

MARKETING

## Luxury brands should tailor marketing techniques around the world: BCG

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Consumers' views vary widely from one country to the next. Image courtesy of Vestiaire Collective

By ELLEN KELLEHER

Brands must deliver country-specific approaches to meet shifting demand for luxury goods around the world, as the attitudes of consumers are still localized and vary significantly between East and West.

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The COVID-19 pandemic is upending purchasing behavior and patterns in unique ways across different countries. According to a new study from [Boston Consulting Group](#), marketers need to have a more nuanced understanding of what drives consumer choice.

"Despite decades of globalization, consumer mindsets still vary significantly around the world, including among younger age groups and higher income levels," said Lauren Taylor, managing director and partner at [BCG](#), Dallas. "Consumers needs also differ market-to-market, suggesting a global category playbook will not be wholly effective."

BCG surveyed more than 15,000 consumers of various ages and income levels in six markets Australia, China, Germany, France, Japan and the United States between Aug. 22 and Sept. 27. BCG asked the participants for their views on 56 statements to get a better understanding of consumer needs.

### Localized consumer mindsets

The COVID-19 crisis has rocked the economies of the world, leaving them in various levels of recovery. Marketers are still learning about how this has shifted purchasing patterns for products and services.

BCG argues that marketing approaches should be tailored by country because global strategies fall short. The challenge for brands, however, is understanding the "influencers of consumer choice" in a range of categories across various countries.

Survey participants were asked what needs influenced their purchase or consumption decisions for luxury retail, leisure travel, insurance, autos and streaming services, as well as eight other categories.

The findings suggest an East-West divide on most attitudes.

Westerners were more individualistic and cared less about how others perceived their purchases. Chinese

consumers, meanwhile, stood apart for their optimism about the future and their support of technology.

U.S. and Australian consumers had the most in common on nearly every attitude evaluated, while there is a similar synergy between the outlook of German and French consumers.



*Australian and U.S. consumers share similar attitudes and views on consumer purchases. Image credit: Cunard*

Overall, there were more differences between countries than similarities, even among the attitudes of those under 30. Only in a handful of categories like leisure travel, luxury retail and content streaming, did needs remain fairly similar around the world.

Supply could be a reason for that, according to BCG. Around the world, buyers of luxury goods demand similar products while Netflix and Amazon offer similar content around the world with subtitles or local translation.

Some brands are also perceived differently in various markets and fulfill different needs.

In China, German automaker BMW stands out for its vehicles' aesthetics while it is best known for its quality in its home market. Coffee shop chain Starbucks adapts the look of its stores based on the market, often resembling traditional tea houses in Japan or bars in Mexico.



*Starbucks has designed some stores in Japan to look like tea houses. Image credit: Starbucks*

BCG also found a disconnect between people's values in theory and their purchasing decisions.

While almost 70 percent of German consumers said they are value conscious, less than 9 percent of those surveyed saw value as a top need in their latest automobile purchase.

This cognitive dissonance also applies to environmental sustainability.

Roughly half of consumers interviewed in six countries said they buy environmentally-friendly products, even if they are more expensive. However, sustainability only ranked as their 14th concern when consumers were asked about why they made a particular apparel purchase.

The influence of context and practicalities can outweigh attitudes at the time of purchase, even for big-ticket items such as luxury goods, automobiles and insurance. For instance, a SUV might be the car of choice for a consumer who needs to drive off-road.

Age was the lone demographic factor that affects purchasing and consumption decisions. Gender and income failed to "strongly define" needs, per BCG.

Brands respond to COVID changes

COVID-related shifts in the consumer market are triggering opportunities for companies with a solid understanding of their consumers' needs and the factors influencing their decisions.

During the coronavirus pandemic, people's experiences and perceptions have varied widely creating a challenge for brands hoping to build and maintain connections with consumers during this uncertain time ([see story](#))

However, some brands have risen to the challenge, particularly in the auto industry where more car buying has shifted to online and digital platforms and virtual showrooms are all the rage.

Rolls-Royce, for instance, recently upgraded its virtual showroom offering for its London flagship to allow its clients to commission bespoke Rolls-Royce vehicles from home ([see story](#)).

Traditionally, luxury brands have been cautious about entering ecommerce because it did not fit into what they thought consumers expected from high-end shopping experiences. However, their reluctance to mine online business has faded away amid the pandemic ([see story](#)).

"COVID-19 is undoubtedly changing the context in which consumers purchase and use products," Ms. Taylor said. "I expect that the key themes identified through our research will hold true over the next few years."

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