e-Commerce Fulfillment Strategy for Luxury Brands in South Korea

by

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Abstract

Historically, luxury companies have avoided e-commerce due to the unique challenges it presents to brand image control and luxury experience capabilities – both of which are primary drivers of luxury demand. In South Korea, luxury retail and e-retail are both booming, and companies like Ralph Lauren are seeking ways to take capitalize on “e-luxury” with a multi-channel sales and distribution system. Previous operating practices by the licensee in South Korea have left Ralph Lauren’s brand image diluted. This paper aims to help Ralph Lauren understand how to elevate their brand while simultaneously launching an e-commerce initiative in South Korea – two goals that seem at odds with each other according to a review of current literature.

To reach this end, we begin by posing questions that explore which factors affect Ralph Lauren’s brand. We then perform a strategic framework analysis to identify the key strengths and weaknesses of the e-luxury industry in South Korea, and Ralph Lauren’s position within that industry, based off of information gathered from site visits, interviews and current literature. We then use system dynamics to create thought models, which examine the relationships between variables present in our questions. Our discussion links these thought models to our strategic analysis and prescribes several operational actions that may help the company achieve their two-pronged goal. We suggest that, in South Korea, Ralph Lauren unify its e-luxury experience across channels, appropriately segment and target their customers, leverage inventory flexibility, and enhance the luxury services offered both in-store and online.

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