

Research on Cross Border Marketing Strategies for International Brands in the Chinese Market

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Abstract: The revenue and profit of the luxury goods industry have been increasing continuously in recent years. Growth continues even during COVID-19. This paper adopts literature review method, takes international luxury brands as the research object, and studies the marketing strategies of luxury brands. Starting from macro environmental analysis, it analyzes the cross-border marketing environment of International luxury brands and then points out the shortcomings of their cross-border marketing, including cross-border neglect of innovation depth, Poor choice of co-branding, and a lack of systematic channel cross-border. Finally, some improvement suggestions are put forward for the cross-border marketing of international luxury brands. Luxury brands should dig out the brand connotation of cross-border culture, expand the diversified operation of cross-border channels, and enhance the effectiveness of cross-border marketing communication. This can increase the added value of the brand, increase brand awareness, and attract more potential consumers.

Keywords: marketing, cross-border marketing, PEST

1. Introduction

“The origin of the word ‘luxury’ dates to the mid-17th century and is derived from the Latin word ‘luxus’, which literally means ‘surplus’”. Luxury is no longer what it used to be. The greatest problem lies in the over-availability of luxury products that are no longer available only to high society but also to the middle class [1] Both standardised global and localised multinational marketing strategies were found to have initially been employed by luxury fashion retailers entering China. Subsequently, localised multinational strategies became increasingly important for their post-entry operations and business development, particularly in terms of their product strategies. More specifically, as well as the introduction of Chinese brand names, product design has been adapted according to Chinese market conditions, and product portfolios have been adapted to satisfy regional differences [2]. At present, the development of luxury brands is increasing, and industry competition is becoming increasingly fierce. The industry's growth rate is slowing down, and cross-border marketing seems to have become one of luxury's preferred strategies to break through in market competition. But by 2023, luxury has fallen into a certain misconception in cross-border marketing. This study analyzes the problems and then attempts to explore new possibilities for

luxury's cross-border marketing. By researching International luxury brands' cross-border marketing, we can provide some references for other brands' cross-border marketing.

2. PEST Analysis of Luxury's Cross-Border Marketing Environment

2.1. Politics

With the rapid development of China's market economy, the political and legal environment have gradually relaxed [3]. Such a relaxed environment provides a foundation for the rapid development of luxury brands.

2.2. Economy

The economy plays a crucial role in accelerating the development of the sale industry. According to data from the National Bureau of Statistics, in the first three quarters of 2022, the per capita disposable income of Chinese residents increased by 5.3% in nominal terms compared to the same period last year. The average growth rate of the Consumer Price Index (CPI) for the first nine months of 2022 was 2.0%. data from the Ministry of Commerce shows that China's foreign direct investment (FDI) has always been at a historical high, reaching a record of \$181 billion in 2021, a year-on-year increase of 21%. Despite the downward pressure on economic growth, FDI in the first six months of 2022 achieved rapid growth again, with a year-on-year growth rate of 24%. The rapid economic growth rate indicates that China's luxury goods consumption market has enormous potential.

2.3. Society

After the rise of the internet economy, consumers have already begun to undergo changes, with aesthetics becoming more fragmented, diversified, and personalized, and visual communication becoming extremely important. At the same time, the consumption capacity of young people and the middle class is constantly increasing, and their proportion of fashion consumption is gradually increasing [4]. This enables consumers to pursue higher quality and more value-added products. And this has also laid a good consumer foundation for the development of luxury brands.

2.4. Technology

In contrast to the traditional media represented by television, radio, and newspapers, new media is a communication form of information and service transmission that is provided to users by digital technology through channels like computer networks, wireless communication networks, satellites, and various equipment such as computers, mobile phones, and digital television sets. New media transcends the limitations of time and space to the greatest extent, brings innovations in communication forms, means, and content, and connects people from different regions together through intricate networks. In this dimension, new media has provided an unprecedented opportunity for luxury brands to expand their presence [5].

3. Cross Border Marketing Cases for Luxury Brands

3.1. LV X Shanghai Boutique Coffee Shops

LV collaborates with Shanghai boutique coffee shops to create LV book and newspaper kiosks. In order to restore the former appearance of the newsstand, Louis Vuitton has started the "Librairie Ephemere" limited time book project since 2022. This time, LV chose "Manner", "Iron Hand

Coffee Manufacturing Bureau", and "Plusone Coffee" in Shanghai. By purchasing two or more books at a coffee shop, you can obtain LV and corresponding coffee shop co branded canvas bags.

3.2. Marsper X GUCCI Co Branded Art

GUCCI teamed up with Chinese original trend P Marsper to draw inspiration from the classic designs at the Gucci Cosmos' Universal Guchi 'collection exhibition, launching multiple co branded series of physical creations.

3.3. PRADAx Market

Prada launches the slogan 'Buying Prada is as Easy as Buying Vegetables'.

The newly renovated and reopened online red vegetable market in 2019 is the Wuzhong Market, with a total area of 2000 meters and over 50 stalls. The first floor mainly sells vegetables, fruits, seafood, and flowers, while the second floor mainly sells soy products and cooked food, known as the "Victoria Market" in Shanghai. The cooperation method between Prada and the vegetable market is that each stall in the vegetable market will provide a limited quantity of Prada's autumn and winter series printed packaging bags every day. Whenever customers buy something, they will receive Prada's autumn and winter series printed packaging bags as a gift.

3.4. Xicha X Fendi

Xicha is a low-priced consumer product. FENDI is a high-end luxury item. Xicha collaborates with FENDI to launch the "Fendi Joyful Yellow" beverage, which is priced at 19 yuan.

4. Problems in Luxury's Cross-Border Marketing

4.1. Single Purchasing Channel for Cross-Border Joint Branded Luxury Jewelry Brands

In the early stages of cross-border marketing of luxury brands, the integration of promotional channels often produces good results, which greatly increase consumers' desire to purchase. However, the brand often overlooks the coordination of its subsequent purchasing channels, and the sales channels are relatively single and incomplete. For example, some co branded products require consumers to queue up in offline physical stores to purchase, or require cumbersome overseas shopping operations [6]. The inconvenient form of purchase increases the difficulty of purchasing for consumers and reduces their shopping experience.

4.2. Ignoring the Brand's Endogenous Logic

When luxury brands carry out cross-border marketing, many collaborations are only superficial in design, such as a combination of two brand logos or a representative image of the partner printed on the joint product.

Moreover, most of the cooperation fields between the two parties are limited to design, and there is no resource sharing for publicity and sales channels. In fact, in many cases, consumers only learn about the joint product through the promotion platform or purchase channel of one of the partners. In this case, whether from the perspective of attracting fans on both sides or expanding the scope of publicity, there is no way to achieve the effect of "1+1>2" in cross-border marketing.

4.3. The Choice of Co-Branded Brands is Too Different From the Compatibility of Their Own Brands

There are many problems in the cross-border marketing of luxury goods that make some brand marketing not only unsuccessful, but also achieve the counter-effect of " $1+1<2$ ". Some brands lack market insight in cross-border marketing and ignore the adaptability of cross-border parties in terms of market positioning, resource allocation, and consumer groups, so that it is difficult to find the entry point of marketing, making the original cross-border marketing become "joint promotion". For example, Heytea & Fendi has too much difference between its crossover products and its own brand image to be acceptable. Furthermore, some brands blindly pursue topicality across borders and simply regard cross-border scope as cross-border innovation, but the result is empty marketing gimmicks. Their products and services can not really impress consumers. After briefly attracting the attention of consumers, it is often difficult to convert cross-border cooperation into commercial benefits.

5. Improvement Strategy

5.1. Diversified Purchasing Channels

In response to the difficulty of purchasing cross-border products for luxury brands, the brand should optimize their shopping channels. For some co branded products, in addition to traditional offline physical store purchases, brand owners should also optimize online channels. Although many brands have their own independent online sales platforms, there are often problems such as complex registration, single payment methods, and unstable systems. Therefore, it is recommended to establish a large-scale and systematic system with the system, and consumers generally use online platforms for cooperation, such as Tmall, JD, etc. In addition, many cross-border marketing brands often use limited edition sales and other forms to attract consumers to make purchases. Optimizing the consumer shopping experience can change traditional offline queuing and other methods, taking the form of online pickup and queuing.

5.2. Strengthen the Internal Correlation of Co Branded Brands and Improve Efficiency

Since luxury products have prices that cannot be matched by other products, the intrinsic integration of luxury products and co-branded brands is particularly important. It is possible that the value of the two commodities will increase when combined. For example, Japan once launched "newspaper mineral water", in order to save print media from decline. Japan's mineral water brand, whimsical, and newspaper media reached cooperation, and the recent hot news headlines, the main content of the packaging, and the fact that consumers, in addition to drinking mineral water, can also browse news hot spots as talking points, can be said to be a good idea. Newspapers and mineral water are not complementary products in the economic sense, but in cross-border marketing, they can complement each other through clever combinations and give each other additional value.

5.3. Reasonably Match Brands and Achieve Complementary Advantages

The "complementarity" in cross-border marketing is reflected in two perspectives, the complementary advantages of brand resources and the complementary user experience created. In the selection of cooperative brands, at least the following suggestions should be followed: (1) The target user group is similar. Only with similar user groups can they organically integrate their respective products or services. (2) Brand values are in line with each other. The value concept of the cooperative brand is in line, and it is easier to associate each other in the minds of users and

achieve the purpose of strengthening the brand image. (3) The strength of brand resources is comparable. Only when the two sides are similar or matched in terms of market position, strategic objectives, channel resources, execution capabilities, etc., can they achieve reasonable complementarity, maximize synergies, and make cross-border cooperation proceed in an orderly manner.

6. Conclusion

With the increasing diversification and fragmentation of marketing and communication methods, cross-border marketing as a new type of marketing has been continuously known to people. As brands go forward, cross-border marketing can not only exert the synergy effect of "1+1>2", but also penetrate and integrate brand culture and value with each other to achieve a leap in brand value.

In today's rapid development of the interconnected economy, cross-border cooperation between enterprises or brands in different industries is the way to enhance brand value and improve brand efficiency. There are many ways to achieve cross-border marketing, from product design cooperation, and hot event marketing, to cross-industry cooperation, etc., and breaking through the traditional "cross-border" wind is becoming more and more intense. When industry boundaries become increasingly blurred, a product or a brand will fission. Whether it is a piece of clothing, a hat, a bottle of red wine, or a car, behind it may imply a way of life and a value proposition.

This study identifies the issues that affect cross-border marketing by analyzing specific cases and marketing environments. Find common problems among Fendi, Gucci, Prada, and LV brands in their joint case studies, such as single sales channels, lack of brand tone, and neglect of brand connotation, and propose corresponding solutions to these common problems. The study analyzes individual cases to identify common problems and find solutions to them, in order to help the luxury industry find more effective cross-border marketing strategies. When conducting cross-border marketing, we should pay attention to product connotation, broaden product sales channels, and select appropriate co-branded products. This article has certain limitations; for example, it only focuses on the cross-border marketing of luxury goods in China. In the future, research can expand the sample to cross-border marketing cases worldwide, in order to obtain more sufficient samples and make the research more common.

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