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Can a Chinese good-enough brand reach the level of a Western well-known brand? The case of *Christian Dior* and *ochirly*.

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Ai miei genitori,
per avermi sempre dato tutto,
senza mai chiedere nulla in cambio.

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INTRODUCTION

The purpose of this research is to analyse the behaviour and the role of Chinese good-enough brands in the Chinese market, with particular attention paid to Chinese consumers' perception and reaction. The intent is to investigate how young Chinese middle class's consumers deal with those brands, trying to understand whether or not it is possible for them to compete with and reach the level of Western worldwide known luxury brands, which have been extremely popular in China since their arrival.

In this regard, a Chinese brand and a European luxury brand, considered emblematic in order to explain and justify the present research, will be analysed and compared. The cases of *Christian Dior* and *ochirly* will thus be introduced.

The precise problematic of this study is, therefore: "Is a Chinese good-enough brand able to compete or even substitute a Western well-known luxury brand in the mind of Chinese consumers?" or more specifically: "Is *ochirly* able to compete or even substitute *Christian Dior* in the mind of Chinese consumers?"

The choice of this topic was dictated in part by the personal experience and knowledge of *Christian Dior* brand and in part by the existence of a lack of understanding concerning the current situation, the strategies, the objectives and the future plans of Chinese brands in the Chinese market. The relevance of the present research is enhanced by the importance in size of the Chinese market and the substantial part it plays in the global luxury market, which will inevitably be affected if Chinese consumers start preferring local brands.

Moreover, extreme importance has the focus on Chinese middle class's consumers, who are currently growing in number and represent the target of both luxury and non-luxury brands.

In the first chapter of this paper, the concept of luxury and its evolution over time will be analysed, subsequently describing its types and characteristics. Some of the most authoritative definitions of brand will then be proposed, in order to understand its strategic importance and the tangible and intangible values that it represents. The concept of brand awareness will also be presented.

Having explained what luxury and brand are, the thesis focuses on luxury brands and products, deeply analysing the six characteristics that distinguish luxury brands and products from non-luxury ones: price, quality, aesthetics, rarity, extraordinariness, symbolism. An analysis of worldwide luxury goods' types of consumers is then provided, before introducing the last part of the first chapter, in which luxury will be contextualised in the Chinese market.

Before concentrating on the strategies, opportunities and threats of Western luxury brands in the Chinese market, a general framework of Chinese consumers is provided, through an overview of their cultural background and changing habits, as well as via the presentation of the identikit of luxury consumers.

In the second chapter, the analysis of the Chinese market continues, focusing on the various aspects that characterise it and that may represent the reasons supporting or disfavouring the precise problematic of the current thesis.

After introducing the context through a brief presentation of the history of fashion in China, the reasons why young Chinese consumers are currently distancing from luxury brands are presented, also explaining the differences between acquainted and non-acquainted markets, which are fundamental to understand consumers' migration from "In the show" to "In the know" attitude and to justify their increasing interest for local brands.

Later on, the attention is focused on Chinese good-enough brands, analysing the disadvantages and challenges they have to face and the opportunities from which they can benefit. Since little is known in the West about these brands, a brief introduction of the top ten Chinese fashion brands has been seen as compulsory, in order to better understand the reasons that have led to the choice of *ochirly* as a benchmark for this research.

Lastly, the physical and the online malls, important elements that can determine the success or the failure of a brand in the Chinese market, are examined, along with the presence of fake malls that can undermine the fame of luxury brands.

In the third and last chapter of this thesis, the theory will leave room for the practice, trying to reply to the aforementioned question through the results collected via an *ad-hoc* questionnaire administered to 65 Chinese consumers.

First, the stories of *Dior* and *ochirly* brands and the reasons underpinning their selection are examined, providing a background to the study.

Afterwards, the questionnaire is presented, focusing on the purpose of the research, the methodology used and the sample surveyed. Before concentrating on the data analysis and the conclusions, the limitations and delimitations of the research are described.

前言

本文的研究目的是分析中国足够好的品牌在中国市场的行为和作用，尤其关注中国消费者的感知和反应。目的是调查中国中产阶级的消费者是如何看待这些品牌的，试图了解它们是否有可能与西方著名奢侈品品牌竞争并达到其水平。在中国，西方奢侈品品牌从它们的到来开始一直特别有名。

在这方面，分析和比较两个品牌用以解释和证明这项研究被认为是象征性的品牌：一个中国品牌和一个欧洲奢侈品品牌。因此，这篇论文对迪奥和欧时力的案例进行分析。

这项研究的确切问题就是: "一个中国足够好的品牌能否在中国消费者心目中竞争或取代一个西方著名奢侈品品牌？" 或者更具体地说: "欧时力能否在中国消费者的心目中竞争或替代迪奥？"

这道题是由作者对迪奥品牌的个人经历和知识所选择的，并且是由于对在中国市场上的中国品牌的现状、战略、目标和未来计划缺乏了解所选择的。由于中国市场的重要性以及它在全球奢侈品市场中的重要作用，使得本文的研究意义增强了。其实，如果中国消费者开始偏爱本土品牌，那么全球奢侈品市场将受到不可避免的巨大影响。

此外，最重要的是对中国中产阶级消费者的针对性，因为他们在目前这个时代，人口数量越来越多，并且他们就是购买奢侈品品牌和非奢侈品品牌的对象。

这篇论文的第一章分析奢侈品的概念及其随着时间的演变，进而描述其类型和特征。然后，提出一些有权威性的品牌定义，这是为了了解其战略重要性以及它的有形和无形的价值。第一章还将介绍品牌意识的概念。

在解释了奢侈品和品牌的基础上，本研究着重说明奢侈品品牌和产品，深入分析从非奢侈品品牌和产品分别奢侈品品牌和产品的六个特征：价格、质量、美学、尤物、非常性、象征主义。在介绍第一章的最后一部分之前，首先分析了世界奢侈品的消费者类型。

然后，最后一部分终于介绍中国奢侈品市场，描述中国消费者的文化背景和变化习惯，以及中国奢侈品消费者的类别。在这个总体框架的介绍以后，评论在中国市场上西方奢侈品品牌的战略、机遇和威胁。

在第二章中，对中国市场的分析仍在继续，重点是对它各个的特色方面，因为这些可能代表这篇论文确切问题的支持原因或否定原因。

在介绍了中国时尚历史的简要介绍之后，说明中国年轻消费者目前与奢侈品品牌疏远的原因。在这方面，不能不解释所谓熟知市场和非熟知市场的区别：为了理解中国消费者从"在展示" 到 "在知道" 的态度转变，以及证明他们对本土品牌越来越感兴趣的原因，这两个概念都很必要。

其次，注重于中国足够好的品牌，分析它们面临的劣势和挑战以及它们可能受益的机会。因为西方人对这些中国品牌知之甚少，所以中国十大时尚品牌的简要介绍被认为是必要的。再有，为了更好地理解导致选择欧时力品牌作为本研究基准的原因，一定要熟悉中国品牌在中国市场上的情况。

最后，研究在中国市场上可以决定品牌成功或失败的实体店或网购这重要因素。并且，会在第二章解释那些可能破坏西方奢侈品品牌名声的赝品购物。

在本论文的第三章和最后一章中，用实践替代理论。作者设计了一份调查问卷，通过收集到的 65 名中国消费者的答案来试图回答上述的问题。

第三章首先为了提供研究的背景，介绍迪奥品牌和欧时力品牌的故事，以及选择这两个品牌的原因。

随后，对问卷调查的目的、所采用的方法和标本进行了说明。此外，在对数据分析和结论进行深入研究之前，还对本论文的局限性和划界进行了描述。

CHAPTER 1
LUXURY BRANDS IN THE CHINESE MARKET

Since ancient times, the individual of every society perceives the need to distinguish himself from the others. This distinction segments people and labels them in categories, according to what they eat and wear, what places they go to, where they live or spend holiday and so on. Essentially, everyone is judged on the basis of the symbolic baggage that includes material and immaterial goods that he or she constantly shows in order to mark and affirm his or her status and position. What is called a “status symbol” is «a possession that is taken to indicate a person's wealth or high social or professional status»[1].

This is the perfect background for luxury brands’ products, which can be used to show and highlight a status, more than for their functional use. Luxury brands, in fact, insist on the psychological and sentimental attribute of a product, narrating and passing down the history of the brand, adding that symbolic value that allows people to distinguish themselves from the others.

In order to understand the characteristics, the values and the mission of luxury brands, it is necessary to analyse and deeply understand the concept of luxury, as well as that of brand.

1.1 THE CONCEPT OF LUXURY AND ITS EVOLUTION OVER TIME

1.1.1 DEFINITION OF LUXURY

Many have been the definitions and the interpretations of the word “luxury” over time, making the concept itself very hard to be defined clearly.

In fact, the word “luxury” can have a very subjective and extremely ambiguous meaning. To better investigate its meaning, we begin to analyse it from an etymological point of view: it derives from the Latin *luxus*, which means “abundance of delicious things; magnificence and splendour”. From *luxus* derives *luxuria*, "pomp,

[1] https://en.oxforddictionaries.com/definition/us/status_symbol

exuberance, sin". *Luxus* recalls something that shines, in a positive sense; on the contrary, *luxuria* refers to the negative value of viciousness[2].

What immediately emerges looking at the etymology is that the concept itself comprehends two different characteristics, which intertwine and clash: one positive, linked to desirability and wealth, and one negative, linked to superficiality and excess.

This contraposition is evident in many definitions of this word: "display of wealth, useless abundance" and again "everything that is more expensive than useful, that is superficial and useless"[3].
Luxury, in fact, can be seen both as something that can generate consumer satisfaction and guarantee a unique sensory and emotional experience, and as a simple and pure ostentation, aimed at defining one's status to the other members of society.
The negative sense of the word derives from the possibility of approaching luxury even for individuals who are not able to fully understand its meaning and its value, but use it as a pure and simple instrument of ostentation.
In the past, this significance was almost the only one that was taken into consideration, because people did not use to care about the intrinsic value of luxury goods, which is, on the contrary, more and more important in the last years.

In this context, it will be interesting to analyse the evolution of the term and its significance in the various societies that have followed one another over time.

1.1.2 EVOLUTION OF LUXURY OVER TIME

In the Western ancient world, luxury was frequently condemned, as it was often associated with the despotic governments of the East, responsible for the corruption of the customs.
Actually, it was exactly in the East, with the birth and the development of the Egyptian society, that the concept of luxury develops too, being associated with the concepts of appearance, social status, beauty and fashion. In fact, in the Egyptian society, clothes and accessories had a key role during every ceremony, both public and private.

[2] Pianigiani, O. (1907). *Vocabolario etimologico della lingua italiana* (Vol. 1). Albrighi, Segati e C.
[3] Garzanti (1990). *Il Nuovo Dizionario Italiano*. Hardcover.

In the early modern age, in the West, the main source of luxury was the princely court, first inspired by the model of the papal court of Avignon and the Italian Renaissance's ones, and then the Versailles of Louis XIV. In these contexts, luxury was seen as an instrument of power.

Over time, luxury ceased being relegated to the confines of the court and spread among the new bourgeois class. Having no other distinctive sign of the wealth than the wealth itself, the bourgeoisie, or middle class, contributed decisively to the spread of luxury consumption up to the point of exasperation.

From that moment on, luxury increasingly became a citizen phenomenon. The big cities of the era of early capitalism, before the full affirmation of the industrial revolution, are predominantly cities of consumers. In the cities, and especially in the capitals, theatres, concert halls and ballrooms, restaurants and hotels, elegant shops and other similar institutions came to birth one after another[4].

The evolution of the luxury industry in Europe has been linked to the main historical and social changes that came one after another during the XVIII century: the industrial revolution, the urbanization and the improvement of infrastructure and transportation. Since historical and social conditions were becoming more and more prosperous, people's interest in luxury aroused.

It is during the XIX century that those that we can consider as today's major luxury brands were born and established. Europe is the cradle of many luxury brands, which emerged one after another and continuously modernise in order to keep up with the necessities and the requests of the consumers. These brands, born in France and Italy mostly, have changed forever the fashion industry.

In the XX century, European brands began to be flanked by other brands that, even though not boasting a long history and distant roots such as Italian and French ones, tried to make their way and establish themselves. They were mostly American brands, mainly born in New York as a consequence of its great economic and industrial growth, but not only. In fact, at the same time, different brands coming from the Far East began to appear in the competitive context.[5]

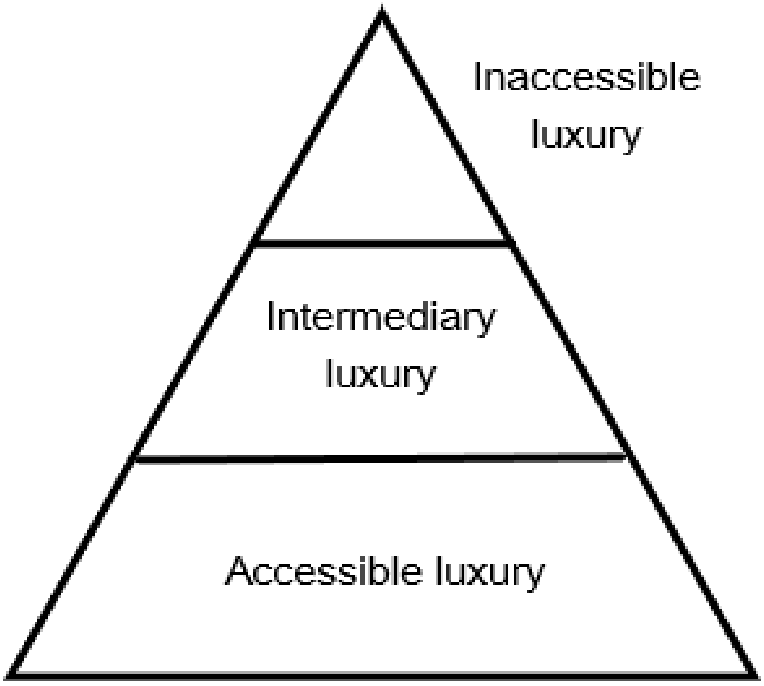
[4] http://www.treccani.it/enciclopedia/lusso_%28Enciclopedia-delle-scienze-sociali%29/
[5] Okonkwo, U. (2007). *Luxury Fashion Branding. Trends, Tactics, Techniques*. Palgrave Macmillan, 15.

1.1.3 LUXURY: TYPES AND CHARACTERISTICS

As mentioned above, when talking about luxury, a distinction must be made between different social classes and separate universes.
Among the analyses carried out on the luxury sector and on its products, the one proposed by Danielle Alleres[6] is particularly interesting in order to understand the different shades of luxury.
Alleres proposes the following repartition into three different levels:

1. Inaccessible luxury;
2. Intermediary luxury;
3. Accessible luxury.

Figure 1.1 *Pyramid of luxury.*



Source: Author's elaboration.

[6] Alleres, D. (1991). *Spécificités et stratégies marketing des différents univers du luxe.* Revue française du marketing, (132-133), 71-95.

The first level is the inaccessible luxury and it can be identified as "supreme luxury", exclusively designed for a wealthy clientele who buys items made in limited series at an extremely high price. Products are usually «tailor-made or hand-made manufactured with prestigious materials and distributed through a very selective channel. For an inaccessible luxury item, it is all about heritage, creativity, creator's fame and prestige»[7].

Nevertheless, inaccessible luxury is often the less profitable for companies, due to the extremely high production costs in proportion to the limited number of customers. In fact, it can be considered more as an artistic creation than a selling product. To this level belongs the so-called *haute couture*[8], the category of fashion characterised by high quality and expensive creations, not thought to be worn every day but to create a spectacle on special occasions and events.

The second level is the intermediate luxury and it is intended for a broader category of consumers. Items are still exclusive and can be adapted to the necessities and the needs of the individual, but the service is no longer custom made. Prices are significant and the distribution channel is selective, even though to a lesser extent if compared to the first category. The *prêt-à-porter* or ready-to-wear, which indicates clothing items manufactured in series in various sizes, belongs to this level.

The accessible luxury includes the larger amount of consumers and products, since items are made in a large quantity for a wide range of buyers, therefore it can be defined as "mass luxury". The accessible luxury is conceived and distributed on a larger scale and also available for the less wealthy social classes, while still belonging to the luxury sector and thus maintaining the distinctive character of its products. Accessories like sunglasses or scarves are considered accessible luxury.

[7] Messina, B. (2013). *Luxury, a desirable world of exclusiveness*. Fashionbi.
[8] French terminology for the English "high sewing" or "high dressmaking".

1.2 BRANDING

Branding is the marketing practice of creating a brand, that is one of the most important intangible assets of the companies, and the organizations in general.

In 1960, the American Marketing Association (AMA) defined the brand as «a name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers»[9]. This definition is still taught and valid today, but many authors have presented other prominent definitions that are worth being considered. Some of them are given in the following table:

Figure 1.2 *Definitions of branding.*

Wells et al. (1997)	Branding: the process of creating an identity for a product using a distinctive name or symbol.
De Chernatony & McDonald (1998)	A successful brand is an identifiable product, service, person or place augmented in such a way that a buyer or user perceives relevant, unique added value which matches their needs quite closely.
Kotler (2000)	[A brand is] a name, term, sign, symbol or design or a combination of these intended to identify the goods and services of one seller or group of sellers to differentiate them from their competitors.
Pickton & Broderick (2005)	Branding is not just a case of placing a symbol or name onto products to identify the manufacturer – a brand is a set of attributes that have a meaning/an image and produce associations with the product when a person is considering that brand of product.
Dahlen et al. (2010)	What user imagery the brand has in terms of people's cognitive and affective disposition to the brand.

Source: Egan, J. (2007). Marketing communications. Cengage Learning EMEA.

As the reader can understand from the table above, some of these definitions focus on the structural characteristics of a brand, such as its name and symbol, while others underline the importance of people's perception and emotional response to

[9] https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=B

the brand or product. For the sake of clarity, we consider the following as a coherent and complete definition of brand:

«A brand is a collection of actual and emotional characteristics associated with a particular identified product or service that differentiates that product or service from the rest of the marketplace»[10].

This definition focuses both on the two different natures of brands, tangible and intangible, at the same time underlining the fundamental role of branding in product and service differentiation.

In other words, the brand is not only what the company wants to transmit to the consumers, but it is also, and especially, what the consumers perceive. Quoting Ann Handley, «brand is the image people have of your company or product. It's who people think you are». With time, «this image becomes associated with a level of credibility, quality, and satisfaction in the consumer's mind»[11].

That is why many companies invest in their marketing and advertising strategies in order to extend the brand awareness.

1.2.1 BRAND AWARENESS

Brand awareness is «the level of consumer consciousness of a company»[12]. It is a parameter that indicates the extent to which a brand and its products or services are known and recognized in the minds of consumers.

The peak of brand awareness, the point of arrival desired by each brand, is to be the first brand to which consumers think when the process of buying a certain good or service begins. In other words, what all companies aim for is «to make themselves frontrunners in their particular industry, a concept known as top-of-mind awareness»[13].

[10] Egan, J. (2007). *Marketing communications*. Cengage Learning EMEA, 76.
[11] www.businessdictionary.com
[12] https://trackmaven.com/marketing-dictionary/brand-awareness/
[13] https://study.com/academy/lesson/top-of-mind-awareness-definition-theory.html

In addition to top-of-mind awareness, there may be several other levels of brand awareness.

In 1991, the US economist David Aaker[14] has developed the so-called pyramid of brand awareness, explaining the different levels that it can achieve. Aaker has postulated the following repartition:

1. Top of mind;
2. Brand recall;
3. Brand recognition;
4. Unaware of a brand.

Figure 1.3 *Pyramid of brand awareness.*

Source: https://www.atman.it/abc-dei-social-media/che-cose-la-brand-awareness/.

Starting from the bottom, where the brand is completely unknown, the weakest level of brand awareness is called brand recognition (or aided recall): in this case, the brand can be recognised among a number of brands of a specific category of

[14] Aaker, D. A. (1991). *Managing Brand Equity: Capitalizing on the Value of a Brand Name.* Free Press, New York.

products. When coming into contact with a certain brand, the consumer is able to correctly differentiate it, not necessarily by its name, but also by its packaging or logo.

The brand recall, also known as unaided recall or spontaneous recall, refers to the capacity of the consumers to call to mind a brand from memory when prompted by a certain category. Given a specific category, most consumers can recall a limited number of brands, usually around from three to five names[15].

As mentioned before, top-of-mind awareness (or TOMA) is the most desirable level of awareness for a company to reach, and is defined as «the first brand that comes to mind when a customer is asked an unprompted question about a category»[16].

When a brand achieves top-of-mind awareness, it «will generally be considered as a genuine purchase option, provided that the consumer is favourably disposed to the brand name»[17].

1.3 LUXURY BRANDS AND LUXURY PRODUCTS

Luxury brands, such as *Patek Philippe* and *Hermès*, have some common features, which can differentiate them from non-luxury ones, such as *Daniel Wellington* and *Zara*[18].

When defining luxury brands, it is fundamental to consider also luxury products' characteristics and, vice versa, characteristics of luxury products correlate with those of luxury brands. The following definitions, proposed by Klaus Heine[19], are therefore considered exhaustive:

«Luxury brands are regarded as images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity, extraordinariness and a high degree of non-functional associations»;

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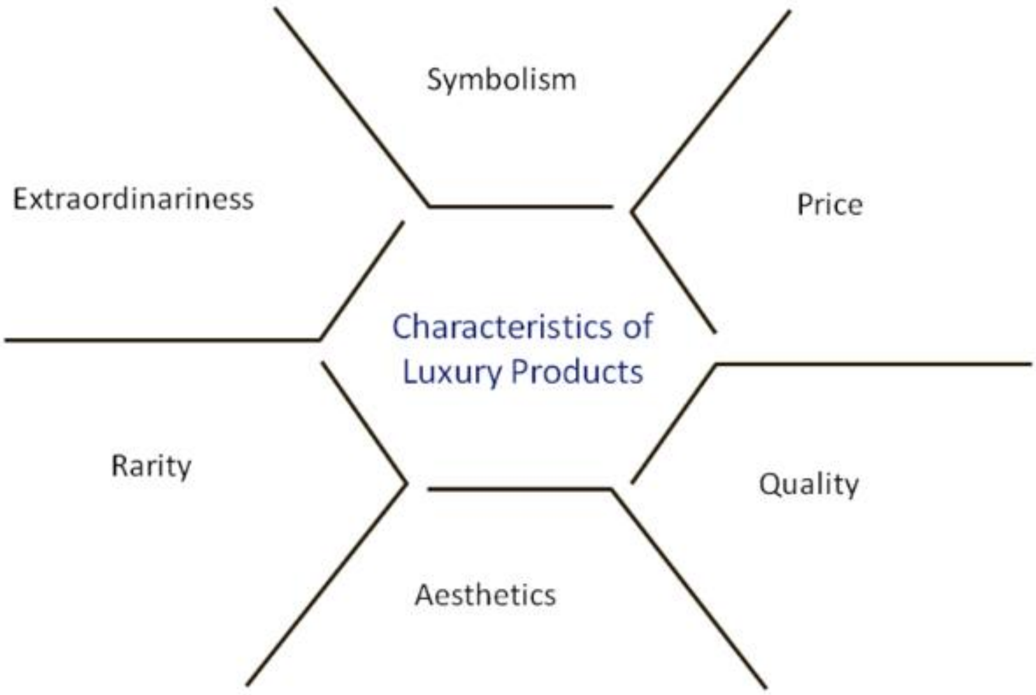
[15] Mayur, C. (2017). *Brand Awareness Analysis*. Medium.
[16] http://www.marketing-dictionary.org/Top%20of%20Mind
[17] Manternach, L. (2011). *Does your brand have top of mind awareness?* Corridor Business Journal, 7(52), 26.
[18] https://deeperluxury.wordpress.com/2015/08/15/the-identity-of-luxury-brands/
[19] Heine, K. (2011). *The Concept of Luxury Brands*. Technische Universitat Berlin.

«Luxury products have more than necessary and ordinary characteristics compared to other products of their category, which include their relatively high level of price, quality, aesthetics, rarity, extraordinariness, and symbolic meaning».

Figure 1.4 *The Major Characteristics of Luxury Products.*



Source: https://www.conceptofluxurybrands.com/concept-of-luxury-brands/definition-of-luxury-products.

The above-mentioned six major characteristics were classified into three different levels of sub-characteristics: manufacturing, concrete and abstract.

Concrete characteristics are those that can be observed, since they deal with physical attributes, while abstract characteristics, such as value, are generated from a combination of various concrete attributes.

The manufacturing category refers to «the specific manufacturing process that allows for the creation of concrete and abstract product characteristics»[20].

[20] Heine, K. (2011). *The Concept of Luxury Brands*. Technische Universitat Berlin, 57.

The table below provides a clear representation of all the characteristics and sub-characteristics of luxury products, which will be explained in detail in the following sections.

Figure 1.5 *Characteristics and Sub-characteristics of Luxury Products.*

Major Characteristics	Manufacturing Characteristics	Concrete Product Characteristics	Abstract Product Characteristics
Price		Price	
Quality	Expertise of manufacturer	Material & Components	Durability & Value
	Manufacturing complexity	Construction & Function principle	Comfortability & Usability
		Workmanship	Functionality & Performance
		Features	Safety
		Product size	
		Service	
Aesthetics			Aesthetics
Rarity		Rarity	
Extraordinariness			Extraordinariness
Symbolism			Symbolism

Source: https://deeperluxury.wordpress.com/2015/08/15/the-identity-of-luxury-brands/.

PRICE

Luxury brands offer products which belong to the most expensive product category. Price is defined as «the most objective and the easiest-to-measure criteria to evaluate the luxuriousness of a product»[21].

These products are high-priced both in an "inter-categorial" (among different categories) comparison and in an "intra-categorial" (inside the same category) comparison. In the second case, the product is supposed to have a considerable price compared to products with the same functionality. For example, a *Toyota* car and a

[21] Heine, K. (2011). *The Concept of Luxury Brands*. Technische Universitat Berlin, 58.

Rolls Royce car have the same functionality, that is to be driven, but the price (and the features) are completely different.
Nevertheless, the price cannot be considered as a discriminatory criterion, since it is not accepted neither on an "intra-categorial" level nor on an "inter-categorial" level. In fact, some non-luxury products are expensive in an "inter-categorial" comparison, and this is the reason why it is not possible to rely on the price variable to make a correct and exhaustive distinction between luxury and non-luxury products.

QUALITY

Luxury brands offer «everlasting top-of-the-line products, which will not be disposed of even after long utilization or defect, but rather repaired and which often even gain in value over time»[22].

As can be seen in the table above, quality is categorised into several sub-categories.
Expertise of manufacturer and manufacturing complexity attributes belong to the manufacturing sub-category.
Expertise of manufacturer refers to the qualitative ability of manufacturers of luxury products, defined as «leading experts, with a strong "creative power" in their area of excellence»[23], which comprehends both their technical and stylistic competences.
Technical competences can only be acquired through experience in the field, with a focus both on tradition and on innovation. For luxury brands, in fact, it is important to maintain a coherent and traditional image and, at the same time, stay up-to-date in order to be successful through time. Stylistic competences rely not only on the ability of manufacturers, but also on that of capable designers, who are able to create new trends, being inspired by passion and consumers' tastes.
The manufacturing of a luxury product is often realised through handicraft, for this reason, it requires a lot of time and a considerable effort, aside from the ability of the manufacturer. This concept is exactly what goes under the name of manufacturing complexity.

As for concrete characteristics, we can find material and components, construction and function principle, workmanship, features, product size and service.

[22] Heine, K. (2011). *The Concept of Luxury Brands*. Technische Universitat Berlin, 46.
[23] *Ibid*, 59.

Material, as well as components, is a fundamental characteristic for all luxury products, since a great part of the product's value and prestige is given by fine quality materials. For instance, *Dior Maison* only uses top-quality Italian leather for its bags and shoes.
The construction and function principle is linked with the functionality of a product. It refers to the design, the construction and the realisation of a product. This principle is considered as a prerequisite for the abstract attributes of durability, comfortability and the above-mentioned functionality.
As mentioned above, luxury products are typically handmade, realised by skilled and meticulous artisans who pursue absolute perfection through workmanship. Taking one more time *Dior Maison* as an example, bags cannot present scratches on the leather and stitches must be perfectly ordered and realised. For this purpose, *Dior* and luxury brands of every sector, in general, put considerable attention and time on the quality control of material, components and final products. Flaws are not contemplated, except for those due to the handmade manufacturing, that do not reduce the value of the product, on the contrary, make it unique and not replicable, increasing its final value.
If designers perceive a market opportunity and expect a positive response by the target, they can choose to add more features, not present in ordinary products, making sure that they will not reduce product functionality and usability. This is typically the case of cars and electronic equipment.
The product size depends mainly on the category, but in general, it should be «as appropriate to function as possible»[24].
Service is an essential attribute of luxury brands and it represents the human component of luxury products; along with the atmosphere created in the point of sales, it can inspire and convince customers in the purchase phase. Excellent service helps and follows the customer not only in the purchase experience, but also in the post-purchase phase, that is fundamental in order to maintain the human relationship and make the process of brand loyalty start. Customer care, personalisation and reparation are the most important tasks that the service must provide in order to be successful and competitive.

[24] Heine, K. (2011). *The Concept of Luxury Brands*. Technische Universitat Berlin, 60.

Durability and value, comfortability and usability, functionality and performance and safety belong to the abstract characteristics' sub-category. As previously mentioned, abstract attributes generate from a combination of several concrete characteristics.

One of the main luxury product's characteristics should be its value. In fact, luxury products are supposed to be ever-lasting valuable and their usage in time should not compromise their durability. Luxury products are often considered as an investment, since its durability "allows the consumers to leave them to their grandchildren".

Comfortability and usability can result from excellent construction and function principle, as well as from fine quality materials and perfect workmanship. For example, top-quality materials and a perfect workmanship can make a pair of shoes cosy to wear.

Luxury products' performances are considered higher compared to non-luxury products' ones and they are supposed to be perfectly functional and "just do their job better".

As for safety, luxury products are appreciated for their very high standards. This is particularly true for luxury cars, while is not fundamental for other products.

AESTHETICS

Aesthetics is defined as «a set of principles concerned with the nature and appreciation of beauty»[25]. The aesthetics of luxury refers to the style, the elegance and the taste that luxury products are supposed to provide to customers. In fact, luxury products do «not only look beautiful but also are (and should be) pleasant to hear, smell, taste or touch» and thus offer a «source of sensual pleasure»[26]. This characteristic is one of the main elements that distinguish a luxury product from a mass-market one.

[25] https://en.oxforddictionaries.com/definition/aesthetics
[26] Dubois, B., Laurent, G. and Czellar, S. (2001). *Consumer Rapport to Luxury: Analyzing Complex and Ambivalent Attitudes*. Les Cahiers de Recherche 33(0), 156.

RARITY

Who buys a luxury product often wants to perceive that he or she is the only one that can have it. For this reason, rarity is important not only to customers, but also (and especially) for companies, that have to design and produce items for a limited period of time and for a limited number of people, in contrast with mass-market brands' strategy.

Boutiques generally do not have a wide stock, but just a few pieces, in order to maintain this allure of rarity. In addition, most luxury brands design special editions, which differs from the usual shape, format or characteristics in general and hence emphasises the idea of uniqueness of that product. Another way to increase rarity is through personalisation: customers can decide, for instance, to put their initials on a pair of shoes, making them unique.

EXTRAORDINARINESS

Luxury designers conceive products to be special, unexpected and extraordinary. This extraordinariness is often acquired through details, which can only be seen by a keen observer, linking this characteristic to the aforementioned rarity element. Luxury manufacturers can make a product extraordinary through a construction principle that differs from the one adopted in the mass market.

Moreover, many functional attributes and technologies are usually first implemented in products intended for the niche of luxury consumers, and only later spread to the mass market.

Extraordinariness is not only achieved by physical component, but also by intangible elements, such as the history of the brand and of the product itself.

SYMBOLISM

What is important in a luxury product more than its functionality is what it communicates and transmits to customers. Both mass-market products and luxury ones have functionality, but while for the firsts is the main characteristic and the principal attribute required by customers, for luxury products is only a prerequisite. What luxury buyers expect is indeed to benefit from the symbolic and intangible elements that characterise this type of product. A very high level of status and prestige

can be acquired by owning luxury products, since they constitute a visible symbol of the lifestyle that the owner can achieve.
The symbolic meaning of luxury products is even more emphasised when linked to iconic brands, famous celebrities, exclusive events and appealing country-of-origin[27].

1.3.1 THE WORLDWIDE MARKET FOR LUXURY GOODS

Heterogeneity is certainly a characterizing factor of the luxury market and of its consumers. As a matter of fact, it is not a homogeneous elite, but rather a differentiated and multiple group of consumers, with diverse preferences and purchasing behaviours.
In order to compete and be successful in this fast-growing market, luxury brands will have to drastically improve their skills to recognise and deal with this growing diversity.

Several studies have been carried out on this topic, but among all the classification proposed by *Bain&Company*[28] in its report *Heterogeneous mix of 330 million consumers purchasing €217 billion in luxury goods globally* is considered particularly exhaustive and clear in order to better perceive and understand the heterogeneous shades that characterise those consumers. Seven profiles, each with its differences in terms of preferences and buying behaviours across regions and generations, have been outlined:

1. *The Omnivore*: typically new entrants to the luxury scenario, these consumers are on average younger than the others and are characterised by the greatest curiosity to experiment with products and brands. Many of them are women and tend to buy products with a high average value, with a preference for watches and jewellery categories. They usually shop in flagship stores and many of their purchases are made while travelling. They prefer aspirational luxury brand, but their loyalty level is quite low.

[27] Keller, K. L. (2009), *Managing the Growth Tradeoff: Challenges and Opportunities in Luxury Branding*. Journal of Brand Management 16 (April 2008), 290-301.
[28] Founded in 1973, *Bain&Company* is a global management consulting firm that provides advice to public, private, and non-profit organizations (https://www.bain.com/about/).

Chinese consumers of big and medium cities belong to this profile.

2. *The Opinionated*: highly educated and belonging to Generations X and Y, these consumers prefer leather goods and watches. They are able to understand the differences among brands and have specific and defined preferences and tastes. They usually buy in their cities and can be influenced by information sharing online and on social networks.
   Biggest cities' Chinese shoppers, as those living in Beijing and Shanghai, typically have this attitude, as well as Western Europe's and the United States' consumers.

3. *The Investor*: these consumers are the most sensitive to the durability and quality of products and favour lasting leather products and watches that can be passed down from generation to generation. Careful evaluation precedes every purchase, through researches and recommendations of other consumers. These attitudes are common among consumers coming from Japan, the Middle East and mature markets where discretionary spending is allocated with greater caution.

4. *The Hedonist*: these consumers are in love with the luxury world and with the experiential part of the purchase. They especially appreciate the logo and usually prefer accessories categories, such as sunglasses, scarves and so on. They are particularly influenced by advertising messages. Despite the interest in luxury with an ostentation purpose, they exhibit the lowest level of advocacy for brands, often due to cognitive dissonance sometimes following a purchase. This cluster is present in a balanced way across all generations and nationalities.

5. *The Conservative*: both men and women, these are mature and mainstream consumers, who prefer renowned brands with a preference for watches and jewellery. They predominately buy in multi-brand stores, and are very much influenced by the recommendations of friends and relatives.
   They are found mostly among mature markets, but also in China.

6. *The Disillusioned*: these are mainly baby boomers, who buy products of small leather goods and beauty, looking for durable products that last longer than the single-season trend. Women, who are not influenced by brand advertising, mainly dominate the segment. They tend not to shop frequently, and also like shopping online when they can.
   They are located in the United States, Europe and Japan.

7. *The Wannabe*: these consumers, who are mostly women, seek entry-level products, especially between cosmetics and shoes. They value affordability, and are therefore highly likely to mix and match outside of the luxury spectrum. They are impulse buyers and demonstrate a relatively limited loyalty to the brand, being mainly influenced by their friends' opinions and fashion magazines.
   They belong to the middle class, and are numerous in the United States, as well as in Western and Eastern Europe.

This study has shown that, while these profiles may be located in specific geographies, there are shoppers belonging to every segment in every major luxury market. As in a global life-cycle, we go from the enthusiasm showed by Chinese consumers and emerging markets to the greater caution recorded in mature markets, like the United States and Western Europe, to a complete detachment towards the luxury market highlighted in Japan and in older shoppers.

However, as the reader can notice, Chinese consumers are present in many of the abovementioned categories, being the protagonists of an enormous and heterogeneous market, which is particularly significant to determine the success or the failure of luxury brands.

Having analysed in details the concepts of luxury and luxury brands, the research continues focusing on a precise market of interest: China.

1.4 LUXURY IN CHINA

Before describing the characteristics of the luxury market in China, it is necessary to consider and understand the values and the habits that drive Chinese consumers in the purchase phase and how they are changing over time.

1.4.1 CHINESE CONSUMERS: CULTURAL BACKGROUND

In order to understand the Chinese consumer, first it is necessary to analyse his or her cultural background and the historical context he or she lives in, since these aspects can deeply influence his or her perception and evaluation of the brands.

Chinese society is literally one of a kind, as it profoundly differs both from the Western societies and from other Asian societies, such as Japan. As a matter of fact, Chinese society is based on collectivism, while Western societies are characterised by individualism[29]. Collectivism and individualism are able to influence the brand loyalty of consumers, who prefer a brand to another (also) according to their beliefs.

Collectivism and social norms are strongly rooted in the Chinese millenary cultural tradition and can be seen as elements of the Confucian influence, which considers the group more important than the individual. Collectivism is applied to the relationships in the familiar, professional and cultural contexts, known in Chinese society as 关系 (*guanxi*). If respected, *guanxi* guarantee social harmony and, in a professional environment, can make business agreements easier to achieve[30].

In such a context, the Chinese consumer is automatically motivated to buy products and services that are in line with the values and the beliefs of the group, while rejects those that are in contrast with them. What Chinese consumer aims to is to be accepted and recognised as a member of the social group or, in other words, "save face", and hence all his or her purchase decisions reflect this will. In fact, another important concept that deserves to be explained is that of 面子 (*mianzi*), "face", reputation and social image inside a group. In order not to "lose face", Chinese consumers should buy

[29] Hofstede, G. (1991). *Cultures and organizations. Intercultural cooperation and its importance for survival. Software of the mind*. London: Mc Iraw-Hill, 89-133.

[30] Pontiggia, A., & Vescovi, T. (2015). *Panni stesi a Pechino: Esploratori e pionieri nei nuovi mercati internazionali*. EGEA spa, 14-19.

products that are socially accepted, that typically are those of famous and well-known brands.

Moreover, Hofstede defines China as a masculine society, in contrast with feminine society. Quoting Hofstede's *Software of the mind*, «a society is called "masculine" when emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life». On the contrary, «a society is called "feminine" when emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life»[31]. Achieving symbolic and material objectives, which generate profit, is more important than personal and emotional achievements. Showing one's status through luxury products is a way to appear powerful and gain social respect: *mianzi* can thus be "saved" by purchasing luxury worldwide known brands.

Power distance, «the extent to which less powerful members of institutions and organizations accept that power is distributed unequally»[32], is very high in China. In high power-distance societies, hierarchies are strongly defined and respected, and power, status and economic welfare are typically seen as indicators of the differences among social classes[33]. It is clear enough that, in these societies, the ownership of a so-called status brand's product is a synonym of power, social acceptability and high level in the hierarchy[34].

Hofstede describes China as a strong uncertainty avoidance culture. In fact, Chinese society is characterised by the tendency to avoid uncertainty and reduce risks, in order not to face unpredictable situations. For this reason, Chinese consumers prefer to buy brands that have a strong reputation and tend to be faithful to them. This can be an advantage for brands such as the European historical ones, which have entered the Chinese market long ago, conquering a large percentage of consumers; on the other hand, it is not positive for new brands that wish to enter the Chinese market and have to face such powerful competitors.

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[31] Hofstede, G. (1991). *Cultures and organizations. Intercultural cooperation and its importance for survival. Software of the mind*. London: Mc Iraw-Hill, 140.

[32] *Ibid*, 61.

[33] Wang, Y. J., Doss, S. K., Guo, C., & Li, W. (2010). *An investigation of Chinese consumers' outshopping motives from a culture perspective: Implications for retail and distribution*. International Journal of Retail & Distribution Management, 38(6), 423-442.

[34] Kim, Y., & Zhang, Y. (2014). *The impact of power-distance belief on consumers' preference for status brands*. Journal of Global Marketing, 27(1), 13-29.

Since Chinese society is long-term oriented, also the relation between the brand and the consumer, once established, is supposed to last for a long period of time. Long-term oriented societies are characterised by pragmatism, and hence the Chinese are pragmatic and conservative consumers, who ponder purchasing decisions and generally avoid impulse buying[35].

1.4.2 HOW CHINESE CONSUMERS' HABITS ARE CHANGING

From a closed economy in the 1970s, China has now turned itself into one of the main producers and exporters in the world[36]. Since then, it has achieved an extremely rapid economic growth, becoming to all intents and purposes the second largest economy in the world.

The more and more developed economy has led to the increase of per capita income, and this is affecting consumers' habits. People is becoming richer and richer and, by 2020, China intends to double the per capita income from 2010 standards, passing from $4000 to $8000 in the urban areas. By 2020, the larger part of Chinese consumers will be relatively wealthy, with an annual disposable income[37] between $16,000 and $34,000.

McKinsey&Company[38]'s report *Meet the Chinese consumer of 2020* defines this category of consumers "mainstream" and collocates it between "value" consumers (annual disposable income between $6,000 and $16,000) and "affluent" consumers (annual disposable income over $34,000).

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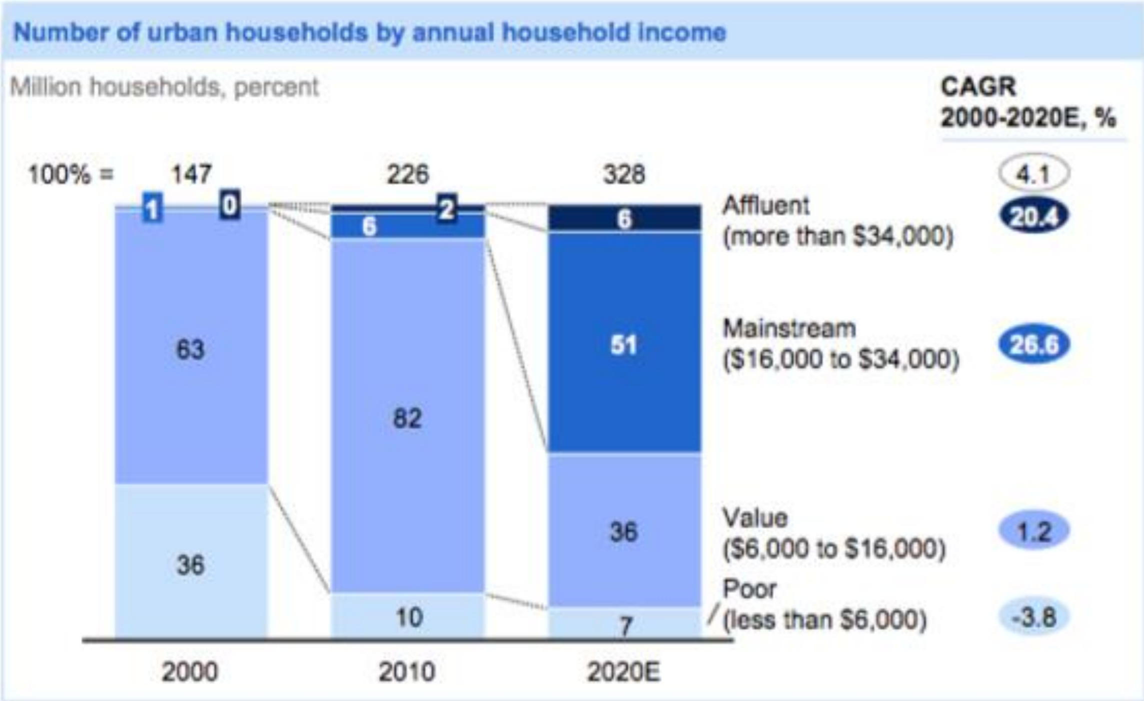
[35] Atsmon, Y., & Magni, M. (2012). *Meet the Chinese consumer of 2020*. McKinsey Quarterly.
[36] Bajpai, P. (2015). *The world's top 10 economies*. Investopedia. Investopedia US.
[37] Disposable income: actual income at the disposable of the members of the households, which can be used for final consumption. This is equal to total income minus income tax and personal contributions to social security.
[38] Founded in 1926, *McKinsey&Company* is a global management consulting firm that serves private and public institutions, analysing the contexts in which they operate and helping them taking management decisions. *McKinsey Quarterly Magazine* is the main publication (https://www.mckinsey.com/about-us/overview).

Figure 1.6 *Rise of the mainstream consumer.*



Source: McKinsey Insights China - Macroeconomic model (2011).

Value consumers and mainstream consumers represent the Chinese middle class. Mainstream consumers can also be labelled as upper middle class and they will represent the majority of the population in the following years[39], comprising an estimated 65% of household by 2027[40].

This type of consumer is interested in premium products and services, which are more expensive and qualitatively superior, and it represents an opportunity both for local and foreign companies that market these products.

Members of lower social classes will look at upper-middle-class consumers as an example of success and a model to imitate. Mainstream consumers will therefore cover the role of opinion leaders, able to influence the market trends, the media attitude and the business interests.

Together with the increase of per capita income, other new social trends are affirming themselves and changing consumers' habits. For example, by 2020, the

[39] Barton, D., Chen, Y., & Jin, A. (2013). *Mapping China's middle class*. McKinsey Quarterly, 3, 54-60.

[40] World Economic Forum (2018). *Future of Consumption in Fast-Growth Consumer Markets: CHINA.* Bain&Company.

percentage of students that enrol in university will reach 40% and this means that young people are willing to postpone some significant phases of one's life, such as wedding and having children, dedicating more time to their studies and personal ambitions. In fact, with the increase of income and welfare, expectations about the future are increasing too: people invest more time in education in order to be able to occupy prestigious job positions.

This phenomenon is true both for men and for women. As a matter of fact, in the last ten years, the average age of the first pregnancy passes from 24 to 27 for women. Along with those new interests and aspirations, consumption also changes: by postponing wedding, young people gain more time for travelling and buying for themselves, making the demand for products and services for leisure time increase.

The one-child policy, firstly introduced in 1979 and just recently came to an end[41], have given women the opportunities to spend more time working. For this reason, female employment rate has increased consistently in the last ten years. Women in China are more and more economically independent, thus they participate equally to the expenses for the whole family and are willing to spend more for themselves. Companies that want to invest in the Chinese market should therefore consider women as a target for their marketing strategies.

Another consequence of one-child policy is the ageing of the population: it is estimated that 100 million people will be older than 60 years old by 2027, representing the 22% of the Chinese population[42]. The senior market, characterised by products and services for the aged population, should thus be enlarged and companies should start adapting their strategies and products to the needs of this new target.

Chinese consumers are always more digital and they usually look for information on the Internet and buy products online. The improvement of online shopping apps, the logistics and the safe payment methods for online transactions are some of the reasons why e-commerce is increasingly popular among Chinese consumers. The Internet is typically used for comparing prices and collecting information about brands and products that can satisfy consumers' needs. Thanks to

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[41] https://www.bbc.com/news/av/world-asia-china-35208488/china-s-one-child-policy-ends

[42] World Economic Forum (2018). *Future of Consumption in Fast-Growth Consumer Markets: CHINA.* Bain&Company.

the Internet and the e-commerce, it is likely that consumers will have the opportunity to know other brands, which could distinguish the owner from the social group he or she belongs to. Therefore, the increasing use of digital platforms could shake the principle of brand loyalty that moves the purchasing decision of Chinese consumers towards European well-known brands, weakening the link between collectivism and purchasing decision.

1.4.3 IDENTIKIT OF THE NEW CHINESE LUXURY CONSUMER

Having analysed the above characteristics and habits, an identikit of the new Chinese luxury consumer could be designed.

First of all, the average age of the Chinese luxury consumer is well below Western countries' standards. Being around 33.1 years old, they are on average 14 years younger than European consumers and 25 years younger than American consumers. In 2017, 80% of consumers were between 25 and 44, 45% of them were under the age of 35, and it is expected that by 2022 consumers between 25 and 30 years old will be the major group of buyers[43]. These consumers belong to the *Millennial generation*, also defined as *Generation Y*, who are those born between 1981 and 1996 (ages 22 to 37 in 2018)[44]. They were born in a positive and burgeoning climate that makes them optimist about the future and about the possibility of further increasing their income. They aim to live fully the present, not worrying about the future and, as a result, they gratify themselves for their accomplishment and hard work by buying luxury services and products.

As mentioned above, both men and women are luxury consumers since women are now gaining financial independence and social consideration. 25% of Chinese women are earning more than their husbands and women now account for three-fifths of the luxury good market.

Luxury consumers live in the principal cities of China, and therefore they have fully benefited from the rapid economic development that has been characterising China in the last years, thanks to their education level and professional positions.

[43] https://martinroll.com/resources/articles/asia/chinese-luxury-consumers-trends-and-challenges-for-luxury-brands/

[44] http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/

Since China is such a wide country, it could be interesting to analyse the concentration of luxury consumers from a geographical point of view.
Chinese news portal *JRJ*[45] listed the top 10 cities for luxury consumption[46]:

1. Shanghai: with an average per capita income of RMB 17.277 in the first trimester of 2018[47], it is China's wealthier city and the main centre of business and shopping, plenty of luxury malls and retail locations, especially in the Bund district;
2. Beijing: it is the second city for luxury brands and boutiques, since many brands that have a point of sale in Shanghai are not yet arrived in Beijing, as well as China's second wealthier city, with an average per capita income of RMB 15.767[48];
3. Hangzhou: many luxury brands have chosen the capital of Zhejiang province as a third location for their retail point, and Hangzhou's Lakeside International Famous Brand Street is a more and more developed centre of business, similar to Milan Via Monte Napoleone;
4. Guangzhou: it is the capital of Guangdong province, with a strong economy mainly focused on hi-tech industry and an astounding spending power;
5. Shenzhen: based in Guangdong province, it has fewer luxury brands than Guangzhou, but the amount of sales is impressive, denoting a considerable spending power of locals, who are willing to spend also in Hong Kong due to the proximity of the two cities;
6. Chengdu: together with Chongqing, it is west China's fashion and shopping base, since many brands have chosen these two cities for their points of sales in the Midwest;
7. Chongqing: it is the most populated city and the financial hub of the Southwest, as well as a location of many luxury brands, thanks to its growth potential;
8. Qingdao: leader in Shandong province, particularly important both for luxury boutiques and for luxury cars;

[45] Founded in 1999, jrj.com is the main provider of financial data in China (http://www.chinafinanceonline.com/list/en_CorporateProfile.shtml#jrj).
[46] https://jingdaily.com/chinas-10-most-luxurious-cities/
[47] https://www.agenzianova.com/a/0/1910334/2018-05-04/cina-in-crescita-reddito-medio-a-shanghai-e-in-altre-citta
[48] *Ibidem*.

9. Xi’an: impressively developed as a shopping and luxury centre in the last years, the amount of sales of luxury products in Xi’an is yet unremarkable in respect to Chengdu and Chongqing;
10. Dalian: although it is a secondary city, it offers a good combination of malls and regular traditional stores, as well as fashion and luxury products of well-known brands.

As seen above, the Chinese middle class is always more interested in luxury products. In particular, mainstream consumers, who represent the upper middle class and have a disposable income between $16,000 and $34,000, are interested in premium products and services. Middle class’s Chinese are the target of luxury brands and the main buyers of luxury brands’ products and services. Usually, they are not born into money, on the contrary, they have gained money thanks to their education and job positions. Their average income is around RMB 120,000[49] ($17,900), twice the national average income in the last census of 2016, which was $8,123[50]. Consequently, they can afford higher standards, which distinguish them from the average population: comfortable residences, cars, sports, entertainment, personal grooming and travels are indispensable elements of their lives.

What they are more proud of and what distinguishes them from who was born into money is the university degree, crucial element and key access to be considered a member of the middle class. The minimal requirement is the bachelor’s degree, but many of them also have a master’s degree, that makes positions as manager and entrepreneur accessible for them.

[49] Xiao Lu, P. (2008). *Elite China*. John Wiley&Sons.
[50] http://www.worldbank.org/

Figure 1.7 *Demographic and socio-economic characteristics of Chinese Middle class.*

Demographic characteristics	
Age	Millennial generation (22-37)
Sex	Male and female
Geographic area	Shanghai, Beijing, Hangzhou, Guangzhou, Shenzhen, Chengdu, Chongqing, Qingdao, Xi'an, Dalian
Socio-economic characteristics	
Income	Value and Mainstream consumers (Middle class)
Occupation	Entrepreneurs, managers, white-collar workers…
Education	Bachelor's degree/Master's degree

Source: Author's elaboration.

1.4.4 LUXURY BRANDS IN THE CHINESE MARKET

As mentioned in the previous paragraphs, the market of luxury products and services in China is developing quickly in the last years, since China has become one of the most important targets of luxury brands. In 2000, luxury consumption of the Chinese, inside and outside China, was less than 2 billion euros, while in 2017 it reached 84 billion euros. The presence of Western brands in the mainland China is definitely the main reason why consumption has increased in such an impressive way, both domestically and abroad[51]. The consumption is developing not only in a

[51] http://www.econopoly.ilsole24ore.com/2018/04/26/esportare-lusso-italiano/

quantitative way, but also in a qualitative way, since Chinese consumers are becoming always more attentive to quality, brands, tradition and creativity.

Having become the world's second-largest economy and with a population of approximately 1.4 billion, this market cannot be ignored. In fact, although luxury was born in Europe, today China is the real engine of growth[52]. For this reason, in order to be successful, it has been and it is fundamental for the European luxury companies to be present in this market, attentively selecting their strategies.

Approaching the Chinese market, the first challenge that a company needs to face is the positioning of the brand in the new context. Sometimes it could be necessary to re-design the brand, adapting its verbal and figurative components to the new market, in order to be consistent with the cultural value of consumers. In China, the symbolic aspect has a particularly important role due to the ideographic nature of the language, composed by ideograms, which could be both carriers of sound and carriers of meaning. For this reason, the translation of the brand name in China is an extremely important and tricky question, since it can determine the success or the failure of a brand. There are five different approaches that a company can adopt: sound similarity, meaning creation, cultural similarity, integration or doing nothing.

Sound similarity has phonetic coherence and global recognition, but companies must be sure to mix characters that have no negative meanings. For example, *Dior* in Chinese is *Di'ao* 迪奥, and it is immediately recognized and appreciated as Western.

Whether company chooses the meaning creation strategy, it must look for positive characters, giving up the similarity in sound, opting for a name that does not remind of the original brand name. *Heineken* becomes *Xili* 喜力, that means happiness and strength.

Cultural similarity looks for positive values that are shared in the Chinese culture and, as an example, we can consider *Red Bull*, that becomes *Hong Niu* 红牛, "Red Cow", because the cow is a positive symbol in the Chinese horoscope.

[52] Corbellini, E., & Saviolo, S. (2017). *L'esperienza del lusso: mondi, mercati, marchi*. Rizzoli/ETAS, 106.

Integration is a mix of the three antecedent aspects, so it is the preferable solution but is not always possible. *Yijia* 宜家 is the Chinese name for *Ikea*, and it is not only similar in sound but also consistent with the meaning, because it stands for “Suitable home”.

Doing nothing is the riskier strategy, because even if it gives the idea of globalization and internationalization, the name would be translated in any case because Chinese people cannot pronounce it correctly, creating misunderstanding about the values and the positioning of the brand.

The opportunity to maintain the brand or the logo as it is in the home market or the necessity to adapt it to the local market is just one of the decisions that the company must take when going to China. Another important issue is the degree of standardization that the company can adopt compared to the original model. Having a strong brand, European luxury companies are already known in the Chinese market, especially considering the high and middle classes, but sometimes simply replicating the strategy they adopt in the home market could be not enough, since it does not take into account the peculiarity of each market and context.

The adaptation to different markets could be realised, for example, modifying some products’ characteristics or offering products specifically designed for the Chinese market. Although this strategy is more expensive than the pure replication, it is sensitive to the local aspects and peculiarities. For many luxury brands, the main challenge has been that of finding a compromise between standardisation and adaptation, being able not to lose their traditional values and identity while taking advantage of the local opportunities. *Chanel*, *Dior* and *Hermès*, besides having proposed the same collections created for the home market, have also designed collections that are available only for the Chinese market. This strategy has been successful, since many upper middle class’s consumers have declared to prefer luxury products that embody Chinese cultural values, story and symbols[53]. Quoting Pierre Xiao Lu, author of *Elite China* and *Luxury China* and marketing professor at Shanghai’s Fudan University, «from the Chinese consumer side, they are glad to see an international company that has been operating in China for many, many years with

[53] Atsmon, Y., Dixit, V., Leibowitz, G., & Wu, C. (2011). *Understanding China’s growing love for luxury*. McKinsey Insights China.

successful visibility and awareness celebrate Chinese culture. It is a good point for the multinational to be associated with the Chinese market»[54].

Since the majority of the international brands have landed in China between 15 and 10 years ago, opening a large number of shops, luxury is now passing from being a novelty to becoming ordinary[55]. The over exposition to luxury products and services has made the Chinese consumer always more expert and able to explore and understand the luxury world. Consumers are no longer buying luxury only because its capacity to underline the belonging to a particular social class, with the only intent to show off one's status, but they are also able to correctly evaluate and select what is consistent with their values, preferring what is new and unique. They are now having an exploratory approach to fashion and apparel, also taking new brands and new categories of products into consideration. In this context, Chinese brands finally have the possibility to affirm themselves in the Chinese market.

This topic will be analysed in detail in the following chapter.

[54] Flannery, R. (2018). *China's Fashion Boom To Create Opportunities For Homegrown Designers.* Forbes.
[55] http://www.ecommercemonitor.it/2017/09/cina-consumatori-cinesi-lusso-bainco-mei-com/

CHAPTER 2
CHINESE BRANDS IN THE CHINESE MARKET

Western luxury brands, and European ones in particular, are extremely important and affirmed among Chinese consumers, who appreciate their worldwide known reputation and their ability to affirm a status. Many have been the analysis and the studies on the entry modes and the successful strategies of these brands in such an important and differentiated market as China, where they have been undisputed leaders since their arrival.

European brands, however, are not the only protagonists of the Chinese market, since, in the last years, many local brands are trying to make their way and affirm themselves.

In this chapter, after presenting the history of fashion in China as a background, the behaviour and the characteristics of local brands will be analysed, with a particular focus on the fashion sector.

2.1 HISTORY OF FASHION IN CHINA

If the history of Chinese civilisation is age-old and complex, the same cannot be said about the history of Chinese fashion.

As a matter of fact, before the first half of the 19th century, fashion was not considered as a style of clothing with a seasonal life cycle, but only customs and traditions typical of different dynasties. In fact, China has a well-documented history of court dresses and beautiful garments through its many dynasties, with characteristic motifs, traditional textile techniques, and specific and original styles. The Chinese were undoubtedly capable of high craftsmanship, producing majestic dresses embellished with detailed embroidery and decorations, but the style of the garments worn by mandarins or emperors did not change over time.

Between the late 19th and early 20th century, under the government of the last Chinese dynasty, the Qing, European merchants started migrating in many coastal cities, like Shanghai, Tianjin and Guangzhou, teaching local people the techniques of Western tailoring. Many garments from later Qing dynasties, such as robes, jackets, vests, skirts and accessories, have survived, and are now part of many museums' collections in both China and the West.

The financial decline of the Qing dynasty brought chaos and rebellion, as often happened in the past, but this rebellion caused the end of the dynastic rule, and thus the end of its associated court fashions.

However, it is only from 1912 onwards, when China has opened up to the West to the point of being influenced in its lifestyle, that real styles have been created and a Chinese textile and clothing industry has started up. In fact, the founding father of the Republic of China Sun Yat-Sen, who spent time in the West when he was young, attempted to open the country to Western ideas, including fashion. In the cities, men started wearing suits, and a new model of jacket inspired by the Western style was introduced.

In the 1920s, the so-called *qipao*, the traditional female dress with deep side slits, asymmetrical neckline and mandarin collar, which highlights the beauty and elegance of oriental women, made his first appearance[56]. It became famous also in the West thanks to the film *The world of Suzie Wong* (1960), set in Hong Kong, where the protagonist wears the dress for almost the entire duration of the film.

The door opened to the Western world by Sun Yat-Sen did not remain open long, since, in 1949, Mao Zedong became the first Chairman of the People's Republic of China and isolated the country from external influences, deciding to turn China inward. During China's Cultural Revolution (1966–1976), fashion was seen as foreign, capitalistic and bourgeois, and therefore rejected[57]. Clothing took on a political role, and the Mao suit, based on the model proposed by Sun Yat-Sen and characterised by neutral colours and sober lines, was introduced, with only slight differences between the male version and the female one. It symbolised the proletariat and the collectivity of the communist party, against the individuality of the capitalistic state.

[56] Li, Y. (2014). *Indagando la cultura della moda cinese, tra innovazione e tradizione.* Politecnico di Milano, Scuola del design.
[57] Wilson, V. (1999). *Dress and the cultural revolution*. China Chic: East Meets West, 167-186.

After Mao's death in 1976, Deng Xiaoping took his place, abandoning the former isolation policies and opening again to the world. Deng Xiaoping implemented numerous political, social and economic reforms and initiated a process of modernisation that can be defined to all intents and purposes as a Westernisation.

Women in the cities started wearing high heels, jewels and sunglasses, as well as bizarre dresses and jeans. *Haute couture* began to spread through the proposal of Western designers, since many European brands, such as *Dior*, *Chanel*, *Gucci*, *Louis Vuitton* and *Ermenegildo Zegna*, entered the Chinese market in the 1990s. This is when the Chinese luxury-shopping spree has started, making China the leading country for luxury goods spending[58].

In this period, the first Chinese brands started to appear, even if it is only at the beginning of the 21st century that a real stylistic model has begun to assume a specific identity.

In 2012, when President Xi Jinping came to power, he promised a large-scale crackdown on corruption among politicians and government officials. Over 100,000 people have since been formally accused of corruption, and that has had a relevant result on people's purchasing behaviour. Civil servants can no longer be seen wasting money, so they are distancing themselves from luxury brands. Consequently, young and wealthy Chinese consumers, among whom there are the children of politicians and government bureaucrats, have started buying local brands' products, posting them on social media and, to a certain extent, influencing their virtual friends.

2.2 DISTANCING FROM LUXURY BRANDS

If Chinese brands are still struggling to affirm themselves in the domestic market, it is not surprising that they are almost unknown abroad yet. This is and will be an undoubtedly long process, since consumers' tastes and habits will not change in one day, and European brands have a good reputation and good market shares among

58 https://www.primaonline.it/2017/02/22/253661/la-cina-ancora-prima-nel-mercato-dei-beni-di-lusso-la-popolazione-cinese-rappresenta-il-30-del-mercato-mondiale-consumi-interni-a-25-nellultimo-trimestre-2016/

Chinese consumers. Nevertheless, it is not excluded that Chinese people will be sooner or later interested in local brands.

As anticipated in the first chapter, in fact, Chinese society is rapidly changing, and a new generation of young relatively wealthy consumers is now in the spotlight, demanding original and fashion-forward products, that can distinguish them from the mass and better represent their identity.

Buying only big brands is therefore seen as old-fashioned and unoriginal, since people do not want to look like they «just walked out from a luxury boutique or a department store, looking like an advert»[59].

Moreover, some elements are preventing people from buying luxury products and services in China, increasing the number of purchases abroad.

Firstly, since luxury goods are subject to heavy import taxes, prices in China are much higher than in the Western markets. Taking luxury watches as an example, in 2016, they were subject to a 60% import tax, 17% VAT, and in certain cases an additional 20% consumption tax, resulting 97% more expensive than in the West[60].

Secondly, it is very common to find counterfeit replicas of luxury goods in China. In fact, counterfeit products are spread six times more than the original ones, and consequently, it is very difficult to distinguish the real from the fake ones[61]. For this reason, people do not feel confident when buying luxury products in China, even in stores or boutiques.

Those elements have surely contributed to enhancing the Chinese luxury tourism in Europe in the last years, but not everybody can afford the time and the money to travel so far away, and this is the perfect opportunity for local brands to attract consumers in the always more acquainted Chinese market.

Having mentioned the term acquainted, it could be interesting and useful for the sake of clarity to define briefly what acquainted and non-acquainted markets are.

[59] Leach, A. (2017). *Why haven't Chinese designers taken over the World yet?* Highsnobiety magazine.
[60] *Ibidem.*
[61] https://donna.fanpage.it/il-governo-limita-gli-acquisti-di-lusso-e-i-cinesi-comprano-all-estero/

2.2.1 ACQUAINTED VS NON-ACQUAINTED MARKETS

Acquainted markets are those where consumers' knowledge is diffused, so they can correctly evaluate, understand and judge the different quality levels of the products or services they are interested in. The market is differentiated and there are different segments and specific solutions. European and American markets fully belong to this category.

In these markets, there is a high level of knowledge and a low level of showing off, since consumers do not need to buy big brands' products in order to show they can afford them.

Consumers are therefore said to be "In the know". In fact, consumers deeply analyse the characteristics of a product or a service and decide if it is worth the expense of buying a luxury good or if a good-enough item is able to fulfil their expectations. Having acquired competence, knowledge and experience, the acquainted consumer is able to appreciate the value proposition offered by good-enough brands, especially for certain categories of products[62].

On the other hand, non-acquainted markets are those where the level of knowledge is not sufficient to understand and evaluate the alternatives and the quality differences of products and services among the various competitors, since commonly the consumer does not know the brand to the fullest and has never purchased it before[63].

This is what used to happen (and, in some respects, is still happening) in China, where consumers preferred to buy well-known brands because they perceive the need of showing off.

In a market where the desire of showing off is high and the knowledge is low, consumers only buy the number one brand, the most sold product, and they are said to be "In the show". This is perfectly explaining the luxury-shopping spree that has characterised China since the arrival of Western brands in the market.

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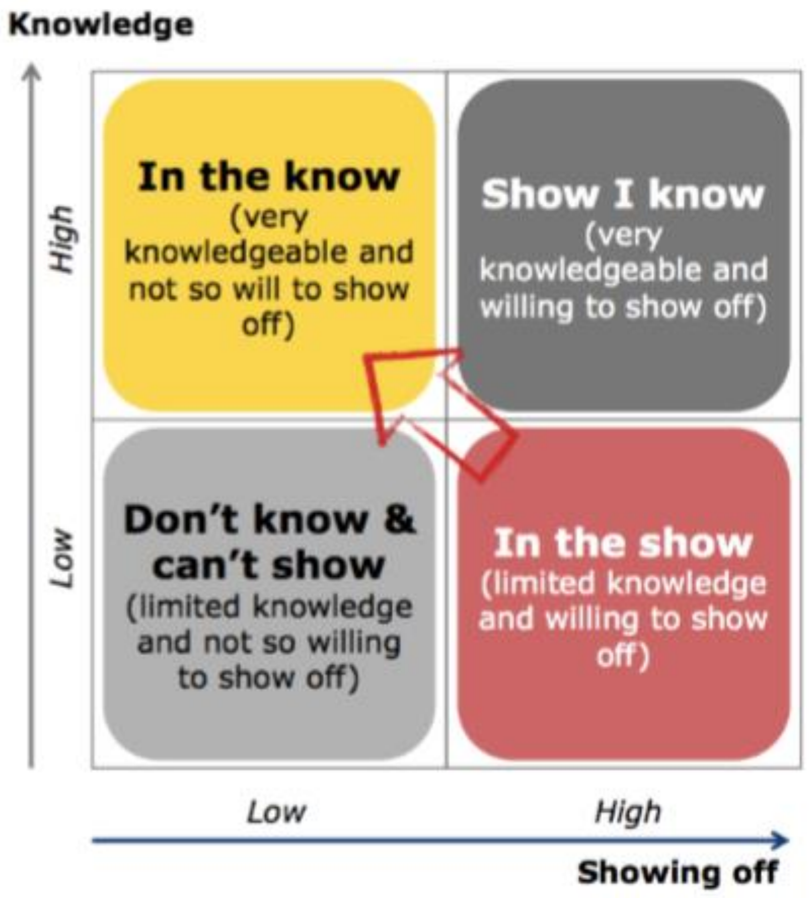
[62] Pontiggia, A., & Vescovi, T. (2015). *Panni stesi a Pechino: Esploratori e pionieri nei nuovi mercati internazionali*. EGEA spa, 61.
[63] *Ibidem*.

Acquainted consumers are able to mix and personalise products, creating something new and unique, with an explorative approach that makes them consider also smaller brands that do not produce premium products.

This is what is happening in China, where the desire of innovation, creativity and nonconformity is gradually overcoming the need of showing one's status, and it is particularly true considering the previously presented upper middle class[64].

Figure 2.1 *Chinese consumers are migrating from "In the show" to "In the know" attitude.*



Source: Bain & Company - 2012 World Luxury Good Market Study.

[64] http://www.ecommercemonitor.it/2017/09/cina-consumatori-cinesi-lusso-bainco-mei-com/

Resuming the terminology proposed by *Bain&Company*[65]'s study concerning the worldwide market for luxury brands, Chinese consumers are increasingly passing from being mainly "omnivorous" consumers, who are typically new on the luxury scenario and therefore compulsively buy anything and everything, not caring about price, to being more demanding and picky, having become more discerning when they buy.

As said before, consumers today have already been exposed to traditional luxury brands' iconic products for years, and thus are now looking for more unique, novel labels and products.

According to *Bain&Company*, the so-called "opinionated" consumer, who is highly educated and able to understand the differences among the existing alternatives, will be leading the market by 2020[66]. Simultaneously, the "wannabe" consumer will have seen the quickest growth from 2013 to 2020. Led by the expansion of the Chinese middle class, this category of consumers, acquainted and able to mix and match outside of the luxury spectrum, is in search of more accessible products and brands.

Multinational companies and worldwide known brands need to defend their positions in the emerging markets and try to prevent emerging brands and good-enough local companies that market good-enough affordable products from becoming global threats in the future[67].

In the next section, a definition of the so-called good enough brands is given.

[65] Bain&Company (2014). *Heterogeneous mix of 330 million consumers purchasing €217 billion in luxury goods globally.*
[66] Rapp, J. (2017). *China's 'Wannabe Consumers' Will Grow the Fastest by 2020, Says Bain Report.* Jing Daily.
[67] https://hbr.org/2007/09/the-battle-for-chinas-good-enough-market

2.3 CHINESE GOOD-ENOUGH BRANDS

The expression "good-enough" derives from the business practice and could be used to describe companies that develop products and services that do not aim for perfection in quality, but have good performances and affordable prices. These products are particularly suitable for emerging markets and middle-class target market and they are slowly replacing premium products of many categories. Developing business capabilities and gaining experience, they could become market leaders' full-fledged competitors in the future, not only in emerging markets but also in developed markets.

In fact, local companies are testing their strategies in domestic markets, acquiring experience that could be useful in order to be successful on a global scale.

The most significant example is given by smartphones, since Chinese good-enough brands as *Huawei* or *Xiaomi* are gaining market shares and opening stores in Europe.

The good-enough segment in China is growing for two main reasons: because of the increasing income, consumers who used to buy low-end products and services are now raising their standards, while upper middle-class consumers are gradually losing interest in expensive foreign brands and choosing local good-enough products with reasonable price and quality instead[68]. This is an extremely new trend, that denotes the fact that Chinese are becoming always more expert and Chinese market is becoming always more "acquainted", learning how to select and evaluate a product or a service not only considering its ability to show a status, but also its characteristics.

2.3.1 DISADVANTAGES AND CHALLENGES

Analysing the fashion sector, the process of affirmation of local brands is still at the beginning, since they lack two factors that Chinese have always considered extremely important: favourable brand reputation and long brand history.

Brand reputation is connected with «how a particular brand is viewed by others. A favourable brand reputation means consumers trust your company, and feel good

[68] https://hbr.org/2007/09/the-battle-for-chinas-good-enough-market

about purchasing your goods or services. An unfavourable brand reputation, however, will cause consumers to distrust your company and be hesitant about purchasing your products or services»[69].

Brand history refers to the origins, the founders, the place of birth, the heritage[70] of the brand, and the like. The more ancient it is, the more it is considered to be a warranty of the reliability of the brand.

These elements can add an emotional value to the products and can make consumers feel like they are part of a group, part of a story that has started many years ago and is keeping on going. The fact that the brand has a good reputation and a long story is seen as a warranty by consumers, and thus can contribute to creating positive brand awareness[71].

Being born a few years ago, Chinese local brands do not have a strong well-known brand nor a long brand history.

Moreover, domestic brands face another challenge: "Made in China" products and services have to combat the prejudice, both at home and abroad, of being cheap and poor in quality.

«People really enjoyed products from China. They viewed products, such as tea, furniture, or dishware, as unique. It was a quality product and there was a cultural value», said professor Gang Han, from Iowa State University's Greenlee School of Journalism and Communication. «But when China became a world factory and produced so many items for so many brands, people changed their views»[72].

In order to protect their reputation and maintain people's trust, Western brands that commissioned products to Chinese factories did not declare themselves responsible for poor quality products, but shifted the blame on Chinese manufacturers. Over time, media have provided stories about product safety and quality, also influencing the opinion of people who did/do not have direct experience with Chinese products.

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[69] https://reputation911.com/brand-reputation/

[70] The word "heritage" is defined as «the history, traditions, practices, etc. of a particular country, society, or company that exist from the past and continue to be important» (https://dictionary.cambridge.org/dictionary/english/heritage).

[71] https://www.engage.it/blog/storytelling-brand-management-cina#V6WGiY9hddHEFI2b.97

[72] https://www.futurity.org/made-in-china-1116202-2/

This is the reason why the “Made in China” label gained this reputation[73] or, in other words, this negative country image.

A positive or a negative country image is influenced by the so-called “country-of-origin effect”, that is a psychological effect that has a significant impact on consumer’s perceptions and behaviours, in a positive or in a negative way. For example, many people feel confident when buying shoes made in Italy, but would be suspicious about shoes made in China. This attitude arises because people assume that Italy produces high-quality shoes, while China does the opposite. Such beliefs are often the results of simplified opinions, false stereotypes or slowness of accepting changes[74].

2.3.2 OPPORTUNITIES

Despite all these challenges, many Chinese fashion companies have expressed the will to expand not only in the local market, but also abroad. Since Chinese brands such as *Haier* and *Lenovo* have managed to establish themselves both in the mainland China and in the West, it seems logical for fashion brands to try to achieve the same results[75]. However, as mentioned before, these brands need to acquire experience before exporting their products and services abroad, and therefore they need to focus on the local market first[76].

Some elements and variables can be discriminatory to determine the success or the failure of a company in the Chinese market, and they can represent an advantage for local brands over multinational ones.

In the first place, Chinese brands have a better understanding of local demand. Also, having headquarters physically present in the territory, they are able to make and execute decisions faster than non-local counterparts. For this reason, they can adapt and respond quickly to new trends[77]. Moreover, for Chinese brands, it is easier to

[73] http://www.nicolesourcing.com/does-made-in-china-label-stand-for-poor-quality.html
[74] http://michaelczinkota.com/2013/01/country-of-origin-effects/
[75] https://www.translatemedia.com/us/blog-usa/the-future-of-chinese-fashion/
[76] See Appendix A.
[77] Ding J., Kou M., Lannes B., Yu J. (2018). *As Shoppers Upgrade, Growth Returns.* China Shopper Report 2018, Vol. 1, Bain&Company.

expand their presence also in smaller cities, attracting consumers that do not know or have not come into contact with their multinational competitors.

What is most important to be successful in the Chinese market, however, is to understand the necessity of e-reputation or online reputation, which is the public perception of a company or a brand on the Internet. In order to earn consumers' engagement, brands need to show their values, their stories, their expertise, and the best way of doing that in today's China is through the Internet. In fact, China is a strongly digitalised society, where almost everyone has a smartphone and access to the Internet. People are always connected and make extensive use of social media, also doing research online before ordering something or going to a physical store.

Brands must increase their presence on the Internet and communicate often with online customers. It goes without saying that companies need to develop their O2O and e-commerce strategies to remain up-to-date and competitive in this market.

O2O is an acronym that stands for "online to offline" and is used to describe online channels and services that provide information that enhance the offline shopping experience. O2O commerce is «a business strategy that draws potential customers from online channels to make purchases in physical stores. It identifies customers in the online space, such as through e-mails and Internet advertising, and then uses a variety of tools and approaches to entice the customers to leave the online space»[78].

Despite being linked to the Internet as well, the concept of e-commerce is slightly different. In fact, e-commerce or electronic commerce is «a system for the buying and selling of goods and services using the Internet as the main means of exchange. In other words, it is a business that electronically manages both the collections and payments»[79].

As explained in the first chapter, the middle class, and especially the upper middle class, which is widely composed by the millennial generation, represents and will represent in the future the main centre of interest of the European luxury brands. In the same way, local fashion brands are focusing on the Chinese middle class's

[78] https://www.investopedia.com/terms/o/onlinetooffline-commerce.asp
[79] https://www.doofinder.com/en/blog/what-is-e-commerce

millennial generation, giving particular importance to social media management, celebrities and advertising.

The millennial spend a good portion of their daily life watching and sharing contents on social media, and thus brands cannot lose the opportunity of being present there. Maybe not everyone knows that the main social media used in Europe, such as *Facebook*, *Instagram* or *Twitter*, are banned in China and that Chinese use different social media especially designed for them, above all *WeChat* and *Sina Weibo*.

WeChat, known in China as 微信 *wei'xin*, is the most popular social media in China, with more than 900 million users every day[80]. It is a messaging app that also provides games, online shopping and financial services, and can be considered a mix of *WhatsApp*, *Facebook* and *Instagram*, since it is also possible to post pictures or to write social media status updates. Brands can create official business accounts to establish a dialogue with consumers and publish promotional posts.

Sina Weibo is a micro-blogging website, very similar to the Western *Twitter*, and can be used to upload images, videos and GIFs as well as to write social-media posts. It is the most popular blogging platform, especially among the urban population and white-collar workers, with 340 million users monthly[81]. Companies can create official pages in order to establish and enhance a dialogue with their customers, also sharing informational content, generating a marketing strategy and selling products directly through the social media page.

Brands' posts on these social media make an extensive use of celebrities, such as athletes, singers, actors, models, and Key Opinion Leaders (KOLs), who mainly are bloggers, content writers, online singers, fashionistas and so on.

Celebrities are the so-called Very Important People (VIPs), who mainly belong to the entertainment or sports universes and usually have great influence or prestige. A KOL, also known as an "influencer", can be defined as «someone who not only has considerable influence over others in their purchasing decisions, but is also able to draw attention and create awareness to the products and services. In other words,

[80] https://www.dragonsocial.net/blog/social-media-in-china/
[81] *Ibidem.*

KOLs have significant persuasive power»[82]. No matter whether they are actors, models, athletes, bloggers, singers or simply social media users whose voice is listened and recognised on the Internet, what they have in common is the large number of followers that are likely to follow their advice and trust their feedbacks.

Many brands are incorporating celebrities and KOLs as “brand ambassadors” in their marketing strategies to promote their products and services. It is fundamental to select the right person, who must be appropriate and consistent with the brand’s image and values and have to deeply understand and know both the product and the brand, since he or she is perceived as the company’s spokesperson and therefore can add value to the business. In fact, only if they know the brand and are truly motivated, they can appear emotionally involved and can have a strong appeal on the target, otherwise they would be perceived as inauthentic.

Fashion brands that want to attract middle class’s millennial consumers should, therefore, choose young models, actors or fashion bloggers, who are seen as reference points by their followers and fans, and can influence their purchasing behaviours and decisions.

For example, the Chinese fashion brand *ochirly* has chosen fashion bloggers such as Chiara Ferragni and Fil Xiaobai, actresses as Zhou Xun, Yuan Quan and Yao Chen, and top models like Kendall Jenner, Bella Hadid, Cara Delevingne and Miranda Kerr, showing the intent to attract not only Chinese consumers but also Western ones.

However, it must be underlined that the main objective of Chinese brands at the moment is to strengthen their presence and their name in China, even if cannot be excluded that they will expand their market in the future, becoming international fashion labels.

In China, in fact, «people think that using international models who have European appearance on the commercial can make the brands more high-end. Both the managers and the customers in China think so. Customers are more willing to buy the products that have been endorsed by the famous western-look models[83]».

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[82] http://www.brandnow.asia/key-opinion-leaders/
[83] See Appendix A.

Figure 2.2 *Chiara Ferragni for ochirly.*

Source: https://models.com/client/ochirly

2.3.3 THE TOP TEN CHINESE FASHION BRANDS

It is well known that European luxury brands need no introduction, neither in the West nor in the East, since everyone has at least heard about them. The same cannot be said about Chinese brands, which are unknown to many (or even to all) in the West, and still too little known in the Eastern market. In order to give a quick primer on their stories and characteristics, as well as on Chinese fashion in general, a list of the top ten brands is provided hereunder[84]:

1. *Shanghai Tang*: founded in Hong Kong in 1994 by David Tang Wing-Cheung, it is considered the first Chinese luxury brand, and it has amazed global fashion industry for its elegance and fusion of Eastern and Western styles. It is

[84] http://fashionchinaagency.com/top-10-chinese-fashion-brands/

particularly popular for its traditional *qipao*, appreciated by customers for its fine quality of materials, distinctive cutting and styling. Besides, *Shanghai Tang* gives great importance to the service and the presence online.

Started from a little boutique, *Shanghai Tang* has opened flagship stores in Hong Kong, Shanghai, Beijing and other cities in the mainland China, also opening a store in New York City in 1997, which unfortunately closed two years later. It has now expanded to 23 stores globally, including boutiques in London and Miami, but the brand is still struggling to affirm itself abroad. In 2017, an Italian businessman named Alessandro Bastagli[85] bought the brand, promising to open boutiques in France and Italy and to expand online sales in the West.

2. *ochirly*: it is a very romantic brand, inspired by the European style, that has been providing fashion young women of Chinese middle class with its exquisite products since 1999. Along with its particular and elegant style, its reasonable prices attract customers. Its marketing strategy in China has a precise positioning and target, making an extensive use of KOLs and celebrities, and increasing market share and brand awareness through the Internet and social media.

   ochirly does not have physical mono-brand stores abroad yet, but some official retailers also have and sell its products, especially in Russia. Besides, the use of European and American models, and a joint-venture with a Dutch company[86] denote the will to open up to the West sooner or later.

   Moreover, in 2012, French luxury goods conglomerate *Louis Vuitton Moet Hennessy*, also known as *LVMH*, has paid $200 million for a 10% stake in fashion brand *ochirly*[87]. Besides gaining recognition through having a global investor, this connection could represent a door that *ochirly* could exploit in order to extend its business to the West. Nevertheless, before trying to become

[85] https://www.scmp.com/magazines/style/fashion-beauty/article/2127733/can-italian-businessman-save-shanghai-tang-identity
[86] http://it.fashionnetwork.com/news/Denham-si-associa-con-Trendy-International-per-distribuirsi-in-Cina,811056.html#.W2Qs5CgzbIU
[87] https://insideretail.asia/2012/02/09/lvmh-buys-into-ochirly/

an international fashion label, the brand's short-term and medium-term goals concern the Chinese market.

3. *Meters/bonwe*: founded in 1995 in Wenzhou, it is the biggest casualwear fashion brand, thought for teenagers and 20-year-olds. Its extremely young products are perfectly consistent with the energy and the vitality of teenagers' attitude and lifestyle.
   It owns an enormous headquarter in Shanghai and has extended its presence in the mainland China with over 1,800 stores, also thanks to collaborations with the movie industry. In fact, inviting the Taiwanese actor Jay Chou as a brand ambassador, *Meters/bonwe* became the bestselling brand for the year 2004. *Meters/bonwe* is currently trying to enlarge its apparel market share by increasing stock turnover and relying on advertisement.

4. *Bosideng*: founded in 1975, it focuses on high standard production, with fine fabrics and attention to details. In 2012, it has opened its first overseas store in London, but its expansion in European markets has a strong limitation: its customers are mostly London based-Chinese, overseas students or tourists. For this reason, *Bosideng* is improving its marketing strategy, also hiring European designers in order to understand better the tastes of European customers. E-commerce is extremely important and a website in English has already been created.

5. *Septwolves*: founded in 1990, it became the most successful men's business brand for the year 2013 in China. Recently, it has expanded its business also to other categories of product, such as casual club, women, children and so on, in order to increase its market share. Its marketing strategy is continually renewed, in order to keep up with the market tastes and trends. A particular focus is given to logistics and distribution, as well as to information system and advertisement.

6. *Gujin*: founded in 1956 and headquartered in Shanghai, it is a Chinese lingerie brand, which targets elegant intellectual women with a refined taste. The aim of the company is to make women feel healthier and more beautiful and, thanks to this, the brand has won social credibility in China. It puts emphasis on fashion and comfort, focusing not only on design and on quality, but also on the deep understanding of Chinese women's characteristics and needs. Fashion shows, advertising strategy and online promotions are part of its marketing strategy, focused on gaining every woman's attention and loyalty.
   Gujin has expanded its presence to European markets like France, Spain and Italy, as well as to Japan, though still not gaining the same success and brand awareness it has in China, where its fashionable style at reasonable prices has made it the most important lingerie brand in the market.

7. *Belle*: founded in 1991 and headquartered in Shenzhen, this is now the number one footwear brand in China, with over 10,000 stores in the country. Targeting women between 20 and 40 years old, it aims at expanding its market to other countries everywhere in the world.
   Its marketing strategy is focused on customer relationship management, with a particular attention to what women want and need.

8. *Xander Zhou*: this is a designer fashion brand. The homonym designer studied fashion design in the Netherlands, before establishing his label in Beijing in 2007. Since then, he regularly shows his collections during London Fashion Week, making him the first Chinese designer to do so.
   His products, characterised by an extravagant design, along with a combination of aesthetics and realism, want to underline men's brave and confident attitude, and have attracted the interest of a specific kind of customer, who can be defined as sophisticated luxury consumers. *Xander Zhou* promotes itself not only in China, but also internationally, and has already extended its market to East Asia, Middle East, North America and Western Europe[88].

[88] https://www.businessoffashion.com/community/people/xander-zhou-1

9. *MJ style*: founded in 2012, this brand has already opened nearly 500 stores in many cities of China, like Beijing, Shanghai, Guangzhou and so on, making it one of the fastest-growing Chinese fashion brand. It can be considered the Chinese *Zara*, having the same target and the same positioning.
   Perfectly balancing quality, fashion and price, it does not only market apparel products for women, men and kids, but also fashion jewellery and creative homeware, also having in-shop cafes for customers to have a break while shopping[89].
   It is not yet known abroad, even if its presence on both Chinese social media and Western social media denote the will to extend its market.

10. *Li-Ning*: founded in 1990 in Beijing by the champion gymnast Li Ning, with the intention of providing Chinese athletes with a Chinese brand to wear at the Olympics, it was the Chinese leader in athletic apparel and footwear, before re-positioning in 2010[90]. In fact, trying to modify its style and slogan (that passed from being "Anything is possible" to becoming "Made the change") in order to gain 90s young customers, it gave up loyal customers. Another error that the company made when re-positioning has been the intention to focus on the international market first and then on the local market. The brand is present both on *Instagram* and on *Facebook* and has also opened a US headquarter in Portland, Oregon.

[89] http://www.mjstyle.cn/brand.php
[90] http://en.lining.com/our-story.html

2.4 THE MALL

As mentioned in the first chapter, the wealthiest cities in China, such as Beijing, Shanghai, Hangzhou, Guangzhou and so on, are plenty of malls.

A mall, also known as shopping centre, is «a large retail complex containing a variety of stores and often restaurants and other business establishments housed in a series of connected or adjacent buildings or in a single large building[91]».

In the e-commerce era, where people can buy anything staying at home, the shopping mall is conceived as a "lifestyle centre", where it is possible to spend time, dine, go to the cinema, meet friends and so on. The shopping mall is no longer a place where people go when they need to buy something, but a place where people go when looking for experience and entertainment. E-commerce is surely a threat, but internet-based shopping is not able to provide the human touch of the shopping experience, nor leisure activities[92].

The typical "lifestyle centre" in China, in fact, can have restaurants, pubs, cafes, cinemas, spas, gyms, ice-skating rinks, bowling alleys, language schools, children's play places, indoor beaches, amphitheatres and other areas thought for public events and gathering[93].

A strict brand and product hierarchy, with the most important goods and brands on the ground floor, and the less glamorous ones upstairs, generally regulate the mall. The restaurants and the other activities are usually on the top floor[94].

In these structures, there usually are single-brand stores, one next to the other, and this is undoubtedly the best way to make people know a brand. In fact, when going shopping in a mall in China, people can find not only the famous Western brands, but also the less famous local brands. The choice to put together luxury and good-enough brands might seem strange from Western consumers' point of view, since in Europe luxury brands are usually sold in single boutiques, rather than in shopping malls. Even though it makes no sense for European customers, it is perfectly clear for Chinese ones.

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[91] https://www.dictionary.com/browse/mall

[92] Liu, Y. (2017). *Three years of cheer for mainland malls.* South China Morning Post.

[93] Shepard, W. (2017). *How China's Shopping Malls Survive And Thrive In The E-Commerce Age.* Forbes.

[94] Pontiggia, A., & Vescovi, T. (2015). *Panni stesi a Pechino: Esploratori e pionieri nei nuovi mercati internazionali*. EGEA spa, 47.

The reason is that the malls mainly target the middle class, that is interested in both luxury and emerging brands. Since Chinese people go to malls in order to spend there the whole day, it makes perfectly sense that they expect to find there anything they want, from luxury watches to good-enough sandals.

If the shop window is able to attract the attention of customers that do not know the brand, they could enter and have a look, then take their smartphones and check the story and the characteristics of the brand. In fact, as seen above, the always more acquainted Chinese consumers are now also taking into consideration emerging and less known brands, which do not have a famous name and a strong reputation. Thanks to the malls and a well-prepared sales force, customers are getting to know more emerging brands, and therefore malls play an important role in educating the market[95].

On the other hand, after a decade of fast expansion, Western luxury brands, which certainly need no introduction, are gradually closing their shops in Chinese malls. Drastically reducing the number of their shops on the mainland China is part of their thorough marketing strategy, which aims at investing more on the remaining stores and on e-commerce, also opening cafes, beauty salons, restaurants and art exhibitions, stressing the "experiential" part of consumption.

The reason, as seen above, is that Chinese's purchases in their home market are not profitable as expected, since they prefer to buy abroad, because of their fear to find counterfeit goods and because of the extremely heavy import taxes[96].

What both Chinese brands and European brands cannot ignore is the importance that the online version of the mall is having among consumers. *Taobao*, in fact, deserves a more detailed introduction, being so important in Chinese people's everyday life and being different from the simpler e-commerce.

[95] Yuanqing, S. (2017). *Upstarts nip at top fashion brands.* China Daily Africa.
[96] Lau, M., Sun C. (2015). *Just why are Louis Vuitton and other high-end retailers abandoning China?* South China Morning Post.

2.4.1 THE MALL ONLINE: *TAOBAO*

When looking for something, Chinese people's first choice would be what can for all intents and purposes be defined as the online version of the mall: *Taobao*.

Taobao (淘宝), which literally means "searching for treasure", is the main Chinese online store, and it is available both as web version and mobile app. Anything can be found there, from houses, cars or scooters, to hire services, like moving companies or cleaning personnel. Medicines, furniture, food, clothes, cameras, makeup, accessories… Anything can be found there, available with the click of a button.

Considered as the Chinese *eBay* and *Amazon*, having mixed both systems and having created a new way of doing online shopping, it is the perfect storefront for businesses to sell their goods.

After *eBay* announced its interest to expand to China in 2003, the Chinese Internet giant *Alibaba*, founded by Jack Ma in 1999, saw a good opportunity and quickly developed *Taobao*, copying *eBay* model at first and creating a C2C[97] service specifically thought for Chinese people, before the huge American platform became popular in China. Knowing the market helped *Alibaba* gaining success, and in fact, after two years, *Taobao* became the leading online buying platform in China, having gained 59% of the market, and undermined *eBay* one year later[98]. From that moment on, the reputation of *Taobao* has constantly grown, and nowadays every Chinese with a smartphone has installed the mobile app and uses it almost every day. On *Taobao*, users can post their products for free, letting other customers buy them.

In 2008, Taobao opened its B2C[99] platform, known under the name of *Taobao Mall*, abbreviated to *TMall*. Brands can open their online shops there, registering their official accounts and providing customers with their products. This has been a revolution in the online shopping, and can also be useful for brands to offer their

[97] C2C stands for Customer to Customer, and it defines a business model whereby customers trade with each other, typically, through the Internet (https://www.investopedia.com/terms/c/ctoc.asp).
[98] Mata Licón, F. (2017). *Taobao, Chinese Online Shopping Giant*. Medium.
[99] B2C stands for Business to Consumer, and it defines a business model where the transactions are directly conducted between a company and consumers, who are the end-users of the company's products or services (https://www.investopedia.com/terms/b/btoc.asp).

products or services to all clients in the mainland China, without the need of opening physical stores in the malls.

The process is very simple, since people can easily open the mobile app, enter keywords, pictures or images taken from the Internet, and have access to thousands of results, which can be filtered by price, location, number of buyers, reviews and so on. Once the product is selected, the consumer can choose the appropriate colour, size, model, features, adding it to the shopping cart and checking out. The user's *Taobao* account must be associated with his or her *Alipay* account, making it possible to pay automatically in a few seconds, in a completely secure way.

Opening its B2C platform and improving the functionality of the mobile app, *Taobao* dominates undisputedly, controlling 80% of the Chinese online shopping market[100]. As a matter of fact, *Taobao* has 400 million users with 150 million active users per month.

One of the reasons why Chinese people love *Taobao* so much is that it is open and active 24 hours a day, 7 days a week, and anyone can buy anything he or she wants and receive it in a few days, thanks to the amazing delivery infrastructure. The app also gives suggestions that are a good fit for and are coherent with what the user is searching. Moreover, the return policies are usually really efficient and fast, since people can return goods and receive the new item in less than a week.

Knowing and perfectly mastering Chinese media, almost all the Chinese brands intensively use *TMall*, in order to sell their product through their shops online. The same cannot be said for international brands, since many of them are not yet present on the online platform. In fact, only a few brands, like *Tag Heuer* and *Burberry* have invested in the creation of official *TMall* shops, while brands like *Dior*, *Prada* or *Gucci* have not done so, even though their products can be found there. According to the price, which can be very high, they could seem authentic, but since an official account does not exist, the risk of receiving counterfeit goods is still present.

[100] Mata Licón, F. (2017). *Taobao, Chinese Online Shopping Giant*. Medium.

2.4.2 COUNTERFEIT GOODS AND FAKE MALLS

China is the factory of the world, since all kinds and categories of products can be made there, counterfeit goods included. In fact, China also has the reputation of being the greatest producer of copycats in the world, and particular attention must be given to counterfeit luxury items, which represent a proper business in China.

China, considered together with Hong Kong, is the source of the 86% of the world's fake merchandise, for an estimated total amount of $397 billion[101]. In 2016, counterfeit goods accounted for 12.5% of China's exports, but also the domestic market for these goods is huge.

Some people deliberately choose to buy copycats, because they do not want to pay the full price for such expensive goods, but other consumers, who want genuine items, buy fake articles by mistake, since many of them are sold as original ones, and the quality is so good that it is difficult to notice the difference.

As seen above, for this reason, upper-middle-class consumers have reduced their purchases of luxury brands in China.

Fake goods in China can be distinguished in different levels, on the basis of their resemblance to the original products. For example, some brand names or logos are slightly different from the original, and so *Gucci* becomes *Cucci*, *Calvim Klain* substitutes *Calvin Klein*, and *abidas* is the new *adidas*.

These products usually have low prices and can surely attract non-expert consumers, who will not notice the difference or do not even care if they are wearing what obviously is a counterfeit product.

On the other hand, the more acquainted young upper-middle class would not fall into the trap. However, they could find counterfeit goods in stores that pretend to be official, both physical and online. These goods are identical to the original ones, with the same logo and the same name.

The place where the larger amount of counterfeit goods is sold, however, is a proper mall, with many floors, shops and restaurants, which sell everything, from

[101] Chen, L., Yue, T., Zhao, X. (2018). *8 Ways Brands Can Fight Counterfeits in China*. Harvard Business Review.

electronics and cameras to watches and leather goods. Everybody knows that the products are fake, and tourists go there looking for a good deal.

These malls are located in the biggest cities, since they mainly are touristic attractions. In the capital Beijing, there are two enormous malls: *Xiu Shui Silk Street Market* and *Hongqiao Pearl Market.* Despite of the names, these malls actually sell everything, with "silk" scarves, watches and electronics at the ground floor and bags and shoes upstairs. Pearls, makeup, clothes, eyeglasses, apparel and traditional Chinese clothes are also present. Tourists bargain with the sellers, in order to get the cheapest price. Quality is directly proportional to the price, even if it is nowhere near to the one that the authentic item would have.

When looking for high-quality fake items of international luxury brands, the vendor is likely to provide a catalogue, with a list of all the models available. In order to avoid copyright infringement, these products are not displayed, but they are surely present in hidden locations inside the mall.

It is certainly true that Western brands are imitated the most, and luxury brands' fakes are certainly bestsellers, since the original products are so expensive and the quality of copycats is so high. However, counterfeits' producers are starting to copy also Asian brands, especially for the electronic category, such as *Xiaomi*, *Toshiba* or *Yamaha*.

Chinese fashion brands are exempt for now, and this could certainly be one of the reasons that will push Chinese people to buy local brands, which surely are not counterfeit, instead of luxury brands, that are easily imitated both in China and Hong Kong.

CHAPTER 3
THE CASE OF *CHRISTIAN DIOR* AND *OCHIRLY*

In the previous chapters, the situations and the strategies of both European luxury and good-enough brands in the Chinese market, as well as the habits and the reactions of Chinese consumers, have been thoroughly analysed, providing a general background that is considered necessary to understand and appreciate the current research.

In fact, in this chapter the theory will leave room for the practice, trying to reply the question: "Is a Chinese good-enough brand able to compete or even substitute a Western well-known luxury brand in the mind of Chinese consumers?"

In this regard, a Chinese brand and a European luxury brand, considered emblematic in order to explain and justify the present research, will be analysed and compared: the cases of *Christian Dior* and *ochirly* will be introduced.

The precise problematic of this research will, therefore, become: "Is *ochirly* able to compete or even substitute *Christian Dior* in the mind of Chinese consumers?"

After a brief introduction about these two brands and the explanation of the reasons why they have been selected as benchmarks and examples, the data gathered through the questionnaire will be presented and analysed.

3.1 RESEARCH INTRODUCTION

3.1.1 *DIOR*: SHORT STORY OF THE BRAND

Founded in 1946 by the homonym fashion designer, *Christian Dior*, or simply known as *Dior*, is a French luxury goods company. It is one of the undisputed leaders of the luxury fashion scenario, having businesses in many different sectors, from the *haute couture* to the ready-to-wear, including also perfumes and cosmetics, leather goods, watches and jewellery, selective retailing, wines and spirits.

Christian Dior brand is named after its founder, a French man who established its Parisian Atelier on October 8, 1946.

Figure 3.1 *Historic Atelier of Christian Dior, based in Avenue Montaigne, 30, Paris.*

Source: https://www.dior.com/couture/it_it/la-maison-dior/le-storie-dior/30-avenue-montaigne.

Born in Granville, a seaside town on the coast of Normandy (France), on January 21, 1905, he moved with his family to Paris when he still was a child. There, with the financial aid of his parents, he opened a small art gallery in 1928, which he was forced to close the next year after the collapse of his father's fertilizer company.

From 1938 to 1940, he worked for the fashion designer Robert Piguet, until he joined the French Army and had to leave Paris. He came back in 1942, when Lucien Lelong employed him as a primary designer, together with Pierre Balmain[102]. In 1946, backed by the cotton-fabric magnate Marcel Boussac, he opened his own house at 30 Avenue Montaigne, Paris. Boussac was the co-owner of the company, together with Christian Dior.

Dior Maison considers 1947 the year of conception, as it is when Christian Dior launched his first runway, introducing the now iconic "Bar jacket", which was seen as a revolution on the post-World War II fashion scenario. Carmel Snow, a journalist from *Harper's Bazaar*, coined the phrase "New Look" to describe the new style, based

[102] https://www.vogue.co.uk/article/christian-dior

on a new feminine shape in which the belt line was highlighted, with a large bust (that had fallen from 1912) and a corolla skirt.

Figure 3.2 *Christian Dior's New Look.*

Source: http://www.fashiontrendsdaily.com/runway-fashion/monday-muse-diors-new-look-inspires-rochas-and-thom-browne.

Ignoring the post-war fabric restrictions, Dior used an average of twenty yards of fabrics for his creations, expressing a sense of opulence and well-being, in stark contrast to the grim reality of post-war Europe.

Thanks to the New Look, Christian Dior's name became extremely popular in not only the French capital, but also among Hollywood celebrities and American and European aristocratic clientele.

Born as a fashion designer or, as he loved to define himself, a *couturier*[103], he expanded his business to the cosmetic and perfume industries, launching the now popular *Miss Dior* perfume, which took its name from Christian's sister Catherine.

In 1957, while on holiday in Montecatini, Italy, Christian Dior died of what was his third heart attack at the age of 52. After his death, the situation at the Dior *Maison* was chaotic, to such an extent that Jacques Rouët, general manager at the time, evaluated the option of closing the business. The situation was finally solved when Rouët decided to nominate the 21-year-old Yves Saint-Laurent as fashion designer, who launched his first collection in 1958, obtaining an enormous success. In 1960, he was called up for military service and Marc Bohan took his place. Under Bohan's artistic direction, the house Dior launched *Baby Dior*, in 1967, and *Christian Dior Homme*, in 1970.

In 1978, the Boussac Group, which owned the *Maison* since its establishment, went bankrupt and sold all its assets, *Dior* included, to the Willot Group. In 1984, Bernard Arnault acquired the company, becoming chairman, CEO and managing director the following year. In 1988, Arnault took a 32% equity stake into the share capital of *LVMH* (*Louis Vuitton - Moët et Hennessy*), the largest holding in the worldwide luxury market.

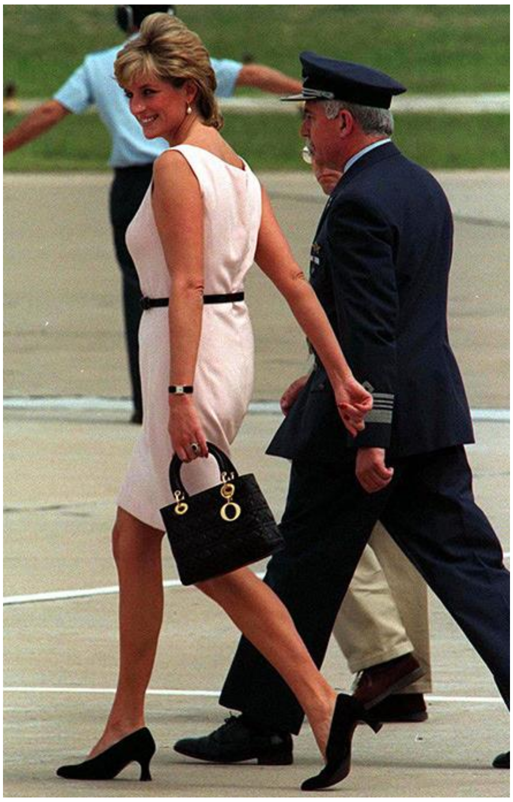
In 1989, the Italian Gianfranco Ferré substituted Marc Bohan, leaving behind traditional values of flirtation and romance and introducing a style described as "refined, sober and strict".

Under Ferré's artistic direction, in 1994, the *Chouchou* handbag was created. In 1995, the reputation of the brand reached its peak, since the Princess of Wales Diana Spencer, affectionately nicknamed Lady Di, was chosen as ambassador to carry the new creation. The name of the bag was thus changed, becoming *Lady Dior*, in honour of the Princess.

The *Lady Dior* represents the most important item in every collection since its creation, maintaining its iconic status through renovations and special editions.

[103] French synonym of the English "designer".

Figure 3.3 *Diana Spencer carrying the iconic Lady Dior handbag.*



Source: https://www.dior.com/couture/it_it/la-maison-dior/dal-1947#/1995.

Gianfranco Ferré took this place until 1997, when the British designer John Galliano became creative director, revolutionizing the brand with his scandalous collections and extravagant advertising campaigns.

With the arrival of the 21st century, the *Maison* experienced a positive booming period from the distribution, the production and the advertising point of views, with the opening of new stores in Italy, France, China and Japan, and the increasing production of watches and fragrances.

Galliano took the creative direction until the beginning of 2011, when he was dismissed after being filmed pronouncing strong anti-Semitic accusations, damaging himself in the first place, and the brand consequently. From February 2011 to April 2012, the position of fashion designer remained vacant, since the *Maison* chose not to associate the brand reputation to a public figure. Raf Simons was then appointed as director of *haute couture* and ready-to-wear departments. He covered this role until October 2015, when he decided to hand in his resignation for mysterious reasons.

In 2016, Maria Grazia Chiuri has become the first female fashion designer in the history of *Dior* fashion house. Her mission is to establish a dialogue with the young people, with the so-called millennial generation, perceiving their needs and adapting the collections to their everyday lives. The woman is seen as a worker, modern, dynamic and resourceful, who loves fashion but needs to wear casual and comfortable clothes and accessories.

3.1.2 *OCHIRLY*: SHORT STORY OF THE BRAND

Founded in 1999, *ochirly* is the main brand of the colossal Trendy International Group, founded by Jacky Xu and his wife Coral Li in the same year. Trendy International Group comprises nine fashion brands, with a total amount of over 3,000 independent boutiques in 290 cities[104].

The brand name derives from the Chinese 欧时力 *ou'shi'li*, which literally means "European time and strength", and underlines the inspirations that European fashion and glamour have on the collections. Its mission is to bring European fashion into the Chinese market for consumers to create a distinctive, modern, self-confident, elegant, charming style, providing exquisite fashion products at reasonable prices for the Chinese middle class that is in pursuit of quality lifestyles.

Since its foundation, *ochirly* is continuously innovating, in order to present trend-setting designs, exclusive patterns, refined details, unique colours and original interpretations of dress code, so that it can be consistent with its wearers' modernity, confidence and faceted diversity and glamour[105].

ochirly was the first Chinese fashion brand to break the routine and start mixing the concepts of style and art, and the perfect fusion of these two elements is the source of its endless charm. It has taken inspirations from movies, music, paintings and other types of art.

[104] http://www.trendy-global.com/e/index.shtml#nav
[105] http://www.trendy-global.com/e/index.shtml#brand

The idea of the woman that the brand wants to transmit is that of a modern heroine, who is independent, resourceful, elegant and confident, that works and is dynamic.

At the moment, the brand's marketing strategy is mainly focused on the Chinese market, since it wants to strengthen its presence and its name in China. It is not excluded that in the future it will also expand its market to other countries, both in the East and in the West, also thanks to its intensive use of European and Western-look models and fashionistas, who can attract international customers and give a more high-end global image to the brand.

Figure 3.4 *International models Kendall Jenner and Bella Hadid for ochirly.*

Source: https://www.fashiongonerogue.com/bella-hadid-kendall-jenner-ochirly-2018-campaign/.

Being both traditional and cutting-edge, this young promising fashion brand has already attracted the interest of many important international investors, among which we find the famous and enormous French luxury goods conglomerate *LVMH* (*Louis Vuitton* - *Moët et Hennessy*), that has invested $200 million on *ochirly*.

3.1.3 WHY *CHRISTIAN DIOR* AND *OCHIRLY*?

Since the stories, the backgrounds and the environments of the above-mentioned two brands are so different, it is compulsory to explain why I have chosen them as a sample in order to conduct my analysis.

The main reason why I have chosen *Christian Dior* is linked to my personal experience, which has been crucial in understanding Chinese consumers' shopping behaviour. In fact, I have spent my internship at *Dior* boutique in Venice, working as a sales assistant from May to October 2017. During my internship, I had the opportunity to come into contact with the brand's values, as well as with the creations and the selling techniques, especially with the ones tailored to the Chinese consumer.

Being one of the main and more ancient European luxury brands, *Christian Dior* is suitable to represent a benchmark and provide an appropriate support for the theories introduced along the thesis.

Dior, as well as almost every flagship store of this segment, relies on at least one Chinese speaker sales associate. Since Venice is an important pole of attraction for Chinese consumers, I was employed as a Chinese speaker, together with one native speaker.

During my internship, I mainly conducted sales with Chinese consumers and I was therefore exposed to two different categories of consumers.

Extremely large is the segment of Chinese who travel abroad as part of organised visiting groups, which are mainly composed by people who walk into the boutique in big groups in order to have a look, and go out without buying anything. They usually are middle-aged women (about 40-60 years old), attracted by the brand name, logo and country of origin. They do not speak English, usually do not ask information and seem to be annoyed by the service personnel's questions or explanations, both in English and in Chinese. Being part of organised groups, they have limited time, since excursions and sightseeing appointments are planned precisely to be stuck in the whole day, and for this reason they are likely to spend little time inside the store. Time, together with the difficulty of explaining and introducing products that the sales force experience with this type of consumers, can represent a barrier to achieve the final sale.

As theoretically discussed in the previous chapter, the main focus for luxury brands in the last years has been represented by the medium class, and in particular by the millennial generation belonging to this class, who is expanding its level of wealth and knowledge and is moving towards a more Westernised lifestyle. These consumers, previously defined as acquainted, are able to go beyond the brand name or reputation, giving particular attention to details and products' characteristics.

They walk into the boutique in small groups, and usually are couples without children or young families, mainly coming from China's biggest cities. Even if it is preferable that a Chinese speaker conducts the sale, they are able to communicate in English and are willing to listen to personnel's explanation and ask questions. Sometimes they have already gathered information about the product and its characteristics, and it can happen that they come into the shop showing the picture of what they are looking for or the website page. In general, they are willing to spend a lot of time in the store and let sales associates show them new products and tell them the story of the brand.

Since the brand itself mainly concentrates on this category of consumers, I decided to conduct my analysis focusing on them, considering that they are the major customers of *ochirly*, the other brand chosen as a sample.

The target has been a discriminatory variable, since my objective has been that of finding a brand that could effectively attract the interest of the same category of Chinese consumers who buys *Dior* products, in order to create ad-hoc questionnaires for them. Since *ochirly* wants to attract young and elegant women of Chinese middle-class, just like *Dior* aims to do lately, my choice has fallen upon this brand.

There are many reasons why I have selected this brand, which was completely unknown to me before starting this research and looking for a Chinese good-enough brand that could imitate or even substitute *Dior* in the mind of the Chinese consumer.

In order to identify a brand that could be suitable for this analysis, I have visited many malls in the Chinese capital, Beijing, during my overseas period at 首都师范大学 *Capital Normal University*, from March 2018 to July 2018. While visiting the shopping malls, I observed the shopping windows, especially focusing on the brands that I did not know. Cross-referencing both the information gathered by asking the sales force and the data available online, which included the list of the top ten Chinese brands presented in the previous chapter, I eventually selected *ochirly*, a Chinese brand that highly refers to the European style.

As a matter of fact, starting from the Chinese name of the brand, *ochirly* aims at creating a link with Europe. In fact, 欧 *Ou*, the first ideogram of the name 欧时力 *ou'shi'li*, stands for 欧洲 *Ou'zhou*, Europe, in order to emphasise the fact that the design and style of its products are inspired by European traditional elegance and refinement.

An analysis has been conducted considering both Chinese and Western social media, finding out that *ochirly* is present on both, having official accounts on *TMall*, *WeChat*, *Weibo* and *Instagram*. Moreover, as mentioned previously, besides making an extensive use of Chinese celebrities and KOLs, the brand also appoints Western VIPs as brand ambassadors. What has attracted my attention the most is that *Dior* and *ochirly* have some ambassadors in common, such as Chiara Ferragni, Cara Delevingne and Bella Hadid.

Another reason why I have selected this brand in order to conduct my analysis has been the similarity of some clothing designs, fabrics and patterns marketed by *ochirly* to *Dior* iconic creations. As seen above, *Christian Dior*'s New Look, characterised by the famous bar jacket, has been its distinguishing feature and has been imitated by many, *ochirly* included. Furthermore, lace dresses and skirts and striped shirts, which have been the protagonists of Maria Grazia Chiuri's fall/winter 2017-2018 ready-to-wear collections, were present in the immediately following period and in a very similar way in *ochirly*'s collection.

Moreover, as mentioned before, in 2012, *LVMH Moët Hennessy Louis Vuitton*, the French luxury goods conglomerate to which *Christian Dior* belongs, has paid $200 million for a 10% stake in fashion brand *ochirly*. This decision is particularly significant, as it denotes the importance that *LVMH* recognises to the Chinese brand and the confidence it has in its future potential growth.

3.2 QUESTIONNAIRES PRESENTATION

3.2.1 PURPOSE OF THE RESEARCH

As mentioned before, the purpose of this research is that of finding a Chinese good-enough brand that could imitate and even substitute the European high-end brand *Dior* in the mind of Chinese consumers. In other words, can a brand born and designed in China, which is currently not enough popular both in China and especially in the West and is not high-end, achieve the level of brand awareness and appreciation that a well-known luxury brand has reached decades ago?

In this case, *Christian Dior* is taken as an example and benchmark and the research could be generalised to other Western luxury brands. The reason why I have chosen this brand, in particular, is linked to the fact that I personally know its values and products. Having worked in this company, I wanted my thesis to be in some way connected to my personal experience, so that this could add value to my research.

Many have been the studies concerning luxury brands in China, and similarly much has been discussed about the behaviour of Chinese consumers towards luxury products. However, little is known about Chinese brands in China. These are the reasons that have pushed me to analyse their situation, trying to understand whether or not there is the possibility for local brands to make a name and establish themselves, first among local consumers and then possibly abroad.

3.2.2 METHODOLOGY

During my overseas period in Beijing, I created and administered a questionnaire to Chinese consumers in order to conduct a quantitative research to study the case of the above-mentioned brands in China. The data was collected in May and June 2018, both through paper surveys and through the creation of an online questionnaire that was spread via the Chinese social network *WeChat*.

The questionnaire consists of 19 questions, among them 16 closed-ended questions, 1 semi-closed questions and 2 open-ended questions. There are 3 multiple-choice closed-ended questions, 8 single-choice closed-ended questions and 5 Likert scale questions.

Three macro-sections can be identified: the first part of the questionnaire, which comprehends questions from 1 to 5, intends to investigate the behaviour and the habits of Chinese consumers towards luxury brands and products in general, while the second part, from question 6 to question 13, is specifically designed to analyse the respondents' perceptions, experiences and ideas concerning the aforementioned selected brands. The third and last part is composed of questions from 14 to 19, which relate personal information useful to determine the sample.

3.2.3 THE SAMPLE

Having mentioned the importance that the sample has in this research, it is necessary to analyse it first, focusing on the part of the questionnaire concerning personal information and explaining the reasons underpinning this choice.

The questionnaire has been administered to a total of 65 Chinese consumers, currently living in the mainland China. Both men and women took part in the survey: among them, 13 are males, representing 20% of the respondents, and 52 are females, representing 80% of the respondents.

The respondents of the survey's age is distributed from 19 to 37 years old. Since the research has been mainly focused on the so-called *Millennial generation*, or *Generation Y*, who are those born between 1981 and 1996, the age range that goes from 22 to 37 is considered the most significant for the purpose of this research. As mentioned in the first chapter, young consumers represent the major group of buyers and, for this reason, the present research focuses on this category.

The results show that most of the respondents are aged 22, 23, 25 and 28, with 16, 12, 11 and 7 answers respectively, representing 24.6%, 18.5%, 16.9% and 10.8% of the respondents. In total, 70.8% of respondents belong to these categories.

The following table shows and summarises the respondents' answers, in order to provide a comprehensive vision of the results.

Figure 3.5 *Age of the survey's respondents.*

Respondents' age	Number of respondents
19	1
20	1
22	16
23	12
24	4
25	11
26	2
27	1
28	7
29	1
30	2
31	1
33	2
34	1
36	1
37	2
	Tot. 65

All the respondents are Chinese consumers currently living in China. They are predominantly from Beijing and the near city Tianjin, with respectively 31 and 13 answers.

Figure 3.6 *Top 7 areas of respondents.*

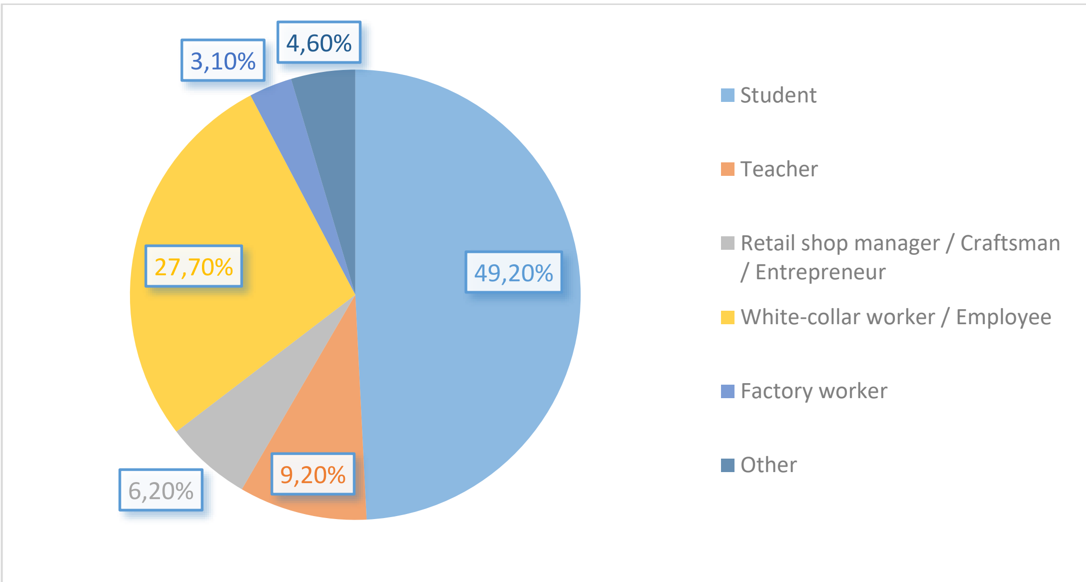
As for the level of education, 53.8% of the respondents have a Bachelor's degree, representing the majority of the answers (35). Moreover, 41.5% of the respondents declare to have a Senior high school or Vocational College certificate (27 answers), while there are only 2 Masters and 1 junior middle school respondents.

What is important to underline is the fact that many of the respondents are currently students who will get their Bachelor's or Master's degree in the following years.

In fact, 32 respondents are students, representing 49.2% of the answers. White-collar workers and employees are in the second place, representing 27.7% of the respondents, with 18 answers. Teachers represent 9.20% of the respondents, with 6 answers.

A visual representation of the respondents' answers is provided by the following graph.

Figure 3.7 *Professions of the survey's respondents.*



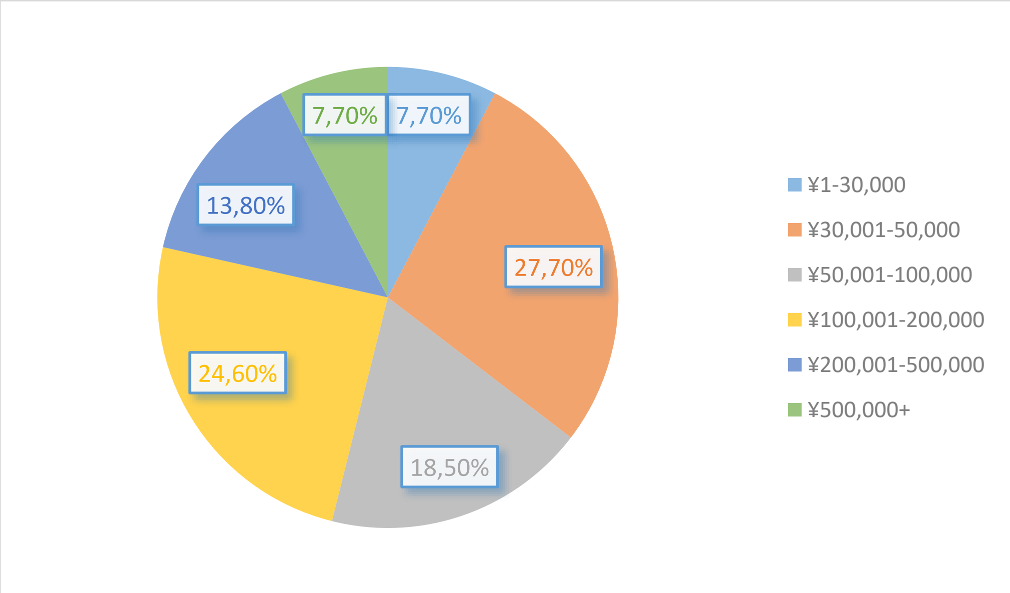
As for the annual income, the majority of respondents (18 answers, 27.7%) has declared to have an income between ¥30,001 and ¥50,000. 16 respondents have an income between ¥100,001 and 200,000¥ (24.6%), while 12 respondents (18.5%)

have an income between ¥50,001 and ¥100,000. 13.8% of respondents (9 answers) declare to have an income between ¥200,001 and ¥500,000.

For the remaining answers, corresponding to income between ¥1 and ¥30,000 and income above ¥500,000, there are 5 respondents each.

In the following graph a visual representation is provided.

Figure 3.8 *Income of the survey's respondents.*



As seen in the first chapter, the middle class comprehends what *McKinsey&Co*mpany has defined value consumers (income between $6,000 and $16,000) and mainstream consumers (income between $16,000 and $34,000). Since the questionnaire's options use the Chinese yuan (symbol: ¥) or renminbi (RMB) as reference currency in order to be more understandable for the Chinese respondents, for the sake of simplicity, the income brackets that go from ¥30,001 to ¥500,000 are considered as the most pertaining to the current study.

Excluding the first and the last options provided in the questionnaire, the remaining answers have been selected by 84.6% of the respondents.

In summary, the research is mainly focused on the category of consumers presented in the previous chapters: acquainted men and women aged 22-37, belonging to Chinese middle class, with at least a Bachelor's degree.

3.2.4 LIMITATIONS AND DELIMITATIONS

The present study is delimited to the *Millennial generation* and middle class, and do not consider other age ranges and income brackets. This could be considered both an advantage, since the selection of the categories of consumers considered in the survey is the result of a rational choice, which is motivated by the purpose of developing a focused study, and a disadvantage, since it could not be generalised to the totality of Chinese consumers.

Some of the respondents do not belong to the aforementioned categories, since it is not possible to select in advance variables such as income and age, due to their non-observability.

Another limitation found during the collection of data has been the impossibility to administer the questionnaire only to consumers who know and have bought both *Dior* and *ochirly* products, since it is not something that could be determined in advance. It is important to underline that this can also be considered as an advantage, making the research more general and collecting different points of views.

As mentioned before, the baseline study from *McKinsey*&Company uses the US dollar as reference currency in order to define the so-called "value" and "mainstream" consumers. In order to be immediately understandable for the survey's Chinese respondents, the questionnaire's options were provided using the Chinese yuan as reference currency and the income ranges were subdivided in this way cross-referencing preceding questionnaires and data. Considering that I was in China while drafting the analysis, the advice of Chinese economy teachers have been significant to identify the income brackets used as options in the questionnaire.

Lastly, the time constraints have affected the study, since the questionnaire have been administered in one month, from the end of May 2018 to the end of June

2018, when my overseas period in China ended. Because of this limited period of time, it was only possible to collect a limited amount of results.

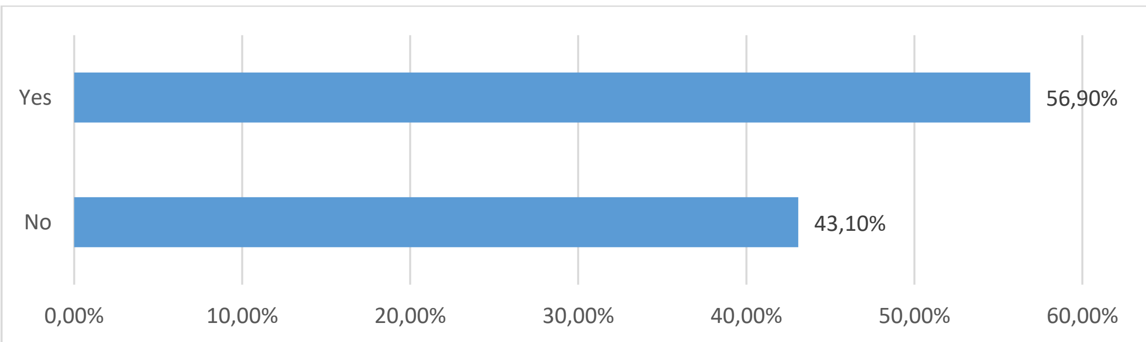
3.3 DATA ANALYSIS

As mentioned above, the questionnaire designed to conduct this research has been divided into three macro-sections. While the third section has already been analysed in order to describe and introduce the sample, the first and the second parts will be presented and explained in the following paragraphs.

As for the first section of the questionnaire, it concerns the behaviours and the habits of Chinese consumers towards luxury brands and products. It is provided as a general introduction for the research, in order to understand if what has been presented in the literature review about the increasing distance between Western luxury brands and Chinese consumers is indeed confirmed by the survey's answers. If it is true that middle class's Chinese consumers are always more acquainted and that, after 10-15 years of what has been defined as luxury-shopping spree, they are distancing themselves from luxury brands, it could be possible for local brands to affirm themselves in the Chinese market.

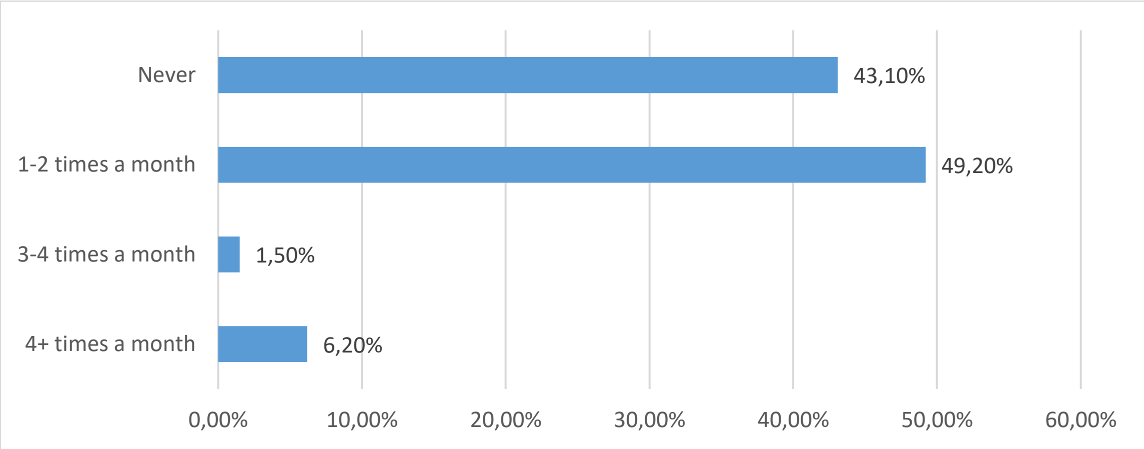
More than half of the respondents (56.9%) declare to buy luxury branded products, with 37 answers, against 28 respondents who do not buy those products (43.1%).

Figure 3.9 *Do you buy luxury branded products?*



As for the frequency, 32 respondents buy luxury products 1-2 times a month, representing 49.2% of the answers, while only 1 respondent buy luxury branded products 3-4 times a month, and 4 respondents choose the last option, declaring to buy those products 4+ times a month. The 28 respondents that have answered the first question declaring not to buy luxury branded products confirm their position.

Figure 3.10 *How often do you buy luxury branded products?*



When asking how important it is to own branded products, a 5-point Likert-type scaling has been used: 1 = not important, 2 = slightly important, 3 = moderately important, 4 = important, 5 = extremely important. The majority of respondents (35.4%) declare that it is moderately important, with 23 answers. 12 respondents (18.5%) choose the 4th option, stating that it is important, while 11 respondents (16.9%) think it is not important. 10 respondents (15.4%) have selected the last option (extremely important), while according to the remaining 9 respondents (13.9%) it is slightly important.

A 5-point Likert-type scaling (1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree) has also been used to analyse the next question, which investigate whether or not Chinese consumers believe that the high prices of luxury brands' products guarantee higher quality compared to other brands' products. 43.1% of the respondents choose the 3rd option, representing the majority of the answers (28). The 4th option has been chosen by 15 respondents (23.1% of the answers), while 9 respondents have selected the 2nd option (13.9%).

7 respondents (10.8%) strongly disagree, while on the contrary 6 respondents (9.2%) strongly agree.

Figure 3.11 *How important is it to own something branded?*

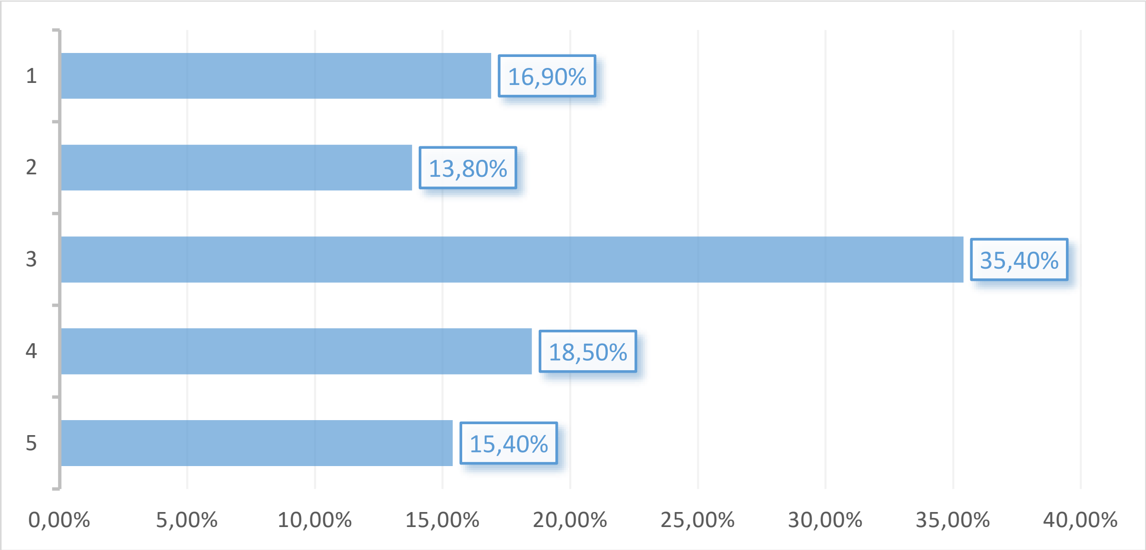
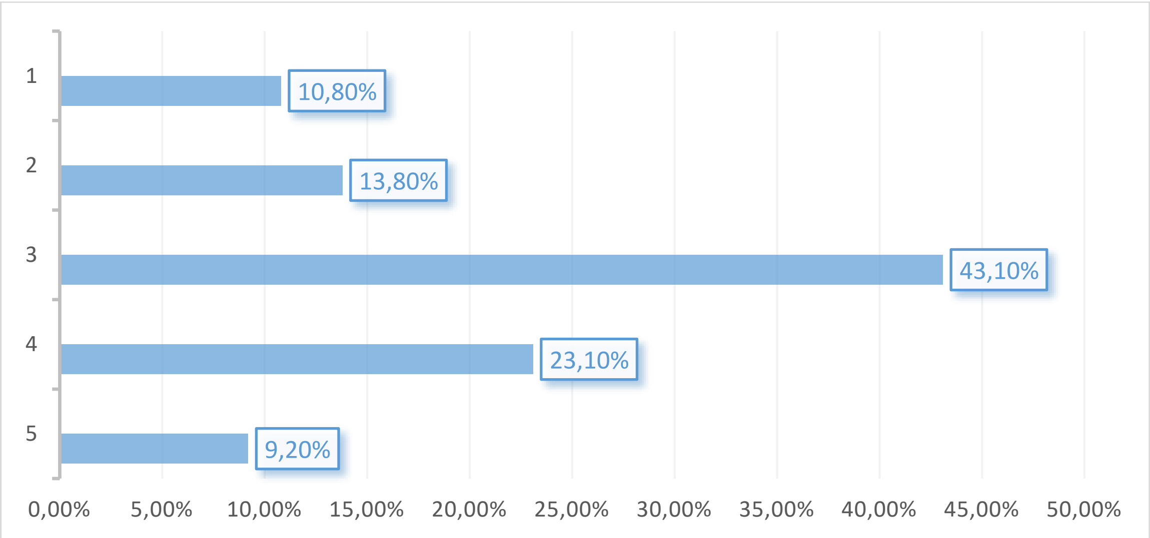
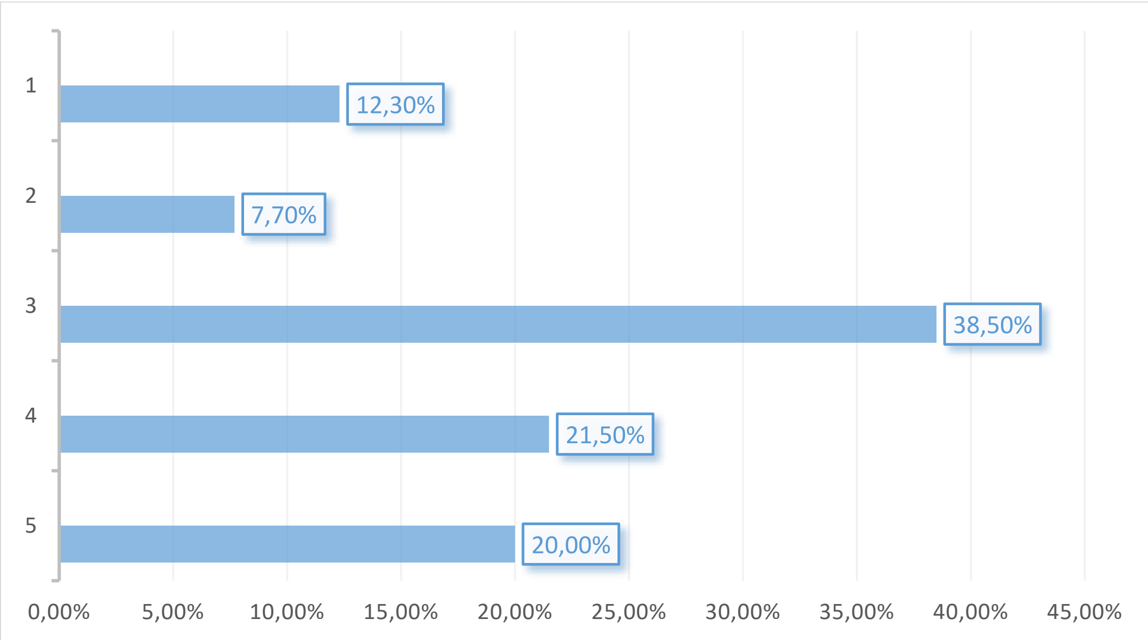


Figure 3.12 *For you, luxury brands with a high price mean good quality compared to other brands.*



The Likert scale model used for the previous questions is reused for the last question of the first part, which investigate whether or not Chinese consumers perceive the purchasing of luxury brands' products as self-gifting for themselves. The majority of respondents (38.5%, 25 answers) neither agree nor disagree, followed by 21.5% of respondents (14 answers) who agree and have therefore selected the 4th option. 13 respondents strongly agree, representing 20% of the answers. The 1st and the 2nd option have been chosen respectively by 8 (12.3%) and 5 respondents (7.7%).

Figure 3.13 *For you, to purchase luxury brand is self-gifting for yourself.*



As for the second part of the questionnaire, its purpose is to analyse the respondents' perceptions, experiences and ideas concerning both *Dior* and *ochirly*, in order to understand whether it is possible for Chinese consumers to consider them as interchangeable and equally valuable. After investigating the knowledge consumers have of *Dior* and *ochirly*, and whether or not they have bought those brands' products, an analysis of the values that the brands transmit to the consumers has been carried out.

Using Klaus Heine's research on the characteristics of luxury products as a baseline study, along with the information provided during the training carried out at the beginning of my internship period at *Dior*, the data collected on the *LVMH* website, and the opinions of my former colleagues, the result has been the creation of twelve variables: elegance, refinement, quality, nonconformity, excellence, innovation, ambition, creativity, independence, sophistication, sobriety, functionality.

The reason why I have used *Dior* as a reference for the creation of those variables is that the thesis tries to discover if a Chinese brand could reach the level of *Dior*, or even substitute it.

Lastly, the last two questions want to analyse the comparability of the aforementioned brands.

Almost the totality of the respondents declares to know *Dior* brand, with 61 answers, representing 93.8%, against 6.2% of the respondents answering not to know it (4 answers).

As for the knowledge of *ochirly*, 43 respondents (66.2% of answers) know the brand, while 22 respondents (33.8% of answers) do not know it.

Figure 3.14 *Do you know Dior brand?*

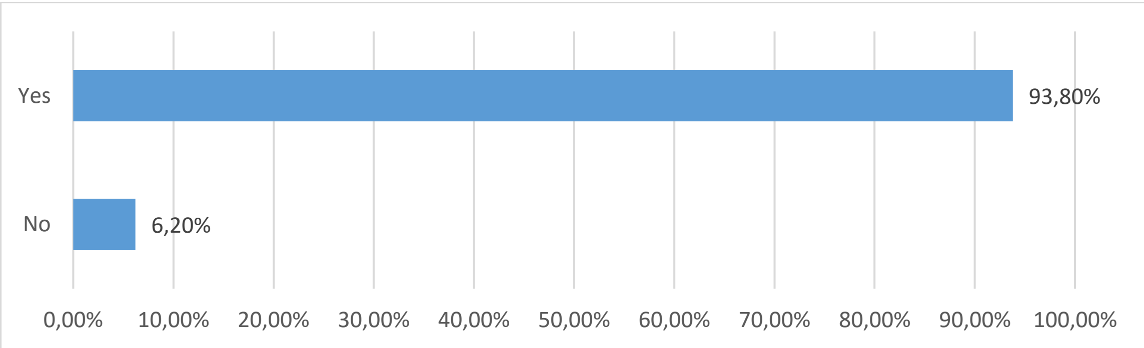
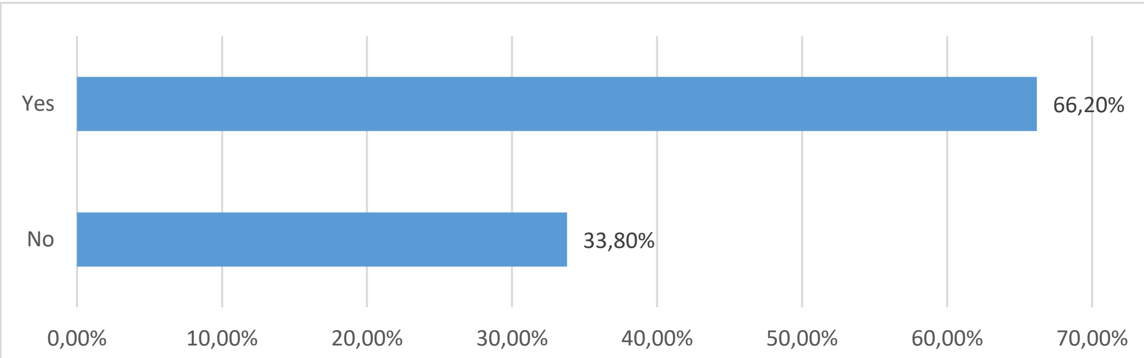


Figure 3.15 *Do you know ochirly brand?*



58.5% of the respondents have purchased *Dior* products, with 38 answers, in front of 27 respondents (41.5% of answers) who do not buy them.

As for *ochirly*, 27.7% of the respondents (18 answers) have bought *ochirly* products, while 72.3% of respondents (47 answers) have never bought those products.

Figure 3.16 *Have you ever purchased Dior products*?

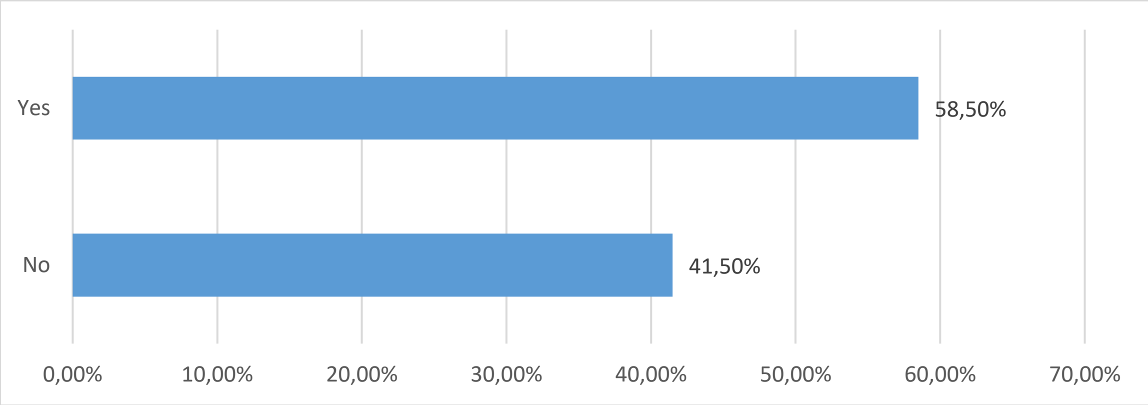
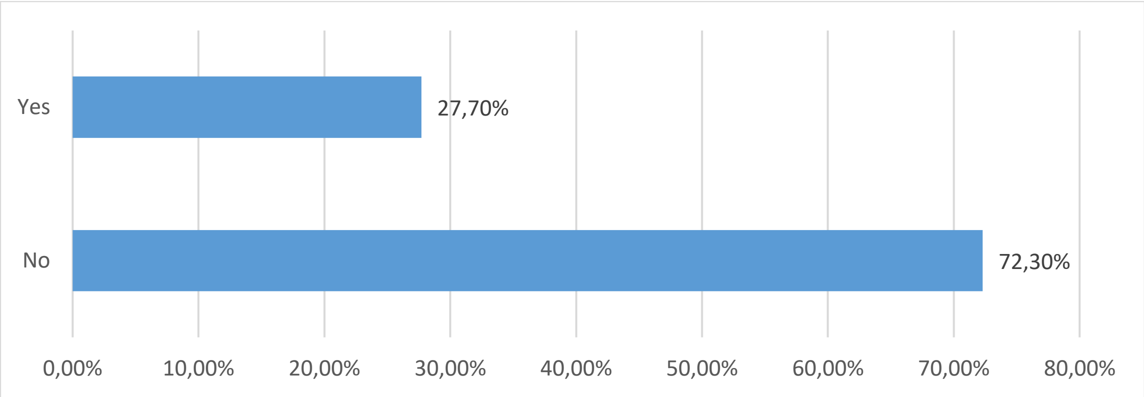


Figure 3.17 *Have you ever purchased ochirly products?*



The 10th and the 11th questions concern the above-mentioned twelve variables, which represent the most important values for *Dior* brand. The respondents have been asked to determine how important each value is, according to the perception they have of *Dior* and *ochirly*, analysing to what extent these brands are able to transmit the above-presented twelve variables to them.

A Likert scale from 1 to 5, where 1 = not transmitted, 2 = slightly transmitted, 3 = moderately transmitted, 4 = transmitted, 5 = fully transmitted, has been used.

The results are also useful to understand to what extent Chinese consumers are actually able to perceive the values that *Dior* wants to transmit to them.

As mentioned above, the results collected informally consulting *Dior* sales force have been useful to determine the twelve variables used in the questionnaire, along with online data, training information and Klaus Heine's *The Concept of Luxury Brands*.

Respondents have been also asked to determine to what extent those variables have been transmitted to them by *ochirly* brand.

In order to have a comprehensive vision of the results, the reader can consult the following tables.

Figure 3.18 *What are the values that Dior transmit to you?*

Value	Options	Number of respondents	%
Elegance			
	Not transmitted	5	7.70
	Slightly transmitted	11	16.90
	Moderately transmitted	14	21.50
	Transmitted	23	35.40
	Fully transmitted	12	18.50
Refinement			
	Not transmitted	5	7.70
	Slightly transmitted	15	23.10
	Moderately transmitted	23	35.40
	Transmitted	14	21.50
	Fully transmitted	8	12.30
Quality			
	Not transmitted	7	10.80
	Slightly transmitted	12	18.50
	Moderately transmitted	16	24.60
	Transmitted	24	36.90
	Fully transmitted	6	9.20
Nonconformity			
	Not transmitted	6	9.20
	Slightly transmitted	24	36.90
	Moderately transmitted	20	30.80
	Transmitted	13	20.00
	Fully transmitted	2	3.10
Excellence			
	Not transmitted	9	13.80
	Slightly transmitted	20	30.80
	Moderately transmitted	20	30.80
	Transmitted	13	20.00
	Fully transmitted	3	4.60
Innovation			
	Not transmitted	9	13.80
	Slightly transmitted	23	35.40
	Moderately transmitted	22	33.80
	Transmitted	9	13.80
	Fully transmitted	2	3.10

Ambition			
	Not transmitted	5	7.70
	Slightly transmitted	18	27.70
	Moderately transmitted	25	38.50
	Transmitted	14	21.50
	Fully transmitted	3	4.60
Creativity			
	Not transmitted	5	7.70
	Slightly transmitted	27	41.50
	Moderately transmitted	19	29.20
	Transmitted	12	18.50
	Fully transmitted	2	3.10
Independence			
	Not transmitted	9	13.80
	Slightly transmitted	17	26.20
	Moderately transmitted	20	30.80
	Transmitted	14	21.50
	Fully transmitted	5	7.70
Sophistication			
	Not transmitted	6	9.20
	Slightly transmitted	12	18.50
	Moderately transmitted	15	23.10
	Transmitted	25	38.50
	Fully transmitted	7	10.80
Sobriety			
	Not transmitted	7	10.80
	Slightly transmitted	14	21.50
	Moderately transmitted	29	44.60
	Transmitted	14	21.50
	Fully transmitted	1	1.50
Functionality			
	Not transmitted	10	15.40
	Slightly transmitted	22	33.80
	Moderately transmitted	20	30.80
	Transmitted	10	15.40
	Fully transmitted	3	4.60

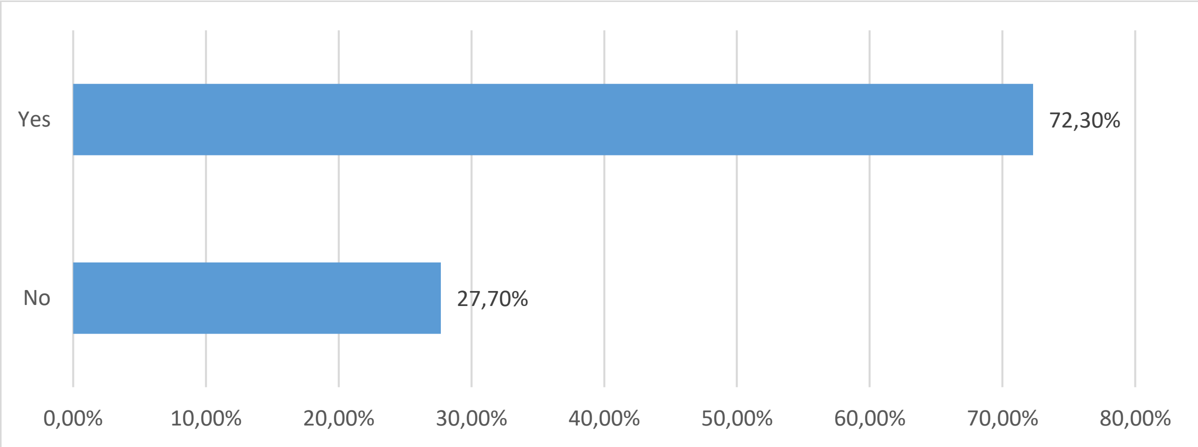
Figure 3.19 *What are the values that ochirly transmit to you?*

Value	Options	Number of respondents	%
Elegance			
	Not transmitted	9	13.80
	Slightly transmitted	26	40.00
	Moderately transmitted	20	30.80
	Transmitted	7	10.80
	Fully transmitted	3	4.60
Refinement			
	Not transmitted	10	15.40
	Slightly transmitted	24	36.90
	Moderately transmitted	22	33.80
	Transmitted	8	12.30
	Fully transmitted	1	1.50
Quality			
	Not transmitted	9	13.80
	Slightly transmitted	22	33.80
	Moderately transmitted	24	36.90
	Transmitted	8	12.30
	Fully transmitted	2	3.10
Nonconformity			
	Not transmitted	9	13.80
	Slightly transmitted	5	7.70
	Moderately transmitted	22	33.80
	Transmitted	26	40.00
	Fully transmitted	3	4.60
Excellence			
	Not transmitted	10	15.40
	Slightly transmitted	27	41.50
	Moderately transmitted	17	26.20
	Transmitted	9	13.80
	Fully transmitted	2	3.10
Innovation			
	Not transmitted	11	16.90
	Slightly transmitted	18	27.70
	Moderately transmitted	23	35.40
	Transmitted	11	16.90
	Fully transmitted	2	3.10

Ambition			
	Not transmitted	9	13.80
	Slightly transmitted	23	35.40
	Moderately transmitted	25	38.50
	Transmitted	6	9.20
	Fully transmitted	2	3.10
Creativity			
	Not transmitted	9	13.80
	Slightly transmitted	6	9.20
	Moderately transmitted	23	35.40
	Transmitted	25	38.50
	Fully transmitted	2	3.10
Independence			
	Not transmitted	8	12.30
	Slightly transmitted	25	38.50
	Moderately transmitted	26	40.00
	Transmitted	3	4.60
	Fully transmitted	3	4.60
Sophistication			
	Not transmitted	11	16.90
	Slightly transmitted	22	33.80
	Moderately transmitted	25	38.50
	Transmitted	4	6.20
	Fully transmitted	3	4.60
Sobriety			
	Not transmitted	12	18.50
	Slightly transmitted	25	38.50
	Moderately transmitted	20	30.80
	Transmitted	6	9.20
	Fully transmitted	2	3.10
Functionality			
	Not transmitted	12	18.50
	Slightly transmitted	9	13.80
	Moderately transmitted	20	30.80
	Transmitted	22	33.80
	Fully transmitted	2	3.10

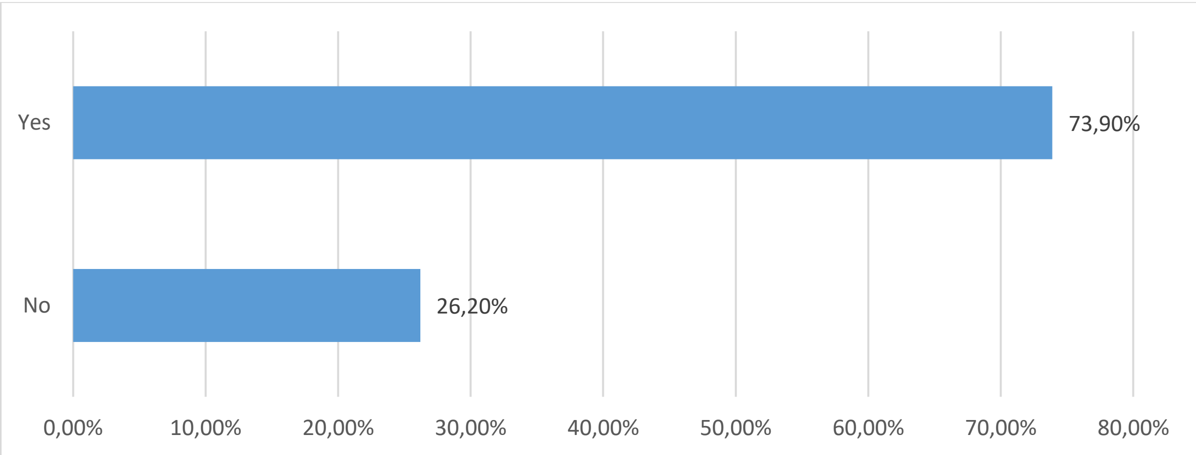
The next question wants to investigate if, according to the sample, the two aforementioned brands could be compared. 72.3% of the respondents (47 answers) think that *Dior* and *ochirly* have similarity, against 27.7% of the respondents (18 answers) who do not find them similar.

Figure 3.20 *Do you think that the two aforementioned brands could be compared?*



The last question of the second part of the questionnaire asks the respondents if they would buy an *ochirly* product similar to *Dior's* for less. 73.9% of the respondents (48 answers) say yes, while 26.2% of the respondents (17 answers) would not buy it.

Figure 3.21 *If you found an Ochirly product similar to Dior's, would you buy it for less?*



3.4 CONCLUSIONS

The present research has tried to answer the question: "Is a Chinese good-enough brand able to compete with a Western well-known luxury brand, or even substitute it?", focusing on the cases of *Dior* and *ochirly*.

To this end, a quantitative survey was conducted through the use of a questionnaire, spread both physically and online, in order to analyse the habits, the behaviours and the perceptions of Chinese consumers towards luxury products and brands in general first, and towards the above-mentioned brands later. This questionnaire has been distributed to 65 people in total, focusing on a sample comprehending Chinese middle class's millennials.

The replies to the questionnaire have shown the existence of an increasingly high distance between Chinese consumers and luxury brands, often more favourable to young and less traditional brands. In fact, in stark contrast with the trends that involved a frenetic, compulsive and not reasoned purchase of luxury products, the majority of the consumers has declared to buy luxury products once or twice a month, denoting the fact that the luxury shopping spree has come to an end. This result is consistent with the expectation expressed in the second chapter of the paper, according to which the always more acquainted Chinese consumer is currently looking for creative, original and fashion-forward products, also considering brands which are positioned outside of the luxury spectrum and giving less importance to the status and to the ownership of branded products, as the survey's replies confirm.

As highlighted by *Jing Daily* (2017), in fact, the Chinese middle class's consumer is becoming always more "opinionated", detaching from that "omnivorous" attitude towards luxury brands that led them to buy anything and everything in the last years.

However, it must be underlined that the study has also shown that the level of brand awareness of *Dior* is still higher than that of *ochirly*, and consequently the number of people who have purchased the French brand is higher than that of the Chinese one.

It is clear enough that, in order to be competitive on the market, the Chinese brand must necessarily increase its level of brand awareness, making itself more widely known by Chinese consumers, who are always more open to new possibilities. As analysed in the second chapter, one way to increase the brand's visibility and fame is to appeal to celebrities, KOLs and social media, as well as to the Internet in general. As said in the first chapter, in fact, thanks to the Internet and the e-commerce, it is likely that consumers will have the opportunity to know other brands, shaking the principle of brand loyalty that moves the purchasing decision of Chinese consumers towards European well-known brands.

As shown by the data, in this case, the process is still at the beginning, since 33.8% of the consumers do not know *ochirly*.

Even if the two brands are diametrically opposed according to the perception of the Chinese consumers, the first being strong on variables such as elegance, quality and sophistication and weak on nonconformity, innovation, creativity and functionality, and the second being strong on nonconformity, creativity and functionality, and weak on elegance, refinement, excellence and sobriety, the study show that they can be compared. According to this information, therefore, *ochirly* can potentially be seen as a competitor of the most famous *Dior*, offering an alternative to the consumer.

This piece of data further confirms the theory according to which Chinese consumers are becoming more and more acquainted, and therefore able to mix and personalise products, creating something new and unique, with an explorative approach that makes them consider also smaller brands that do not produce premium products.

Moreover, being seen as creative and non-conformist, *ochirly* is capable of meeting the expectations of the millennial middle class's consumer, who is seeking unconventional and original products and brands, as mentioned in the second chapter.

To sum up, in order to answer the precise problematic of this study, it is important to consider two main elements:

1. *The increasingly high "acquaintance" of Chinese middle class's millennial consumers*. First presented in the second chapter and confirmed by the questionnaire's data, this element seems to favour emerging and creative brands, such as *ochirly*.

2. *The still too little knowledge consumers have of Chinese brands compared to the level of brand awareness reached by European luxury brands*. The level of brand awareness reached by *Dior* is still far from that reached by the Chinese brand among Chinese consumers. This element, in stark contrast to the first one, determine the success that European luxury brands still have today in the Chinese market.

For this reason, it is still too early to say that a good-enough Chinese brand as *ochirly* can actually reach the level that a Western global-known brand as *Christian Dior* has already obtained in China years ago, but this possibility is certainly plausible for the future.

Nevertheless, it is important to keep in mind that this research has focused exclusively on Chinese consumers belonging to the *Millennial generation* or *Generation Y*. Considering also the younger *Generation Z*, including indicatively those born between 1996 and 2010, the results could vary. For this reason, no general or absolutely objective statement can be made about the behaviours implemented by middle class's Chinese consumers, and therefore it is not possible to elaborate a single theory valid for every possible case.

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APPENDIX A

Interview with Yen-Lin Chung, Junior Luxury Womenswear Designer at *ochirly*.

1. Since it is very difficult to find information about *ochirly* on the internet, first of all, I would like to ask if it has already opened boutiques or stores outside China. If it hasn't, does it have the intention to expand its market outside China in the future?

No, no *ochirly* boutique has been opened outside mainland China yet, but it surely has the intention to expand the market in the future. However, the main objective of the brand right now is to strengthen its presence and its name in China.

2. I know *ochirly* strongly relies on celebrities and KOLs and I would like to know why it uses international models and fashion influencers (like Cara Delevingne, Kendall Jenner, Chiara Ferragni) more than Chinese. Is it because it wants to attract international customers?

The answer to this question can be basically applied to any kind of fashion brands in China. In China, in fact, people think that using international models who have European appearance on the commercial can make the brands more high-end. Both the managers and the customers in China think so. Customers are more willing to buy the products that have been endorsed by the famous Western-look models. Of course, the company wants to expand the brand to become an international fashion label, but that is not the main purpose for using those models in their ads. The Chinese customer's mind is the main reason.

3. What are the values that the company wants to transmit to customers and which is the main inspiration?

The brand wants the clients to feel like what they have bought from their boutiques is not just a fashion piece, but a luxury good as well as those famous luxury brands, such as *Louis Vuitton*, *Christian Dior*, *Dolce&Gabbana* and so on. For this reason, it is correct to say that *ochirly* wants to reach the level of those famous brands.

4. Do you think that in the future young Chinese people would give more opportunity and space to Chinese brands or Western brands will always have more attention?

I am going to answer this question exposing my own opinion, based on what I have learned about Chinese fashion market during my personal experience as a Junior Luxury Womenswear Designer for *ochirly*. I think consumers will open their mind more than before to the way of looking at fashion. In this case, it is possible for them to give more chance to Chinese fashion brands, but that does not mean that Western brands will be less attractive to them. Those brands will stay as attractive as always to Chinese customers, the local brands will just offer them more options of purchasing. For this reason, in terms of sales of Western brands' products, the quantity may decrease to give more space to Chinese brands' products.

APPENDIX B

Questionnaire (original version in Chinese).

1. 您购买奢侈品品牌产品吗？

☐ 是

☐ 否

2. 您多久购买一次奢侈品品牌产品？

☐ 从来不

☐ 每月 1—2 次

☐ 每月 3—4 次

☐ 4 次以上

3. 您认为拥有品牌产品有多重要？

不重要				很重要
1	2	3	4	5

4. 对您来说，价格高的奢侈品牌意味着比其他品牌质量好。

完全不同意	不同意	既不同意也不反对	同意	完全同意
1	2	3	4	5

5. 对您来说，购买奢侈品品牌产品是对自己的奖励。

完全不同意	不同意	既不同意也不反对	同意	完全同意
1	2	3	4	5

6. 您知道迪奥 (*Dior*) 品牌吗？

☐ 是

☐ 否

7. 您知道欧时力 (*ochirly*) 品牌吗？

☐ 是

☐ 否

8. 您购买过迪奥 (*Dior*) 产品吗？

☐ 是

☐ 否

9. 您购买过欧时力 (*ochirly*) 产品吗？

☐ 是

☐ 否

10. 迪奥传递给您的价值观是什么？

优雅	1	2	3	4	5
精细	1	2	3	4	5
质量	1	2	3	4	5
与众不同	1	2	3	4	5
卓越	1	2	3	4	5
创新	1	2	3	4	5
追求	1	2	3	4	5
创造力	1	2	3	4	5
独立	1	2	3	4	5
高雅	1	2	3	4	5
持重	1	2	3	4	5
实用	1	2	3	4	5

11. 欧时力传递给您的价值观是什么？

优雅	1	2	3	4	5
精细	1	2	3	4	5
质量	1	2	3	4	5
与众不同	1	2	3	4	5
卓越	1	2	3	4	5
创新	1	2	3	4	5
追求	1	2	3	4	5
创造力	1	2	3	4	5
独立	1	2	3	4	5
高雅	1	2	3	4	5
持重	1	2	3	4	5
实用	1	2	3	4	5

12. 您认为以上两个品牌有可比性吗？

☐ 是

☐ 否

13. 如果你发现了类似迪奥的欧时力产品，你会以更便宜的价格买它吗？

☐ 是

☐ 否

14. 您的性别是？

☐ 男性

☐ 女性

15. 您的年龄：____________

16. 您是哪儿的人？____________

17. 您的教育水平：

☐ 小学或以下

☐ 初中

☐ 高中或职业学院

☐ 本科生

☐ 研究生或以上

18. 您的职业是：

☐ 学生

☐ 老师

☐ 个体户/技术员/企业家

☐ 白领/公司雇员

☐ 工厂工人

☐ 家庭主妇

☐ 农民

☐ 其他 ____________________

19. 您的家庭年收入：

☐ 0 元

☐ 1-30000 元

☐ 30001-50000 元

☐ 50001-100000 元

☐ 100001-200000 元

☐ 200001-500000 元

☐ 500000 元以上

APPENDIX C

Questionnaire (English version).

1. Do you buy luxury branded products?

☐ Yes

☐ No

2. How often do you buy luxury branded products?

☐ Never

☐ 1-2 times a month

☐ 3-4 times a month

☐ 4+ times a month

3. How important is it to own something branded?

Not important				Extremely important
1	2	3	4	5

4. For you, luxury brands with a high price mean good quality compared to other brands.

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Extremely important
1	2	3	4	5

5. For you, to purchase luxury brand is self-gifting for yourself.

Strongly disagree	Disagree	Neither agree nor disagree	Agree	Extremely important
1	2	3	4	5

6. Do you know *Dior* brand?

☐ Yes

☐ No

7. Do you know *ochirly* brand?

☐ Yes

☐ No

8. Have you ever purchased *Dior* products?

☐ Yes

☐ No

9. Have you ever purchased *ochirly* products?

☐ Yes

☐ No

10. What are the values that *Dior* transmit to you?

Elegance	1	2	3	4	5
Refinement	1	2	3	4	5
Quality	1	2	3	4	5
Nonconformity	1	2	3	4	5
Excellence	1	2	3	4	5
Innovation	1	2	3	4	5
Ambition	1	2	3	4	5
Creativity	1	2	3	4	5
Independence	1	2	3	4	5
Sophistication	1	2	3	4	5
Sobriety	1	2	3	4	5
Functionality	1	2	3	4	5

11. What are the values that *ochirly* transmit to you?

Elegance	1	2	3	4	5
Refinement	1	2	3	4	5
Quality	1	2	3	4	5
Nonconformity	1	2	3	4	5
Excellence	1	2	3	4	5
Innovation	1	2	3	4	5
Ambition	1	2	3	4	5
Creativity	1	2	3	4	5
Independence	1	2	3	4	5
Sophistication	1	2	3	4	5
Sobriety	1	2	3	4	5
Functionality	1	2	3	4	5

12. Do you think that the two aforementioned brands could be compared?

☐ Yes

☐ No

13. If you found an *ochirly* product similar to *Dior's* would you buy it for less?

☐ Yes

☐ No

14. Gender

☐ F

☐ M

15. Age ____________

16. Where are you from? ______________

17. Your level of education

☐ Primary or under

☐ Junior middle school

☐ Senior high school or Vocational College

☐ Bachelor

☐ Master or higher

18. Your occupation

☐ Student

☐ Teacher

☐ Retail shop manager / Craftsman / Entrepreneur

☐ White-collar worker / Employee

☐ Factory worker

☐ Housewife

☐ Other…

19. Monthly income

☐ 0 元

☐ 1-30000 元

☐ 30001-50000 元

☐ 50001-100000 元

☐ 100001-200000 元

☐ 200001-500000 元

☐ 500000 元以上