

MULTICHANNEL

The truth about breaking into China

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By RACHEL LAMB

China is one of the hottest markets on the globe, producing the youngest millionaires out of any other country. However, the nation is vastly different from other demographics and tapping into it is not a simple feat.

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The crucial component is remembering that multicultural marketing is crucial and requires in-depth knowledge of the local culture. However, rather than thinking of China as one country, brands need to recognize that each section of China presents different challenges, demographics and reactions to marketing.

“Chinese speak to Chinese – don’t underestimate the power of marketing adaptation when targeting Chinese wealthy consumers,” said Florent Bondoux, strategy and intelligence business unit manager at Digital Luxury Group, Geneva.

“Therefore, multicultural codes in luxury marketing are crucial and require in-depth knowledge of the local culture,” he said.

“Demographics in China must be carefully examined to set up a strategy.”

Digital Luxury Group has clients such as L’Oreal, Longines, Piaget, and Tag Heuer. The company has helped a number of them break into the Chinese market.

Similarly different

Because the country is so large, China has certain areas that are more economically developed than others.

The nation is divided into three major regions : West, North-Central and East China, which is the most advanced, per Ms. Bondoux.

However, the country is globally formed into 56 ethnic groups, more than twice the size of Europe. This stresses the need for an in-depth understanding of China's diversity to succeed, Ms. Bondoux said.

Luxury brands should also recognize the differences in culture and consumer behavior within regions of China, and then tailor strategy campaigns to their individual needs, according to David Langton, global marketing manager at [ICLP Loyalty](#), London.

This is similar to countries in Europe – they are somewhat of a unit, but are each very different.

Experts stress the importance of brand consistency from tier-one to lower-tier cities such as Shenzhen and Hangzhou.

Cities such as Hong Kong and Beijing are relatively mainstream, but there are challenges with managing operations in lower-tier cities, per Mr. Langton. Therefore, CRM is a must.

Brands must also be willing to better-adapt to the ever-changing Chinese consumer, which will help retailers to grasp future sales opportunities.

“With consumer expectations increasing in terms of quality, exclusivity and uniqueness, this places more pressure on brands to provide extremely high standards of service in-store,” Mr. Langton said. “This in turn places an important emphasis to deliver exceptional in-store experiences, which need to be created by providing extensive staff training and motivation mechanisms.

“Furthermore, there is a talent war for professional, well-educated and commercially-aware Chinese-speaking employees, which can be difficult to find,” he said. “For this reason, there has been a trend of employing foreign senior management who have a good appreciation of corporate culture, structure and strategy and come with significant commercial and business experience.”

Socially awkward

Another obstacle is the absence of key social media platforms such as Facebook that brands typically use to connect with European and U.S. consumers.

Instead, luxury brands are migrating towards services such as YouKu, Baidu and Yanex.

For instance, brands such as Louis Vuitton, Dior, Burberry, Cartier, Gucci and Omega are taking advantage of the burgeoning Chinese market by using Youku, a Chinese video service similar to YouTube ([see story](#)).

Companies that have branded channels on Youku often choose to divide the content into

different sections.

For instance, Louis Vuitton has six sections including LV Voyage, LV Recommended, LV Travel, LV Tradition, LV Fashion, LV Art and LV Story.

Burberry experimented with a live-streaming fashion show in February, and its page has since seen over 1 million views, per Youku.

On the other hand, Cartier's more simple strategy consists of three sections on different product lines and a section for announcements.

"Ranging from search engines, media sites, social networks, blogs and forums, the typology of websites in the Chinese digital landscape is, technically, pretty similar to the one in the West," Digital Luxury Group's Mr. Bondoux said.

"Nevertheless, what drastically differs is the significant higher impact of digital media in targeting a wealthy clientele notably due to the fact that the print media market is constantly evolving and erodes any coherent or lasting image," he said.

Final Take

Rachel Lamb, associate reporter on Luxury Daily, New York

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