

A Comparative Study of Brand Influence Between Emerging Fashion Brands and Traditional Luxury Brand in Chinese Market

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ABSTRACT

This paper is based on the analysis of two popular brands, namely luxury brands and national fashion brands. The article mainly discusses the positive and negative impacts of the emergence of Chinese fashion brands on luxury brands and what strategies the two brands should use to enhance their market influence. This study adopts the method of qualitative research, through the analysis and discussion of the current situation of the two brands to find out the problems and solutions, mainly aimed at the market share and enhance the core competitiveness of the discussion.

Keywords: Brand influence, Emerging fashion brands, Traditional luxury brand.

1. INTRODUCTION

The struggle between Chinese fashion brands and luxury brands has never stopped, and there have been great changes from the former luxury brands to today. The old luxury goods that are sought after by people are mainly divided into two camps: blue blood and red blood. The definition of the blue-chip brand comes from Spanish aristocrats, who used blue blood to refer to people with noble blood, including Dior, Chanel, Louis Vuitton, Gucci, Prada, and Calvin Klein collection. While Red Blood brand is other luxury brands, mainly used by European royal families, with royal historical achievements of the top luxury brands, including Givenchy, Giorgio Armani, Valentino, Yves Saint Laurent, Versace, Hermes, Lanvin, and Burberry. Modern Westerners generally believe that the origin of luxury brands is represented by Christian Dior, the father of modern fashion, and the manufacturing centre of luxury brands comes from ancient European royalty. For example, Dior's founder was born into an upper-class family and has a prominent background, showing artistic talent from an early age. After his father went bankrupt, he was hit hard and started his fashion career, starting his brand in 1946. Dior has gradually expanded from a clothing company to a perfume company and a cosmetics company. This brand is mainly black and white, focusing on women's modelling lines rather than bright colours, showing women's elegance through

tailoring. It has always been the brand favoured by the royal family to attend events.

Therefore, in people's impression, luxury goods can highlight people's dignity but also become people's capital to show off. Chinese luxury consumption has accounted for more than one third of the world, becoming a major driver of the global market. In 2019, Chinese consumers accounted for 35% of the global personal luxury consumption, ranking first in the world. However, according to the 2020 China Consumer Brand Development Report released by AliResearch, the market share of Local brands in China has reached 72%, the highest in the past few decades.

This represents that as the development and change of the society, more and more domestic brands enter the international market, exerting a profound influence on the changes of the world. From the development of foreign brands and the high-cost performance, it has been popular until now, people tend to buy foreign things because of the strong influence and product guarantee. In people's impression, the material and fashion of Chinese brands are not as good as those of foreign brands, so people still spend a lot of money to buy luxury goods even though domestic products are cheap. Nowadays, the continuous upgrading of consumption level also brings the upgrading of taste. People no longer value the influence of big brands, but pursue the quality of products and even the fit of the concept and connotation of the brand. Therefore, the

innovation and improved quality of some emerging Chinese fashion brands have again attracted the attention of consumers.

According to statistics, eight out of ten items in the mobile shopping software of Chinese consumers are domestic products on average. What makes the status of domestic products rise rapidly in the eyes of consumers? The answer is brand awareness and quality. As Chinese brands gradually get rid of the label of cheap copy, the innovation of new products makes the praise of domestic products continue to rise. Before, people tend to prefer the latter between cost performance and brand, because luxury goods can be showcased or collected, while Chinese fashion brands will make consumers think that low-end, poor design and only cheap. So, when Chinese brands realized that plagiarism and inferior products could not compete with others, they began to improve their taste and product quality.

In the development of National fashion culture in recent years, China Li Ning is the industry leader, from the first time on the fashion week stage up to now, countless times to refresh the world's understanding of Chinese clothing. In previous years, Li Ning was once in management difficulties, but in 2018, it shocked the world with its original design at the New York Show, which started the first year of the National fashion, after which countless designers were inspired to create their brands and start their journey of national fashion brands. More and more people are incorporating Chinese elements into their clothes, and consumers are becoming more interested in innovative domestic products.

2. LITERATURE REVIEW

Luxury goods have always been a fashion hot spot, and the rise of consumers of domestic brands in recent years has also triggered many scholars' studies and researches. Despite the closure of many offline luxury stores due to the epidemic, more and more people choose to trade online and choose emerging domestic products, many people still believe that luxury goods will continue to be popular. Bain luxury Research pointed out that the global luxury industry will see its first decline in a decade in 2020 due to the impact of COVID-19, with the global luxury market estimated to drop from 281 billion euros in 2019 to around 217 billion euros. But after a rough start to 2020, China's domestic luxury market rebounded strongly, with sales growing by about 48 percent to nearly 346 billion yuan in 2020[1]. This proves that the influence of luxury goods in China has not suffered too much. In other words, although consumers will pay more attention to the cost performance of products in the post-pandemic era, price does not play a decisive role in their actual consumption decisions [2]. Therefore, despite the trend of online shopping, luxury goods have always been popular. Although many Chinese fashion brands can

impress consumers with their innovative designs, luxury has long been deeply rooted in people's impressions.

Moreover, with the development of the Internet, not only Chinese fashion brands advertise online, but also luxury brands put down their price and join in online shopping. On the evening of June 24, 2021, Louis Vuitton broadcast its 2022 Spring/summer men's fashion show simultaneously on multiple platforms in China, with more than 131 million views, setting the highest viewing record in the luxury fashion industry [3]. This not only shows that after the epidemic, luxury brands are still important brands that people pay attention to but also points out that luxury goods remain popular in China thanks to the growth of the Internet. Consumers in third-tier cities and below on the Chinese mainland spent about 390,000 yuan annually, higher than 340,000 yuan in first-tier cities and 270,000 yuan in second-tier cities [4]. This data proves that the development of the Internet has built a good e-commerce platform for consumers in third-tier cities to purchase luxury goods and stimulated their potential. Previously, the lack of a local luxury market in China limited the consumption of third - and fourth-tier consumers, thus preventing them from buying.

Luxury goods continue to be popular because consumers are getting younger, not just middle-aged and successful people. The number of luxury consumers in China is large and the composition is complex. However, different from the luxury markets in Europe and The United States, Chinese luxury consumers are obviously younger, and the main force of luxury consumption is the middle class [5]. Therefore, the change of consumer groups is also a major reason why luxury goods can maintain hot sales. And another kind of fashion brand consumers is also young people. Survey data from online shopping platforms show that the post-1995 generation accounts for 37% of the total consumption, becoming the group with the largest transaction volume and highest consumption level [6].

In the current world situation, domestic brands rise abruptly and occupy a large market. International fashion culture has gradually entered our life with the spread of culture. The young people who pursue individuality, minority, and fashion undoubtedly become the most loyal followers [7]. And national fashion brand is a branch of this trend. National fashion brand refers to the fashion brand created by designers or publishers in mainland China, which is also called "local fashion brand" by the general public [8]. According to this definition, innovation is the key to brand development. This undoubtedly broke the Wolf ambition of western developed countries to monopolize core technologies, and occupied a place in the global production and consumption chain with the international image created by China [9]. With the innovation and development of the country tide brand, I believe its

market share will be greatly improved. What's more, there are many stars and TV programs promoting national fashion culture, which also brings huge traffic to these brands. For example, Yu Wenle founded COMMON SENSE in 2010 and launched his fashion brand MADNESS in 2014, and other TIANC and DUEOPLAY were also born in China. Star opens a new chapter in The Chinese fashion market [10].

Some existing studies provide us with background knowledge and basic data, but there are some gaps. A large number of studies are about the development history or trend of the two commodity brands, and few articles put together the influence and correlation between the two, so that it is impossible to make a comparison. In addition, many studies focus on market data, with few surveys of customers or judgments of sellers. If customer feedback is increased, brand products or services can be better improved and profits can also be increased. This type of research mainly focuses on the strategy and development mode of the company itself, while the research of this paper will focus on the influence of the brand and the relationship and comparison between the two brands.

3. RESULTS & DISCUSSION

The development of domestic brands not only stimulates the sales of the luxury market but also promotes the transformation of luxury goods. It is very important for luxury and domestic brands to make plans in response to the crisis, otherwise, they will be robbed by the other party.

First of all, the development of domestic fashion brands stimulates the development of luxury goods. Because a large number of consumers have abandoned expensive luxury goods in favour of more cost-effective domestic brands. They will not spend a lot of money on luxuries to save face. Instead, they will choose goods of high quality and style, which not only meets their needs but also saves a lot of money. Another reason is that luxury goods have more classic styles, which are suitable for formal occasions or activities. Therefore, it is not practical for many people to buy them. And the fashion brand in daily life is very versatile for young people, especially for ordinary employees in the struggle, which is more in line with their own purchase requirements. The deeper reason is cultural confidence and the establishment of an innovative spirit in people's minds. As for the luxury goods and nobility that people pursued before, the idea of spreading the product culture of their own country and letting their products go abroad is also deeply rooted in people's hearts. Therefore, people begin to focus on the emerging Chinese fashion brands, and naturally ignore many luxury brands, which to some extent affects the development of luxury brands. For example, some foreign brands, such as Versace, do not respect China in product design or take

wrong political positions. Chinese ambassadors have led boycotts and warnings, and Chinese citizens have voluntarily stopped buying clothes with insulting Chinese characters. Such a practice is not to boycott the import of foreign goods, but for their own national interests and national consciousness, people hope to safeguard their country's rights.

In addition, the development of the Internet and media has promoted the development of Chinese fashion brands and luxury brands. For National fashion brands, network broadcast has improved the spread and exposure of national fashion brands. In the past, when there were only offline stores, many new Chinese fashion brands did not have their stores because they needed expensive rents and superior geographical locations. Among a bunch of famous brands, it was easy to close down and difficult to make profits. With the development of the network, the threshold of opening a shop has been reduced. Brands can operate online stores by setting up a small studio, which not only reduces costs but also makes purchasing more convenient. Because people often use mobile phones in their daily life, new domestic brands can spread quickly among the crowd and have a higher exposure rate than before, because they can register their shops on different platforms, so that more people can buy their products. In other ways, for luxury brands the Internet has expanded their consumer base. Because many small cities do not have special luxury stores, it is very inconvenient for people in those cities to spend money, which affects the sales of luxury goods. The Internet is a good sales platform, so that more people can buy luxury goods, so that the consumer group greatly expanded, and people in some third - and fourth-tier cities began to buy luxury goods in large quantities, which is good for the sales of luxury brands.

Therefore, with the development of the social economy, Chinese fashion brands accelerate the market occupation, taking part in the luxury market. Yet luxury brands, though less powerful than they once were, are still growing in sales. Therefore, facing different problems, the two brands should adopt different strategies to help the development of the brand.

For Chinese fashion brands, the main focus is on two aspects: improving quality and innovation. In people's stereotype, Chinese products are copycat and of poor quality. In order to lower the price of some products, the raw materials used are very inferior, and many problems will be exposed in the subsequent use of the products. Therefore, the products of Chinese fashion brands should improve the quality of their products, instead of blindly pursuing low prices to attract customers, they should achieve high quality and low price. Copying is also a big problem for domestic brands. Many of the creative ideas and even patterns of Chinese fashion brands are copied from foreign brands,

even imitation phenomenon. In order to enhance their core competitiveness, Chinese fashion brands in the future should innovate new products and highlight the charm of local culture. They can combine elements of Chinese style or launch a series of products with Chinese style together with some well-known brands, so that Chinese brands can go to the world.

For luxury brands, first of all, they should be aware of their own crisis and realize that the development of Chinese fashion brands is violently impacting the luxury market. If they do not make corresponding adjustments, they may develop downward. Therefore, I think the first thing they should do is to transform their brand. They should not keep the high and noble feeling and make people think that they are too expensive to afford. Instead, they should be closer to the people. For example, there are some welfare activities in festivals to attract customers to buy, and it is to enter the e-commerce market and make good use of the network platform to sell luxury brands, so that more people can use luxury goods while maintaining the original market. On the other hand, what luxury brands need to do is grab the young market. Although luxury goods have a fixed market of middle-aged successful people, young people and ordinary people are a large group, so luxury brands can design series of products for this group so that they can also enjoy luxury addiction. For example, we can design some peripheral products or mini products with lower prices, so that luxury goods can be more popular, otherwise the young market will be heavily skewed towards the national trend brands.

4. CONCLUSION

In a word, the emergence of Chinese fashion brands not only affects the sales of luxury goods, but also promotes the brand transformation of luxury goods. With the development of the Internet, e-shopping mall has become a new way of sales for the two brands. Therefore, Chinese fashion brands can take this opportunity to vigorously promote their innovative brands, while luxury brands can make their brands more accessible to the public through this form. Furthermore, Chinese fashion brands can pay attention to the development of core competitiveness and focus more on innovation and quality, while luxury brands are different from emerging Chinese fashion brands. They should design some series of products close to life on the original basis to give consumers a sense of freshness.

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