

CITY UNIVERSITY OF HONG KONG

香港城市大學

SERVICE INSIGHT FOR RETAINING VIPS:

A STUDY IN CHINA'S LUXURY

APPAREL MARKET

高端客服服務啓示：中國貴價品市場研究

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by

Li Chan Wing

李燦榮

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Abstract

China is obviously one of the most important markets for luxury items. There is an estimation that about 20% of all luxury items sales are made by Chinese customers. With the high concern over the self-concept (or Mianzi), luxury items would only become even more popular with its symbolic meaning. Among the luxury items, apparel takes up about 50% of the sales in China. Fashion brands pay much attention to this customers group as they are the heights spending travelers around the globe.

However, with the anti-gifting policy and the high tax refund claim for the tourist, normal luxury spenders would be deterred. Therefore, it is important to focus on the top spenders or customers who have high bonding with the luxury items. In other words, VIP would be the main target for the luxury brands in this tough environment. This study would like to find out the strategies that can be used to serve the VIP in the Chinese luxury apparel market through the identification of critical incidents in the mind of the customers. The true concerns of this prestige group can be revealed. Traditionally, scholars make use of the spending and frequency to define “loyalty” customers. This study would like to find out true definition and characteristics that would lead to the formation of “VIP” in a practical sense. Most important of all is to find out the insight on how to win and keep customers by discovering what matters most.

Through the interviews with the 30 VVIPs and six people from the industry, including owners, senior executive, and designers, it is found that the traditional views over the marketing mix are not enough the cover the underlying needs of

the customers. Some new insights from their critical incidents show that over the process, physical environment and people are identified. Moreover, it is suggested that the targeting tasks should be based on the social status of the respondents or to be more precise, the change in social status for the customers. For example, some VVIPs would like to have limited edition, while the other one might prefer one and only one edition; some prefer a private room, while some prefer to be seen by the ordinary customers to enjoy the VIP feeling. Moreover, under normal situation, you will never know the VVIP customer would like to wear the most expensive jewelry when attending the university functions, and she would like others to know her ideal self with the intellectuals. A new way of classification is needed.

Three types of VVIPs are identified:

Local tycoons: those were from the grass root or even poor before becoming rich.

Wealth 2nd generation: those who would like to gain higher status in terms of social status, the heritage of the second generation or /and education level instead of money.

Ideologist/Philantropist refers to those who concern more about the next generation and social responsibility and higher social status instead of rich only.

High-Lower, the last type refers to those who concern more on the social responsibility instead of showing off to the celebrity circle, and they would rather look for meaning and contribution to the world.

The study ends with some characteristics'of various social status groups and

the necessary wordings, themes and ideas that are needed to take into consideration when serving the extremely important customers.