Chapter 10
The Lux Made in Case Study:
Building Value on Luxury Digital Districts

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ABSTRACT

The LMI Made-in-Italy (MiI) Jewelry business model which brings together the innovative concept of luxury Digital District (DD) and an e-commerce innovative platform is presented. The DD represents the shift from a traditional jewelry Industrial District of networked Micro-Enterprises (MEs), namely artisans, tied to the physical dimension of a territory to a social and intangible digital environment in the virtual space which leverages a co-petitive crowdsourcing e-commerce platform. The innovative LMI platform enables young Italian artisans throughout Italy to feature an end-to-end global export business without intermediaries. Export wouldn’t be viable to MEs by means of their small organizational structure, lack of digital culture and technologies. LMI copes with this issue, taking over MEs marketing, sales and logistics processes by earning a percentage on sales. An original complex approach to the analysis of the LMI value proposition issues is performed via methodologies integrating traditional methods with participated Design Thinking techniques.

INTRODUCTION

Learning Objective

• To identify the variables and dynamics of the innovative Lux Made In business model in which the ‘Made in Italy Luxury Digital District’ leverages a co-petitive crowdsourcing e-commerce platform.
• To highlight processes of value-building under the sociological perspective of Trust and Social Capital within the Lux Made In social network framework via integrated methodologies and design thinking.
• By outlining the LMI business model strengths and weaknesses areas, to identify key variables for the scalability of the model.

DOI: 10.4018/978-1-5225-2697-1.ch010
Lux Made In (LMI) is the first Luxury Digital District of the Made-in-Italy (MiI) Jewelry. The case-study aims to present the LMI business model which brings together the innovative concept of Digital District (DD) and a co-petitive crowdsourcing e-commerce platform. The DD represents the shift from a traditional jewelry Industrial District of networked Micro-Enterprises (MEs), namely artisans, tied to the physical dimension of a territory to a social and intangible digital networked environment in the virtual space. By way of a crowdsourcing format, the innovative LMI co-petitive e-commerce platform enables young Italian artisans throughout Italy to feature an end-to-end export business without intermediaries. LMI is an e-marketplace providing jewelers with the possibility to sell their creations online at a competitive price for value, directly via the LMI platform, to reach the global market at zero cost. Export wouldn’t be viable to MEs by means of their small organizational structure, lack of digital culture and technologies. LMI copes with this issue, taking over MEs marketing, sales and logistics processes by earning a percentage on sales.

The LMI business model builds value-chains along three dimensions: horizontally, B-to-B, among artisans, goldsmiths, young designers, industry entrepreneurs (sub-suppliers and contractors), retailers. This process generates Social Capital via building relationships, thus leading to new synergic creations, projects and exchange of knowledge; horizontally, but at a different level, C-to-C relationships let clients participate to the social network of MiI lovers; vertically, C-to-B bottom-up relationships activate within the social digital ecosystem allowing value-building processes not feasible within the traditional physical district dimension.

Three are the concepts at the core of the LMI value proposition: 1. Customer Experience 2. Social e-commerce 3. Young Entrepreneurs.

1. A key element of the LMI value proposition is to provide a unique customer experience throughout the customer journey, from the landing on the website homepage, granting a positive user experience up to the purchase experience of a unique jewelry craftsmanship. Luxury is not only justified by the intrinsic value of the good but also by the added value of the MiI origin. The essence of the uniqueness of the MiI, in fact, lies in its ‘genius loci’ and the human touch: the first is an unrepeatable dual relationship between a product and its territory, culture, history and craftsmanship tradition; the second, is explained by the ‘human’ dimension tightly relating to each piece of good uniquely handmade. As a result, the business model leverages an innovative LMI interactive geo-localised luxury map: each MEs localization disclosures the cultural, historical and natural beauty of that territorial area where the good is produced. This feature, while being valuable to customers, fun to use and consistent with the peculiarity of the LMI good, represents a significant opportunity for clients to be acquainted with the Italian heritage. This aspect of the LMI value proposition strategically positions within a wider Corporate Social Responsibility framework. LMI, while contributing to the global promotion of the Italian culture, preserves MEs from disappearing due to the lack of the critical dimension to face a global competition: with them, a heritage of one of the most beautiful handicraft manufacturing is bound to disappear. This is particularly relevant as Italy is the third producer of luxury jewelry worldwide (D’Arpizio, Levato, Zito, & de Montgolfier, 2014).

2. LMI is a social e-commerce, integrating an e-commerce platform to a social network aiming to a B-to-B and C-to-C horizontal exchange of information. In this frame of B-to-B, C-to-B, C-to-C relationships, Social Capital builds value. As a relationship has to be supported by trust, the Association of Young Jewelers (YIJA), the association founded by Giorgio Isabella to rigorously
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