

A study of the characteristics needed for luxury brands to expand into the Chinese market——Taking Louis Vuitton as an example

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Abstract. With the rapid development of China's economy, luxury consumption is gradually taking up an important position in the Chinese market, and the Chinese luxury market has attracted the attention of major luxury brands. This study takes Louis Vuitton, the representative of luxury goods, as a case study to explain the history and current situation of Louis Vuitton, and to point out the problems of its brand marketing in China. The article also analyzed the characteristics needed for luxury brands to expand into the Chinese market.

Keywords: luxury brands; Louis Vuitton; case study.

1. Introduction

According to a survey, Asian consumers spend half of the world's luxury expenditure, more than either European or American customers (Chadha & Husband, 2006). The importance of Chinese customers cannot be ignored. International luxury businesses are steadily expanding their presence in China as the country's premium market expands. In order to win over the Chinese market, Louis Vuitton, which topped Forbes' list of the most valuable luxury companies in the world in 2022, also offered items incorporating Chinese cultural icons.

Founded in 1854, Louis Vuitton comprises divisions for men's and women's clothing, jewelry, shoes, and accessories. Following a century of growth, it has emerged as one of the top luxury brands in the world. It has a significant global impact, a strong brand image, and extremely popular goods. Since its entry into the Chinese market in Beijing in 1992, Louis Vuitton has operated in China for more than 30 years. The decision to join the Chinese market is unquestionably effective since throughout this time, turnover has been strong and well-liked by Chinese customers. As a result, I will use Louis Vuitton as a typical instance to analyze the characteristics that international luxury brands should have to thrive in the Chinese market, including brand image, product content, and channels for marketing and sales.

2. Key factors for luxury brands to develop the Chinese market

First of all, brands need to build a positive reputation internationally by highlighting brand characteristics, establishing brand values, and maintaining brand reputation. It means that consumers will trust brands with a positive reputation more and will thus be more likely to spend money on them, and it can also increase brand loyalty and bringing brand distinctiveness to set them apart from competitors.

By highlighting its distinctive product features, providing high-quality goods and services, establishing brand values, utilizing efficient marketing techniques, creating a presence on social media, and maintaining the brand's reputation, Louis Vuitton has successfully developed a reputation for elegance, beauty, and luxury. Louis Vuitton highlights the uniqueness and outstanding quality of its products while also identifying its target market by portraying its products as high quality and premium luxury. In order to give customers a premium shopping experience, the brand is dedicated to providing top quality goods and services. Every Louis Vuitton employee is properly educated to deliver the best service and build connections with customers. Moreover, Louis Vuitton has upheld the principles of innovation, elegance, and perfection. Good marketing techniques, like advertisement, are also crucial for boosting brand recognition and impact. To engage with customers

and establish a relationship with them, Louis Vuitton places a high value on social media and has run a variety of activities on websites such as WeChat. Together with preserving the company's reputation and preventing negative situations, brand reputation is another essential aspect of the process. As part of its commitment to social responsibility and making a positive impact on customers and society, Louis Vuitton has implemented stringent quality control procedures to guarantee the reliability of its goods. In addition, Louis Vuitton has collaborated with the China Cultural Heritage Preservation Fund to promote Chinese art and traditional culture and has hosted exhibitions in numerous Chinese cities to display the works of local designers.

The second crucial aspect is that luxury brands must continuously innovate while also understanding traditional Chinese culture and Chinese consumers' tastes and demands. Providing specialized services is also a clever choice. According to one research, giving personalized service at meals is directly correlated with getting greater tips (Strohmetz & Rind, 1999). As every customer wants a special service or product, this conclusion not only applies to restaurant service but also applies to the luxury market.

To fulfill the demands of the Chinese market, Louis Vuitton has introduced a variety of designs for Chinese customers. China has a rich cultural background as a nation with a long history. Among them, the dragon and the phoenix are two especially significant and indisputable components; they stand for power, nobility, and in contemporary culture, luck, and prosperity. Red is also a very popular color for many Chinese customers because it makes up most of the Chinese flag and is the country's official color. Several of the goods Louis Vuitton has released are red, which helps Chinese buyers understand the brand's designers' passion and effort. As the Chinese zodiac is also very popular in China, Louis Vuitton releases a limited-edition item each year based on that year's zodiac. In 2023, the year of the rabbit, for example, Louis Vuitton's designers included the rabbit motif throughout every product, including hats, scarves, silk scarves, and key chains. Besides, Louis Vuitton will introduce a handful of goods that are exclusive to mainland China and will only be sold there. The limited items and personalized service are so exciting that it will not only attract Chinese consumers, but also attract brand fanatics in many other countries who will be looking for ways to buy. The traditional Chinese culture has several components. For instance, clothing brands can use Chinese ink paintings, handbag brands can use embroidery techniques combined with traditional Chinese patterns, and jewelry brands can use jade, and so on. All these Chinese elements represent Chinese culture, so when Chinese consumers see these patterns, they will be reminded of the stories of the 5000 years of China, and as a result, they will be more likely to purchase related products.

Last but not least, luxury firms must identify the proper target market, apply the appropriate marketing strategy, and broaden their sales channels. The new generation of luxury consumers is very young, with about 58% being between the ages of 18 and 30, and this group is anticipated to account for more than 60% of global luxury consumers by 2026, according to the 2019 China Luxury Market Consumer Digital Behavior Insights report by Boston Consulting Group and Tecent Marketing Insight.

Louis Vuitton has also made several alterations from the conventional offline shop sales method for a generation that has been significantly impacted by electronic devices and the internet while growing up. Customers in China can directly place orders on the official website or buy their favorite goods using the Louis Vuitton app. The commuting costs for customers is eliminated by using this strategy, which is also more convenient than the standard sales method. Because if luxury products are easily accessible to buy, some buyers may find them to be less appealing (Berthon & Pierre, 2009). Louis Vuitton has expanded its online sales platform, but it is still relatively limited.

Louis Vuitton has invested a lot of time and energy into social media in China in order to inform more Chinese consumers about the new items more quickly. WeChat is the most popular social media platform in China, thus Louis Vuitton set up a public WeChat page where anyone who follows it may get updates about the new products. In addition, Louis Vuitton often posts information on promotions on its accounts on Weibo, TikTok, and Xiaohongshu, which are the most popular Apps among fashion followers and are mostly utilized by young people. Currently, Louis Vuitton has 8.33 million

Weibo followers, 2.362 million TikTok followers, and over 375,000 XiaohongShu followers. These data means that a significant number of people receive timely information about the brand, and they are important potential customers for Louis Vuitton. The "celebrity effect" from Psychology is also quite powerful since well-known singers and actors may support business promotion. The public relations team will get in touch with artists who match the company's image and provide them event or daily clothing, invite them to activities, or bestow titles like "brand ambassador" onto them. Consequently, the followers of the artists will learn more about the brand and may perhaps become consumers who will make purchases in the future. When there is a picture of a well-known artist on the website, those who are not fans may also click through.

3. Conclusion

In conclusion, luxury brands should have a positive brand reputation in in order to expand the Chinese market. They should also design products specifically for the Chinese market that highlight Chinese culture, create online shopping channels for Chinese youngsters who enjoy shopping online, keep promoting on social media platforms, and utilize the celebrity effect, among other strategies. Since it possesses all of the aforementioned traits, Louis Vuitton has succeeded in China, and the luxury companies who wish to enter the Chinese market would do well to learn from its success.

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