



The Luxe Avenue Charter:

Mastering the 10 Pillars to Succeed in China

LEVERAGE WESTERN LUXURY EXPERTISE IN THE CHINESE MARKET

China is an exciting market for luxury brands in terms of its size and variety, therefore it is important to create a strong first impression when entering this market and leverage luxury industry expertise thoroughly. It is also essential to additionally make certain adjustments such as visual identity and advertising strategies in order to build a strong brand image.

UNDERSTAND CHINESE CONSUMERS' NEEDS

Mainland consumers' attitudes towards luxury goods are rapidly evolving. The perception and demands of luxury goods are increasingly contingent on the individual's social class and educational background. Luxury brands should study domestic consumers' motivations of luxury consumption, resources of information, methods of purchasing and all other related information to better understand Chinese consumers' needs and make strategic decisions accordingly.

EXEMPLIFY THE TRUE LUXURY LIFESTYLE

To build a solid foundation and develop long term success, luxury brands should focus on not only expanding the business size, but also delivering the right messages that convey what luxury lifestyle represents. The term *luxury* is still a relatively new for Chinese market. It is western luxury brands' responsibility to develop conversations on luxury lifestyle that will gradually transform Chinese markets and consumers.

EDUCATE ON BRAND KNOWLEDGE

Chinese consumers are eager to receive more information regarding each brand. In order to increase brand awareness and build loyalty of Chinese consumers, luxury firms should constantly educate Chinese consumers on their brands, by introducing the brand history, sharing designer stories, and hosting positive PR events such as exhibitions and fashion shows.

ADAPT TO LOCAL MARKETS

Compared to major cities such as Beijing, Shanghai and Guangzhou, second and third tier cities in China are expected to grow even more rapidly. Truly wealthy Chinese consumers no longer want to buy the brands that

everyone else has. Some dominant players decide to slow down their expansions in local markets in order to stay exclusive, which creates opportunities for some relatively niche brands. It is key to thoroughly study the degrees of development and traditions in each local market and brands' current performance to come up with a more tailored strategies to allow them better adapt.

EN**V**ISION FUTURE DEVELOPMENT

The Chinese market has changed tremendously within the past few years. E-commerce, which is not common couple years ago, has now become one of the most important shopping methods for Chinese consumers. Luxury brands are implementing digital strategies in order to continually appeal to digital savvy Chinese consumers. Brands must stay up-to-date with changes and trends, and always foresee the future opportunities and challenges that they will face in the Chinese market.

E**X**CHANGE AND SHARE CULTURES

Luxury brands nowadays are showcasing their products in Chinese movies, using Chinese celebrities as brand ambassadors and launching products that contain Chinese cultural elements in order to attract the attention of Chinese consumers. Through exchanging and sharing two different cultures, luxury brands not only show their respect towards Chinese culture and consumers, but also build strong loyalty among Chinese consumers.

N**U**RTURE LOCAL TALENTS AND PROFESSIONALS

As luxury brands aggressively expand in the Chinese market, the shortage of trained luxury personnel is pronounced. To ensure a long term success in the Chinese market, luxury brands should nurture local talents and professionals who understand better the local culture and market, and at the same time have global business perspectives.

U**T**ILIZE LOCAL RESOURCES

Chinese business requires an understanding of certain cultural differences and complexities. Luxury brands would greatly benefit from choosing the right partners. In this way, may choose to collaborate with high-end department stores first to successfully break into the market. Usually the cost of doing business in China is relatively higher than in other places. So the firm must stay realistic about financial investment and save costs by maintaining good relationships with key local players.

E**X**CITE CONSUMERS CONSTANTLY WITH NEW IDEAS

Luxury brands should constantly bring new ideas to the market to make consumers stay enthusiastic about the brands. It is shown that in today's market, Chinese consumers are traveling overseas to make luxury consumption not only for lower prices but also for items that are not available in the Chinese market. Luxury brands need to ensure they are constantly bringing enthusiasm to Chinese consumers by giving new incentives, for example: exclusive items, collections for the Chinese market only, in order to stay desirable.

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