

MARKETING

Insider knowledge is the new status symbol for China's luxury sophisticates

September 2, 2022



An increasingly urbane class of luxury consumers in China pride themselves on their taste and knowledge. Modern luxury is all about being "in the know." Image credit: Watches and Wonders

By [Glyn Atwal](#)

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

At the most superficial level, a desire to "show off" is a prime motivator of conspicuous luxury consumption.

The **appeal of a logo** that reveals social status is no doubt a critical aspect for many first-time consumers in China.

However, the members of this increasingly sophisticated, self-confident set, predominantly in tier 1 and 2 cities, are more worldly than past generations.

For them, knowledge has become a means to differentiate themselves from their less sophisticated counterparts.

What is more, this exclusive code holds the possibility of an elite kinship with others who also share this knowledge.

This phenomenon has given rise to more refined expressions of status signaling that have big implications for the sector.

Niche brands, for instance, now play a key role in conveying uniqueness.

According to Bluebell Group's report "**2022 Asia Lifestyle Consumer Profile**," 89 percent of mainland respondents (a 34 percent increase from last year) agreed with the statement that "luxury is now more about the niche brands that fewer people know about, but that offer great style and quality."

Insider knowledge is seen as another form of scarce commodity: one which symbolizes exclusive wealth.

This raises the question of how businesses instill this knowledge and how accessible they should make it.

Brand knowledge

Chinese shoppers are increasingly asking what makes a product or brand truly exceptional. In other words, what is the meaning behind the logo?

There is a desire for consumers to gain a deeper contextual understanding of the higher levels of luxury. Labels

need to recognize the need to include multi-faceted enlightening dimensions in the brand proposition.

Knowledge can be transmitted via recognized experts, which may be seen as being more engaging and even to a certain extent credible. The key is, however, that selected educational activities should not be easily or widely available to the mainstream luxury customer.

Watches and Wonders Hainan (Oct. 3 to Dec. 31, 2022) and Shanghai (Nov. 23-27, 2022) for example, will host a program of educational activities that underline the *savoir faire* of Haute Horlogerie. Expert knowledge and accompanying expertise both create a market for true connoisseurs and collectors who value originality beyond traditional luxury offerings.

Skills knowledge

The emerging class of luxury consumers is looking to acquire new skills and hone those they already possess. Here, the onus is for firms to convey knowledge that is ownable and truly personal.

For example, membership as a patron to **Johnnie Walker House** in Beijing, Shanghai and Chengdu is by invitation only, and provides a range of educational experiences such as exclusive tasting courses.

Likewise, Porsche Sport Driving Schools located in Shanghai, Beijing, Zhuhai and Chengdu provide Porsche motorists with the necessary driving skills to get the most out of a high-performance sports car.

The privilege of gaining but also sharing acquired knowledge is pivotal to elevating the overall aura of the luxury brand experience.

Cultural knowledge

Cultural capital differentiates "insiders" from "outsiders" and it is the accumulation of this knowledge that determines distinct social boundaries.

As such, the arts have always been a cornerstone of luxury brand strategies.

A defining difference with the current situation is for houses to allow "those in the know" to exhibit status and recognition.

Louis Vuitton has collaborated with the likes of Jeff Koons, but also with designers who are not necessarily known by the masses.

For example, **Frank Chou** contributed to Objets Nomades furniture collection.

The challenge here for companies is to connect with this new demographic on an intellectual level. A good instance of this done well is Four Seasons Hotel Beijing's Residential Artist program, which also offers a tailored tour of the 798 Art District with the hotel's artist in residence, Vivi Wan.

The bottom line is that China's emerging class of luxury consumers see themselves as being superior in taste and recognize knowledge as a code for social status.

Insider knowledge is not only aspirational, but also provides a sense of self-worth. As the country's luxury market matures, executives need to ask themselves: "Is our customer in the know?"

*Glyn Atwal is an associate professor at Burgundy School of Business (France). He is co-author of **Luxury Brands in China and India** (Palgrave Macmillan).*

*Published with permission from **Jing Daily**. Adapted for clarity and style.*