

MOPAN CONFERENCE

IS THE STRATEGIC ALLIANCE AN EFFECTIVE STRATEGY FOR THE HIGH FASHION COMPANIES TO COMPETE SUCCESSFULLY IN THE INTERNATIONAL MARKETS?

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ABSTRACT

The paper will deal with cooperative strategy in the service industries between Eastern and Western countries notably the high fashion industry. It will explore the role of strategic alliances in contrast to foreign direct investment (FDI) i.e. investment and mergers and acquisitions as the most effective means of achieving creativity with particular attention to partnerships between Eastern and Western companies. It will note from case studies that strategic alliances are not as common in this haute couture industry as direct investments by Eastern companies intent on going international in the Western developed economy. This is most probably because creativity is a personal and idiosyncratic function and therefore it is difficult to achieve such creativity in cooperative partnerships or acquisitions where cultural and other compromises are necessary in order to achieve business success.

Thus, the paper examines the attempts of a number of Malaysian companies to go international over the past ten years. It notes that the more popular means has been direct investment which has led to considerable success for example

Zang Toi, a Malaysian high fashion couturier. The company has been very creative and as a result, Zang has spread its company to New York and consequently has become one of the most influential designers in Malaysia. On the other hand, another Malaysian company, Divine Couture, has used the alliance method of going international, however, to date it has been less successful by expanding its foreign operations only to Singapore. Perhaps one of the most fascinating examples of cooperative strategy in the high fashion industry is Jimmy Choo. Jimmy Choo is the situation of an alliance becoming an integrated company on developing internationally in order that the control of designs and implementation can be achieved with a more focused and integrated strategy. Nonetheless, this world known high fashion firm is now acquired by his long term business partner, Tamara Mellon.

Even though it is realised that these three cases do not necessarily imply any clear generalisable rule, they can lead to a hypothesis that in the high fashion industry cooperative strategy is fairly rare particularly between Eastern and Western companies, since it is difficult to combine with creativity.

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