

RETAIL

## 12 China predictions for luxury brands in 2021

October 23, 2020



What moves do luxury experts think brands should make in China in 2021? *Jing Daily* asked leading voices in the market to find out. Image credit: Dior

By [Liza Foreman](#)

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

With the West currently going through a second wave of the **COVID-19** pandemic, luxury brands are focusing on 2021 and how to win in what has become the world's largest economy by growth: China.

China has now overtaken the United States as the world's economic powerhouse, according to figures released by the International Monetary Fund this month, which predicts that the Chinese economy will grow 1.9 percent this year while the U.S. economy will shrink by 4.3 percent, and the Eurozone by 8.3 percent. This news makes China strategies more important than ever for luxury players as they head into 2021.

At the onset of the pandemic, accelerated change in brand strategies for China quickly became a must. But what do the luxury experts say brands should do to win in China as they enter 2021? *Jing Daily* canvassed eight leading voices in China's luxury market to find out.

### 1. Make the digital transformation

"In the first six months of the pandemic, luxury brands were forced to leapfrog in terms of digital innovation. A lot had to get on social platforms they were not on. A lot thought **livestreaming** wasn't luxury, but now they have started doing it," said Chlo Reuter, a founding partner at the Shanghai-based consultancy Gusto Luxe, whose clients include **Harrods** and **Esté Lauder**. "They need to keep stepping out of that comfort zone to compete. China brands are rising fast and have more local know-how."

### 2. Establish relevance in China

Chinese shoppers heading overseas once looked to a brand's reputation in other fashionable markets such as Paris. Yet, Tom Griffiths, commercial director at a performance marketing agency with a focus on luxury, VERB China, with clients such as **Alexa Chung** and Jimmy Choo, opines that focusing on a brand's relevance in China instead of overseas will be vital for success in 2021. "For those brands that have relied upon being cool outside of China to get consumers' attention from inside China, it is not going to be as easy as that anymore," he said.

### 3. Embrace China higher up

Mr. Griffiths also said brands that remain blas about China will not succeed in what has become a more competitive market. Local brands have been gaining popularity since the pandemic began, and overseas travel shopping has been curtailed, which means getting China right is crucial.

"Interesting is how little is known about China outside of the China bubble," Mr Griffiths said. "There is almost an intentional ignorance. I roll my eyes at the heads of brands that trade with China. They will not have a clue about what their brands look like on WeChat, for example. Brands must be willing to embrace China higher up the ladder. It was the same with digital. At first, it was given to a couple of juniors until it became too big to ignore. The global shift towards China has accelerated. No one had predicted how fast it would change. It means a lot more competition in 2021. It has become too big to ignore."

### 4. Global Chinese luxury brands are coming

"It might not arrive by 2021, but by 2023, I predict the first global Chinese luxury brand will be here," Mr. Griffiths. "Chinese brands are going to compete on a global level. We see it in beauty with companies like **Perfect Diary**. I have noticed a lot of China tech brands are looking overseas now. Luxury will follow. It goes back to relevance. International **luxury brands** will need to make themselves a lot more relevant next year in China. It is a big country with linguistic differences. It will not work being ignorant when 5,000 local brands are rising up. Get ready."

### 5. Use lower-level influencers

Next year should be when Chinese Influencers take a pay cut. With analysts suggesting it is hard to quantify the impact of expensive influencers, a rise of interest in lower level influencers is growing. "Do not put too much emphasis on influencers," Mr. Griffiths said. "In 2021, luxury brands should start experimenting with more than influencer engagement. Think interesting partnerships."

Vanessa Wu, director of Europe at Gusto Luxe, said that "the trend has begun toward KOCs. In addition to some of the most coveted KOLs with huge social followings, brands are also looking at working with **KOCs**, or real-life tastemakers with less, but loyal, like-minded followers. To achieve word of mouth impact, use lower-level influencers."

### 6. Disruptive ecommerce

"New Retail will be a key growth area in 2021," Ms. Wu suggests, referring to emerging initiatives currently being created by online marketplaces such as Tmall. "For example, the huge ecommerce site is looking to sell pop-up physical spaces to brands as a way to complement their online Tmall marketplaces. Big ecommerce players like Tmall are looking at new retail and combining the offline components with technology. Just imagine the way Farfetch's store of the future works.

"Brands also need to pay attention to potential disruptive ecommerce channels coming from popular social media platforms," she said. "One example is Douyin, which is launching its ecommerce, and a lot of top-tier **KOLs** also have ecommerce businesses. Overall, it is key to ensure a smooth conversion from content to commerce."

### 7. Create selfie-worthy moments

"Now more than ever, everything needs to be selfie-worthy," Ms. Reuter said, using **Burberry's** new social-retail store in Shenzhen as an example. "I see cool local concepts really resonating. **Young people**, taking those pictures. Are you building out a strategy that is selfie-worthy? Yet offline is very important, too. Just because online is huge now, it doesn't mean you should forget real shops. Brick-and-mortar is still important to make luxury purchases in China."

### 8. Pay attention

"During 2021, brands need to focus closely on consumers and the market," said Yuwan Hu, research director at Daxue Consulting, the market research and management firm focused on China. "Our market can change every six months. They should pay 360-degree attention. They need to create a new emotional connection and innovative designs that fit their target consumers. They need to find their target consumer's new touch points, triggers and aesthetic sense."

### 9. Transition and transform

Serge Carreira, head of the Emerging Brands Initiative at the Fdration de la Haute Couture et de la Mode in Paris,

said: "Global luxury brands have been hit hard by the crisis. The main cause is the fall of tourism, which was one of the drivers of growth. Despite the uncertainties remaining, 2021 shall be a year of transition and transformation. Global luxury brands will adapt to the new context: digitalization, authenticity, creativity, inclusivity and sustainability."

#### 10. Get Radical

"Brands will be themselves but adapt to radical new behaviors and lifestyles," Mr. Carreira said. "They have to expand without losing their scarcity and their desirability. Growth in China is driven by a new generation of shoppers, presenting another challenge to old-school brands. Luxury offers a lifestyle rooted in long-run values, but the paradox is that the younger generation looks for heritage and immediacy. Digital is a strategic tool for catching these new shoppers. However, it has to be manipulated carefully. Luxury remains a business of offer, not a business of demand. The focus for brands is to embrace the global changes generated by the crisis by integrating them in their core business."

#### 11. Moving customers offline

Sophie Cheng of Future Brand China, a strategy agency in Shanghai, said: "For 2021, online is, of course, critical, and the market share has grown from 11 to 33 percent. But you need to find a way to move consumers offline. Create a digital and marketing strategy that covers both online and offline business."

#### 12. Take digital in-house and dedicate enough resources

"A trend for 2021 should be to dedicate enough resources," Mr. Griffiths said. "If a brand is good outside China, they will do okay in 2021. But being a new brand can be challenging. It can require huge resources. China is an expensive market. Teams also need to collaborate. Often the on the ground and foreign team do not connect, and it leads to disasters."

*Published with permission from [Jing Daily](#). Adapted for clarity and style.*

---

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.