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Why Paris will dominate luxury in the Chinese Decade

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China will soon account for more than 50 percent of all luxury purchases, but Paris is still in luxury's pole position. Image credit: Shutterstock

By Daniel Langer

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Within the next few years, China will account for [more than 50 percent](#) of all luxury purchases. Gen Z is rapidly changing the preference structure of luxury consumption and is responsible for trends such as super-digital acceleration and, more importantly, emerging young Chinese luxury brands in categories from fashion to beauty and cars to tech.

I estimate that by 2030, at least one of the top 10 global luxury brands will be Chinese, an idea that years ago seemed impossible and still surprises many established brands.

Will this be the end for leading Western luxury brands and, particularly, for French luxury domination? My answer is: absolutely not.

First, looking at the world's most valuable luxury brands a list that includes Dior, Louis Vuitton, Herms, Cartier and Chanel and you will see a clear French dominance.

Second, these leading brands have, in fact, been managed dramatically better than most smaller luxury players during the pandemic.

quit's research shows brands that outperform others during a crisis typically extend their lead when the crisis is over. In this aspect, the French luxury powerhouses have used this crisis as an opportunity to expand their desirability and, through bold local moves in China, solidify their leadership positions among Chinese Gen Zers.

That will surely give Louis Vuitton, [Herms](#), Dior and a few others a pole position to dominate the Chinese luxury over the next decade.

Meanwhile, many smaller brands focused on promotions and deals despite many experts, including me, suggesting they use the pandemic to [strengthen customer relationships](#). As such, they will lose the race against bigger players and emerging Chinese brands unless they do a 180-degree change now.

Any brand that is not growing by double-digit during the first two quarters of 2021 should be alarmed and must act as

soon as possible.

But France's leadership position has much deeper routes.

Paris is home to some of the world's most enduring art. Within a 30-minute walking distance are the Louvre, Muse D'Orsay, Notre Dame and the Champs-Elyses, and they are filled with iconic art and architecture and uniquely mixing history with the future.

Nothing symbolizes the fusion of old and new better than the recently opened [Samaritaine](#), the department store that Bernard Arnault reopened after investing an estimated \$1 billion in the building's renovation and preservation.

The fusion of old and new, art and commerce, and theatre and street culture as sources of inspiration for creativity is unmatched in the world and explains the allure of Paris in the luxury landscape.

While other countries and cultures will have a strong influence on luxury, with Chinese preferences leading to different expressions, the uniqueness of Paris will continue to be a breeding ground for the creativity and craftsmanship that is so critical to luxury.

Additionally, French culture enables a long-term vision for brands focusing on systematic brand-equity building.

Unlike the many short-term profit-driven approaches in the United States - a more manufacturing and less brand-focused strategy - French brands are all about long-term, brand-equity building, which balances traditional craft and fashion-forward, disruptive execution.

That gives French luxury brands, especially the leading ones, a competitive advantage that is difficult to match. And the combination of tradition and disruption is the perfect formula for creating extreme value.

Many smaller brands in other regions should pay attention, as there is not much time to adjust strategies.

Every crisis defines the leaders of the future. And as it looks now, French brands, at least those with excellent management, will have an edge. Consider this a call to action.

Daniel Langer is CEO of luxury, lifestyle and consumer brand strategy firm [quit](#), and the professor of luxury strategy and extreme value creation at Pepperdine University in Malibu, California. He consults some of the leading luxury brands in the world, is the author of several luxury management books, a global keynote speaker, and holds luxury masterclasses in Europe, United States and Asia. Follow [@drlanger](#)

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