

Louis Vuitton’s Marketing Strategies and Branding Analysis in China and the United States

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ABSTRACT

In 2018, LV became the most valuable fashion brand in the world, with China and the United States ranking first and second in terms of consumer nations. This paper uses Hofstede, Schwartz, The Five Ocean Traits, and Kapferer's Brand Identity Prism model to investigate the variations of customer behaviour between the two nations owing to cultural differences. In light of these variations, this paper studies the marketing strategy of LV in the two countries to determine whether the marketing method is suitable for each country. Result shows that customer behaviour is influenced by culture and personality, which indicates that LV’s marketing method has been successful in both countries. The discussion in this paper provides some reasonable suggestions for future work.

Keywords: *China, the United States, Louis Vuitton, Culture, Strategy.*

1. INTRODUCTION

LV has a global reach, especially popular in Asia. There is evidence that Asian customers spend more on luxury goods than those in the United States and Europe, accounting for half of the sales of all luxury brands in the world (Chadha & Husband, 2006). This research examines the company's target market, brand identity, brand image, and brand strategy in detail. From a cultural standpoint, the purpose of this paper is to give deep insight into the behavioural differences and psychological disparity in consumer expenditure on luxury products between the United States and China.

2. CULTURAL VALUE

2.1. LV in China & U.S

In 1992, Louis Vuitton (hereinafter referred to as LV) entered the Chinese market as the world’s second largest economy. Because Chinese people have long been drawn to luxury culture, and China is also LV's greatest customer market. As of January 3, 2022, LV has nearly 50 stores in 27 provinces and cities in China (LV, 2022).

2.2. LV in China & U.S under HOFSTEDE cultural dimension

In comparison to the United States, China has significant difference in power distance, individualism, long-term orientation and indulgence. Specifically, individualism scores 91 in the United States long-term orientation is 87 in China, and China is tied to the seventh in the world with the power distance of 80.



Figure1 Comparison of China and US in cultural dimensions (HOFSTEDE,2021).

(Clearlycultural.com, 2019). The two countries were roughly the same in terms of masculinity, at 66 and 62 respectively. Chinese culture is characterised by low level of individuality and high level of power distance.

2.2.1. Large Power Distance VS Short Power Distance

China's high PDI scores reflect a society that supports inequality and strict hierarchical distribution of power, which means that it is difficult for the working class to surpass the current situation (Hofstede, 2011), and China is still a power- concentrated society. However, the new generation of young people, are less concerned about power distribution, and many companies operate on a parallel hierarchy. But buying luxury brands is a simple way to improve social status (Tajfel & Turner, 1979). In order to attract Chinese consumers, who attach importance to and want to surpass class, LV actively publicises itself in China by cooperating with street brands and looking for young and influential celebrities. With the joint brand of Louis Vuitton X supreme and Kris Wu, Vuitton is the campaigner of the Spring/Summer 2021 collection (Fashion China, 2021).

2.2.2. Long Term Orientation VS Short Term Orientation

China: A high LTO region, frugality and restraint are prominent in Chinese culture, to be specific, Chinese people are willing to postpone short-term material or emotional satisfaction to meet future challenges (Hofstede, 2011). In order to keep in line with the psychology of Chinese consumers, that is, Chinese buyers choose luxury items that are durable and will not go out of style, LV not only remains innovative and attractive, but also keep the elements many classic bags unaltered (Fashion China, 2021).

US: It is a low LTO region, with a culture in which Americans have grown less pragmatic, more obsessed with immediate gratification than Chinese consumers, less worried about future dangers, and more engaged in fashion, novelty, and trends.

2.2.3. Individualism VS Collectivism

China: Collectivist people put collective aspirations and goals above needs and vision, and families, communities or teams above individuals, they are also influenced by collectivist culture when buying and dressing (Cherry, 2021). When it comes to purchasing decisions, consumers are five times more likely to be influenced by friends or family than by celebrities (Gurjit Degun, 2017). In terms of their purchasing decisions, Chinese consumers frequently have a few close friends with overlapping views or interests (Berger and Heath 2007).

US: regarding individualism, the United States scores the highest, which shows that everyone's desire for freedom and the culture that people only care about themselves and their immediate family members,

implying that American consumers are influenced by family members when purchasing goods, as opposed to Chinese consumers who are more concerned about their own feelings (Triandis, 2018).

2.2.4. Indulgence VS Restraint

China: The low indulgence score reflects "cynicism and pessimism" (Hofstede, 2011). Chinese customers spend most of their time working and have little time to rest or think. Chinese consumer works hard not just to earn a living, but also to succeed in the career they choose. Because luxury items are durable and may have emotional value over time, consumers desire to show off their pride and self-worth by purchasing them.

US: Leisure and pleasure, as well as self-indulgence and optimism, are more appealing to American customers. In contrast to Chinese, they are more concerned about the value of goods and the amusement they bring.

2.3. Schwartz Values

China: Mainland China is a society influenced by Confucianism. It is traditional, submissive, secure, and rights-based. Hierarchies are more prominent, while equality, freedom, and the individual are less valued. People typically achieve common goals through social interactions, societal acknowledgment or a shared lifestyle. In summary, because China is so socially oriented, social interactions, etiquette, and hierarchy are all highly developed. Respecting and accepting other people's cultural beliefs or customs, respecting traditions, respecting elders, and carefully established hierarchical concepts are all part of China's traditional social system. The objective of Chinese consumer is to achieve personal accomplishment in order to represent their own success, as well as the expectation of having collective power to reinforce their own actions.

US: An investigation of American history reveals that American culture is a self-directed, hedonistic, stimulating culture. Americans don't value social interactions very highly, and social structures aren't visible. They attach a higher importance to their emotions than anything else, therefore things that elicit positive feelings match the American cultural profile.

2.4. The Five OCEAN Traits

The Five OCEAN Traits are made up of Conscientiousness (which is defined as being disciplined and careful), Agreeableness (which is defined as being trusting and helpful), Neuroticism (which is defined as being anxious and pessimistic), Openness (which is defined as being imaginative and spontaneous), and Extraversion (which is defined as being sociable and fun-loving). Finally, there's

Extraversion, which is characterised by friendliness and a desire for fun. Chinese individuals have high level of N (Neuroticism), O (openness to experience), E (Extraversion), and low level of A (agreeableness) and C (conscientiousness), according to Chinese reports based on psychological research of different age groups.

China: As Chinese people are prone to anxiety, social fear and obsession with mobile phones in a hierarchical society, Generation Z, as the main contributor to China’s current consumer base, is easily guided by group behaviour or mass direction. As a result, they consume online and pay attention to the online trend of LV. At the same time, KOL or Netflix’s recommendations will have a significant impact on Chinese customers’ purchasing decisions. Chinese consumers have a traditional view of consumption as well as the willingness to actively try new products, which aligns well with the principle of LV.

US: Extroversion and openness are traits associated with American customer, who are described as inventive, gregarious, and entertaining (Hofstede, 2011). This leads people to pay more attention on the product’s design implications and their love for social contact, which in turn leads people to give a higher emphasis on social activities and experience. Therefore, LV has shifted its attention in the United States to offline operations and product innovation.

3. TARGET MARKET

Companies may use target market analysis to generate more successful marketing and sales strategies (Indeed Editorial Team, 2021). LV has a huge consumer base and a diversified product line, including handbags, shoes, belts, wallets, and other accessories. Although generation Z and Y are promoting the development of the industry, generation X is still the generation with the largest consumption of luxury goods. With Virgil Abloh, a youthful fashion designer as design director, LV can attract young audiences. In addition, the classic trend is still popular in generation X. Seasonal fashion items and partnerships with other companies appeal to the younger market. LV’s the target markets are obvious in both China and the US.

Target market profile		China	US
Demographics	Gender	Male&Female	Male&Female
	Age range	21-41(Statista,2021)	16-44(Statista,2021)
	Income	8000\$-30000\$and above	2000\$-10000\$and above
	Education	Highly and moderately	Unlimited
Primary market		Generation X&Y&Z	Generation Y&Z
Psychographics	Hofstede’s cultural dimensions	High power distance Collectivism Long term orientation Restraint	Low power distance Individualism Short term orientation Indulgence
	Schwartz values	Tradition Security Achievement Conformity Benevolence Power	Self Direction Stimulation Hedonism Universalism
	Five-factor model main components of personality	Disciplined(C) Suspicious(A) Pessimistic(N) Prefers routine(O) Sociable(E)	Impulsive(C) Trusting(A) Confident(N) Imaginative(O) Fun-loving(E)

Figure2 Target Market profile in China and US

4. BRAND POSITION IN CHINA AND US

China: Luxury products have always been extremely visible and competitive in China. In 2018, China’s total expenditure on luxury goods exceeded RMB 770 billion, equivalent to one-third of global expenditure (McKinsey, 2019). LV and Hermès are the market leaders in China’s luxury sector. Hermès is more exclusive than LV, which is broader and has a larger consumer base.

US: In terms of consumer expenditure on luxury goods, the United States is second only to China. The main competitor of LV in the United States is Hermès. However, unlike China, where Hermès has a traditional image, LV’s products are more innovative, collaborative and cheaper.

Finally, the brand status of LV may be analysed from two dimensions. Rational aspects: LV’s items are finely constructed, well designed, inventive and can be preserved for a long time. Emotional aspect: LV has a slew of online and offline campaigns to display products from emerging designers, which may soon become seasonal fashion and attract customers to buy. For example, the 2021 LV spring menswear show provides consumers with the pleasure of keeping up with fashion. On the same day, more than 100 million views were amassed around the world.

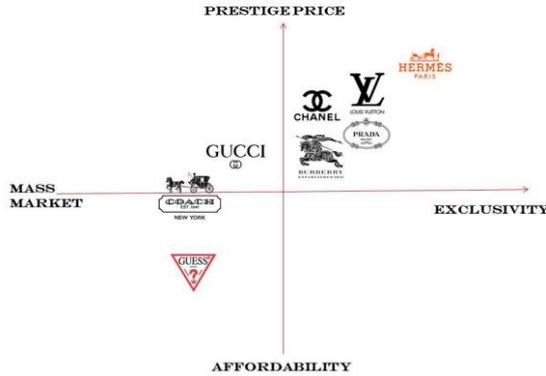


Figure 3 Brand Position Map Showing is Positioned in China and US.

5. BRAND IDENTIFY

5.1. Brand Values

With over 460 physical stores in 50 countries, LV is considered one of the most valuable brands in the world. It has four different values: Be innovative and creative; provide excellence; cultivate an entrepreneurial spirit; and take action to make a difference (Louis Vuitton, 2010). By emulating its unique know-how around the world, creating refined goods, and continuing to develop and achieve its ultimate goal, the company hopes to become synonymous with elegance and inventiveness.

5.2. Brand Personality

According to Aaker (1997), LV's brand personality may be summarised as mature and intriguing. From the founding of the company in 1854 to the widespread usage of leather in 1940, the wide use of leather and the personalization of upper class goods made LV have a long history and mature traditional brand culture (Louis Vuitton, 2022). In terms of excitement, LV will cooperate in all areas that attract young people, such as games, vehicles and houses, and customize the design according to their preferences.

5.3. KAPFERER'S Brand Identity Prism

The goal of the brand identity prism is to represent the brand through particular traits, which allow the brand to identify different aspects of its identity, and also provide a mechanism to establish brand loyalty. The LV brand identity prism is summarised as follows.

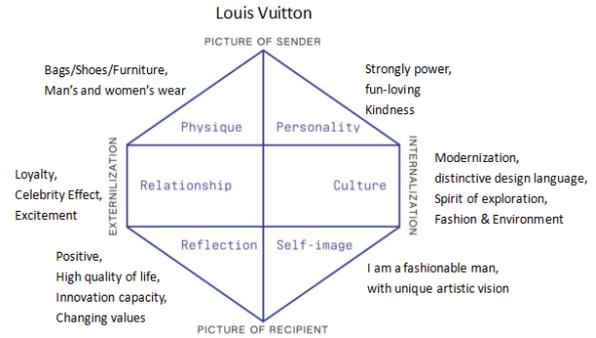


Figure 4 LV Brand Identity Prism

6. BRAND IDENTIFY VS BRAND IMAGE

China: The brand image estimated by LV is in line with the image of Chinese consumers to a great extent, but there is also a disparity. For example, LV believes it primarily serves the elite and upper social classes, but this is not the case in China. It is reported that China's middle class (US\$2,600-3900 per month) is expected to reach 350 million people, according to reports (McKinsey, 2009). This implies that more and more people are spending more money on luxury goods. Chinese people are more inclined to use their purchases to demonstrate their social standing, such as giving gifts to family and friends, while many people prefer to buy replicas to enhance their social fun. Overall, LV is a brand with a long history, innovation and high-end personalised service, all of which attract Generation Y of contemporary Chinese customers.

US: It is a society that attaches importance to freedom, equality, creativity and social freedom. All these are affected by psychological variables, as seen by the revolutionary development of LV in the American market. The partnership with high street brand Supreme is an example of this, since it is the cooperation between a luxury brand and a high street brand. In the United States, where street culture is popular, it can generate excitement among customers. For example, the VIVIENNE HOLIDAY COLLECTION product line is solely available in the United States, where LV has established a strong brand identity and image in this country.

7. BRAND STRATEGY IN CHINA & US

7.1. Co-branding

Because LV is a global brand without a country-specific marketing strategy, it has partnered with other companies in a variety of ways, such as with BMW. In the cooperation with BMW, LV has developed a unique four-piece luggage and bag set for the BMWi8 model to meet customers with different degrees of luxury. In addition, there was a cooperation with the League of

Legends to create a skin that can be purchased in the game. It has also grown its own gaming business by retailing its own titles in the Apple Store. Through partnerships with well-known high-street businesses Superme, off white and new designers, it has established contact with young customers.

7.2. Celebrity Endorsement

Recently, LV announced that HoYeon Jung, the main actress in the recent popular film Squid Game, is the global woman. The second LV brand ambassador in China is Liu Yifei, who has 68.17 million followers on Weibo (as of January 7, 2022). Liu yifei is a famous Chinese actress and singer, and has a strong appeal and influence in generations Z and Y. The US, at the same time, has not sought out very famous celebrities to endorse the brand as in the Asian market, but the appointment of American fashion designer Virgil Abloh as the Director of Menswear of LV is a great endorsement and encouragement for young Americans.

7.3. Digital Marketing and service

With a tiny campaign built exclusively for the debut of its Virgil Abloh designed shoes, LV is highly focused on its digital marketing operations. In terms of service, the use of social media allows them to buy their goods not only on the official website, but also on WeChat used by Chinese consumers or Instagram tried by Americans, which is one of the possible factors to attract customers to return.

8. CONCLUSION

This paper compares and compares LV between China and the United States from the aspects of cultural factors, customer personality characteristics, brand marketing methods, brand identity and image. Chinese customers value the added value of products, including the social status and originality of products. American consumers place a premium on the product's even value, or the instant satisfaction it provides.

Overall, LV's success in China is attributed to the brand's principles consistent with Chinese consumers' cultural beliefs and personality characteristics of Chinese consumers. However, due to the lack of cultural creativity, the brand image has a propensity to become less recognised among top customers. At the same time, the continuous expansion of the brand in the United States has been supported by the continual creation of new designer goods or partnerships.

APPENDIX

The brand's familiarity and ideals have always been a strong selling factor for LV. Because of the quality and originality of the items that have made LV the most

valued luxury brand, quality has always been one of the company's basic pillars. Each product is created by the top designers in the world. According to Forbes, the brand's worth has climbed by about \$39.3 million in only 2021.(Forbes, 2021).

Strengths	Weaknesses
<ul style="list-style-type: none"> -Rich history and a well-known brand culture (Steffyotka. 2019) -Exquisite craftsmanship and Customised products (LEE. 2020) -Wide distribution of shops worldwide ((Walkinsha). 2013) -Top celebrity endorsements and top designers -High level of customer loyalty 	<ul style="list-style-type: none"> -Over-dependence on Asian markets (Danziger,2021) -Lack of sensitivity to other national cultures -Class fixation of consumers
Opportunities	Threats
<ul style="list-style-type: none"> -Increasing income per capita -Increase in the number of working women(Peterson,1964) -Continuous innovation 	<ul style="list-style-type: none"> -More counterfeit products emerge, diluting market share(Sofya,2019) -Growing advocacy against the use of animal leather -Fierce competition from emerging brands(Thach et al.2018)

Figure 5 SWOT analysis table

One of the most essential parts of LV's promotional approach is celebrity endorsements. In their main consumer nations, the most prominent celebrities of the day, such as Jennifer Lopez and Yifei Liu, are brought in as spokespersons and exclusive endorsers to appeal to the target demographic.

In more than 50 countries, LV has over 450 stores (Louis vutiion, 2021). According to surveys, the brand's customers are mostly from the middle and upper classes, who not only buy the items but also promote them to their close friends, resulting in increased customer loyalty.

LV has taken use of these advantages to expand in a number of nations, notably in Asia, with China and Japan occupying important positions on the globe. China's per capita disposable income has risen fast in recent years, from \$385 in 1978 to \$72,000 by 2020 (Xinhua, 2021), compared to \$15,770 in the United States (Forbes, 2021) As Generation Z has grown to become the world's biggest demographic, manufacturers have begun to include traditional or stylish characteristics into their products, depending on the nation, in order to attract more Gen Z customers. Brands may broaden their appeal by using classic or stylish components in their products to appeal to more Gen Z customers.

On the other hand, China is the country that produces the most counterfeit products in the world; according to Europol data, China produced 86 percent of all counterfeit products worldwide in 2015. These knockoffs have a negative impact on the brand and directly result in the loss of top customers, as well as financial losses for the company. In order to sustainably

expand its market in developing countries, Lv needs to make positive changes, such as updating its products with intuitive anti-counterfeiting logos that can quickly identify genuine products, followed by the use of NFT encrypted data to ensure the uniqueness of the products and visualisation in terms of anti-counterfeiting.

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