

Navigating the Fashion Landscape: Analyzing Acne Studios' Domestic Market Strategy

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Abstract: In the dynamic landscape of China's fashion industry, remarkable growth and transformation have been witnessed, fueled by factors such as a rising middle class, increased urbanization, and changing consumer preferences. With a thriving e-commerce sector, rapid adoption of global fashion trends, and a growing appetite for luxury brands, China has emerged as a key player in the global fashion arena. This essay will take a comprehensive look at Acne Studios' strategic approach in the domestic market. And the study delves into the impact of the Acne Studios brand on the global fashion scene since its inception. On the basis of the brand's own glocalization strategy, a combination of case studies, market analyses and some evaluative data is used to reveal the multiple factors that have contributed to the success of acne studios in China. By detailing Acne Studio's journey into the Chinese fashion industry, this study not only provides insights into the market success factors but also presents valuable strategic recommendations for other international fashion brands seeking to capture the Chinese market, thus connecting them to more international fashion exchange opportunities.

Keywords: Acne Studios, Domestic market strategy, Chinese fashion, consumer preference, Chinese cultural

1. Introduction

Acne Studios is a Swedish fashion brand founded in 1997 when Johansson produced 100 pairs of jeans and distributed them to loved ones. His spring collection was modeled after the textures found on building sites: belt loops and pockets were moulded into the surface of rubbery leather coats, while knitwear and jeans were covered in layers of white plaster.[1]. Through interesting colors and layering to make people's eyes shine, the brand's design vision is "ambition to create novel expressions," with the main goal being to create products that consumers will appreciate and use for a long time[2]. The global marketing strategy includes a skimming pricing strategy, the idea behind this technique is to take advantage of a monopoly position or innovators' low price sensitivity by skimming excess from customers early in the product life cycle [3]. The use of a distinctive pink logo image, the publication of a bespoke magazine, "Acne Paper ", and the use of digital media to give the brand a presence on the global fashion scene. The BoF report (no date) shows that Acne Studios has more than 60 flagship shops around the world, in every capital city, including Beijing and Shanghai [4]. Each shop is designed to reflect the unique personality elements of the brand's image. In order to further examine the different strategies used by the brand to introduce itself to the Chinese market, it has been analyzed

in detail in three main sections in this paper. These include how to utilize domestic cultural integration with the brand image, different sales and distribution strategies and ways to collaborate with KOL. By comparing the results of the strategies at home and abroad, this paper helps to gain a deeper understanding of the differences in consumer behaviors, preferences and cultural factors, which in turn provides a more nuanced understanding of Acne's target audience.

2. Cultural Integration and Brand Identity

According to Welter's research on the Chinese market, since 2010, China has become the world's second largest economy with GDP of \$5.7 trillion, causing major international brands to be informed that the Chinese market is the strongest in today's fashion world in terms of developability [5]. Yu mentioned that the internationalization of the new generation no longer stops at the dimension of products but is equally important for brands to go to sea, in other words, to build well-known and influential international brands and to realize the meaning of Made in China[6]. Under the background of cultural self-confidence, Chinese cultural elements based on traditional culture are attracting attention in the global business sector, and with the continuous enrichment of social and cultural consumption, the economic function of culture has been gradually enhanced. On top of this, the Acne brand has also utilized certain cultural fusion strategies to attract more domestic and international customers. According to figure 1, such as the launch of products from the Chinese New Year limited series of accessories in the Spring/Summer 2023 women's collection, making perfect use of the design model rabbit[7], as well as the release of high-quality videos and photographs of Chinese New Year cultural content on Xiaohongshu, Weibo, which is the favoured social media platform for China's Generation Z consumers, leading to a total of 219,000 relevant tag views, there is no doubt that the brand's positioning, value, and exposure in China have increased. Also on Instagram, the social media platform for foreign Generation Z consumers, the number of likes on posts containing Chinese culture reached over 10,000, a significant increase compared to the usual number of post views and likes. Because of the strategy of limited purchases in China, the scarcity created by Acne studios at this stage increased consumer demand and urgency, speeding up sales and potential revenue. Moreover, it also promotes the brand's cultural diversity on international channels, adds colour to foreign brand promotion, resulting in a win-win effect.

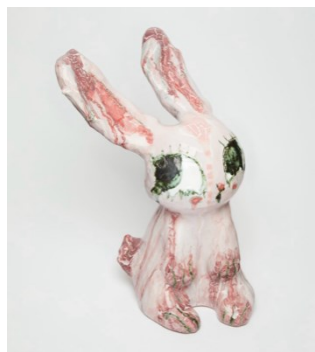


Figure 1: Instagram: Acne studios(2023)

3. Retail and Distribution Strategies

With the changes in consumer demand in the fashion industry, consumer preferences and estimated production or distribution costs vary by brand, product format and retail channel; neglecting distribution and focusing only on price competition can lead to overestimates of manufacturers' profit margins of up to 55 per cent;(sharma, Kuma and Cosguner, 2019)[8] Therefore the sales channels in the high-end fashion retail market have become crucial, searching for new sales channels has become

one of the important strategies for high-end fashion brands, and the following will explore the domestic channels developed by Acne Studios from both online and offline aspects.

3.1. Online Channel

From the online channel, the Acne Studios brand has its own independent official online shop to sell products directly to consumers, providing brand image display and product classification introduction, including after-sales service and other functions, to the full range of shopping experiences, which is mostly consistent with the overseas official website channel. However, in the cooperation of e-commerce platforms and social media marketing, there are different reactions at home and abroad. In China, Taobao, as an e-commerce platform, has more than one million fans; more than 2 thousand RMB products have the highest monthly sales of products in more than 600 quantities, followed by Jingdong, Dewu, and other platforms. Compared to the foreign networks Farfetch, Sensense, and other e-commerce platforms, Chinese e-commerce platforms are more attractive at a glance. In addition to the interactive comments between the customers, it greatly increased the sense of buying experience. Coupled with different holiday discounts in China, such as Double Eleven, Acne brands always have higher revenues in China. However, as there are many competitive brands on Chinese online platforms, and even some low-priced imposters, the lack of a high standard of shop access may reduce consumer loyalty. For social media marketing, both domestic and foreign countries are using social media platforms favoured by consumers in the Z era of the target customer group, and the content basically contains storytelling videos, photos and the latest information about products, but the number of fans and comments on foreign platforms is relatively larger, while the Chinese market, due to the short time of its introduction and lack of brand exposure, does not have such a large base of consumer groups as those in foreign countries, which will have a certain impact on the later development.

3.2. Offline Channel

In terms of offline channels, through the report of CPP Luxury, Acne Studios sold stakes to China-focused investment firms IDG Capital and Hong Kong-based I.T. Group, both new investors that will give Acne's brand a boost in Asia [9]. Furthermore, Acne has expanded by opening 14 shops in China, including in Nanjing, Shanghai, and Beijing, according to the latest shop distribution on its website. In addition to specialty shops and boutiques, a series of flash exhibitions have been held in China in conjunction with the Acne Pink Space, such as the Hangzhou Container Flash showed by figure2 [10]., which celebrated the successful launch of the magazine issue by creating a warm and cosy time-limited shop with a limited edition of coffee and magazines to continue the art of living that fuses fashion and nature, emphasizing Acne's design philosophy and providing consumers with the opportunity to enjoy the best of the Acne brand. Pop up's design philosophy offers consumers a dynamic and flexible retail model, testing new markets and engaging directly with consumers in innovative ways.



Figure 2: Xiaohongshu: AcneXB1ock(2023)

4. KOL Strategies

KOL (key opinion leaders) marketing refers to social media marketing communication behaviour with KOL participation, which has the communication advantages of both group communication and mass communication. In new media marketing, the role of KOLs has been increasingly emphasised, KOLs can help brands or products promote and increase brand awareness and product sales through their own influence and social media fan base. What's more, opinion leaders are recognised information sources with innovative ideas and strong interpersonal skills that can influence others' decision-making [11-12]. China's use of brand ambassador marketing is divided into four ways, advertising spokesman, social media promotion, brand activities and offline promotional activities. Acne brand in the choice of advertising spokesman above mainly in accordance with the current fame and in line with the brand's target customer groups of the star, for example, in the year 2023 under the promotion of China's limited edition of customised products, the choice of the relatively young Wen Qi actor as the video promotional production of the spokesman and the year of the rabbit cute and lively product image to form an echo, thus enhancing the acne brand image in China. A change in the previous acne-neutral-style representatives, expanding the love of cute elements among the audience groups. In the use of social media, acne brands mainly use small red books, Weibo, and TikTok social platforms to publish relevant content and indirectly promote the image and products. Taking the platform Weibo as an example, acne adds different tags and direct purchase links in each product-related content released. Even if some celebrities are not spokespersons, they still show their images wearing their brand products. In terms of the number of views on all platforms and frequency of publicity, acne's mohair scarf is favoured by more celebrities and fashion bloggers, which inspires many consumers to purchase and also makes its products the most popular among consumers desire to buy, which also makes its products acne's main source of profit. In terms of brand activities and offline promotion, Acne has not done much to maximise the influence of spokespersons to promote the brand compared to other competitors, as there are fewer shops in China and the shops are relatively small, so the activities are much more limited. However, unlike other competing brands, Acne has developed a number of time-limited offline experiential spaces through art-filled design concepts. For example, as demonstrated by figure 3 in November 2023[13], acne partnered with artist Pablo Bronstein to exhibit an art deco villa at the West Coast Art Fair in Shanghai, bringing to life the huge sense of theatre of the brand's specific magazine.



Figure 3: Acne paper: House of acne paper issue18, S/S2023 (2023)

5. Conclusion

In conclusion, Acne Studios' marketing strategy in China is sophisticated and culturally sensitive, showing the brand's commitment to responding to the Chinese market's particular characteristics. The

company has successfully incorporated Chinese cultural components into its identity, emphasizing the significance of connecting with local customers. Localization efforts are obvious in a variety of ways, including design aesthetics, marketing campaigns, and collaborations with Chinese artists and influencers.

The inclusion of Chinese design aspects into Acne Studios' goods demonstrates a careful balance of Western and Chinese influences, catering to the different interests of the Chinese consumer base. The brand's strategic marketing initiatives for the Chinese market show a strong knowledge of cultural nuances, with storytelling and visuals that appeal to local audiences. Also, the success in China is based on its ability to adapt and develop while keeping a consistent worldwide brand image. The business has successfully negotiated the e-commerce landscape, using prominent Chinese platforms to attract a large online audience. The utilization of limited-edition items and partnerships has produced a sense of exclusivity and urgency, resulting in increased consumer attention and sales. The brand's retail presence in China, which includes store designs suited to local preferences, improves the whole shopping experience while also contributing to a positive brand perception. Acne Studios' initiatives are aligned with the inclinations of the Chinese market, from color selections to store ambiance, reinforcing the brand's dedication to cultural sensitivity.

While Acne Studios has effectively localized its tactics for the Chinese market, further evaluation and adaption will be required. Continuous monitoring of consumer input, market developments, and competition dynamics will guarantee that the brand responds to Chinese consumers' changing preferences. Overall, Acne Studios' Chinese marketing strategy is a great example of effective cultural integration, which has helped the company succeed in one of the world's most dynamic and competitive marketplaces.

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