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[Field Research]

The Globalization Strategy and Performance of an Italian Franchise Optics Corporation: A Study of Luxottica

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Abstract

Purpose – This study examined the Italian eyeglass industry and the status of the franchise market. Luxottica's global growth strategy was analyzed to provide insight into the strategy and development of the Italian eyeglass industry and its franchise business.

Research design, data, methodology – Luxottica's annual report, public media material, and website were examined, in addition to data from professional institutions. For the domestic eyeglass industry and franchise business, data from professional organizations, franchise information disclosure documents of the Fair Trading Commission, media materials, and related papers were investigated.

Results – The success factor turned out to be securing a global wholesaler with retailers in overseas markets. This successful strategy was based on the strong entrepreneurial spirit of the founder, innovative craftsmanship, and an excellent corporate culture including corporate social responsibility (CSR).

Conclusions – Considering the current environment, for Luxottica to be a leading global company, it had to review and adopt a successful vertical integration strategy, from R&D to distribution, M&A of overseas wholesalers and retailers, creative design and technical development, and sustainable cultural development

Keywords: Luxottica, Globalization Strategy, Franchise Optics, Italian franchise Industry, Vertical Integration

JEL Classifications: L19, L89, M31.

1. Introduction

The glasses has functions of eyesight protection and/or correction. These days, the glasses can strengthen eyesight to be a fashion item in modern fashion and to be fashion accessory in modern fashion and to be an essential accessory for image display and style completion of the fashion industry (Lee, 2013). The glasses has functions of not only utilitarian goods but also hedonic goods to protect and make correction of eyesight and to make use of glasses brand and to be satisfied at sensitive, emotional and hedonic levels. (Batra & Ahtola, 1990). Therefore, the glasses has functions of not only glasses but also fashion, and sometimes has function of fashion itself only: The ones who took contact lens and/or were given lasik surgery to overcome inconvenience of wearing of the glasses took glasses again to recover fashion. Men take various kinds of glasses depending upon costumes to produce individual look regardless of functional attributes of function of eye protection. As such, the glasses relies upon individualism and images. The glasses that can produce not only images but also individualism is called 'eyewear'. These days, smart glasses of Google glasses has IT high tech device combining Internet of things.

The glasses industry with practical use that has fashion, design and brand is easy to create high added value. The glasses industry in advanced countries has high awareness and occupancy at expensive glasses market based on high tech technology, designs and high quality brand. However, the glasses industry in Korea lost competitiveness not to develop its own brand because of small production size, unreasonable distribution structure, shortage of technology development investment of domestic glasses business, low competence of its own brand and design development and more import of foreign famous brands to produce more than 90% products based on OEM and to be oriented at simple labor industry. Competing countries of China, Hong Kong and South East Asian countries have entered domestic market to sell low priced products and to lose price competitiveness at glasses market and to expand market opening and to let imported glasses frame occupy domestic market. The optical shop made change of management structure at increase of glasses franchise brand: To have com-

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petitiveness at domestic market as well as foreign market, glasses industry shall improve distribution market to establish design development system having competitiveness, and to have source material development technology, and to improve quality and develop brands and do public relations and check on competitiveness again, and to reform.

Currently, import of foreign brand of high quality glasses product has increased year by year to make franchise of domestic optical shops quickly. Some of franchise optical shop brands have entered foreign market to require global strategy of domestic franchise optical shops. This study investigated global strategies and outcome of 'Luxottica' that was Italian optical business having the first rank in the world, and examined Italian optical industry and franchise that had Luxottica. The study investigated state of domestic optical industry and franchise optical shop to give implications for globalization strategy and brand promotion in world market.

2. Optical Industry and Franchise in Italy

2.1. State and Features of Optical Industry in Italy

Italy is said to be center of the largest optical industry in the world to be mecca of world glasses frame industry and to take the lead in optical industry. The optical industry in Italy has recorded trade surplus of more than billion dollars each year by exporting glasses (Korea Optical News, 2008) to have good quality design and technology, marketing ability and brand power and advantages at all of the areas and to sell glasses products having technical tie-up with world designers in the world market. Italian glasses product itself can be a brand. MIDO Exhibition in Italy has given trends and fashion of world optical industry to show innovative design and quality and to take the lead in world optical industry and to have competitiveness by not only selection of good quality material but also creative design (KOTRA, 2009). The glasses manufacturers in Italy that have high brand images, low production costs and effective distribution organization have great influence upon world glasses market. Italian glasses manufacturers occupied about 30% share in world glasses industry to have 70% to 75% share of high quality glasses and to enjoy good reputation in the world. More than 300 optical brands are thought to be famous in the world, and 154 brands have been produced in license in Italy to let Italian glasses popular in the world. About 44% of Italian people have taken glasses, and two thirds of them have one or more of glasses so that the glasses are important at fashion industry in Italy together with garment. The brand optical products that are not expensive as much as same brand garment and/or bag give no burden at the purchase, so that Italian citizens being sensitive to fashion and/or brands like to make use of status symbol showing his or her social and economic state (KOTRA, 2014).

In 2013, turnover of optical market in Italy recorded 2.7 billion EURO (KOTRA, 2014) to sell glasses and parts at 'Optica', a licensed shop, in Italy. Optica that mostly governs optical market

has supplied lens products in accordance with prescription released by the optometrist. These days, optical shops without the optometrist sell glasses to compete more than before at large ratio of supermarket. Private opticians sold out glasses until 2006. World optical manufacturers have included Luxottica, De Rigo and Safilo.

Small businesses in Belluno have produced most of Italian made glasses, and glasses frames and sunglasses that are specialized have competitiveness edge in the market. Industrial trends of Italian government report released by KOTRA said that more than 80% of total production of glasses in Italy were produced for export, and that production of sun glasses and glasses frame grew up 4.2% and 8.1% respectively in the first half of 2012 despite economic stagnation in Europe to export glasses products amounting to 1.4 billion EURO and to grow up 5.6% than same period of previous year and to record trade surplus of 97 million EURO. The export to the UK, Germany and other European countries occupied 50% so that glasses manufacturers have made effort to develop new market and to diversify export market in preparation for economic stagnation and dull growth. In the first half of 2012, export to the Chinese market grew up 81% than that of same period of previous year.

Last 10 years, export of glasses frame in Italy grew up as many as 400%, and about 70% of glasses frames produced was exported. More than 80% of total production of sunglass in Italy was exported, and Italian made sunglass occupied more than 50% at mid to high price market in the world owing to designer's creativeness and technical innovation.

The glasses market in Italy has no large-scaled wholesale market so that small scaled shops sell famous brands, and mid to low priced products. Salmoiraghi & Viganò S.p.A, franchise business, has owned more than 300 shops in Italy to take the lead in franchise glasses shops in Italy and to do small scaled franchise glasses business by Mister Optik. (KOTRA, 2009).

2.2. Franchise Industry in Italy

In 1970, the franchise was introduced in Italy for the first time. Number of the brands was 15 in 1978, 67 in 1989, 219 in 1998 and 628 at the end of 2002 to increase 3 to 4 times every 10 years to expand continuously. 938 brands were used in 2012. Number of franchisees was 39,315 at the end of 2002, and 52,189 at the end of 2012 (Table 1).

The franchise industry in Italy recorded 14.7 billion EURO (17 trillion and 895.4 billion KRW) to have 106,563 employees in 2002, and did 23.5 billion EURO (28 trillion and 608.1 billion KRW) to have 187,344 employees in 2012. The sales increased by 58.6%, and employment did by 75.9% during 10 years. Overseas brand in Italy occupied about 15%, and 212 Italian franchise brands (about 22.6%) entered Spain, France, Germany, the UK and the United States (Associazione Italiana Del Franchising ; AIF). Number of Italian brand franchisee in foreign country accounted for 36.4 on average, and number of franchisee in Italy did 55.6 on average, and number of employees of each franchisee on average did 3.6 persons (Associazione Italiana Del Franchising, 2013).

<Table 1> Size of franchise in Italy

Indicators(unit)	2002	2012	Growth	
			number	variation
Turnover (Billion €)	14.666	23.262	8,596	58.6%
Operative Brands	628	938	310	49.4%
Franchised Units	39,315	52,189	12,874	32.7%
Employee People	106,553	187,374	80,821	75.9%

Source: Associazione Italiana Del Franchising (2013).

The franchise industry in Italy consists of five of upper grade areas, for instance, food distribution, special product and services, clothing for men and women, fast food, pizzerias and coffee shops, and tourism & travel agencies, which have 30 of sub areas, for instance, underwear, real estate and credit brokerage, baby clothing, shoes and leather products, non-food, office supplies & stationery, and optics. The food area has occupied about 30% to be the largest, followed by speciality & services of about 9.5%. The areas of clothing for men and women, pizzerias & coffee shop and fast food, and tourism & travel agencies, etc have more than 6% distribution. The franchise brand that have been popular these days includes dental clinic, e-cigarette, and legal service. The glasses related optical products and accessories have occupied 2% of the sales of all of franchises to rank 13th sales. High ranking 5 areas and optics (product and accessories) are shown below (Table 2):

Initial investment on average of the franchisees in Italy consisted of 20,000 to 50,000 EURO (34.3%), and 50,000 to 100,000 EURO (21.8%), and the contract period consisted of 5-years (40.6%) on average, 6 to 10 years (26.6%) and more than 10-years long term contract (9.7%). Recent growth rate was sluggish and the system was thought to be solid. The laws on the franchise in Italy was effective on May 25, 2004 to grow up less than previous period last 10 years and to have maturity in quality. The franchise business has not essential registration system but internal ethics code.

<Table 2> Franchise areas in Italy

Sector	Turnover (€)	% Weight
Food Distribution	6,993,240,000	30.06%
Special Product and Services	2,207,747,000	9.49%
Clothing for Men and Women	1,496,108,000	6.43%
Fast Food - Pizzerias - Coffee Shops	1,419,703,000	6.10%
Tourism & Travel Agencies	1,403,061,400	6.03%
Optics(Product and Accessories)	467,188,700	2.01%

Source: Associazione Italiana Del Franchising (2013).

The consumers cognized franchise industry in Italy by franchise fair and finance & economic magazines. The franchise helped modernize distribution system in Italy to have bright prospect. The franchise in Italy has no barrier of entry at appearance to have complicated regulations at specific areas. Borrowing of operating fund may be difficult at shortage of cognition in Italy and/or no understanding on local custom (Luxottica, 2014).

More than half of the franchisor give finance and lease program, and more than 80% of them give exclusive rights on business areas to be difficult to borrow money from banks. But, 'INVITALIA' that is investment promotion corporation in Italy has made an agreement with the Association of Franchise in Italy to give government supported finance program to help the unemployed who wants to open franchisee(Associazione Italiana Del Franchising, 2013).

3. The Domestic Eyeglasses Industry and the Franchised Optician's

3.1. Current Status and Characteristics of the Domestic Eyeglasses Industry

Since the 1960's, the domestic eyeglasses industry has been growing rapidly due to the government's policy for supporting light industries as well as the export-oriented policy focused on labor-intensive industries. In the 1980's, Korea was once enjoying the second position among all the eyeglass-producing countries in the world due to the increase in the domestic demand caused by the international events of the Asian Games in 1986 and the Seoul Olympics in 1988, increase in aging and eyesight-worsening populations, fashionable tendency of eyeglasses, etc. Until the mid-90's, the eyeglasses industry had been sustaining a rapid growth in exports realizing an annual growth rate of 20% to 30% while the product quality was being improved greatly since the time when it was designated as the industry for SMEs (1983) and the product was designated as an item for the technical guidance and post-inspection of the Industrial Advancement Administration (1984).

However, with the export amount of \$250 million in 1995 as the culmination, numbers of both the eyeglasses manufacturers and their employees have been constantly falling down with repeated recessions while the industry was experiencing a double whammy of lagging behind China in the price competitiveness, while on the other hand lagging behind advanced countries like Italy and Germany in other aspects like the brand image, etc. And yet, in accordance with the recent transition of the eyeglasses industry to a high value-added industry due to the development of new material products, etc. the production has returned to be on a growing trend since 2009, thus making the exports amount be increasing again <See Table 3>, and the numbers of manufacturers and employees are also increasing gradually. In view of these numbers, as of 2012, there are a total of 502 manufacturers in the whole nation, where 425 manufacturers accounting for 85% of all are concentrated in the region of Daegu. Comparing this number with 785, which is the number 10 years ago, a great reduction in number is noticed <See Table 4>.

<Table 3> Exports/Imports of Domestic Eyeglasses Industry By Year
(Unit: US\$'000)

Year	Exports	Imports	Exports-Imports
1999	215,099	50,821	164,278
2000	213,412	72,768	140,644
2001	190,837	90,845	99,992
2002	168,217	121,026	47,191
2003	146,061	108,759	37,302
2004	132,052	96,838	35,214
2005	118,691	116,647	2,044
2006	112,577	148,469	△35,892
2007	107,107	160,626	△53,519
2008	107,760	172,006	△64,246
2009	112,627	141,987	△29,360
2010	231,178	246,929	△15,751
2011	291,332	320,410	△29,078
2012	197,835	268,151	△70,316
2013	173,018	260,372	△87,354

Source : Korea Optical Industry Support Center (2015)

<Table 4> Domestic Eyeglasses Manufacturers

Year	Region	Total Number of Businesses	Total Number of Employees	Employee Gender	
				Male	Female
2002	Country	785	7,461	4,081	3,380
	Daegu	642	3,872	2,306	1,566
2003	Country	746	7,111	3,797	3,314
	Daegu	608	3,223	1,945	1,27
2004	Country	688	6,309	3,271	3,038
	Daegu	570	2,723	1,616	1,107
2005	Country	549	4,315	2,277	2,038
	Daegu	453	2,073	1,207	866
2006	Country	557	5,056	2,564	2,492
	Daegu	442	1,964	1,134	830
2007	Country	431	2,344	1,390	954
	Daegu	366	1,774	1,064	710
2008	Country	380	2,180	1,182	998
	Daegu	321	1,716	940	776
2009	Country	349	2,306	1,234	1,072
	Daegu	288	1,671	882	789
2010	Country	405	2,792	1,542	1,250
	Daegu	335	1,888	1,011	877
2011	Country	420	2,684	1,429	1,255
	Daegu	356	1,997	1,063	934
2012	Country	502	2,901	1,570	1,331
	Daegu	425	2,220	1,135	1,085

Source : Korea Optical Industry Support Center (2015)

The Daegu area became the main area for producing eyeglass frames, whose industry was started to develop by the eyeglass frame manufacturers that were gathered in and around the Daegu area forming a group of them. In March 1946 after liberation, regular production of eyeglass frames was started for the first time in our country by the International Celluloid Industrial Co. which was established in Chimsan-dong, Buk-gu,

Daegu, an area that could survive the Korean War with relatively light damages. The eyeglasses industry is one of the local specialization industries with over 80% of its global supply taken by Belluno in Bennett, Italy, Fukui in Japan, Wenzhou in China and Daegu in Korea. The domestic eyeglasses industry is highly concentrated in the Daegu area (85% of nation-wide eyeglasses manufacturers), with about 10% of them scattered in Busan and the Gyeong-In area respectively.

After the year of 2000, exports have been reduced rapidly by the attack of the Chinese low-price items, and in 2006, the exports fell down by about 48% (about \$110 million) as compared with the amount of \$210 million in 1999, while on the other hand, the imports increased to be about 3 times during the same period, thus recording a trade deficit of about \$360 million for the first time in the eyeglasses industry <See Table 3>. Along with the first trade deficit, its global market share fell down as well (4.18%, 8th rank), followed by an overall collapse of the eye glasses industry. In 2008, about 86% of all the eyeglass manufacturers were those of a cottage industry with not more than 10 employees for each, and starting from 2004, the system for designating the industry for SMEs, which had been adopted to protect and promote SMEs in 1979, was being abolished gradually while large companies were allowed to participate in the eyeglasses industry. Accordingly, the overall eyeglasses industry has been invigorated with its increased scale such as the simultaneous increase in both exports and imports since 2010. The domestic eyeglasses industry, which is being invigorated away from its past recession, has recently been developing in its technological innovation and productivity. As the manufacturers in each area of the eyeglasses industry are making efforts for the development of designs and technologies constantly while strengthening their marketing activities positively in the global markets, they are emerging as a major figure in the global eyeglasses market. According to the Korea Optical News, the trade amount of eyeglass-related items (frames, other kinds of eyeglasses, sunglasses) during the past 10 years has increased by 83% from about \$254.82 million in 2003 to about \$465.99 million in 2012. In case of eyeglass frames, the trade amount has been constantly on an increasing trend with the records of \$112.29 million in 2010, \$120.12 million in 2011 and \$139.83 million in 2012 after a rebound of \$98.23 million in 2008 from its trend of continued decrease since 2003 when the trade amount was recorded as high as \$122.47 million <See Table 5>.

Looking into the current situation of export-import of each of the major items, in case of eyeglass frames, the major countries for export were largely the 3 countries of the USA, UK and Germany, but recently, they are changing to be Japan and China. Exports to Japan had been increasing since 2010 and later, Japan was emerged to be the country for the largest export amount (\$37.76 million) in 2012. China's ranking in exports is taking the 3rd position exceeding \$10 million in August 2013 on a cumulative basis, which is next to the amount of \$13.32 million for the USA. The major countries for import were normally in the order of Japan, China, Italy, etc. but since 2010, China has taken the 1st position as a country for import.

<Table 5> Exports and Imports of Eyeglasses Related Items By Year

(Unit: US\$'000)

Classification		2008	2009	2010	2011	2012	2013
Eyeglass Frame	Exports	98,234	95,056	112,290	120,117	139,825	135,719
	Imports	65,667	50,518	58,870	78,317	62,678	57,637
Sunglasses	Exports	6,762	9,623	5,536	7,902	6,112	9,401
	Imports	93,576	79,099	107,974	132,306	146,843	162,976
Other Eyeglasses	Exports	2,764	7,948	113,352	163,313	51,898	27,898
	Imports	12,673	12,370	80,085	109,787	58,630	39,759
Eyeglass Lens	Exports	122,429	120,203	118,887	125,267	130,641	104,252
	Imports	55,771	53,213	60,976	61,479	70,276	67,807
Contact Lens	Exports	40,277	52,246	71,560	105,651	118,976	138,414
	Imports	65,005	63,694	69,097	98,773	105,193	132,713
Ophthalmic Optical Instruments	Exports	41,919	38,469	57,243	76,853	92,276	85,839
	Imports	64,179	56,021	83,505	90,556	80,929	71,251

Source : Korea Optical Industry Support Center (2015)

As for the item of sunglasses, its imports are increasing greatly by showing a marked difference unlike any other items. Its exports had been on a continued decreasing trend and were recorded to be \$5.54 million in 2010 as the lowest record, and then \$7.90 million in 2011 and \$6.11 million in 2012. The major countries for export since 2011 are Japan, Canada, the USA, Italy and Hong Kong. Imports of sunglasses have been expanding with the record of \$146.84 million in 2012. The major countries for import are Italy, China, the USA, Japan, etc., where Italy is keeping the solid 1st position(Korea Optical Industry Support Center, 2015).

The production scale of eyeglasses and eyeglass frames of the domestic eyeglasses manufacturers is on a level of KRW160.6 billion per year with 70% of which are exported, where the domestic demand of eyeglass frames is on a level of KRW194.9 billion per year with 73% of which are supplied by imports. The import dependency is being reduced. The countries targeted for our country's exports are 124 countries in the Americas area (16 countries), the European area (23 countries), the Asian area (16 countries), the Middle East area (14 countries), and other areas (45 countries). 90% of exports to the Eastern European areas are being exported on an OEM basis. Due to the fact that, of those exports, the products with the original equipment manufacturer's trademark attached to its own model account for 20% while the products with the original equipment manufacturer's trademark attached to the supplier's model account for 70%, the development of our country's own brands gets left behind. In addition, the confusion in prices is present in the domestic eyeglasses market caused by the introduction of a number of low-priced Chinese products, and with the expansion of opening, the imports of eyeglass frames are occupying about 60% of the whole domestic market. In spite of the high growth potential and good locational integration of the eyeglass frames industry, its competitiveness is in fact weakening without making the most of the integration effect. Most of the popular luxury goods of overseas markets are being directly

imported and sold in domestic markets whereas the designs of fashionable products in Italy, France, Germany, the USA, Japan, Austria, etc. are being made popular by imitation. The products worn by star entertainers in music videos, movies, televisions, etc. and famous athletes become popular. Eyeglasses are gradually developing with the concept of the total fashion in which clothes and accessories are integrated together, which is an evidence for the sensitiveness of these products as to branding and marketing.

Notwithstanding that the growth rate of the eyeglasses market is evaluated to be at a low level due to the invigoration of on-line sales channels and the popularization of the LASIK eye surgery, the number of optician's in the country in 2013 has turned out to be 8,975 (As of August 2014, Variation Trend By Business Type of the Business Area Information System of Small Businesses), which was more than the appropriate number of 6,000 as recommended by opticians by about 3,000 (Korea Optical News, 2012). This is due to the recognition that the eyeglasses business can be a highly profitable business. Due to the fact that about 1,000 opticians with the qualification of opening a optician's are being produced annually from the optical departments of over 40 colleges and universities, the competitive environment for optician's is expected to get more severe in the future.

3.2. Current Situation and Characteristics of Domestic Franchised Optician's

The brand of a franchised optician's is playing a leading role in changing the recognition on eyeglasses. By grafting fashion on the eyeglasses besides the functional parts, the franchised optician's is implanting the recognition that the eyeglasses would play the role of a superb item for expressing a consumer's personality and image, while the number of franchised optician's is growing due to the prescription by a professional optician, 1:1 customized care, café-style store, improved exterior and interior,

and upgraded service. As of 2/4/2015, the franchised optician's registered on the Information Disclosure Sheet were found out to be of 27 different brands, and among these brands, those with over 50 franchisees as of 2013 are given in the below <Table 6>:

In view of the performances in 2013, the franchised optician's brand with the highest number of franchisees was found out to be the 'Il-gong-gong-il Eyeglasses Contact' having 346 franchisees. The Tomato D&C, an enterprise operating the 'Il-gong-gong-il Eyeglasses Contact' is in possession of a total of 515 franchisees by operating the two brands of 'Angyeongnara' and 'See Channel.' The oldest brand boasting of its long history is 'Angyeongbaksa' of which the franchise business was started in July 1997. 'Davichi,' 'Look Optical,' etc. is noted for their increasing number of franchisees and growing sales revenues as they are new brands with professionalism and strengthened service. 'Davichi Eyeglasses' is a brand that imprinted the success image of a franchised eyeglasses brand by employing professional opticians who can recommend the products that fit customers' eyes very well and also by introducing such new services as fixed price system, Café-n-Café, etc. and it keeps growing in both the aspects of sales revenue and number of franchisees. It is putting more emphasis on strengthening optician's professionalism than on any other, and together with the training system, it is reinforcing the convenience of customers with the specialization and enlargement optician's aiming at making the eyeglasses industry become a high value-added one, and the customized services through the 'Vision Consulting System.' In particular, it is practicing the sharing of eyeglasses or magnifiers by establishing a service team of 'Eye Health Vision Keeper' and is also in the process of running a business of wide perspective for the development of the domestic eyeglasses industry such as in the establishment of the 'Eyeglasses Museum' and the 'Graduate School of Eyeglasses,' etc. (Korea Optical News, 2013a).

Mr. In-Gyu Kim, representative of Davichi Eyeglasses, is putting special emphasis on the fact that opticians' professional role is the global competitiveness by mentioning about the competitiveness of the Korea's eyeglasses industry in the global market that "The eyeglasses market in China is rapidly changing and growing fast by the entry of the global franchised optician's. China is in a situation where the eyeglasses cultures of advanced countries are taking root. Now, it is necessary for the domestic eyeglasses community to become focused on the 'professionals dedicated to the health of consumers' eyes' by having opticians become more specialized ones." (Korea Optical News, 2013b).

'Look Optical' is a latecomer that is putting more emphasis on the fashionable nature of eyeglasses with the concept of 'Fashion Store' under the slogan of 'Eyeglasses are face.' Its remarkable growth trend is being kept by the rapid increase in the number of franchisees in spite of the fact that it is a latecomer that started the franchise business only in April 2011 through the marketing strategy for making the fashion worn. Mannequins, which could be seen only in an apparel store, were placed in any of its franchisee stores creating a comfortable atmosphere by allowing customers to access any of its stores quite freely, which was enabled by having a store decorated like a fashion store and by providing a coffee shop inside a store. In addition, its differentiated marketing activities of holding a 'Club Day' event like a dance performance in front of a store, Indiband performance, DJ performance, etc., which couldn't be seen at an optician's until now, is being practiced. As it has been proceeding with the aggressive marketing activities under its differentiated concept of a latecomer as a franchised eyeglasses brand, its sales revenue and the performance of its franchisees have been growing. However, in the aspect of its corporate operating income, a deficit is being recorded due to the increased cost for marketing, etc..

<Table 6> 2013 Current State of Major Domestic Franchised Optician's

Eyeglasses Franchiser	Brand	Sales (In KRW'000)	Operating Income (In KRW'000)	Net Income (In KRW'000)	No. of Franchisees	Starting Date of Franchise Business
Tomato D&C Co.	Il-gong-gong-il Eyeglasses Contact	9,711,236	-313,181	-2,011,053	346	.12.27.1999
	Angyeongnara				150	.07.01.1997
	See Channel				19	.11.01.2012
Angyeongbaksa Co.	Angyeongbaksa	877,230	53,657	53,248	170	.07.24.1997
Davichi Eyeglasses Chain	Davichi Eyeglasses	63,901,736	3,674,974	2,045,860	161	.01.20.2000
Eyeglasses Manager Co.	Eyeglasses Manager	8,675,809	264,729	141,403	165	11.14.2005.
	See Channel				61	11.01.2012
	Eyepia				62	.04.01.2007
Glass Story Eyeglasses Co.	Glass Story	15,187,147	434,069	685,744	138	.01.04.2011
	Lens Story				52	.02.30.2010
	I Love Lens				2	.07.30.2012
Look Optics Co.	Look Optical	68,347,270	-111,958	-2,537,138	72	.04.01.2011
Glass Box Co.	Glass Box	1,497,855	76,925	34,745	75	11.18.2005
Inoti Co.	Inoti Glasses	3,301,867	72,632	88,649	66	10.31.2002.

Source : Korea Optical Industry Support Center (2015)

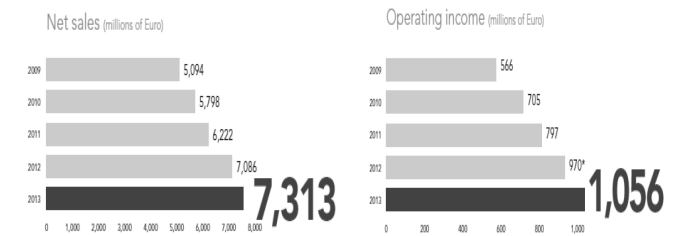
And yet, its sales revenue is growing and the width of its deficit (Δ KRW9.58 billion of operating income in 2012) is being reduced, and therefore, it must be a brand that attracts our attention on its growth in the future. In particular, 'Look Optical' has strengthened its distribution aspect like efficient delivery of products, enhancement in providing logistical services, etc. through opening a top-level logistics center where receiving, loading, picking, packaging, shipping, etc. have been automated. In its background, Look Optical's attempt to strengthen its marketing activities and to increase the number of its franchisees, which had been implemented after it could be successful in inducing an investment of KRW30 billion from the No. 1 Private Equity Fund of Neoflux (an affiliate of Doosan) is being analyzed to have been really effective. And the domestic eyeglasses industry is expected to be invigorated newly through the said activities (Chosun Biz, 2011).

Both the companies of 'Davichi Eyeglasses' and 'Look Optical' have made a step toward the development of global markets through opening their overseas stores in the USA, China, etc. As a preliminary measure for securing a solid foundation in the Chinese eyeglasses market, 'Look Optical' opened the 'No. 1 Look Optical Global Store' with a large scale of about 110 pyong within the largest shopping mall in Shanghai, the 'Global Harbor City' on December 7, 2013. It was reported that, on the first day of opening, the number of customers who visited this store was about 3,000 with its daily sales revenue reaching an astonishing amount of KRW20 million (Financial News, 2014), and until now its stores of up to No. 4 have been opened. Also, the Davichi Eyeglasses Chain has recently been known to have been preparing for its entry into the Chinese market after its opening of the LA Store in the USA. In addition, Inoti Co. has been operating rather smoothly its overseas branches of No. 1 and No. 2 stores that were opened in 2006. As such, domestic franchised eyeglasses optician's have been and are opening stores also in the overseas markets not being confined only to the domestic market, efforts of such companies to find out appropriate corporate strategies for global growth is thought to be even more necessary.

4. Global Growth Strategies and Success Factors of the Italian Eyeglasses Enterprise of Luxottica

Luxottica Group is an Italian enterprise that designs, manufactures, distributes and sells general eyeglasses of high prices, sports eyeglasses, designer's eyeglass frames and sunglasses. As of 2013, the number of its employees was about 73,400 with its annual production reaching 77.30 million units while its sales revenue was about 7.313 billion Euros (about KRW10.25 trillion) with its net income recorded to be 1.056 billion Euros (Net income ratio: 14.4%, about KRW1.3167 trillion) (See Figure 1>). As the unrivaled, globally No. 1 enterprise in the area of eyeglasses, it has under its umbrella a total of 7,051 wholesale and retail stores including 6,472 retail stores and 579 licensed or franchised stores in 130 countries of the world, and

there are over 50 affiliated companies additionally.



Source: Luxottica (2014).

<Figure 1> Net Sales and Operating Incomes

In particular, it is famous for owning its outstanding brand portfolio of diversified kinds and the core brands (proprietary brands) of Luxottica are known to be the 12 brands such as Ray-Ban, Oakley, Persol, Oliver Peoples, Alain Mikli, Arnett, Vogue, etc., while its licensed brands are known to be the 23 brands including Bulgari, Burberry, Chanel, Prada, Dolce & Gabbana, Donna Karan, Polo Ralph Lauren, Salvatore Ferragamo, Tiffany, Versace, etc. As its distribution channels, there are LensCrafters, Pearle Vision and ILORI in the North America and China, OPSM, Laubman & Pank, Sears Optical, Target Optical in the Asia-Pacific region, and Sunglass Hut is being operated globally. Its manufacturing factories are located in Italy(6), China(2), the USA, Brazil and India where production activities are being conducted rather rapidly and efficiently, but the designing of products is conducted only in the USA in consideration of the aspects of craftsmanship, technologies with advancements, and materials. As its subsidiaries, there are Air Sun, David Clulow Brighton Ltd, Ecotop Pty Ltd., etc.

Luxottica, which attracted the public attention with its contract of affiliation in March, 2014 with Google, the front-runner in the area of smart glasses, for designing, developing and distributing the new product of Google Glass that can be connected to the internet, was established in 1961 by Leonardo Del Vecchio. In the time of its establishment, it was no more than an eyeglasses firm that was manufacturing parts of eyeglass frames and dyes as a subcontractor. What has made Luxottica, the so poorly started small company, be in possession of 80% of all global eyeglasses brands and be called even 'the god of eyeglasses industry'?

4.1. Construction of Vertical Integration System

As the first growth strategy of Luxottica, the vertical integration system of the whole process from manufacturing to distribution can be cited. Because the sales revenue of the Safilo Group, which is the 2nd runner in the global eye glasses industry with the brands of Gucci, Dior, etc., is about one tenth of Luxottica's sales revenue, Luxottica is solidifying its position of being far ahead of the others in the industry. In the background of being the dominating 1st runner while leaving the 2nd runner far behind, one of the principal reasons can be indicated to be the vertically integrated structure of the whole process

from planning and development, designing, production to distribution. It is also the strategy that is typically mentioned by itself when Luxottica is talking about its own success strategies ("One of the competitive advantages underpinning the Group's past and future successes is the vertically integrated business model that Luxottica has built over the decades.", Luxottica 2013 Annual Review)

The Vertical Marketing System (VMS) is to maintain the system that has systematically integrated and adjusted the distribution process from production to consumption, and Porter (1980) has defined the vertical integration as "incorporating the economic process of production, distribution, sales, etc. that are technically divided within the territory of an enterprise," and as its advantages, he has cited the point that the economy of scale can be secured and that the stable supply and demand can be secured, enhancement of differentiating capabilities, construction of barriers against competitors' entry and movement, facility for entry into businesses of high profitability, the point that technology acquisition and defense against possible loss of rights are facilitated, etc. In other words, the vertical integration can be called a system with the advantages that allows us to avoid any redundancy and waste by simplifying the complex route from production of goods to wholesale/retail distribution by means of the central control and that allows us to execute the managerial judgment and performance of strategic needs rapidly and efficiently by strengthening the governance and professionalism on distribution routes.

As the unrivaled enterprise of No 1 global sales revenue in the eyeglasses industry, Luxottica's production and distribution has been integrated, and product design, development and manufacture are performed in the 6 production facilities in Italy and 2 factories in China, while sunglasses are produced in the factory in the USA and distributed through about over 7,000 optical and sunglasses retail distribution networks and wholesale networks that have been formed in the North America, Asia-Pacific, China, Latin America and Europe. In 2012, additional factories were secured in Campinas, Brazil and in India.

The motive for making its own brand and starting the distribution business of Luxottica, which was a subcontractor engaged in manufacture of dyes and parts for eyeglass frames at the time of its establishment in 1961, was attributable to the fact that its name could be noticed in the market successfully after launching its own brand in the Milano Optical Expo in 1971. From then on, Luxottica produced its own products without taking any orders for simple parts, and in 1974, it acquired the Italian distributor named 'Scarrone' where distribution of its own brands was started. The experience as a subcontractor was very helpful in executing the direct operation of the whole process from product design, manufacture, to wholesale/retail distribution, and the product planning, designing and production were conducted after the requirements from customers and markets being reflected rapidly and directly upon any applicable part of the whole process. Parts are also being manufactured and used and the supply-demand of parts are adequately managed so that any time delay caused by difficulties in parts procurement can be avoided and also that any delay in acquiring nec-

essary technologies within the proper time period may not cause any deterioration in quality or any loss of customers. There exists the disadvantage that the flexibility and efficiency of an organization may be worsened by the enormous capital investment for the vertical integration and by the followed enlargement in scale, but in the case of Luxottica, the advantages are being strengthened by the high annual performances.

4.2. Possession of Diversified Product Groups/Brands and Control of Distribution Networks through Bold M&A Activities

Luxottica is grasping the powerful retail brand portfolio and the global wholesale/retail networks that have been segmented in detail to the targets, and this has been achieved through its bold M&A strategies.

In view of the M&A cases for constructing a global distribution network, starting with the acquisition of the Italian eyeglasses distribution firm of Scarrone (1974), the leadership in the retail markets was secured by the acquisition of LensCrafters (1995, \$1.4 billion), the largest optical retailer in the North America, and in 2001, Luxottica became to be in a position to dominate the sunglasses distribution network by the acquisition of Sunglass Hut (\$460 million), a premium global distributor of sunglasses in the USA in possession of 1,200 stores globally. In 2003, it obtained a base for expanding into Australia, Hong Kong, New Zealand, Singapore, etc. by acquiring the OPSM group (\$580 million), a leading optical player of Australia and New Zealand. By the acquisition of Cole National in 2004 and D.O.C. Optics in 2006, its dominating position in the USA, the largest market in the world, became much more stabilized by strengthening its eyeglasses distribution division. In 2006, in order to lead the Asian market, which is evaluated to be of a high growth potential next to the USA, it acquired such Chinese eyeglasses firms as Xueliang Optical, Ming Long, Modern Sight Optics, etc. for expanding into the Chinese market.

In 2011, it acquired Multipticas SL in South America, while its activities for overseas expansion was being continued as in the markets of Israel, India, etc. by means of M&A. Through these activities, Luxottica is in possession of a distribution network which consists of 7,051 wholesale/retail stores globally. In particular, when expanding into any global markets, Luxottica is using the method of securing a market dominating position at once by acquiring the major local distribution channels. According to a recent report, when Luxottica entered into Israel in 2011, It acquired the sunglass retailer of Erroca which was in possession of 60 stores in major shopping malls in Jerusalem, etc., and then it remodeled it with the Luxottica's brand of 'Sunglass Hut.' In addition, it acquired 'Seollyang Eyeglasses Co.' in Beijing together with this firm's 79 stores, which were secured by Luxottica as if distribution network (Korea Optical News, 2013c). In Korea, it had been exporting its products to the Korean market until 2005 through Mirari Japan, which was established in 1990. Since the establishment of Luxottica Korea in 2005, it has been targeting the Korea customers.

As an example Luxottica's bold acquisition for promoting brand diversification, the case of acquiring Ray Ban (1999) from Bausch & Lomb can be cited. It was an epoch-making deal which was made at the price at \$640 million for the acquisition of Ray Ban whose annual sales were only about \$460 million. In addition, it acquired Oakley Co. of the USA, a global manufacturer of sports eyeglasses at the price of \$21 billion (2007), which attracted a lot of public attention. At the time of acquiring Oakley, its annual sales revenue (2006) was about \$761.9 million while the number of employees was about 3,400, which tells us that the amount for acquisition was exceptionally high. Notwithstanding the apprehension from people around and the financial burden for the acquisition, Luxottica acquired Oakley in order to create an image that Luxottica's product range could cover even the sporty products by escaping the image of the brand that fabricates only the classical eyeglasses. In consequence, the acquisition of Oakley became the motive for enhancing the image of Luxottica, and Alessandro Capuano of the London IG Markets has evaluated Luxottica's acquisition of Oakley to be the best case of all the M&A cases of Luxottica(KOTRA, Overseas Business Portal, 7/1/2007. From the advanced sunglass brand to the sports eyewear brand, Luxottica is operating a total of 35 brands including 12 of its own brands (proprietary brands) and 23 licensed brands like Channel, Bulgari, Versace, Giorgio Armani, etc.

4.3. Concentration on Eyewear of Leading the Fashion with Core Value Placed Upon Creative Styles and Technological Innovation

One of the most conspicuous characteristics of Luxottica is that its highest importance is placed upon the continuous development of product designs and new styles. Luxottica thinks that customers express their own needs and tastes in terms of designs and styles. Therefore, Luxottica thinks that it should change customers' life style and create a new trend. In order to do this, it has two core guidelines of the innovation of materials, technologies and process and the craftsman spirit for creating distinctive eyeglasses and then is reflecting these upon the development of designs. Luxottica is recognizing that its designs will represent its visions, technologies and creativity. Innovation and creativity are emphasized and it believes in the process of creating eyeglasses as an art. Also in 2013, about 1,900 styles were introduced in eyeglasses collections, and the number of the products produced in 6 factories reaches up to 7,730 units. Luxottica is leading in creating designs and styles, investing in the differentiation through technological innovation and with the craftsman spirit emphasizing the creativity of distinctive styles, it is maintaining its dominating position in the market.

Regarding the reasons for Luxottica's growth as a global enterprise, the fact that it concentrated itself on only one area of eyewear and staked itself on specialization can be pointed out. In the background, the leadership of Leonardo Del Vecchio, who is the founder and CEO of Luxottica, cannot be disregarded in the respect that his craftsman spirit and outstanding strategic

volition have been combined together with his leadership.

Leonardo Del Vecchio was born in Milano in 1935 as a post-humous child. When he was 7 years old, he was sent to an orphanage by his mother who was raising 5 children. During his boyhood of difficulties, he supported himself earning small sums of money by working under a sculptor. He worked as an apprentice of a workplace during the period of his study on the process of designing, and then he established his own business entity at a one-room factory in Milano in 1958 and started to manufacture parts and did dyeing work. He devoted himself to his business of eyeglasses upon starting the work for inserting patterns onto eyeglasses using an etching method, which was done together with his 12 employees in Belluno of the northern Italy, the famous place for manufacturing eyeglasses, in order to carry out the works subcontracted from other eyeglasses firms. Luxottica, which is called the 'Miracle in the Northeastern Area,' was started by the acquisition of a land in Belluno in 1959 when an offer for purchasing the land was presented to him. After that, the Belluno area of the northern Italy became a place where two thirds of all the eyeglasses in the world are being produced.

Being converted only to the eyeglasses business, Leonardo Del Vecchio has been growing his business focusing only on the single area of eyewear business. He was a manager who practiced an ahead-of-the-times marketing by applying the concept of luxury fashion to eyeglasses in combination with designer's reputation. Eyeglasses were recognized to be used only for vision correction, but from the late 1980's, eyeglasses were virtually evolved into 'eyewear' attracting the attention of designers. Luxottica made the appearance of the first collaboration case by establishing an affiliated relationship with Armani. From then on, it had been continuously successful in establishing an affiliated relationship by licensing with Prada, Versace, Channel, Bulgari, etc. Its relationship with Armani was discontinued in 2002, but the reunion of the relationship with Armani was announced in 2013 by means of an eyewear launching show. Designer's sunglasses have been provided to Tom Cruise of 'Top Gun' and to the actors of 'Blues Brothers' (John Belushi and Dan Aykroyd), which brought them into global fashion, and the successful star marketing have been carried out to induce the true take-off of Luxottica.

Leonardo Del Vecchio is regarded to be a 'God' of the eyeglasses industry. Even though he has been selected as the 40th rich man of Forbes(Fobes. 2015), he is known to lead a diligent life of 14 hours a day while saying "Work goes first above all the others." Leonardo Del Vecchio, who is called with an honorific title of Signor meaning aristocrat or gentleman, has resigned from his CEO post for quite a while, but in 2014, he came back to the frontline of management (Co-CEO).

4.4. Respect for Employee as a Structural Growth Engine and Management with Social Responsibility (CSR), Outstanding Workplace Culture

It is pointed out that Luxottica is doing its best in the sus-

tain-ability management for the continuous improvement of process as the global business leader, and also doing its best to serve employees and customers for such a culture, and that it is creating an outstanding workplace culture.

Underwood (2004), professor in the Business Administration Department of the University of Dallas who worked as a strategy consultant, has written a book on Luxottica in which he analyzed the keys to profit maximization in response to changes with reference to the cases of the 10 smartest companies in the USA (Porter, 1980). In this book, with regard to Luxottica Retail in the USA, he introduced that Luxottica Retail, in which "all the management and employees are sharing responsibilities to focus on the 3 parts of strategy, organization and core value and to preserve the culture of excellence," is "making a lot of efforts to create the experience of truly sharing each other's feeling between the company and customers, and focusing on having employees and customers treated well, thus enabling itself to have continued growth and prosperity." It is to make it possible for customers to be also provided with the best treatment by providing employees with the best treatment in the recognition that excellent performances are induced when employees are provided with excellent treatment on the basis of the corporate missions of serve, inspire and excel. With regard to the problem handling method, it is to live together by making the problem understood by everyone using the 'reconciliation' even though it takes some time, by fostering the fellow feeling through adjusting differences between both sides and by understanding the fact that survival of a company depends upon employee's hands. Luxottica's recruitment of excellent human resources is not intended to supplement vacant positions but to recruit the most excellent persons and no efforts are spared to recruit such persons. The human resources manager of Luxottica Retail in the USA said, "We are spending a lot of time on networking to look for able talented persons and to do this, we are publishing a newsletter and operating a program to reward employees and cite for their high performances in the 13 categories, and moreover, we are operating the 'Extra Mile Pin' system to cite for performances of subcontractors. With regard to such activities of Luxottica Retail, Jim Underwood said, "A good enterprise is not an enterprise having enormous facilities but an enterprise that seeks great performances and advocates employees' desire. That is to cite, appreciate and respect employees for their performances."

Luxottica is carrying out its activities for minimizing environmental contamination for its sustain-ability management. It is positively using the system for recycling 99.9% of the water used for manufacturing eyeglasses, thoroughly carrying out the management of the wastes from materials being used for manufacturing eyeglasses, and applying a waste collection system in which a rule has been included for enforcing the recycling of ordinary paper and cardboard.

In addition, while recycling resources by operating the system for providing developing countries with used eyeglasses collected, Luxottica is making activities for supporting the welfare of those developing countries, e.g. by operating its own charity group called 'One Sight,' free eye test services are being pro-

vided in the developing countries. Up to now, about 240,000 people have been provided with such services globally. In addition, a substantial number of its employees are being supported for their 'Mission Travel' which is to provide free prescription of eyeglasses and to provide a gift of vision to many people by dispatching 25 to 30 doctors and other volunteers annually to all over the world. People with no eyeglasses due to a financial reason are provided with free eye tests and recycled eyeglasses. The mission travel of Luxottica is one of the highest service efforts being carried out globally on a monthly basis. Moreover, the service activities of LensCrafters are throughout the year supporting the fundraising event of the LensCrafters Foundation which is a charity group created by LensCrafters. As such, on a continuous and growing-scale basis, Luxottica is implementing its activities for Vision Care and Vision Clinic to provide people with services for the protection of vision and treatment all over the world by concentrating on the essential functions of vision protection and correction as a specialized eyeglasses enterprise, not staying only on supplying the eyeglasses with fashion.

5. Conclusion

The eyeglasses industry is regarded to include all the other related items like eyeglass frames, sunglasses, lenses, optical instruments, etc. It is an industry to which the practical function of vision protection and the emotion of fashion have been added. Recently, smart technologies have been added to eyeglasses, thus letting us to prospect eyeglasses with IT functions. The Korea's eyeglasses industry, which was once taking the 2nd position in the global market, has been wandering without the price and quality competitiveness, is now facing a transitional period due to the recent technological advancements and cultural growth. In particular, with the emergence of franchised optician's where optician's professionalism has been strengthened and the services of the optician's have been improved while maintaining the interest in fashion styles and marketing, the eyeglasses industry is currently attracting a great attention. Being in the times when overseas expansion has become an ordinary conversation subject, the leading brands of the franchised optician's have already opened their stores in the overseas markets in the USA, China, etc., thus showing the possibility of Korean brands for their successful operation in overseas markets. Examining the growth strategies of Luxottica which is a global enterprise of eyeglasses is, therefore, may provide us with implications with regard to the global growth strategies of the domestic eyeglasses industry and the franchised optician's.

In order for the domestic eyeglasses industry to be equipped with solid competitiveness in the global market, it is necessary to enhance the brand recognition based on technology and quality. In spite of the aspect that domestic products have been set aside due to China's low-price products while being dominated by the brands and quality of European products, it is thought to be an affirmative sign to see an increase in exports

of eyeglass frames thanks to the recent development of new materials. However, as for the products with fashionable functions like the sunglasses with a popular brand and style, the relevant market is still dominated by imported products, while there are all sorts of pricing systems causing many problems to be exposed in the distribution structure, thus the trust level given by consumers is not quite high. The roles of the distribution firms led by franchised optician's have, therefore, become inevitably important. In particular, within the country where the scale of eyeglasses manufacturers is conspicuously small, it is too much to expect the creation of excellent styles and designs as well as the brand marketing. Therefore, in this study, the following implications are proposed from the growth strategies of Luxottica in order to enhance the global competitiveness of the eyeglasses industry in our country.

First, it is the vertical integration system with which design, manufacture and distribution have been combined. Higher possibility for success is more likely to exist when a franchised optician's of growing scale attempts to integrate design, manufacture, etc. Currently, the domestic eyeglasses franchisers are operating 2, 3 or more brands by acquiring a few other small and medium brands of the same kind, it is hard to say that their strategies for individual brand or integration are working efficiently. In consideration of M&A to encompass the functions of design and manufacturing beyond the simple distribution function, it should be reviewed to mobilize a synergy creating strategy that can stir up a strong brand power through implementing the vertical integration strategy.

Second, designs and styles are well created with the craftsman spirit just like when a work of art is created, and Luxottica takes the craftsman spirit as a core value. This is because he is faithful to the customer value that the fashionable nature of the eyeglasses industry enhances the value-added and it is to represent his own style and personality. Therefore, beyond the dimension of practical functions, more efforts should be concentrated on style, design, and brand value enhancement. Attempts to innovate styles and designs through locating designers who may contribute to making luxury brands as well as affiliating with globally renowned artists are necessary to be made so that the domestic eyeglasses industry not only as a fashion industry but also a brand industry can take a competitively advantageous position in the global market. Considering the presence in overseas market, the star marketing utilizing the Korean wave may be timely and appropriate, but it is also necessary to invest in locating new designers as well as in collaborating with global artists. By utilizing the social atmosphere that the Korean wave of K-POP, etc. is widely popular in all over Europe beyond the Asian regions, targeting the young consumers who are sensitive to visual effects and fashion through the positive marketing strategy for utilizing stars of the Korean wave is forming a mainstream, but in order to create luxury brands, methods for diversifying contents should be attempted.

Third, when expanding into overseas markets, making a direct entry is important as a strategic approach but it is also necessary to review a strategy for preparing a business base by acquiring an appropriate firm after examining the Asian markets of

high growth potential in order to secure the existing distribution networks and then for encompassing nearby countries on the basis of the acquired distribution networks. Currently, the franchisers with a plan to expand into overseas markets would like to open stores under direct management or make an entry in the form of master franchise, but in consideration of Luxottica's cases, it is cautiously proposed to review the method of acquiring the existing distribution firms by M&A. Because of the large-scale financial needs for M&A, considerations may be given to creating a consortium or establishing a private equity fund.

Fourth, in order to secure the corporate sustain-ability management which cannot be avoided to become a global business leader, a foundation has to be constructed for promoting the growth of sales revenue as well as for improving the corporate image by focusing on the Corporate Social Responsibility (CSR) which may exert social, environmental and economic influences. In addition, a culture in which corporate strategies, core values and organization have been integrated together should be formed, and best efforts should be made to locate excellent human resources, provide training and education, operate reward programs, etc. so that the management of providing customer satisfaction services can be carried out.

Besides, as the trade environment is rapidly changing with the effectuation of the FTA, the current laws that interrupt the development of the eyeglasses industry should be refined and an environment for growing the competitiveness of local firms should be provided against the enlarging scale of global brands and their dominance in distribution networks, but these matters will have to be reviewed separately. In particular, Korea is known to be an IT-strong country having its strengths in material technologies as well. If the area of smart eyeglasses is pre-occupied by Korean firms through grafting the new material and IT technologies onto eyeglasses, it will possibly attract the global attention. In addition, it is necessary to foster excellent professional manpower through acquiring advanced technologies, operating professional training courses and advocating the business mind. In order to do this, the educational system of the industrial-academic integration with the existing educational system and design-related departments should be strengthened and an educational system should be provided so that the manpower produced from educational institutions can be easily adapted to the environment of an industrial site.

Analyzing the growth strategies of Luxottica which is an unrivaled global enterprise in the eyeglasses industry, it was attempted to find out any implications that may be helpful for formulating global strategies of the domestic franchised eyeglasses optician's. Therefore, as the global strategic dimension of franchised optician's, i.e., only from the perspective of distribution has been studied with limitations, this study does not include any studies on strategies on the dimension of manufacture and distribution targeting the new markets where the recent smart eyeglasses and technological changes are taking place. In the future, it is thought to be significant for any studies on the development of the eyeglasses industry to be carried out in the dimension of a fashion prop to which smart technologies have

been grafted. Also, it seems desirable for diversified and in-depth case studies to be carried out for individual enterprises by formulating the global growth strategies of franchised optician's through an academic-industrial linkage.

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