

Title: China High-End Handbags Market Competition and Development Study

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Abstract: This article talks about the influence of the COVID-19 on current Chinese handbag market, how the pandemic negatively influence on handbag market, how to pick up, and how to push the Chinese handbag market to its peak based on current scenario research. This article mainly studies the current situation of China's handbag market (the current state of manufacturers), including the handbag market structure, size, and focus (what are the differences between the Chinese market and the markets in other countries), the reasons for this state, the development trend of China's handbag industry, suggestions, and prospects for the industry. To be more specific, this report takes an example of a newly-started company and the sales of its product to do a case study and in passing studies its history of setting up, brand Philosophy, manufacturing process, and marketing strategies compared to international luxury brand products. Therefore, learn from the experience of others and ongoing innovation.

Keywords: Handbag, Marketing strategies, Customer Attitudes

1. Introduction

1.1. Background

After COVID-19 over some period in 2020, the worldwide economic landscape had changed rapidly. The pandemic has negative impacts with grave consequences on large aspects. The policy environment is fraught with uncertainty and risks; the fake rumors, fraud and illegal transaction are caused by the vacancy of strict supervision. Doubts about the security of global supply chains and international travel that existed before the pandemic, as well as concerns about self-sufficiency and resilience in essential goods at the national level, are likely to continue even after it is controlled. The financial architecture of the post-coronavirus era may not take people back to the pre-Bretton Woods era of globalization, but the damage to international trade and finance from a pandemic is likely to be widespread and long-lasting. It also transforms the investment in industry landscapes. Due to the restriction in time and constraints in space, the investment and financial input had declined dramatically, especially the fashion industry. The global economy had, consequently, suffer from this issue inevitably.

1.2. Related Research

The luxury goods sometimes shows the social status of the consumer who affords it. The luxury business now is more lay stress on the brand. Different from the mass-market goods, its traditional sociological characteristics are used as a sign of distinction and assertion in social relations, namely to sign their respective positions in social hierarchies. For all the reasons, the luxury brands have expanded to reach broader and attracted more mass audiences, especially focus groups. Few studies have emphasized or highlighted the importance of being in the minds of the truly wealthy and maintaining a luxury brand image alongside the branches of the market that flow to the lower end of the market. [1]

The development of handbags in the market as sustainable products is also characterized by sustainability and green, eco-friendly features.

Consumption of handbags are in part determined by the satisfaction of the constant functions of the products. Many global brands, for instance Freitag (Swiss), Sourcedlife (UK), and Frombin (Korea), have covered sustainable concepts by using upcycling materials for their handbag designs and other uses. In 2009, a new brand 'Petith', made pieces of jewellery, toys, and even furniture items in a class by itself with silk scarf, leather and other upcycled materials. [2]

Retail shopping bags is crucial in providing additional support to the primary packaging materials. Consumers buy them or get them free from retailers after purchasing a merchandise. In Hong Kong, a common phenomenon is that buyers use retail shopping bags while buying other products. There are no persuasive discussion about the essential reasons for usage of shopping bags and the rate of using them, The study's primary objective is to acquire a preliminary comprehension of how consumers perceive shopping bags. To achieve this, the researchers conducted qualitative research and then conducted a survey of 200 individuals by administering in-person questionnaires at different Hong Kong Mass Rapid Transport (MRT) stations. Based on the results obtained, the study concluded that there is a connection between the duration for which a shopping bag is retained and the frequency of its reuse. [3]

COVID-19 may have dampened people's interest in buying luxury goods, but niche brands with accessible prices are proceeding well with the middle class in China. According to a 2018 research by the investment bank Everbright Securities, the market size of accessible luxury (including niche brand products) would reach \$17.7 billion by 2020. Many niche brands have been planning to make a deep interaction with their hardcore buyers to build their brand loyalty, after noticing the potential growth in purchasing their products. The venture then Establishes contact with customers via various e-commerce platforms such as Tmall, WeChat, and other channels. In this way, the niche brands can get exposure to a wider audience and prepare for an online-to-offline model in the future. The current stage of growth in the luxury market has to be compared to the previous figures. In the late twentieth century, the global luxury market began to grow significantly Passariello reports that Europe's share of the luxury goods market was \$238.9 billion in 2011, from 35% in 2004 to 37% in 2010. Meanwhile, Achrol and Kotler point out that this growth shift is largely attributable to the democratization of global market dominance from production to consumption. It was also during this period that the luxury goods industry entered the mass market. [4]

An investigation examines Chinese consumers' attitude (ATLB) towards luxury goods and its impact on their purchasing behavior. Overall, luxury goods consumers can be split up to groups: the elitist, the distant and the democratic. The more consumers believes luxury is of higher quality compared to the democratic group. The buyers who give the goods to others belongs to the distant group while the buyers who keep them for themselves is in elitist group. Results show that elitist group on average bought most pieces of the luxury products among all groups. [5]

In the early 1990s, Chinese consumers became obsessed with fashionable luxury goods, and dozens of world-famous brands have entered the mainland Chinese market, turning China into their most competitive battleground. In light of to Morgan Stanley, consumers are looking for brand names. They tend to favor products that are instantly recognizable, such as Louis Vuitton handbags. Analysts at Goldman Sachs believe that French luxury luggage maker Louis Vuitton is most likely to benefit from increased demand in China. [6]

There are many counterfeit luxury goods on the market. The most evident flair point is the logo because its content is clear and often difficult to counterfeit. It can be difficult to validate the authenticity of luxury handbags due to the limited availability and high expenses of senior appraisers who are typically relied upon for this task. Recently, convolutional neural networks (CNNs) have been widely used for counterfeit detection. However, directly applying CNNs to identify luxury handbags in logo images is still challenging because some identification points in logo images are very subtle and imperceptible. Also, both local and global information about logo images need to be considered. [7]

The chapter explores Chinese consumers' attitudes towards second-hand luxury fashion and how social media Electronic Word-of-mouth (eWoM0) affects decision-making. Interviews were conducted with 24 Chinese consumers aged 18–35. Findings revealed that price, symbolic status, uniqueness and sustainability were reasons for purchasing second-hand luxury fashion. Doubts over authenticity, hygiene, traceability, and wear caused detrimental attitudes towards second-hand luxury fashion. Participants were wary of the credibility of eWoM on social media and some of them have concerns of the secondhand market; the likelihood of impulse purchasing diminished the more eWoM there was. This would lead to obstacles to the development of the high-end handbag industry. [8]

After 2000, with the opening of the luxury industry and the popularity of luxury products, more and more luxury topics were discussed and some schools gradually offered specializations related to luxury management. In specialized conferences, few people mentioned the transformation of the concept of luxury, from workshops to a real industry. The industry itself has also changed. Since 1995, the luxury goods industry, selling for the masses, has achieved impressive and steady growth and profitability, thus abandoning the rarity of the nature of the product itself, as will be detailed in this chapter. [9]

Keiko Kiriara and Marc Aeberhard discuss the importance of luxury brands and their effects on buying decisions in comparison to the consumer goods industry tourism, taking into account sociocultural factors and demographic parameters. The journalist Juliet Kinsman focuses on the importance of modern media, can also be used specifically for self-reflection and the creation of meaning. She argues that the senseful handling and use of media makes an available and sustainable contribution to the responsible handling of one's own being. They show how status, brand recognition, but also authenticity or uniqueness characterize luxury. The change in definition from tangible to intangible criteria becomes significant. In a word, it is about anything that money cannot buy. [10]

1.3. Objective

This article will first study the current market size and scale changes in China, and then use a manufacturer as an example to study the brand development direction in detail, including the background of brand creation, brand development history, product design concepts, management methods, etc. Next, refers to the experience of internationally renowned brands, including the origin of the brand, how brand manufacturers respond to challenges and the reasons why they are not eliminated in the changing times. And also put forward solutions and opinions for the loopholes in the product sales market, speculate and look forward to the future development.

2. Development status of the handbag market in China

2.1. Market size

In recent years, the market size of China's women's bag industry has continued to expand, especially the handbag industry. In 2017, the total sales of women's bags in China was 89.997 billion yuan. Due to the impact of the epidemic in 2020, the growth rate has been slightly reduced, and the trend has stagnated slightly, with a growth rate of 2.20%. The total sales in 2021 will reach 114.635 billion yuan, an increase of 7.85% over 2020. At present, the consumer demand for women's bags is sufficient, and the global sales of women's bags are also considerable.

2.2. Manufacturers and brands

In the Chinese handbag industry, there are also very outstanding high-end brands, such as DuanmuLiangjin. During the ten years of DuanmuLiangjin's development, the brand's transformation, product positioning and supply chain have been continuously improved. The initial experience of the brand dates back to 2011. In 2011, the brand was founded (at that time it was a collection service), originally it was just a hobby of the founder Qitian to collect ancient coins, which made DuanmuLiangjin's brand design of today's antique flavor. Its collection industry to high-end handbag industry transformation also from a party. Qitian's wife temporarily used her husband's collection box as a cell phone bag, allowing Qitian to find a business opportunity to develop handbags. 2016, DuanmuLiangjin brand officially transitioned from collection services to wooden handbag production. 2018, the brand's product design to add leather elements, including crocodile, ostrich and other precious and rare animal elements. Its supplier is HCP (Hermes' supplier. In addition, the handbags are designed with traditional Chinese aesthetics, such as pipa pattern, Dunhuang flower fine pattern, etc.. The DuanmuLiangjin brand strives to show its products in Chinese style. According to Qitian, Chinese people emphasize on rituals, which is why the appearance of the products reveals a subtle beauty from the outside to the inside. In terms of design concepts, the logic of international luxury goods is very much in line with this. In the same year, the company opened an offline store in Beijing's 798 Art Street. In the following year, the official flagship store was opened in Beijing China World Trade Center. 2021, a flash mob was done in the background Wangfujing Central. The delicate wooden process, exquisite packaging, and craftsmanship attracted a large number of consumers. 2021, on February 10, 2021, moved into the first floor of Shanghai Grand Gateway 66 Plaza, becoming the first store on the first floor of a top luxury shopping mall, Leaving a significant impact on the development of luxury in China.

2.3. The current state of Chinese manufacturers

Most of the manufacturers of Chinese handbag brands are on processing and production. This is because the handbags tends to be handicrafts, processing is more likely to be successful. Compared with some well-known international luxury brands, there are more niche brands in China. The scale of this industry is small but the number of the business is large. Many proprietary businesses have found out the advantage of low added value of products of this type of service, found business opportunities, and developed competition. Many merchants focus on the operation of products and put more efforts in research and development and sales. Under the influence of international high-end brands, some self-developed brands gradually emerged and stood out in the handbag market. In fact, these industry can become more independent and pursue self-improvement.

3. Causes, recommendations, trends in development

3.1. Reasons

First, the consumption value of luxury goods is different. The biggest difference between luxury goods and other ordinary commercial products is to highlight identity and social status. The birth of luxury goods is often in the upper class, usually accompanied by the rise and fall of a generation of royal family. Some luxury brands are deeply loved by the royal family and nobles. For example, the establishment of Louis Vuitton was favored by the French Queen Ugenie, Queen Napoleon III, and the Queen of Austria were keen on Guerlain's perfume. In addition, some top luxury products are specially for nobles. Some other founders of luxury brands either communicated extensively with celebrities or received the favor of well-known people. The style of capitalism obviously does not match the common prosperity and great harmony that Chinese society aspires to.

Second, luxury goods are the audience for handicrafts. In ancient China, there were also many skilled craftsmen dedicated to serving the royal family, such as Chinese porcelain handicrafts. Owning a set of Chinese porcelain was once the dream of the British elite. However, during that period, this exquisite handicraft was only aimed at the royal family, and the target group was too small. On the contrary, some European handicrafts went to the world and had a wide range of hands.

Third, the differences in brand concepts. Luxury lies in its prominence. Some luxury brand artists ignore the world and are persistent in the pursuit of art, such as Coco Chanel, Christian Dior, Giorgio Armani and so on. For example, Chanel pays attention to minimalism, and Dior pursues the beauty of lines. However, there are too many similar design concepts in the current Chinese market, without prominent features, and most of the names are not the names of the founders. There are also similarities in naming, such as Chow Tai Fook, Chow Sang Sang, Chow Tai Sang, etc., which are easy to confuse consumers or confuse the brand image, which greatly interfered with Xiaofen's decision-making.

3.2. Solution

To build a considerable brand must highlight the brand design concept, it should find the right style, not be the same. It is necessary to highlight cultural characteristics, show national characteristics, enhance the value and connotation of handicrafts, and integrate unique national cultural elements into products to form product characteristics. Pay attention to innovation, in order to show companies' skills in the hot fashion circle. In addition, the name of the brand should avoid similarity. Then, it should focus on building brand design rather than brand making, moving from manufacturing to creating. Another necessary condition is to have long-term persistence. Some companies only focus on immediate benefits and do not take a long-term view, resulting in failure to make long-term profits. On the contrary, brands that stick to their original intentions are more likely to succeed.

4. Conclusion

This paper studies the market for high-end handbags, the recent development of China's handbag market (brand production and marketing, market size,) manufacturers of brands and market structure and structure of the causes of the analysis and for some manufacturers of marketing methods and other loopholes to put forward measures and proposals to solve the problem and the future direction of development trends. Examples of Duanmu Liangjin brand bags as the integration of ancient Chinese classical elements and try to compete with a number of international famous brands have in common with the international famous brands on the same stage. In addition, it also

analyzes the market operation mode of the majority of brands, i.e. manufacturers, such as focusing on production or operation, and corrects the existing problems. Finally, the difference between the commercial function of luxury goods and ordinary products is illuminated - the manifestation of social status. From the disappearance of Chinese antique porcelain, the reflection and conclusion that building luxury brands, especially awareness, requires expanding the product audience and consumer base is drawn. Luxury is inherently an art, and it is important to treat the product as a craft and have a meticulous customer insight so that more people can appreciate this art.

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