Decoding the Marketing Strategy of Fashion Brands for Chinese Pan-Z Generation

Jiahui Wang

School of Media Studies and Humanities, Zhejiang University City College, Hangzhou 310000, China

nankewang2021@163.com

Abstract

Facing the consumers of Chinese pan-Z generation who are growing up in the Internet era, traditional fashion brands have begun to transform their previous marketing strategies to meet the changing interests and needs of young Chinese consumers and to connect with them at the brand impression and value level. But none of these measures need to sacrifice existing brand equity. How did they do it？ This paper analyzes the influencing factors of the Chinese market, finds out the problems and opportunities that fashion brands encounter in the Chinese market, summarizes fashion development trends, and formulates a fashion brand marketing strategy for a pan-Z generation.

Keywords

Fashion Brand,Chinese pan-Z generation,luxury, Marketing Strategy.

1. Introduction

In the era of mobile internet, the classic combination of "brand concept + continuous exposure" that fashion brands used to rely on in the past has failed to impress Chinese pan-Z generation. Fashion brands don't understand their contemporaries, aren't familiar with social marketing, and failing to do interesting marketing campaigns becomes the norm. However, some of these brands stand out, such as Louis Vuitton and Burberry, which in recent years have experimented with social media such as Red Booklet and Tik Tok, using new formats such as live streaming and games to attract younger consumers and expand their brand voice among the younger crowd. These success stories show that Chinese pan-Z generation is not inaccessible, they are extremely focused on social features and brand image, and look for brands that align with their values.

2. Background

As predicted by marketing experts, the Chinese pan-Z generation, who was born between 1990 and 2005, has become the main target of various fashion brands. Due to the long-term influence of Internet culture, they dislike the dogmatic way brands used to promote themselves and prefer to choose brands that are close to their values. What's more, they use the product not only as a tool to satisfy their needs but also as a vehicle to express their self-image. These changes aptly corroborate Walter·Benjamin's interpretation of modernity. According to him, modernity is not defined as the pursuit of pure novelty, but as the development of historical awareness of our current condition.

2.1. The Rapidly Evolving Internet Environment

The BBC has reported that China is already far ahead of the West in the internet sector. According to a report released by the China Internet Network Information Center, as of June 2019, the number of Chinese Internet users reached 854 million, with an Internet penetration

rate of 61.2 percent. In recent years, thanks to the implementation of the "Internet Plus" strategy, the Internet has penetrated various traditional industries and helped upgrade industries. The fashion industry, as a trend pioneer, has also begun to switch its marketing approach, using Internet social media such as WeChat, Weibo, and Red Booklet to promote new marketing strategies.

2.2. Young People Who are becoming the Key Consumers

2.2.1. A Tremendous Voice

The highest percentage of users of Internet social networking products is 29.7% of users under the age of 24 and a total of 56.1% of users under the age of 30, according to the "White Paper on Marketing Strategies for Chinese Internet Social Businesses" by consultancy iResearch. Young people are a huge part of the voice of Internet social product users in China.

2.2.2. Interconnected Information Channels

Based on iResearch's report, China's post-95s youth like to access brand information through Internet channels such as WeChat, Weibo, and official websites, with contact rates exceeding 50%. These Internet natives have mastered multiple avenues of information dissemination and are picky about brands.
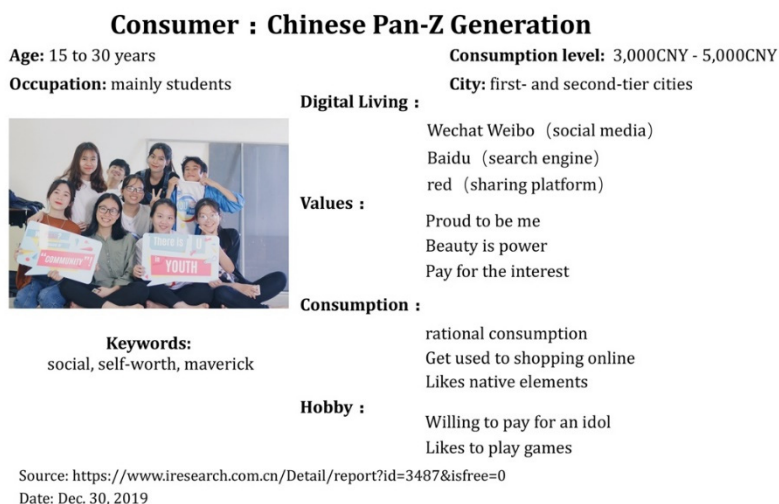
Fig. 1 Chinese pan-Z generation consumer profile

2.2.3. Pursuing a Unique Personality

In December 2019, China's leading business data research firm, CBNData, in conjunction with Fashion Exchange, released the "Global Fashion IP White Paper, which shows that Generation Z and millennials have become the main consumers of fashion in China and they are willing to express their personality through brands.

"Becoming a better me" is the conclusion of Ogilvy's research with a new generation of Chinese consumers. They listed the six core values of Generation Z consumers: proud to am be me, beauty is power, talent is everything, lonely has a cure, passion is worth it and my future is my own. For the fashion and luxury industry, it is a natural choice to create a unique identity and image to help young consumers become better themselves.

2.3. Marketing Rules in Transition

The advent of the Internet, especially e-commerce and social media, has not only brought about major changes to businesses but has also changed consumer behavior[1]. Consumers can actively share UGC content, which has changed the traditional AIDI marketing rules based on Attention, Interest, Desire, and Action. According to the characteristics of consumers in the Internet era, Dentsu proposes the AISAS rule based on Attention, Interest, Search, Action and Share to reconstruct the consumer behavior model, pointing out the importance of Search and

Share in the Internet era, and that brands should not just indoctrinate users with one-way concepts. For consumers, this shift has made brand exposure in social media has, therefore, become an interesting marketing space for the fashion industry[2].

3. Problems

3.1. Lack of Exposure and Asymmetric Brand Messages

As the approaching of May 20, the happiest day in the minds of China's young people is approaching. Italian luxury brand Prada has invited brand ambassador Xukun Cai to shoot the theme of the advertising video "520 Love Formula", ready to create a social topic for its new marketing campaign. But when the brand name Prada is typed into Baidu, China's largest search engine, a huge black box of communication emerges.

When consumers type the brand name Prada into a search engine, the first three pages given by the search engine are not directly related to the theme of the commercial in which Xukun Cai was involved. The same phenomenon is also seen in social media like WeChat. It was only when consumers typed the name of the ad video, "520 Love Formula," into search engines and WeChat in its entirety that multiple repetitive and uninspired Public relations drafts appeared.

On the one hand, fashion brands think that their exposure is high enough to reach a wide range of target audience, but on the other hand, consumers can't remember the name of the campaign and only have a vague impression of the brand, which creates a black box of information in the communication process.

"The relationship between supply and demand has changed," Ian Rogers, LVMH's first Chief Digital Officer, said, "If you go back eight years ago, if a customer wanted to buy luxury goods online, the company just didn't sell them, but we're in different times today. "

3.2. Product Homogenization Trend

ChinaSSPP.com pointed out back in 2018 that the homogenization of products within the fashion industry is getting worse, with copying each other becoming the biggest embarrassment among fashion brands. After noticing the potential of pan-Z generation youth consumption, more and more luxury brands are learning from street brands to produce trendy and cost-effective clothing for young consumers to capture the young market and break away from selling only to elite consumers.

But as the French social psychologist Gustave Le Bon wrote in The Crowd, "When everyone thinks the same, everyone is probably wrong." When the way street fashion expresses its individuality is frequently borrowed by luxury brands, the result is that niche street culture is misplaced on a large scale, making fashion products increasingly homogenous. Some users have even created an account on their Instagram called @diet_prada, which plays the role of a fashion picket, specifically picking out fashion products suspected of being plagiarized.

As trendsetters, fashion brands have shifted to mainstream trends to cater to a younger demographic, resulting in less and less exciting fashion these days, and consumers will soon feel aesthetic fatigue from the loss of novelty.

3.3. The Imbalance between Brand Style and Local Performance

" Louis Vuitton 's new product for 2020 is supposed to represent the summer style of sun and beach in people's expectations, but entering Louis Vuitton 's live broadcast is like walking into a wholesale store down the street, filled with cheapness." One netizen said angrily after watching Louis Vuitton 's live broadcast. Netizens believe that the quality of the live broadcast is not clear, which affects the recognition of the style, the live room is too poorly decorated to form a unique visual style of the brand, and most importantly, the live content is like a random copy, which does not show the pride of a high luxury brand's sense of design. The hour-long

live broadcast also ended with only 15,000 views, which can only be described as a fiasco compared to at least hundreds of thousands of views on Taobao for the head anchor represented by Jiaqi Li[3].

In the face of the new opportunities of the Chinese market live with goods, fashion brands not only did not create the "tens of thousands of a second sold" sales myth, but for the sales performance of the brand lost the original style, once again facing an embarrassing situation[4].

4. Marketing Trend

4.1. Rebuilding the Brand Image

By defining fashion as "tiger's leap into that which has gone before", W·Benjamin evoked a temporality of fashion as opposed to Baudelaire's notion that beauty is eternal. There is no doubt that more and more fashion brands are constantly making new attempts to appeal to young people, and their changes are the most effective proof of Walter·Benjamin's philosophy. In the last three years, British luxury brand Burberry, for example, has changed its creative director and logo to appeal to young people by rebranding.

Luca Solca, head of luxury research at BNP PARIBAS, said in a report that the departure of former Burberry creative director Christopher Bailey was a necessary step in reinvigorating Burberry. The challenge for the luxury brand is the need for constant product innovation. The brand's creative directors are like artists who need to change their themes to appeal to younger consumers. But Burberry's momentum slowed down during Christopher Bailey's reign from May 2014 to July 2017, and management was in desperate need of a creative leader with an innovative spirit[5]. "Riccardo is one of the most talented designers of our time. His designs have a modern elegance that is loved by today's luxury consumers. His creative vision will help strengthen the Burberry brand's future and its position in the luxury industry", said Burberry CEO Marco Gobbetti of the new Creative Director Riccardo Tisci.

Riccardo Tisci came on board to bring a lot of newness to the fashion world, and besides the designs, even changed the brand's logo as well! The newly designed logo features a more modern, bold typeface, replacing the previous Bodoni font and Equestrian Knight logo. If rebranding is a continuous process, mention the new Monogram created by designers Peter Savile and Riccardo Tisci, which in addition to the 'B' for Burberry's name, features a 'B' for 'B'. There is also the letter "T" which represents the name of Thomas Burberry, the founder of the brand. The two letters "T" and "B" are woven together in white and orange with an apricot background, which is not only a tribute to the founder but also reminiscent of the brand's iconic plaid pattern.

For consumers, these adjustments clearly express Burberry's desire to appeal youths. The new sans-serif logo and subversive monogram help to create a groundbreaking break from the brand's original image and appeal to a younger, lively, and individualistic pan-Z generation of consumers.

In addition to updating its VI design at the brand level, Burberry has also been experimenting with new technologies such as VR and AR to build its virtual image. Back in September 2017, Burberry began working with Apple to use the phone's camera to superimpose artist Danny Sangra's paintings inspired by Burberry's designs on real-life scenes. "For luxury brands, AR allows users to experience products in a different way, a new experience," Edoardo Manitto, a former executive at Galeries Lafayette and now an independent retail technology consultant said. In February 2020, Burberry also partnered with Google to launch an AR shopping tool that allows consumers to use Google Search on their phones to view Burberry Black TB bags or Arthur Check Sneaker when viewing a 3D image of the product in a real context.

The use of these new technologies will not only provide an immersive experience, enhancing the consumer's experience and engagement at the point of purchase but also build a brand image of zero distance and intimacy in the minds of consumers. This is also a shift in the way luxury brands are approaching China's pan-Z generation consumers.

4.2. Brand Rejuvenation Trends

If Peter Savile and Riccardo Tisci's new brand identity is a top-down revolution, Burberry's use of games to rejuvenate the brand is a bottom-up experiment.

The characteristics and buying habits of Generation Z consumers are fundamentally different from those of their parents[6]. Growing up in the digital age, Generation Z has a relatively affluent lifestyle, a strong desire for individuality and expression, and the willingness and ability to make luxury purchases. Moreover, they have helped fashion brands shape their rejuvenation strategies by expressing themselves through various media and channels. These factors spurred fashion brands to start working with popular games, creating more diverse content and more effective means of dissemination.

Rachel Waller, Burberry's Vice President of Digital Marketing, said, "We know that games play an important role in the daily lives of today's youth, so we always wanted to find a way to surprise them[7]." That surprise soon came in the form of a game called "B Bounce" for young people around the world. The game introduces the latest Burberry down jackets, and high scorers have the chance to win a real Burberry down jacket from the new collection. Mark Morris, senior vice president of digital commerce at Burberry, said, "We've ventured into game-based marketing in China before, but "B Bounce" is the first time we've reached our new generation of young consumers with an interactive and fun game. We understand that a new generation of young consumers is living in an increasingly diverse and interactive environment, both online and offline." As he said, in less than a month, more than 1.4 million players tried out the game, and with the automatic retweets from major fashion websites and media, the spread was at least 5 million[8]. Compared to the daily active users on Burberry's Weibo, the game's spread was equivalent to five Weibo marketing campaigns.

Fig. 2 Statistics on Chinese netizens' evaluation of "B Bounce" on Weibo

Behind these games is the enthusiastic welcome signal that fashion brands continue to Z generation unleash. Shaping fashion dreams for consumers and focusing on capturing their consumer reality is an effective marketing strategy for fashion brands at this stage[9].

5. Opportunities

CBNData's "Composite Consumer Field Trend Report" points out that in the context of the Internet era, the influential factors in the Chinese market include three major elements: target audience, brand touchpoint, and decision-making. By grasping these three elements, brands can grasp the appeal of young people in the Chinese market.

5.1. Target Audience

"Humans don't live on the same platform as one huge community. We have specific activities we want to engage in." wrote Kavin Bharti Mittal in a blog. He is the founder and CEO of Hike, an Indian instant messaging app. The aging of the original audience, the circling of the younger Gen Z demographic, and the verticalization of social networks have led to more diverse demands for brands. "Diversity needs will continue to be influential and dominate the fashion industry," Dr. Ronald Milon, chief diversity officer at the Fashion Institute of Technology, New York, said[10].

According to McKinsey's 2019 China Luxury Industry Report, China's young fashion and luxury consumers are more interested in entertainment and personal aspirations than historical heritage, with a wide range of interests and diverse self-labels. For this reason, Louis Vuitton has changed its image as an impersonal luxury brand in the Chinese market by employing bloggers from different sectors and industries to launch diverse content for WeChat.

From June to September 2019, Louis Vuitton set a fashion brand precedent by hiring top fashion blogger Gogoboi and the famous WeChat creative marketing account GQ Labs to take over its own WeChat account, a bold attempt that is a first in the fashion industry[11]. Gogoboie created a comedic comic story for Louis Vuitton that featured Louis Vuitton 's various chain bags They were transformed into cartoon characters, presenting their products in a hip-hop cultural talent show. They were accompanied by three Chinese celebrity "mentors" (Chengcheng Fan, Dilraba Dilmurat, and Junyan Jiao, three of China's most popular stars), all of whom are Louis Vuitton brand ambassadors.

Within 48 hours of the launch of an interactive Html5 game by Gogoboi, the game reached over 40 million people, with over 7.5 million people reading the content and over 300,000 readers interacting with the link, making Louis Vuitton a social media sensation and subverting its traditional image.

5.2. Brand TouchPoint

While mobile users in the West are immersed in Instagram, WhatsApp, and Snapchat, local Chinese social platforms are continuing to optimize and roll out new functions at lightning speed to capture users' attention spans. And these social platforms are helping fashion marketers to gain a broader understanding of users' communication, shopping, and sharing paths and adjust their marketing strategies.

One of the most familiar platforms for the fashion industry is the Chinese social e-commerce unicorn enterprise, Red Booklet. Red Booklet caters to pan-Z Generation women seeking beauty, fashion, and lifestyle advice. A few years before Instagram launched in-app shopping, Red Booklet set a successful precedent for in-social media e-commerce functionality, creating a community-centric infrastructure that creates a seamless shopping experience by reducing touch points and distractions in the purchase decision process.
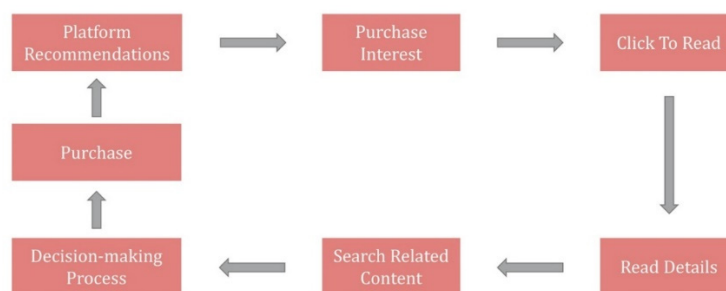
Fig. 3 Consumer decision making process on social e-commerce platforms

5.3. Decision-Making

Increased self-awareness has led consumers to make decisions in favor of brands that align with their values. According to the Business of Fashion and McKinsey 2020 Global Fashion 2020 report, nearly two-thirds of consumers consider themselves "faith-driven shoppers," choosing, switching, or boycotting brands based on where they stand on social issues.

In Virgil's "Trajectories of Growth" photography exhibition, Louis Vuitton presents social and cultural issues that resonate with young consumers. The exhibition premiered at Espace Gallery in Beijing in June 2019 with a world tour. The exhibition showcased a wide variety of childhoods through the lens of both established and emerging photographers and was also closely related to Adloh's Spring/Summer 2019 collection curated for Louis Vuitton. The exhibition explored similar themes such as adolescence and youth, and the hashtag used, #Louis Vuitton Growth Trajectory#, attracted 180 million views and 13,800 discussions on Weibo.

6. Strategy

6.1. Multi-Brand Strategy

Today, social media such as WeChat and Weibo have become a necessity for Chinese consumers, with 1.151 billion users as of December 2019. Its 'mini program', launched in 2017, extends traditional social functions even further by allowing users to make purchases without leaving WeChat. Connecting with customers via WeChat is a crucial asset for fashion brands, with almost every brand now having its own public number and widget, and sales staff in its stores keeping in close contact with VIP customers via WeChat. "Social media has changed the way consumers and brands interact, turning monologues into conversations," says Ryerson's Barry, "It offers the possibility to not only share feedback but to have that information amplified incrementally through millions of people. This has forced brands to take steps." Undoubtedly, WeChat Weibo, along with the new social e-commerce app " Red Booklet " and Tik-Tok, make up the four major social marketing platforms for fashion brands and retailers targeting pan-Z generation.

To compete for younger consumers, fashion brands are not only struggling with their marketing, but they have even opened up a new virgin territory - the secondary line.

In the case of Red Valentino, for example, in response to the growth of the young consumer, Maria Grazia and Pierpaolo Piccioli, Valentino's accessories directors at the time, decided to launch a young second line, named Red Valentino after the brand's main red color. The Red Valentino collection inherits the quality materials and exquisite workmanship of the main brand, maintaining the brand's consistent style. Compared to Valentino in terms of price, the potential consumers are fashionable girls, self-confident, innocent, living a romantic life, and not afraid to show their rebellious side. Creative director Pierpaolo Piccioli's fresh and

classically-inspired design concept tells a modern fairy tale of romance for young women, opening up a whole new realm of style for the Valentino brand.

"Red Valentino shows the vibrancy that is missing from the Valentino brand, a collection that opens us up to all kinds of imagination and infinite possibilities," Maria Grazia Chiuri has said. At first, the collection was handed over to Sinv Spa for licensing, but in 2009, Valentino officially took back the Red Valentino collection in hopes of opening up the brand to diversification. In a 2012 financial report, Red Valentino accounted for 20% of the brand's sales.

In contrast to Burberry's disruptive rebranding, Valentino's multi-brand strategy was gentler and more effective than Burberry's disruptive rebranding, as it did not destroy the brand's assets and fragmented its consumer base. The secondary brands were able to attract a younger demographic and generate significant revenue while maintaining the brand's tone.

6.2. Cross-Border Cooperation Strategies

According to a rough count by Vogue.com's Fashion News and Emerging Platforms Editor SreffYotka, she has received around 1,450 crossover co-branding launch passes in 2018. This means that crossover co-branding has become one of the most common marketing strategies used by brands. But regardless of the approach brands take to crossover partnerships with fashion intellectual properties(IP), the decisions behind them are not random. It is worth mentioning that the influence of fashion IPs on a new consumer group - pan-Z generation is something that all brands value. Whether it's their influence on social media or their appropriation of multicultural elements, it's unparalleled.

The year 2020 is the Year of the Rat in China, and Mickey Mouse is the quintessential childhood memory of China's pan-Z generation. Noting these two key messages, Gucci is launching a co-branded collection with Disney's Mickey Mouse as the star of its Chinese New Year collection. The collection covers clothing, backpacks, sneakers, accessories, and other products, with the classic bucket bag quickly becoming a hit due to its cute appearance[12].

According to the statistics of weixin.sogou.com, all kinds of subscriptions in WeChat 805 tweets containing "Gucci Mickey" and other elements, nearly 10% of the bloggers show their use of Gucci Mickey series of products to use the scene. Besides, the popular stars Mi Yang, Ni Ni, Yanjun Lin, etc. all posted photos on their social media wearing printed sweaters and other photos to attract fans to buy.

This data proves the success of Gucci IP co-branding, which captures the nostalgic characteristics of young Chinese consumers, combined with the rat, the traditional Chinese zodiac sign of the world's most famous rat-Mickey Mouse, close to Chinese young consumers, and play Mi Yang and other celebrities to bring the celebrity effect, triggering fans to buy, is a very typical and successful co-branding case.

However, in recent years, the Chinese market has seen many inappropriate co-brandings, where the brand has not chosen the right co-branding target according to its positioning and image. For example, luxury brands collaborating with low- and mid-range brands may affect their brand image, leading to the loss of brand reputation and loss of loyal customers[13]. So fashion brands in cross-border cooperation should pay attention to（1. choose and their brand positioning similar to the brand or in some areas to complement the brand, can be integrated including channels, users, popularity, image, values, including brand assets, making the brand effect superimposed, the formation of an overall brand impression;（2. in the process of co-branding should make good use of all kinds of "contradictions", creating conflict, not just visually, but using the tone that exists within the brand itself to create contrast and conflict.

7. Conclusion

The rapid development of the Internet has led to the rise of social media in China, and the spirit

of the Internet has profoundly influenced the values and consumption decisions of Chinese pan-Z generation. These changes have caused brands to change their marketing approach and explore new ways to reach young people. Firstly, faced with the unique characteristics of the Chinese market and young Chinese consumers in terms of population, contacts and decision making, fashion brands should make good use of social media and quickly seize the four social marketing platforms of WeChat, Weibo, Red Booklet and Tik Tok to grasp the way to communicate with the pan-Z generation; secondly, they should adopt secondary brand strategies and multi-brand strategies to create a brand image suitable for young consumers; and finally, they should adopt marketing measures such as pop-up shops and IP co-branding. and quickly get closer to young people.

The future of social media in China will continue to evolve and expand, with more interesting and novel ways of marketing in the Chinese market. They can be interpreted as a spark that can ignite the fuse of an already existing explosive substance. A spark that can create an amazing future where the past meets the present.

8. Looking Forward

"There is nothing permanent except change." says Heraclitus. Pan-Z generation will grow up one day, and they will have new successors, but what remains the same is the "forever young" consumer. How do you make a permanently young brand? Expand exposure and reap the economic benefits while maintaining their brand tone. For the time being, fashion brands can choose between short-term, time-sensitive pop-up shops and co-branding, or more time-sensitive, multi-brand strategies. But all of these initiatives are directly or indirectly tied to social media, so if the day comes when social media no longer exists, where will fashion brands do about it?

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