

Research on the Ways of Luxury Brands Maintain the Brand Exposure in China

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Abstract: Pandemics have dramatically changed the marketing landscape for luxury brands, especially in China. Under the Chinese government's clearance policy, traditional high-traffic parties and large-scale events are no longer viable as the mainstay of luxury brand promotion. This paper explores the innovative strategies luxury brands are adopting to maintain and increase their brand position and exposure in the face of these constraints. The focus is on leveraging digital transformation, exclusive services for VIP customers, price strategy adjustments and social media engagement. The study utilizes case studies and current market analysis to demonstrate how these strategies are effective in engaging and resonating with target audiences, primarily Millennials and Generation Z. The study also demonstrates how these strategies can be adapted to meet the demands of the marketplace. The findings suggest that brands that adapt to these new channels can not only maintain but potentially increase their market position during the pandemic.

Keywords: luxury brands, digital marketing, Chinese consumers, pandemic strategies, brand exposure

1. Introduction

The luxury brand industry has always relied heavily on compelling campaigns and physical presence to connect with consumers. However, the ravages of the pandemic that pushed the pause button on the world and the subsequent stringent public health policies in China have caused these traditional marketing tactics to be re-evaluated. This paper explores the challenges luxury brands faced during the epidemic, particularly within the constraints of reduced physical interaction and tightened budgets. It delves into the need for these brands to maintain their image and exposure in the minds of consumers when the marketing avenues they had previously followed were not possible. The study aims to explore alternative strategies that luxury brands can employ to adapt to the new market realities, focusing on retaining loyal customers and appealing to new market segments, especially millennials.

2. Strategy Adjustment of Luxury Brands

In response to the Pandemic's impact on consumer behavior and market access, luxury brands in China have swiftly adapted, focusing on three key strategies to maintain their prominence and connection with consumers. They have turned to offering specialized services for VIP customers,

enhancing the perceived value and exclusivity of their products through strategic price adjustments, and engaging younger demographics through collaborations with celebrities on popular social media platforms. These measures are crafted to sustain the brand's allure and exclusivity, fostering loyalty in an era where traditional marketing channels are disrupted, and digital engagement becomes paramount, ensuring the brand's resilience and sustained appeal in a market impacted by pandemic-related constraints. Overall, by partnering with celebrities and being active on social media, luxury brands have not only succeeded in attracting new, younger customers but have also increased the visibility and influence of their brands in the digital age.

2.1. Targeted services for VIP customers

Against the backdrop of budget cuts, luxury brands have adopted a range of innovative strategies to maintain their brand exposure, one of which is the provision of epidemic-targeted services for VIP customers. During the COVID-19 pandemic, consumers have experienced changes in product demand, shopping behavior, purchase behavior, and post-purchase satisfaction compared to normal times. In addition, there is evidence that it is becoming more difficult to gain consumer loyalty through marketing [1]. As a result, brand marketers need to come up with new ideas to consolidate loyal customers. For example, some brands introduced epidemic food delivery services specifically targeting high-end customers, which not only boosted customer loyalty to the brand, but also maintained its relevance in the public discourse. The effectiveness of this strategy lies in the fact that it responds directly to the specific needs of the customers during the epidemic and strengthens the bond between the customer and the brand through a highly personalized service. The case study shows that these services helped the brand successfully retain its high-end customer base despite limited physical interaction, thus maintaining the existing customer base while also strengthening the brand's market position.

2.2. Price Adjustment

Another key strategy was to strategically adjust prices. Some top luxury brands chose to go against the grain and raise the prices of their products during the epidemic. This strategy centers on reinforcing brand uniqueness and exclusivity in order to attract middle-class consumers who aspire to elevate their social status by owning high-end products. China's middle class has relatively high incomes but still needs to work hard to cover the gap created by purchasing a luxury product in order to maintain a normal life. Studies have shown that luxury goods bring prestige to their owners [2], which is exactly what some middle-class people are looking for. By raising prices, these brands not only expand their customer base but also further enhance their brand status. Undeniably, this is a clever market positioning strategy to attract a new customer base by emphasizing the luxury and uniqueness of the brand while maintaining its appeal to existing high-end customers. Even the price increase did not lead to stagnation for the brand but rather increased sales in the Chinese market. The success of this pricing strategy is that it creates a sense of scarcity, which further enhances the brand's appeal and market influence.

2.3. Collaboration with celebrities

In addition, luxury brands' collaboration with celebrities and social media has become an effective marketing strategy, especially for attracting young consumers. China's Generation Z consumers are heavily influenced by Key Opinion Leaders (KOL) and Key Opinion Consumers (KOC) on social media platforms. Among the many social media platforms, Douyin (known as TikTok outside of China) has become an important platform for luxury brands to expand their consumer base in the Chinese market. Catering to young consumers, the short-video sharing app is reshaping the digital

marketing landscape, providing fertile ground for luxury brands to connect with this key demographic. The platform's features facilitate a variety of marketing activities, from showcasing user-generated content to utilizing sophisticated ad formats and interacting with influencers, all aimed at increasing brand awareness and engagement with Chinese consumers.

The case of L'Oréal is a concrete example of data showing the success of celebrity collaborations on Shakeology. The brand partnered with the Palace of Versailles to launch a special collection and enlisted celebrities and bloggers to heavily promote the products on Shakeology. The partnership enabled L'Oréal to achieve impressive sales results, with gross merchandise volume (GMV) reaching RMB 1 billion in just six months. They sold \$3.4 million worth of products in one week during the Shakeology launch campaign, setting a significant benchmark for other luxury brands on the platform. This demonstrates how leveraging the influence of Douyin and integrating celebrity-driven marketing campaigns can lead to great business success[3].

3. Marketing Trends of Luxury Brands in China

In the Chinese market, luxury brands are actively exploring new shopping and promotion channels to adapt to the changes in the digital era. Among them, the digital transformation of luxury goods has become an important trend[4]. For example, brands are offering consumers a new shopping experience through digital platforms such as WeChat, corporate private domains and VR try-on experiences. This transformation is not only a complement to the lack of traditional brick-and-mortar retail opportunities but also an innovative marketing strategy. WeChat is an essential social software for Chinese people. Brands can communicate directly with consumers through the private sphere of WeChat, providing more personalized services and product recommendations. Luxury stores can give timely feedback to customers through enterprise WeChat to improve the transaction rate. At the same time, consumers' loyalty to the brand will also be improved[5].

The VR try-on experience provides consumers with a new interactive way to experience products without leaving their homes, and the application of this technology not only improves the convenience of shopping but also increases the fun and sense of participation in the consumer experience. In addition, it also largely solves the sales barriers that prevented Chinese consumers from maintaining their previous frequency of offline shopping during the pandemic period. Luxury brands have also taken this opportunity to accelerate their digital transformation and explore deeper for future brand development [6].

On the other hand, social media marketing plays an increasingly important role in the promotion of luxury brands. As the influence of traditional fashion paper media advertisements gradually declines, platforms such as Xiaohongshu have become an important channel for luxury brands to connect with millennials and Generation Z consumers. These platforms have become the main place for young consumers to get information and share their views due to their highly interactive and social attributes. By publishing customized and targeted content on these platforms, luxury brands are able to reach their target consumer groups more effectively, while further expanding their brand influence through user-generated content (UGC) and influencer marketing. In addition, this social media marketing strategy also enables brands to collect consumer feedback and market trends in a timely manner, so that they can more flexibly adjust their marketing strategies and product offerings to ensure that they remain competitive in the ever-changing market environment.

4. Conclusion

Pandemics have undoubtedly disrupted the luxury brand market, especially in China. However, this disruption has also served as a catalyst for innovation and adaptation. This paper concludes that luxury brands that are able to turn to digital platforms, adopt direct and personalized marketing

strategies, and effectively leverage social media can not only maintain their brand position but also expand their reach. Although initially a response to the epidemic, the shift to more intimate and digitally-centred interactions is likely to become a staple of luxury brands' marketing strategies. These approaches have proven their potential to connect with consumers, especially millennials, on a deeper level, ensuring the longevity and relevance of the brand in an ever-changing market landscape.

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