East."[11] This is why the UAE and GCC endorse foreign brands into their shopping malls – to illustrate; as per the its website, Dubai Mall claims that it holds the largest amount of luxury fashion brands in the world.[12] Moreover, Chalhoub Group, an established luxury brand retailer in the Middle East also has high hopes for Doha, Abu Dhabi and Kuwait, as they "are the most promising cities for luxury consumption"[13] perhaps because they are generally economically and politically stable and have rapid population growth with a large proportion of young people.

It is prevalent to see across the region however that "consumers seem to live without conflict between attachment to tradition and the search for a personal style, between adherence to social codes of region and forms of individual expression."[14] It's not uncommon to see locals wearing clearly customized Nike sneakers (which can be ordered via their website) or order customized car interiors as a way to stand out since every National dresses similarly in their local dress codes. This could be because of the

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[9] Tracey Furey, "Franchising in the Middle East, Dubai and Beyond." Franchising World, (2007): 88.
[10] Ann Langlois & Ed Langlois et. al., "Marketing a United States Multinational Brand in the United Arab Emirates." Journal of Marketing Development and Competitiveness, 6.5 (2012): 116
[11] Robert Klara. "Middle East Meets Western Brands." Web blog post AdWeek, July 2011.
[12] "About Dubai Mall." Dubai Mall.
[13] See Luxury Movement, 2013.
[14] See Luxury Movement, 2013.

GCC dress-code law, as national born men and women have to wear the traditional dress to honor the national history commonly referred to as — *dish-dash* (fig. 1) for men and *abaya* for women — that varies slightly per country. In addition, it is prevalent to see women wearing the *hijab* (traditional Islam headscarf for women) at adolescent ages for Islamic religious purposes.

According to the *Pew Research Center,* in 2009 there was an estimated 3 million Muslims living in the Middle East. Therefore many Muslim consumers are covered in headscarves or *dish-dishes* and are attracted the unique, customized or flashy clothing accessories. Chalhoub, CEO of Chalhoub Group says, Middle Eastern consumers "tend to strive for individuality in anything they buy (limited editions, personalized items etc) while staying bound to strong social codes, respecting traditional values and family codes." [15] Purchasing products that may contribute to a person's individuality translates into the habit of buying customized products in general (fig. 2). "There is a stronger importance of accessories and shoes as a means of self-expression, given the relatively uniformed Abaya (traditional black gown worn by women across the Gulf)." [16]

In addition to following cultural and religious traditions, organizational Behavior assistant professor at INSEAD, Frederick Godart, claims that consumers are historically drawn to luxury as it a tradition of conspicuous consumption and is imbedded in deep historical roots of the Middle East. "Luxury is a way for new members of this class to

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[15] See Church, <u>INSEAD Knowledge,</u> (2011).
[16] See Church, <u>INSEAD Knowledge,</u> (2011).

express their social rise. At the heart of luxury lies conspicuous consumption, the need to express one's social status and power through manufactured objects." [17]

Social Status in the Middle East

Foreign brands can assume that even within the Middle East, countries can vary its norms compared to the West: "In Saudi Arabia, 52% of people agree that money [and products] are the best measure of success compared with just 15% in Britain."[18] However, generally in across the Middle East, luxury brands may be profitable as Arab societies have historically been trade-based societies where affluence and ownership of material goods are widely perceived as symbols of success and status. "Status has its roots in ancient society, in which every person had a "place" in the social hierarchy." [19] Most notably, in a set of two related studies, Richins (1994a, 1994b) finds that […] materialistic individuals prefer possessions that are publicly visible and high in prestige, and that they are strongly influenced by the perceptions of others when selecting products. [20] In such a culture where peers may be judged on possessions, Middle Eastern consumers tend to invest more in high quality brands in order to maintain their status in their tight-knight and collectivistic peer groups. A statement written in the *Journal of Marketing* states "We [consumers] account for individual differences in consumption-

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[17] See Church, <u>INSEAD Knowledge,</u> (2011).

[18] "Brands in Iraq: Battling for Consumers," <u>Brand Strategy</u> (2004): 28-31.

[19] See Gee Young, <u>Journal of Marketing</u> (2010): 17.

[20] Aric Rindlefish, Nancy Wong and James Borroughs, "Seeking Certainty via Brands: An Examination of Materialism and Brand Resonance" University of Wisconsin-Madison and Georgia Institute of Technology, (2013): 6.

related need for status, defined as a "tendency to purchase goods and services for the status or social prestige value that they confer on their owners."[21]

One way for consumers to emit their status in the Middle East is through purchasing customized luxury brand products with eccentric logos to signal the brand (fig. 3). Luxury brand logos can be used as a strategic and cheap form of advertising for the brand as people wearing the logos are constantly exposing the brand to the passersby and therefore act as ambassadors of the brand when they choose to expose the brand on their accessories or clothing so that their peers can see. It's common in the Middle East to see the eccentric logos beneath the men' and womens' *abayas* and mens' *dish-dashas* to also signal their wealth. "Wealthy consumers high in need for status use loud luxury goods to signal to the less affluent that they are not one of them." [22] Authors in the *Journal of Marketing* declare that consumers may choose certain products of the same brand over another product of that brand because of how "loud" or "quiet" the brand logo is. An example could be when a consumer may opt to buy glasses by Gucci that explicitly have the logo on the side in comparison to glasses by Gucci that are not as eccentric in logo (fig. 4). "Different consumers prefer quiet versus loud branding because they want to associate themselves with and/or dissociate themselves from […] groups of consumers." [23]

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[21] See Gee Young, Journal of Marketing (2010): 16.
[22] See Gee Young, Journal of Marketing (2010): 15.
[23] See Gee Young, Journal of Marketing (2010): 16.

Shopping Culture in the Middle East

Furthermore, international brands expanding to Dubai will benefit greatly from the consumers preference of luxury buying as the local population considers shopping as an important social and entertainment destination, and leisure activity that are often practiced with friends (70%), or sisters and mothers (40%).[24] Moreover the shopping mall culture in the Middle East is vast, as consumers need somewhere to spend their days during the hot, humid climates seven months out of the year. Because of the generally hot climates, shopping culture will remain prominent in the Middle East as the consumers share a common interest in shopping and spend most of their weekends inside in the air conditioned malls.

Unlike the West, malls in the Middle East are constructed to serve as places to run errands, shop, eat, get a haircut and even watch a movie. An interesting statistic stated in an EMAAR press release in 2011 is that Dubai mall was the world's most visited shopping and leisure destinations with more than 54 visitors in 2011 and 35% increase in average retail sales. [25] It's no wonder that "In Iran, Kuwait, Lebanon, Saudi Arabia and the UAE, at least half of consumers claim to 'really enjoy any kind of shopping' compared to around a third of consumers in Western European markets." [26] Due to the incentivizing shopping experiences, a survey conducted by the Chalhoub Group in 2010 revealed that young people living in the Gulf spend an average of almost $131 per month

[24] Raef J. Assaff, Nadia Noormohamed, and Mohamad Saouli. "Rethinking Marketing Communication – Using Social Media to Attract College Consumers in the Middle East." Competition Forum,10.2 (2012).
[25] "The Dubai Mall Is World's Most-visited Shopping and Leisure Destination; Hosts 54 Million Visitors in 2011," EMAAR (2012).
[26] Brands in Iraq: Battling for Consumers." Brand Strategy (2004): 28-31.

on perfumes and cosmetics, $602 on clothing, $419 on accessories and $314 on gifts [27] from high-end recognizable fashion brands such as Chanel, Dior, Gucci, Givenchy, Fendi, and Armani (fig. 5).

II. Purchase Behavior in the Middle East

"The spread of economic prosperity has provided access to growing segments of the population to higher education degrees." [28] Therefore, the region's consumers are becoming very demanding, as they have been able to travel the world and are therefore influenced to purchase international fashion brands sporting unique trends. Furthermore "in comparison to other GCC, Islamic countries, the UAE is considered to have a well-educated knowledge of consumer goods" [29] so UAE consumers will be relatively even more inclined to buy international brands they have been exposed to or are aware of.

Luxury brand loyalties will essentially be high as "there are a growing number of young educated consumers with a high disposable income. "[30] For example in the UAE there was a high consumption of luxury goods by consumers with a high per capita income of $45,000 on average in 2012.[31] In addition to a large working demographic in the UAE, specifically local Emirati employees enjoy sometimes even higher rates of disposable incomes that allow them to purchase high-quality brands and enjoy a comfortable lifestyle. Therefore, many Middle Eastern consumers enjoy a high purchase

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[27] "The Luxury Market in the Middle East." The Luxury Market in the Middle East. Les Cahiers, 2011.
[28] See Les Cahiers, (2011).
[29] See Ann Langlois, Ed Langlois et al. Journal of Marketing Development and Competitiveness (2012): 117
[30] See Ann Langlois, Ed Langlois et al. Journal of Marketing Development and Competitiveness, (2012): 117
[31] "United Arab Emirates." Forbes Magazine, 2012.

frequency, a strong appeal for novelty and a tendency to try high-tech items and luxury fashion brands.

Furthermore, shopping is not an issue for consumers even through the recent recession; "In general, the richest countries in the Arab market were not as severely affected by the recent economic crisis than the West."[32] Current owner of the Chalhoub Group, Patrick Chalhoub elaborates: the "Gulf remains a major pool for growth despite the impact of the financial crisis," [33] and despite the recession, this retail sector is expected to show growth of an average of 14% a year through to 2013." [34] Fortunately then for advertisers, Middle Eastern consumers can be more receptive to advertisements than consumers in Europe because of their generally high purchasing power. "Consumers are receptive to marketing communications; In Kuwait, for example, 45% of people say that they are tempted to buy products they've seen advertised, compared with just 17% in France and 22% in Germany." [35]

In addition, brands can very well take advantage of the larger average household size in Middle-East countries. "It is significantly larger than that in most Western nations. This means that larger purchase decisions are, more often than not, taken mutually within the family unit rather than on an individual basis." [36] Due to their collectivistic mentalities, many times Middle Easterner's go shopping in large family or peer groups as they value of the opinions of their peers before making a decision. Furthermore, those

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[32] See Luxury Movement, (2013).
[33] See Church, INSEAD Knowledge, (2011).
[34] See Assaff, Competition Forum, (2012): 114
[34] Brands in Iraq: Battling for Consumers," Brand Strategy, (2004): 28-31.
[36] See Luxury Movement, (2013).

peers typically can be seen wearing similar brands as "consumers are influenced by their own group, those they aspire to be like and those with whom they want to avoid being associated." [37] When shopping together, this could translate into high items per transaction outcomes for the brand as family and peers may be loyal to certain brands that their friend groups approve of than an individualistic Westerner may be when shopping alone.

III. Political & Cultural Considerations in the Middle East

Foreign brands should understand that "culturally the Middle East is "very complex, with multi-ethnic and multi-country consumers" [38] and that these diverse demographics need to be taken into consideration when establishing their brand image. There are differences in how Western brands market their products versus how Middle Eastern brands do. An evident point is that Middle Eastern advertisements emphasize on traditional Muslim value; however, American advertisements focus on ideals and places in contrast with traditional religious value. [39] It is important for businesses to understand what advertisement campaigns consumers will accept since several regions in the Middle East follow *Sharia law*. This law "guides all aspects of Muslim life, including daily routines, family and religious obligations and financial dealings." [40]

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[37] See Gee Young, Journal of Marketing (2010): 18
[38] See Jones, Distribution Management, (2003): 360.
[39] Navid Behravan, Morteza Jamalzadeh and Roozbeh Masoudi. "A Review Study of Developing an Advertising Strategy for Westerner's Companies among Middle East Countries: the Islamic Perspective," Information Management and Business Review; 4, (2012): 108.
[40] Toni Johnson, "Islam: Governing under Sharia," Council of Foreign Relations, 2013.

If a company was to advertise the term "golden" as part of a name of a restaurant, Islamic consumers can conceive from the advertisement the possibility of the restaurant serving beer in restaurant or maybe to use golden utensils which is forbidden in Sharia law." [41] Furthermore, the article states that countries found to follow Islamic law are: Saudi Arabia, Kuwait, Bahrain, Yemen, and the United Arab Emirates, Pakistan Iran, and Iraq Tunisia and Egypt. Therefore, especially within these regions, it is proposed that consumers' responses to advertisement messages can be affected by religious attitude.

Thus no matter how rationalized an Arab country has become — even in the case of the modernized UAE — "respect for tradition remains a benchmark." [42] By tradition, it implies that "tradition is the foundation of a strong sense of national and regional identity" where family is an integral part of the Middle Eastern culture. For instance, an effective example was in 2011, McDonalds broadcasted an advertisement (fig. 6) in which the emphasis here was on family time (valuable in the collectivistic Middle Eastern culture) with "a horde of adorable children invading the pristine office buildings of their professional parents and quite literally dragging them off the premises." [43] This advertisement mirrored the culture norm in the Middle East of loud, affectionate and large families.

In terms of political ties affecting sales, it is stated in the *Journal of Marketing Development and Competitiveness* that Middle Eastern consumers do not *normally* reject American brands, however American brands should be aware that there have been situations in the past where consumers [temporarily] reject a foreign brand because of

[41] See Behravan, Information Management and Business Review, (2012): 109
[42] See Luxury Movement, 2013.
[43] Erik Klain. "How McDonald's Advertises in the Middle East," Forbes 2013.

religious and political issues.[44] For example, a Danish cartoon controversy in 2005

depicted the Islamic Prophet Muhammad extremely negatively, so as a result the

conservative Saudi Arabia boycotted Danish goods in 2007. Moreover since the war in

Iraq began, Western brands could be tainted by any negative feelings Iraqi consumers

have towards American foreign policy and US soldiers[45] when looking to establish a

presence in that region. Fortunately, editor of *Iraq Today* believes that these are two

separate issues when looking at retail brands: "Iraqi's connection with a US soldier is

different to their connections with a US brand." [46] There can sometimes a brief period

where people may boycott American brands in cities in the Middle East but that usually

is temporary when it comes to retail. John Deykin, managing director of a branding

consultancy in Dubai, elaborates "People's memories are short, and tempting Western

brands are hitting them on satellite TV." [47] As discussed previously, since Middle

Easterners can be receptive to advertisements, they tend to still opt to purchase Western

brands.

Therefore once a Western brand establishes itself in a Middle Eastern country,

they must realize that spending time customizing their advertising to Muslim consumers

is beneficial in the long run since currently roughly three million people living in the

Middle East are Muslim and the number of individuals who adopt Islam as their religion

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[44] See Ann Langlois, Ed Langlois et al. Journal of Marketing Development and Competitiveness (2012): 117
[45] See "Brands in Iraq," Brand Strategy, (2004).
[46] See "Brands in Iraq," Brand Strategy, (2004).
[47] See "Brands in Iraq," Brand Strategy, (2004).

is growing very fast (fig. 7). [48] An effective approach to advertise to Muslims in the

Middle Eastern region would be to "boost the sales and advertising align with society

changes" [49] and to follow certain guidelines that may affect the Middle Eastern values

and tradition: media are not allowed to print or broadcast advertisements with content of

emotional and sex appeals, use romantic language or use a female model with sexy attire

in order to grab customer attention and obtain higher market share and profit like they

would in the West. Therefore, advertising strategists should view the Middle East as a

region with "resembled culture and religion and form standardized strategies with

sustaining advertisement objectives, message, positioning and theme" [50] and adhere to the

Middle Eastern values and norms.

To illustrate, in 2011 the recent *Reb'l Fleur* perfume advertisement featuring pop

star singer Rihanna was not tolerated well in Kuwait as it was deemed controversial (fig.

8). The original advertisement shows Rihanna smelling a rose with an open robe. To be

broadcasted in Kuwait however, the image needed to be photo shopped to show Rihanna

with a closed robe. "Arabs believes Western advertisements use the women's body as a

tool for personal achievement not delivering the message." [51] The editing of the this

advertisement was necessary to appeal to local consumers as "sales of American products

are very important in Kuwait, as it in 2011 it is listed as the 5th richest country in the

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[48] See Behravan, Information Management and Business Review, (2012): 109
[49] See Behravan, Information Management and Business Review, (2012): 109
[50] See Behravan, Information Management and Business Review, (2012): 109
[51] See Behravan, Information Management and Business Review, (2012): 110

world with a U.S. per capita income of $81,000 per year [52] which could translate into

high demands for the perfume brand. By closing the robe, not only does this diminish the

exploitation of nudity that is against Islamic values, but this also appeals to the Kuwaiti

culture in that Rihanna's conservative demeanor is more relatable to Kuwaiti women who

may now be able to identify with the perfume's message. Furthermore, 83% of all

advertisements directed at Kuwaitis show women wearing long clothes. [53]

Women in the Middle East

Brands must recognize social norms and be cautious about the message they are

emitting when advertising to Middle Eastern women. Regions in the Middle East differ in

their standards for local dress, but generally, locals wear the *hijab* (a traditional scarf on

her head) and the *abaya* (a long black robe) – as their deliberate choice, as an explicit

sign of their participation in a tradition and a culture." [54] However, just because women

are meant to wear the traditional dress doesn't mean that they can't embrace Western

brands wherever they can. The clashes are evident when these women wear Chanel

sunglasses or Prada shoes. More often than not they opt for the eccentric logos, as they

want any accessory to stand out from beneath their dress hems. "In places where the

handbag is the only conspicuous accessory allowable by culture, or sometimes by law,

that form of expression begins to make sense."[55]

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[52]Shea Peters, "Rihanna Gets Photoshopped in the Middle East, Perfume Ad Too Racy for Kuwait (Photos)" Examiner, (2011).
[53] See Shea Peters, Examiner, (2011).
[54] See Les Cahiers, (2011).
[55] See Church, INSEAD Knowledge, (2011).

In addition to understanding the Middle Eastern women's preference in merchandise, it is also important to note that the standard of women has generally increased in the Middle East. Women have autonomy and power in that they can drive, play sports and have access to higher education (excluding Saudi Arabia). For example, in 2011, "In the UAE, women represent 75% of universities." [56] Contrary to popular belief, women devote their time to their careers and not only the family as they represent 30% of the workforce in the UAE in banking, public administration, diplomacy and even high level management positions. [57] When brands create advertisements, they can also focus on promoting clothing for work in addition to clothing for leisure. Each region in the Middle East may have its own standards towards women. For example, brands in Saudi Arabia may have to follow specific requirements when advertising that may be different that those in the UAE.

For example, in 2012, IKEA, the Swedish home furnishing store, had to airbrush the woman out of an ad because of Saudi regulation (fig. 9). In extremely conservative cultures such as in Saudi Arabia, "Islamic Sharia law is applied […] where the ruling Al Saudi family espouses a fundamentalist interpretation of Islam known as Wahhabism." [58] Women must always be covered, cannot drive or attend co-ed higher educated

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[56] See Les Cahiers, (2011).
[57] See Les Cahiers, (2011).
[58] "Ikea 'regrets' Removal of Women from Saudi Catalogue," BBC News, (2012).

institutions. IKEA decided to exclude the woman from the ad even though excluding

women from the catalogue is in conflict with the IKEA group values." [59]

Young Population in the Middle East

Brands must realize that the age demographic for advertising purposes are

different in the Middle East compared to Europe: In 2007 alone, "around a third of the

populations of Egypt, Iran, Lebanon and Saudi Arabia fall into the youngest age bracket

(15-24) compared to an average of just 15% across populations in Western Europe

(Britain, France, Germany and Spain). [60] Fabre adds that in the Gulf region the high

consumption of luxury goods per capita is driven by age (50 percent of luxury purchases

are from customers under 30 years of age).[61] Therefore, a Western brand can use these

statistics as a way to transform its brand's message to cater the majority of spenders: the

younger population.

"Middle Eastern consumers love to shop and the younger people spend a lot of

money on high-end brands and middle market fashion." [62] Brands can focus on

highlighting the high-tech aspects of their brands confidently knowing that these products

will be popular with many of the young Middle Eastern consumers. A young consumer

base could translate into an audience willing to try the latest bold trends and therefore be

intrigued by luxury, high-tech and fashion-forward products. For this reason "watches,

audio-visual equipment and clothing are much sought after by young and local

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[59] See BBC News, (2012).

[60] See "Brands in Iraq," Brand Strategy, (2004).

[61] See Church, INSEAD Knowledge, (2011).

[62] See Jones, Distribution Management, (2003): 362.

consumers. Information technology products, such as computers and their accessories are widely used." [63]

Malls play a huge role in the social life of the people and are considered to be a social club and gathering places for young people. This may be why young men and women develop shopping interests and this combined with particular social features (high income, increasing purchasing power and the view of shopping as free time leisure activity) encourages positive consumer behavior towards purchasing luxury goods.

Furthermore, in the Middle East is transforming and young adults experience a freer lifestyle in comparison to their parents' generation; they are traveling more often, studying abroad and are being exposed to diverse areas of the world. Brands can use this idea to their advantage and therefore create ads portraying a wide range of ideas. In addition brands can take advantage of the mediums in which they can spread their message to the public: "furthermore, improved access to global information flows and globalization, thus further accelerating the process of cultural modernization which influences consumers to want to acquire products and brands that are "symbols" of the highest quality in the West." [64] To facilitate the process of brand awareness through social mediums, Western retail brands can depend on new media that have now spread to the Middle East such as the smartphones, tablets, general Internet access and social media networks.

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[63] See "Brands in Iraq," Brand Strategy, (2004).
[64] See Luxury Movement, 2013.

IV. Social Media in the Middle East

Social media is an upcoming trend for brands to use to market to the Middle East. The recent political uprisings that began in 2011 sparked consumers to engage in social media and now brands from the West must re-evaluate how they can use the Internet to develop a wide reach in the Middle East as well as to cater to their current interests. "The advancements in communication technologies have transformed traditional marketing strategies to adapt to a new consumer with many demands and changing interests."[65]

The Internet can be proven to be the most effective mediums to use for brand advertising and has allowed the Middle Eastern consumers to stay engaged with the most recent trends around the world. "Consumers in the Middle East are now better informed as a result of exposure to Internet, satellite TV and foreign travel"[66] and generally choose to stay current with various marketing communications tools such as social media, magazines and television commercials and less often now, radio and newspaper.[67] The Middle East Internet usage growth rate, between the years of 2000 – 2009, reached 1,648.2 %, the highest growth rate in the world. [68] In addition, the *Arab Media Outlook* projected that 75% of the population in Lebanon and the UAE use social media platforms" (table 1). [69]

"There has been a progressive opening of information first through universal access to traditional media such as newspapers and television and then - more recently -

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[65] See Assaff, <u>Compeition Forum,</u> (2012): 115
[66] See Jones, <u>Distribution Management, (</u>2003): 362.
[67] See Assaff, <u>Compeition Forum,</u> (2012): 115
[68] See Assaff, <u>Compeition Forum,</u> (2012): 112
[69] See Assaff, <u>Compeition Forum,</u> (2012): 113

social media in the Middle East." [70] Moreover, since the number of people using social

media platforms such as LinkedIn, Facebook, Twitter and Instagram has increased to

87% in 2012, brands realize that they need to alter their communication strategies to

appeal to the consumer through social media.[71] Brands can take advantage of the

marketing buzz that can occur through consumers' exchange of information via the

Internet. Firms can translate these statistics into beneficial ways to promote their

products to consumers in the region. In fact, it is stated that currently 69% of all luxury

brands have a Facebook presence, 46% have a Twitter account and 34% have a mobile

app (info graphic 1). [72] Brands can also use such statistics to benchmark their

competition's social media tactics when engaging consumers.

Furthermore, instead of just acting as consumers in the past, people who use

social media also act as functional marketers in the sense that they can communicate their

personalities, opinions and ideas via the Internet. "Social media is a young market in the

Middle East and is the hottest buzzword in the digital arena. Social media is a shift in

how people discover, read, and share news, information, and content." [73]

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[70] See <u>Luxury Movement,</u> 2013.
[71] See Behravan, <u>Information Management and Business Review,</u> (2012): 115
[72] See "[INFOGRAPHIC] LUXURY BRANDS SOCIAL MEDIA ZEITGEIST," (2012).
[73] See Assaff, <u>Competition Forum,</u> (2012): 114

V. Successful Marketing in the Middle East

In general, consumers in the Middle East may have a different understanding of a commercial advertisement message than what the advertisers intended for since consumers in the Middle East are generally from diverse religious and cultural backgrounds. To be successful in a luxury retail market, brands must get to know the market and the consumer well enough in order to ensure receptivity.

Standardization vs. Localization

A challenging question arises for any firm aiming to advertise their products in a foreign environment. There are "serious debates between marketing experts on whether companies must standardize or localize their advertising activities in international scope."[74] A firm expanding internationally to the Middle East must not make the mistake of creating all international campaigns similarly, as each country has its own religious and cultural manifestations. Brands should not market to the Middle East using one strategy across the board; instead it is important to keep in mind each country will have a unique demographic that the brand should aim to appeal. While the majority of middle Easterners may be homogenous in histories, economies and religion, there are still differences between the countries in the Middle Eastern region.

For instance, unlike Kuwait and Bahrain, selected industrial countries such as Doha and Dubai contain a vast amount of international expatriates and tourists who may be receptive to different forms of advertisements. The brand building strategies in the "Middle East, vary from country to country and that markets have a different level of

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[74] See Behravan, Information Management and Business Review, (2012): 108

maturity. The countries also have a different consumer mix." [75] Therefore a brand may

not be successful in a region if it fails to understand each country's social norms and

population make-up. "There is numerous evidence in international marketing that shows

advertising that worked in [one] country may fail in other countries regarding cultural

discrepancy in each of them." [76] The research in understanding a foreign culture done

before hand can lead to a company's success.

A more conservative country like Egypt was surveyed to behave differently than

its sister countries in the region, as they are slightly less passionate about shopping

perhaps due to current economic situation and local cultural norms. "Just a fifth of people

in Egypt admit that they sometimes treat themselves to things they don't need compared

with 41% in Lebanon where 'binge shopping' is commonplace and people often live

beyond their means."[77] For this reason it is important for brands to develop a customized

model that "must grab their target customers' attention and persuade them to alter their

purchasing intention and move them toward their products." [78]

Marketing strategies in the Middle East should take into account consumer

behavior per country as well per city. Even more challenging for Western brands is

understanding that marketing strategies may have to be customized within one country

alone as the social norms may differ between different cities. Within the UAE for

example, Dubai and Sharjah differ immensely between their social norms, traditions and

consumer mix. The Sharjah emirate is inhabited by more local Emiratis than in Dubai

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[75] See Les Cahiers, (2011).
[76] See Behravan, Information Management and Business Review, (2012): 111
[77] See "Brands in Iraq," Brand Strategy, (2004).
[78] See Behravan, Information Management and Business Review, (2012): 111

and is generally more conservative under Sharjah Islamic law so advertisements must be modified accordingly. In comparison, Dubai is known to be the most modern city in the UAE and debatably the Middle East, where tourists and expatriates contribute to a more liberal lifestyle. As of 2009 the *United Arab Emirates Ministry of Foreign Trade* declared Dubai a temporary home for 80%+ expatriates amongst the 8-20% locals in Dubai as well as in the UAE overall where foreigners accounted for the bulk of the population at 4.143 million.[79] Today, Dubai is recognized around the world to be inhabited by more foreigners than nationals.

Advertising Multi-Views Model

In addition to using localization to know your audience, a four-dimensional advertising model encompasses humor, morality, fairness and incentives when aiming to create advertisements to the Middle East (fig. 10):

a. *Humor Factor:* "Using humor in advertising can be effective if the multinational advertisers recognize Middle Eastern taste to grab their attention." [80] Also using humor in advertising can make an advertisement stick out from its competitors' ads. Localization applies here since a Western brand can create an advertisement that is loyal to its values but customized to appeal to consumer taste in the region but it is important to ensure that consumer will understand the intended humor.

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[79] "Why UAE? Maximizing Opportunities," The UAE Ministry of Foreign Trade: 27.
[80] See Behravan, Information Management and Business Review, (2012): 111

It is said by Behraven that "the impact of humorous content advertisement depends on how humor applied, and what relation of humor to product." [81] For example the McDonalds advertisement in the *Political and Cultural Considerations* section above, proves that the advertisement is witty and caters to the values of the Middle Eastern consumer. The McDonalds advertisement proves that emotional messages that appeal to family tradition can be effective as well when combining them with humor and/or wit. By creating an ad that appeals to the taste of the consumer at hand, the consumer will be more likely to remember the advertisement's message as he/she can relate to it.

b. Fairness Factor: When appealing to the average Middle Eastern consumer, it is important to remember that in Islamic law, it is considered sinful to lie, cheat or steal. For the case of an advertisement, the product's glamour should not be too exaggerated or the consumer may deem the company to be untruthful and disloyal to consumers. "Therefore, it is a promoter obligation to disclose the product defects before the sale" [82] as the Islam principles are based on promoting justice. On an opposite note, when information is instead held from the public about product performance, a Middle Eastern consumer may question the company's integrity.

c. Morality Factor: While a brand must continue to alter its image to cater to the local audience's taste and traditions, a brand must also stay true to its values. This can often be challenging to find the perfect compromise in promoting a product. Since most

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[81] See Behravan, Information Management and Business Review, (2012): 111
[82] See Behravan, Information Management and Business Review, (2012): 112

Western cultures "may have less attention to religious value [in advertisements], using sexy or immoral images can be [more] common in their advertisements." [83] In the Middle East, the preferred way to cater to the audience would be to include any Arabic language in the advertisement or to base the message around the value of family. As stated previously, sexuality and nudity is generally not accepted among Middle Eastern audiences, as countries in Asia and the Middle East tend to be more conservative than the U.S. and Europe with respect to nudity. Therefore a multinational brand from the West must make sure to filter their advertisements of nudities or profanity especially to more conservative audiences in the Middle East, such as in Saudi Arabia. Furthermore, "advertisers encourage using cultural value, custom or dressing style in their advertisements" to appeal to the local consumer.

d. Incentives factor: To continue the example with IKEA, the company needs to find a way to encourage consumers in the Middle East to purchase Swedish furniture rather than a local furniture from a Middle Eastern company. Therefore, "It is recommended to partly localize the product or use some incentive local chant in Middle East region." [84] For instance, IKEA uses the phrase "Happy Ramadan" in their advertisement in 2000 to incentivize customers to purchase its products and to indicate its interest in the local consumers' heritage, tradition and values.

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[83] See Behravan, Information Management and Business Review, (2012): 112
[84] See Behravan, Information Management and Business Review, (2012): 112.

VI. Franchising in the Middle East

Because consumers are expecting high quality products, brands need to advertise their merchandise but may need help planning and executing strategies from a local source. A popular solution among foreign brands is to commit to a franchise. It's important when choosing a retailer to choose one that has knowledge of the local consumer trends, tastes and legislations. Since the Middle East is such an attractive market for retailers to penetrate into, "The GCC was quick to realize the benefits the franchise business model could bring to the region and franchise relationships are imbued into the social and economic structure here." [85]

"Franchisers are both appreciative of the value that the brand plays in achieving market-share and mindful of the economies of scale which are required to sustain bottom-line success in this fast-evolving marketplace." [86] Currently, the Middle East is dominated by a number of wealthy family owned franchisers such as AlShaya. Also common is Chalhoub Group and Al Tayer Group. These companies represent major international luxury fashion brands such as Dior, Marc Jacobs, Calvin Klein and Chanel. "These powerful and experienced franchisees not only guarantee rapid growth of partner brands in the region but also help adapt the brands to local differences." [87]

[85] See Tracey Furey, Franchising World, (2007): 86.
[86] See Tracey Furey, Franchising World, (2007): 88.
[87] See Strategic Direction (2003): 14.

Franchise driven revenues were estimated at $30 billion in 2007 and experienced a 27% annual growth rate, [88] according to Abdul Rahman Falaknaz, organizer of the Franchising Middle East exhibition. Debenhams, a British department store chain, has successful international operations in Scandinavia, Hungary, Malaysia and now the Middle East partly because it franchises with established retailer AlShaya. AlShaya, a well-established Kuwaiti based retailer, was used as part of Debenhams's international expansion approach as "franchising remains one of the preferred routes for international retailers." [89] Debenhams's success comes from a careful combination of its expertise with AlShaya's local knowledge as the retailer not only identifies opportunities in wealthy but under-shopped locations, it locates potential sites." [90]

As stated prior, franchisers can help alleviate the cultural and religious gaps between the foreign and local populations for when brands want to market to the Middle Eastern consumer. For example, AlShaya enlightened Debenhams on cultural norms in the Middle East: "One obvious local difference [Debenhams should abide by] is that in Arab countries ticketing and packaging showing female bodies, nudity and even family groups are banned. Anything deemed offensive could be immediately impounded." [91]

Furthermore, AlShaya can guide Debenhams take into account the variation in shopping behavior of the Middle Eastern consumer in comparison to that of the UK consumer. For example, in the housewares department, newly married couples are likely to take a whole room purchase approach than purchasing separate items. Also in

[88] See Tracey Furey, Franchising World, (2007): 86.
[89] See Tracey Furey (2007): 88.
[90] See Strategic Direction (2003): 14.
[91] See Strategic Direction (2003): 14.

womenswear department products tend to be presented in a complete outfit form, as "customers in the Middle East like to be told what to do." [92] In comparison, UK female shoppers like to find items on their own to make up their own outfits. This concept could link to how in the UK people tend to live more individualistic lifestyles in comparison to the Middle East. This preference overall could affect consumers' purchase decisions and a franchiser would alleviate any cultural uncertainties a brand has about local consumer behavior.

Conclusion

The rapid growth in the Middle Eastern region has increased consumer demand for goods and services; market Researcher firm RNCOS declared the Middle East's retail industry doubled in value between 2003-2008 to reach a staggering $400 billion.[93] As a result, the Middle East has become a high growth market for foreign luxury brands to enter the industry. Despite the recession as well as political ties, brands that sell in the Middle East generally profited from the Middle Eastern consumer. The Middle Eastern consumer is generally receptive to advertisement is likely to purchase customized, high quality products in order to signal their social status amongst peers. "These [Middle Eastern] countries represent a fascinating world and a market that after so many years is still hard to know the distinctive features in detail. But we know that consumers have a favorable bias in the Middle East to purchase beautiful well-made things. The conditions

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[92] See Jones, Distribution Management, (2003): 363.
[93] See Assaff, Compeition Forum, (2012): 114

for significant growth in this area are all there, given the high spending power of consumers" expresses Santo Versace, co-founder of Versace brand. [94]

A Western brand can adapt and interpret the local culture while remaining faithful to the values of the brand, think strategically and long-term, and enter a partnership in the Middle East. "Particular skill is therefore needed in localizing the core brand without diluting it." [95] A brand can take advantage of a franchiser's knowledge of the culture norms to increase brand awareness and create customized advertisement strategies. Furthermore when Western brands look to advertise in the region they need to constantly use standardization versus localization approaches to take into account the consumers' freedom associated with the modern lifestyles that have been progressing in the Middle East.

Finally, the popularity of Western brands among consumers in the Middle East has proven to be possible as it's normal to see Eastern objects created with Western logos. Middle Eastern consumers who care about their social status among peers will stay loyal to luxury brands and consumers can stay faithful to their traditions while exploring Western luxury brands. For example, in Dubai people are often seen Middle Eastern slippers made from designer denim or customized designer accessories made with Arabic calligraphy. Iranian American artist, Eric concludes, "You really do see men in *dish-dashas* smoking and wearing Nike sneakers," he says. "And they're probably wearing

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[95] See Les Cahiers, (2011).
[95] See Strategic Direction (2003): 14.

Versace underwear beneath it all."

< http://www.adweek.com/news/advertising-branding/middle-east-meets-Western-brands-133277>

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Appendices

Figure 1 shows Emirati men wearing the national *dish-dasha* dress.
<http://www.khaleejesque.com/wp-content/uploads/2009/09/thobe7.jpg>

Figure 2 shows a customized Ferrari in Dubai, UAE.
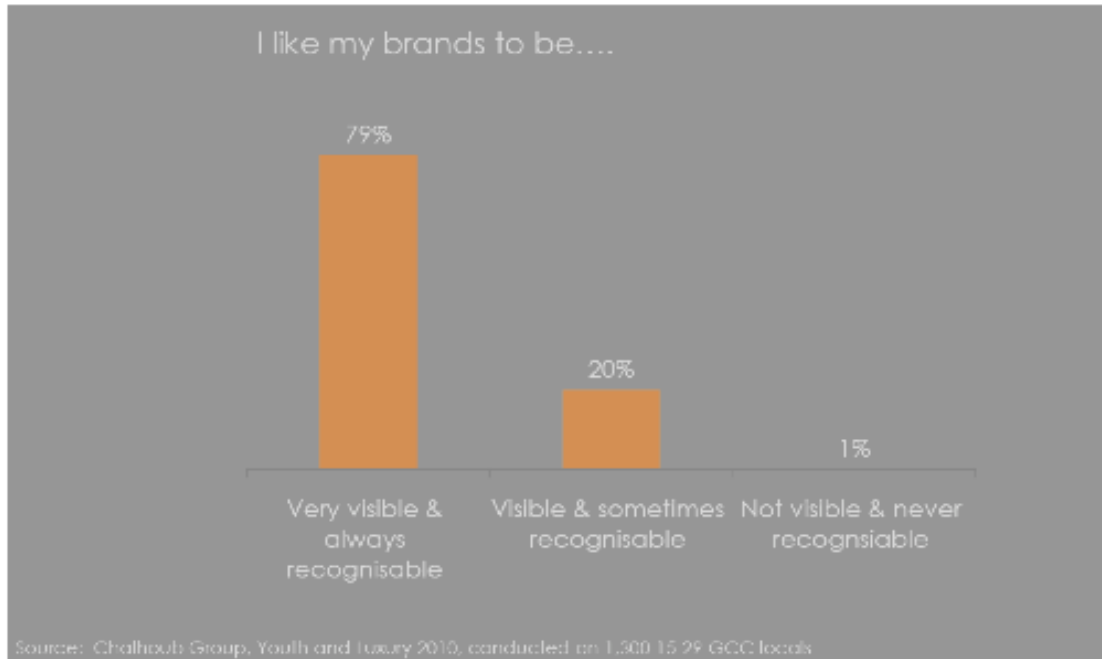<http://www.blogcdn.com/www.luxist.com/media/2009/08/camoferrari.jpg>

Figure 3 shows results from a Chalhoub Group survey on brand recognition preferences.

< http://www.lescahiersfm.com/en/articles/115-il-mercato-del-lusso-nei-paesi-del-golfo.html>

FIGURE 2
Loud and Quiet Gucci Sunglasses

Figure 4 shows the difference between *loud* and *quiet* sunglasses.

<http://www.journals.marketingpower.com/doi/pdf/10.1509/jmkg.74.4.15>

Well-known umbrella brands

	KSA	UAE	KWT	EUROPE
Clothes	Chanel Dior Givenchy	Armani Dior Calvin Klein	Armani Chanel Gucci	Chanel Valentino L. Vuitton
Shoes	Chanel Dior Gucci	Dior D & G Fendi	Gucci Chanel Armani	Louboutin M. Blahnik J. Choo
Bags	Chanel Dior Givenchy	Dior Calvin Klein Gucci	Gucci Chanel Dior	Hermes Chanel J. Choo

My favourite luxury brands....   Source: Chalhoub Group. U&A 09, conducted on 2,000 GCC females

Figure 5 shows the most popular luxury brands in the Middle East.

< http://www.lescahiersfm.com/en/articles/115-il-mercato-del-lusso-nei-paesi-del-golfo.html>

Figure 6 shows a snapshot of the McDonalds ad showed in the Middle East.

< http://www.forbes.com/sites/erikkain/2011/10/18/how-mcdonalds-advertises-in-the-middle-east/>

Muslim Population by Region

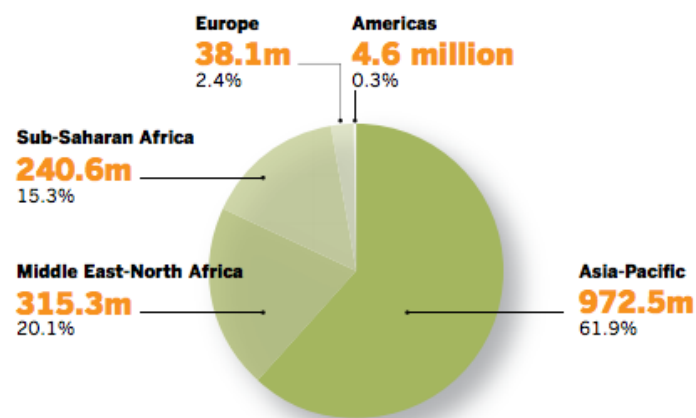|	Estimated 2009 Muslim Population	Percentage of Population that is Muslim	Percentage of World Muslim Population
Asia-Pacific	972,537,000	24.1%	61.9%
Middle East-North Africa	315,322,000	91.2	20.1
Sub-Saharan Africa	240,632,000	30.1	15.3
Europe	38,112,000	5.2	2.4
Americas	4,596,000	0.5	0.3
World Total	1,571,198,000	22.9	100.0

Figure 7 shows the population of Muslims per region as of 2009.
<http://www.pewforum.org/uploadedfiles/Orphan_Migrated_Content/Muslimpopulation.pdf>

Figure 8 shows the edited and un-edited versions of Rihanna's *Reb'l Fleur* ad in Kuwait.

< http://www.examiner.com/article/rihanna-gets-photoshopped-the-middle-east-perfume-ad-too-racy-for-kuwait>

Ikea 'regrets' removal of women from Saudi catalogue

Women are missing from several images in the Saudi version of the Ikea catalogue (R)

Figure 9 shows airbrushed IKEA ad showed in Saudi Arabia.

<http://www.bbc.co.uk/news/world-europe-19786862>

TABLE 1

Country	Internet Users (2000)	Internet Users (2009 Est.)	Population (2009 Est.)	% Use (2009 Est.)	% Growth in Use (2000-2009)
Jordan	127,300	1,500,500	6,269,285	23.90%	84%
Lebanon	300,000	1,570,000	4,017,095	39.10%	68%
Dubai -UAE	735,000	2,860,000	4,798,491	59.60%	59%

Source: www.Internetworldstat.com

Table 1 shows level of Internet use between Jordan, Lebanon and Dubai populations.

www.Internetworldstat.com

Assaff, Compeition Forum, (2012).

Info graphic 1 shows the breakup of how luxury brands engage in social media.

<http://visual.ly/luxury-brands-social-media-zeitgeist>

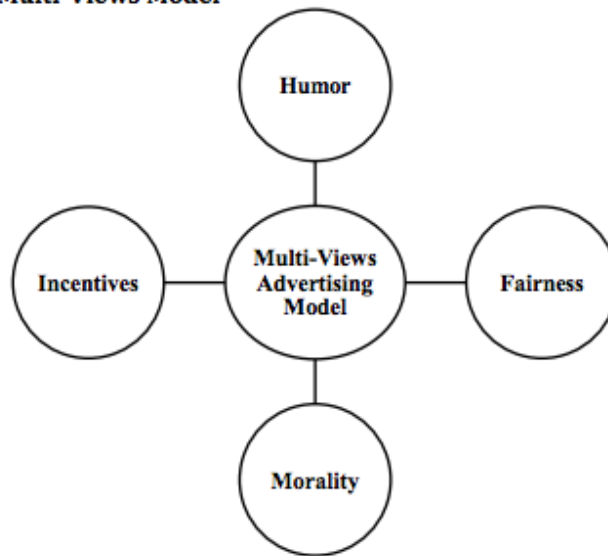**Figure 1: Advertising Multi-Views Model**

Figure 10 shows a picture of the components of the Multi- Advertising Views model.
Behravan, Information Management and Business Review, (2012).