Undoubtedly, there has been some Chinese luxury brands attempting to enter the luxury market, but the question lies on whether they are competent of succeeding in being recognized alongside big names as brands in the KERING or LVMH world. Most of the Chinese high-end established brands, like SHANGHAI TANG, are recognized and appreciated locally in the domestic market, but internationally they still lack the competences in order to compete with the Western luxury brands.

In the world of luxury, China is the second largest luxury market in the world, following Japan. Due to the country’s growth in the financial position and its cultural origin where the social status, image and ‘Guanxi’ (respect) are looked upon as the main values (Chen, 2012). For this reason, the idea of luxury blends well with the Chinese culture, as luxury products can represent someone’s social stand in society.

In the beginning, for thousands of years, ‘Made-in-China’ was associated with quality and craftsmanship. In the records of Chinese history, Western merchants travelled all the way to the Far East market to discover high quality products, like silk, cashmere and the art of fine writing and printing. China was the starting point to high-quality silk materials (Silkroad Foundation, 2012). Unfortunately, this changed in the 20th century when China pointed to a different direction. The focus was set on quantity and cost savings, resulting in the loss of its craftsmanship and materials (Deng, 2011).
Chinese luxury brands on the move

For a very long time, the attractiveness in European luxury brands have been dominating in China and the world. On the other hand, Chinese domestic luxury brands have been neglected by the world. Although the Chinese strive for luxury products, only a minority of domestic brands have been successful in China.

When looking at Chinese luxury brands, the most notable feature is ‘Chinese heritage’, where brands focus on the Chinese culture and aesthetics (Rovai, 2014). By providing products that are aesthetically about Chinese culture and heritage, there is no foreign brand that can compete with domestically, because the foreign countries don’t have the expertise of the Chinese brands. Although, Chinese luxury brands are very much renowned in China and Hong Kong, the brand awareness has not reached to foreign countries yet.

What are the current challenges in reputation management and getting brand awareness of ‘Made-in-China’ luxury brands in the Western Market?

‘Made-in-China’ image

Today, for many, ‘Made-in-china’ is perceived as low-cost and low quality (Tsoi, 2015). This negative connotation will not likely change anytime soon, as the image of ‘Made-in-china’ is still strong in the Western market. It will take the consumers in the Western countries quite some time until they can accept a ‘Made-in-china’ luxury product, as the nation is associated with counterfeit goods, low quality, and low-cost products.

Not only is it a problem for Chinese brands, but the Chinese government announced the strategic plan ‘Made-in-China 2025’ to move away from the world’s leading manufacturing producing low-cost and low-quality products to producing high-quality valued products with a focus on ‘Created-in-China’ (Csis, 2019). With the new focus set on the creation of high-quality Chinese goods, Chinese domestic luxury brands can count on the government for their support in exposing to a global context.

The term “Made-in” indicates the making of the design from a developed country that’s being handed down to a low-wage manufacturing place in a developed country (Margolin, 2007). This phrase already denotes that the manufacturing of the product is made at a low-wage manufacturing place, which enhances the negative connotation of being ‘cheap and low-cost’ of Chinese brands even more with the phrase “Made-in-China”.

For Chinese luxury brands to gain more exposure in the Western market, the label “Made-in-China” has to be alternated to something that isn’t that commonly used. Alternative to “Made-in-China”, Chinese brands can make use of the phrase “Designed in China”, it delivers a curiosity as it’s not commonly used by Chinese luxury brands and it does not instantly make you think of the word “cheap and low-cost”.

Cultural Difference in aesthetics and design

Western Millennials have a different take on the Chinese traditional aesthetics than the Chinese Millennials. For example, Chinese consumers would associate Shanghai Tang, Chinese high-end women’s wear known for its traditional Chinese elements in the designs, as high-end and luxurious, because of its price and quality of the product. Mainly also because the Chinese consumers have knowledge about the rich culture and its techniques behind the product.

But on the other hand, Western consumers have no knowledge on the culture or techniques behind the Chinese culture or the heritage, so for them it is seen as something unknown. Something that is not known and needs to be discovered is usually seen as exotic and far away, which has the concept of being a ‘tourist’. In the case study, it was said that Chinese luxury brands can be seen as “an overpriced souvenir shop” or “overpriced China town”. Conclusively, there is a taste and aesthetic difference between the two cultures on Chinese luxury brands.
Nowadays, Millennials demand for unique and quirky designs. They admire to possess products that they can show off and post about on social media that is unique and new. It is important for Chinese luxury brands to not only focus on their traditional aesthetics, but to create a “wow-factor”, that attracts Millennials, on the products as well. Something that has an eye-catching, new and never-seen- before design, “cool” enough to post on Instagram.

Chinese luxury brands need to think about alternating their traditional aesthetics or combine it with bright and quirky designs that are eye-catching to the Western Millennials. The designs need to look attractive to look amazing on the Instagram post and stand out from the rest. The designs need to be something new and exciting, because Millennials value experimentation and love to combine different items of clothing that creates an individual style. An aesthetic appeal on Instagram is utterly important to Millennials. They are more likely to purchase a product that is eye-catching and looks “amazing” on Instagram than something regular and normal in store.

Low Brand Awareness

The brand awareness of Chinese brands in the Western market is extremely low, as Chinese luxury brands have a low marketing plan for in the Western market and the non-availability of Western social media, like Instagram, in their home country. Currently, Chinese luxury brands are not focused on improving their marketing plan in the Western market as most Chinese luxury brands, like Shanghai Tang, set their focus primarily on their home market first. But as said by Joseph Wang, luxury brands that want to establish a name in the Chinese market, stand a greater chance of succeeding if they are first successful internationally. It is essential for Chinese luxury brands to improve its marketing strategy for the Western market to be exposed amongst the Western Millennials. Luxury brands need to know the communication platform where millennials are active, which starts by using the channels of millennials where millennials are active and can look into marketing campaigns of brands to strengthen the brand’s image.

Marketing schemes through Social Media engagement, Brand collaborations and Celebrity endorsements are the most effective to reach the Millennials and for luxury brands to promote their brand image and products.

Currently, I would expect to see an emerging Chinese luxury brand with traditional values incorporating modern designs that stand out amongst Millennials, like Shanghai tang, and are evolving in number. It would take a couple of years for Chinese brands to adjust to the marketing strategy changes they have to undergo. In time, Chinese luxury brands would be able to gain the brand awareness in the Western market. The success of this happening would require more research that tracks how this evolves over time.

‘WOW-FACTOR’