
| RESEARCH ARTICLE

Analyzing the Decline of Luxury Women's Shoe Brands in China: A Market Analysis – Based Study of STUART WEITZMAN

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| ABSTRACT

The luxury goods industry has always been a highly anticipated area in the market. With the development of the global economy and the improvement of people's living standards, the luxury goods market has also flourished. However, overall, according to the quarterly or fiscal annual reports released by major luxury brands in the luxury industry in recent years, their common characteristic is the sharp decline in revenue in China; from a regional perspective, the decline in sales in China has the greatest impact on the decreasing total revenue of brands over the years. Such as STUART WEITZMAN, the representative head luxury women's shoe brand, total direct sales, which include stores and e-commerce, in FY23 both declined by as much as 24% compared to FY22. This article takes STUART WEITZMAN as an example to study the specific reasons for the decline in sales volume of luxury in China market in recent years compared to previous years. This study uses the market mix model to analyze STUART WEITZMAN 's marketing strategy in the market, Using the PEST model to analyze the macro environment, Use SWOT to analyze the internal and external environment of STUART WEITZMAN. Research has found that the main reason for the decline in luxury goods sales in recent years is luxury brands have been raising prices, and consumers are psychologically unable to accept the increasing premium. The middle class is more inclined to consider practicality and cost-effectiveness, pursuing the ultimate cost-effectiveness. Secondly, consumers have more other options. In addition to luxury brands, high-end niche brands, designer brands, high-end custom brands, and traditional Chinese brands have also begun to be favored by luxury consumers. Finally, in the post pandemic era, outbound tourism has resumed, and consumers can purchase the same products overseas at more favorable prices.

| KEYWORDS

Head luxury women's shoe, Sales decline, China market analysis.

| ARTICLE INFORMATION

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1. Introduction

1.1 Research Background

The luxury goods industry has always been a highly anticipated area in the market. With the development of the global economy and the improvement of people's living standards, the luxury goods market has also flourished. However, overall, according to the quarterly or fiscal annual reports released by major luxury brands in the luxury industry in recent years, their common characteristic is the sharp decline in revenue in China. From a regional perspective, the decline in sales in China has had the greatest impact on the decreasing total revenue of brands over the years.

This article takes STUART WEITZMAN as an example to study the specific reasons for the decline in sales volume of luxury in the Chinese market in recent years compared to previous years.

1.2 Literature Review

There are many reports and data showing the trend of decreasing sales of luxury in recent years. According to Burberry, a luxury goods group in the UK, the overall same store sales in the Chinese mainland market decreased by 17% year-on-year in the first quarter of fiscal year 2024. Among them, this data in the Chinese mainland market decreased by 19% year-on-year. Tod's, an established luxury goods group in Italy, saw a 24% drop in sales in Greater China in the first quarter of 2024 to 67.3 million euros. Gucci's Asia Pacific revenue in the first quarter of 2024 was 2.1 billion euros (approximately 16.3 billion yuan), a decrease of 18%, compared to a 4% decrease in the previous quarter. LVMH Group's Asia region was the only major region to experience a decline in sales revenue in the first quarter of 2024, with a year-on-year decrease of 6%.

On the other hand, according to data from Swire Properties in the first quarter, the retail sales of high-end luxury shopping malls in Beijing, Guangzhou, Shanghai, and Chengdu decreased by 5.4%, 2.4%, 9.2%, 19.4%, and 14.7%, respectively (Jiemian News, 2024). This also confirms from the channel side that luxury goods can no longer be sold in China.

1.3 Problem Statement and Objectives

STUART WEITZMAN has officially entered the Chinese market since the opening of the first flagship store in Oriental Plaza in the year 2013; the brand's popularity and sales have grown rapidly to make it ascend to the top luxury women's shoe in the Chinese market. SKP had even become the world's best-selling store.

However, the inflection point occurred in the year 2020, which is the fiscal year 2021, when STUART WEITZMAN sales showed a downward trend; meanwhile, there was a comprehensive decline in the whole luxury industry in the Chinese market.

According to the recent financial reports of STUART WEITZMAN, the total sales in China for the fiscal year 2021 from July 1, 2020, to June 30, 2021, were \$96 million. The total sales revenue in China for the fiscal year 2022 from July 1, 2021, to June 30, 2022, is 88 million US dollars; From July 1, 2022 to June 30, 2023, the total sales revenue in China was 67 million US dollars; The above data clearly indicates that the total sales revenue in China decreased by 8.33% in the fiscal year 2022 compared to the fiscal year 2021, while the total sales revenue in China decreased by 23.86% in the fiscal year 2023 compared to the fiscal year 2022. Therefore, Stuart Weitzmann's sales have shown an annual decreasing trend over the past four years, decreasing at an increasingly fast pace.

So, STUART WEITZMAN, as a case study based on her significant and rapid decline in sales in recent years in the Chinese market, is representative of the luxury industry market.

2. Business Environment Analysis

2.1 Market Mix

2.1.1 Price

STUART WEITZMAN's shoes are priced at around 4000 to 18000 RMB (STUART WEITZMAN, 2024). It is evident that the pricing is higher compared to other footwear brands. Mainly because STUART WEITZMAN's shoes are usually made of high-quality materials, such as high-quality leather, meticulous craftsmanship, etc, these materials and manufacturing processes will increase costs, thereby increasing the selling price. Moreover, founder STUART WEITZMAN is a well-known designer whose products represent a unique design style and brand image, thus attracting more consumers willing to pay higher prices for their products. In addition, STUART WEITZMAN is positioned in the high-end market, and his products are mainly aimed at consumers who pursue quality and fashion and who are more willing to pay a premium for high priced products. Therefore, STUART WEITZMAN's high product pricing is a comprehensive reflection of factors such as quality, brand, and market positioning.

2.1.2 Product

STUART WEITZMAN's footwear highlights the brand's strong emphasis on comfort and practicality. Below, STUART WEITZMAN's concept of product design will be explained in detail using the most classic "5050" series and the most popular "strip" high heel shoe series in summer as examples. The most iconic shoe, "5050," is a legendary knee length flat bottomed boot that has been listed as a must-have item in shoe cabinets by countless fashion experts around the world. The astonishing sales figures are attributed to its unique design -50% elastic fabric paired with 50% sheepskin, which is also the origin of the name "5050". This combination provides a luxurious feel while ensuring flexibility and stretchability, making it comfortable to wear. STUART WEITZMAN keeps the top luxury women's shoe brand in the autumn and winter seasons by "5050" for a long year.

Another star product is the "One Belt" high-heeled shoe series, which is made of soft leather and elastic fabrics. Soft padding is added inside the high-heeled shoes to provide additional cushioning and support, reduce foot pressure, and increase wearing comfort. Depending on the simple and elegant style, the "one character belt" is suitable for wearing on various occasions, so it is the most choice on the red blanket by the more stars.

In summary, STUART WEITZMAN's products provide consumers with comfortable and practical products regardless of material selection, shoe design, and actual wearing experience.

2.1.3 Promotion

STUART WEITZMAN often invites high profile celebrities to serve as brand spokespersons. For example, there have been supermodels and celebrity endorsements such as Gigi Hadid, Kendall Jenner, and Yang Mi. Kim Kardashian has been heavily announced as the STUART WEITZMAN Global Ambassador and appears in brand advertisements for the 2022 autumn/winter collection. The celebrity endorsement not only showcases the fashion and high quality of STUART WEITZMAN's products but also expands brand exposure.

Many celebrities, including Eva Longoria, Taylor Swift, and Jessica Biel, rely on STUART WEITZMAN to provide them with shoes to attend various award ceremonies and wear on the streets. Therefore, STUART WEITZMAN is referred to as a "red carpet boot" by netizens. People often see celebrities wearing Stuart Weitzmann shoes in their daily lives outside the red carpet. So, through the celebrity effect, it has attracted many celebrity fans to make purchases.

In addition to the endorsement, STUART WEITZMAN also collaborates with some celebrities or top fashion designers to design products and launch joint collections, such as Disney Kid Super, creating a joint brand to attract consumers of different generations. Moreover, STUART WEITZMAN launches Capsule every year based on different seasons and holidays. This enables brands to stand out in fiercely competitive markets, increase product uniqueness, enhance brand value, attract more potential customers from different fields to pay attention and make purchases, and also expand the brand's influence in the fashion industry.

STUART WEITZMAN actively promotes brand image and products through various social media platforms to interact with fans and share fashion and product information. With the development of We Media, STUART WEITZMAN works with KOLs to feed stars and new products via Red, Vlog, and TikTok. Also, it often invites fashion bloggers and celebrities to showcase their outfits on social media, helping to expand the brand's influence and attract more attention.

2.1.4 Product Place

STUART WEITZMAN is a leading brand in the global boutique footwear industry, with over 111 directly operated boutique stores in North America, Europe, and China. It has established physical stores in regions such as the United States, Canada, Europe, China, Hong Kong, and Australia and also provides online shopping services through STUART WEITZMAN. SW footwear accessories are sold to over 70 countries and regions worldwide.

However, the STUART WEITZMAN brand chooses to open physical stores only in first- and second-tier cities in China and sell only in high-end shopping malls. The main reason is that first and second tier cities have a high population density and strong economic strength, and consumers are more willing to spend on high-end luxury goods. Therefore, it can better reach the target consumer group and increase the likelihood of sales for the brand.

By setting up stores in high-end shopping malls, STUART WEITZMAN is able to convey the brand image of high-end luxury to customers, forming a differentiated positioning from other luxury brands. This also helps to attract consumers who have more purchasing power and are more focused on brand image.

In addition, high-end shopping malls can provide a better sales environment and service support for luxury brands, such as high-quality display space, high-quality shopping experience, and more professional sales consultants. This helps to enhance brand image and product awareness.

2.2 PEST Analysis

2.2.1 P - Analyzing the Impact of Policies

Fiscal 2021 is the key starting year of STUART WEITZMAN sales decline; the Chinese government has mainly established consumption voucher policies targeting fast-moving consumer goods and catering during this year rather than separately setting up luxury consumption vouchers (Zi & Qiu, 2022). This differentiated policy may lead to consumers being more inclined to purchase fast-moving consumer goods and catering services that enjoy policy discounts within the scope of consumption vouchers and adopting a wait-and-see attitude towards luxury consumption.

On the other hand, for luxury consumers, purchasing luxury goods is often influenced by multiple factors such as brand image, product design, materials, services, and shopping experience. Therefore, even without the luxury consumption voucher policy, some consumers will still consider these factors and choose to purchase products from luxury brands such as STUART WEITZMAN rather than just being influenced by price discounts.

2.2.2 E – The Impact of Economic Changes

In recent years, the slowdown in the growth rate of the Chinese economy may have a certain degree of negative impact on the sales volume of the STUART WEITZMAN brand.

In 2018, China's economic growth rate was 6.6%, the lowest growth rate since 1990 (China Government, 2024). In 2019, China's economic growth rate was 6.1%, continuing to maintain a level of 6%. In 2020, affected by COVID-19, China's economic growth rate will decline to 2.3%, the first time in nearly 40 years that there has been negative growth. In 2021, China's economic growth rate was 8.1%, showing a rebound but still lower than the level of previous years. These data indicate that in recent years, China's economic growth rate has gradually declined, especially with a significant decline under the influence of the epidemic. This may lead to a decrease in consumer willingness to consume, thereby affecting the demand to purchase high-end shoe brands.

Furthermore, it will have a certain impact on STUART WEITZMAN's sales volume. Consumers may hold a conservative attitude towards purchasing luxury accessories and choose to reduce their purchases or switch to more affordable brands. In addition, an unfavorable economic environment may also lead to exchange rate fluctuations, inflation, and other factors that influence import costs. Therefore, STUART WEITZMAN may face pressures such as rising raw material costs and depreciation of the Chinese yuan, which in turn may affect STUART WEITZMAN's pricing of products.

2.2.3 S - Social Aspect

China is always the key market for STUART WEITZMAN. China's economy continues to development and accelerates the urbanization process; the middle class is increasingly large, and luxury goods are showing a trend of populism. Younger people become the key luxury consumers in China. The '2023 China Luxury Goods Report' showed that 52% of interviewees in the mainland expect to increase expenses on luxury consumption, which surpassed the data before COVID-19 (44%). However, the star product "5050" was named "Times Tears" by a new generation. Obviously, innovation is necessary.

2.2.4 T - Technology

Fully handmade and leather-crafted tradition, unique comfort, and fashion style are the reasons that have always led the luxury market since STUART WEITZMAN came into the world.

STUART WEITZMAN's shoe production requires a complex and meticulous process, including design, material selection, cutting, sewing, molding, and other multiple links. The brand focuses on improving production processes and manufacturing techniques to ensure that every pair of shoes meets high-quality standards. In the current trend of intelligence, the introduction of intelligent production systems through advanced production equipment and technology realizes the automation and intelligence of the production process to improve production efficiency and product quality to reduce cost and increase revenue.

With the increasing awareness of environmental protection, sustainable development has become an important issue in the fashion industry. STUART WEITZMAN may focus on and adopt sustainable technologies, such as using environmentally friendly materials, energy-saving, and emission reducing production processes, to reduce their impact on the environment. The application of these technologies not only helps to enhance the brand image but also attracts more environmentally conscious consumers.

STUART WEITZMAN creates a fusion of online and offline. Brands apply these technologies through official websites, social media platforms, and other online channels to improve brand operational efficiency and customer experience. This not only helps to enhance brand awareness but also increases consumer stickiness and loyalty.

2.3 SWOT Analysis

2.3.1 S - Strength

With its unique design and excellent quality, it has accumulated a high brand influence and recognition worldwide; these designs not only lead the fashion trend but also become a sought after object for many fashion enthusiasts. Has also appeared in top international fashion magazines multiple times and has numerous loyal fans worldwide, including numerous domestic and foreign female celebrities and first ladies from various countries. The brand pays attention to details and uses unique materials such as cork, resin, wallpaper, 24K gold, diamonds, etc., making its products both fashionable and comfortable.

In addition to classic products, STUART WEITZMAN has also expanded its product line to include multiple series such as boots, flats, sandals, and handbags, meeting the needs of different consumers. In addition, the brand constantly launches new products to maintain its freshness and competitiveness.

STUART WEITZMAN has over 130 directly operated boutiques and counters worldwide, especially in North America, Europe, and China, with a wide market layout. In addition, the brand actively collaborates with well-known spokespersons, such as China's "sales queen" Yang Mi, further expanding its influence in the Chinese market.

2.3.2 W - Weakness

As a brand founded in 1986 in the United States, STUART WEITZMAN is relatively young and has a short history compared to LV, Gucci, and Coach, which are in the same group; to make a significant gap between it and brands with a long history and high global awareness, which is particularly evident in China market because Chinese consumers are more inclined to purchase brands that are widely recognized and regarded as luxury goods.

STUART WEITZMAN's product positioning is somewhat different from that of other large luxury brands. It focuses more on fashion and comfort rather than luxury, which may limit the willingness of some consumers to purchase its products.

Compared to other large luxury brands, STUART WEITZMAN has a relatively lower investment in marketing and promotion. This has resulted in the brand's attractiveness and brand influence on consumers being inferior to other larger scale brands.

Moreover, the number and distribution of STUART WEITZMAN's stores may not have reached the level of luxury brands like LV and Gucci, which limits the opportunities for consumers to purchase or interact with the brand in physical stores.

2.3.3 O – Opportunity

For now, economic growth in China has been going on for many years, and luxury is gradually sinking to make consumption power stronger in second-and third-tier cities. Meanwhile, second- and third-tier cities are different from first-tier cities in terms of regional consumption characteristics. For second and third tier cities at present, most consumers of luxury are rich people; there is no consumption contribution from the middle class. However, in the view of markets all over the world, once the luxury market seemed to belong only to rich people, it is now becoming more populist. This is a large trend in luxury consumption at once. In this reshuffle, STUART WEITZMAN will capture the latecomer advantage.

With the rapid economic development of emerging markets such as China and India, the number of middle-class consumers is constantly increasing, and the demand for luxury goods is also significantly increasing. STUART WEITZMAN can seize the opportunities brought by increasing consumer purchasing power by strengthening brand promotion and sales channel construction in these markets. Because consumers in emerging markets have shown a strong willingness to purchase luxury goods such as high-end shoes, STUART WEITZMAN has a broad market space.

In recent years, digital marketing/We Media has become an important trend in the luxury goods industry. STUART WEITZMAN can establish closer and deeper cooperative relationships with top e-commerce platforms and social media, enhance interaction with customers through new technologies and means, and form a close integration of brand, image, and consumer experience. For example, we have reached a strategic partnership with Tencent Smart Retailing to carry out digital expansion on the WeChat applet, JD, Tmall, and other platforms, and at the same time, we have used social platforms such as TikTok and Red to promote brands and strengthen our ties with young consumers. These opportunities have brought STUART WEITZMAN numerous different types of potential customer groups.

In the future, many threats that STUART WEITZMAN In recent years, digital marketing has become an important trend in the luxury goods industry. STUART WEITZMAN can establish close cooperative relationships with top e-commerce platforms and social media, enhance interaction with customers through new technologies and means, and form a close integration of brand, image, and consumer experience. For example, we have reached a strategic partnership with Tencent Smart Retailing to carry out digital expansion on the WeChat applet, JD.COM, Tmall.COM, and other platforms, and at the same time, we have used social platforms such as TikTok and small red book to promote brands and strengthen our ties with young consumers. These opportunities have brought STUART WEITZMAN numerous different types of potential customer groups.

2.3.4 T – Threats

The national pride of consumers in the mainland is rising increasingly and proposed more requirements and strictures for international brands. Research shows that "double standard" catches 55% concern, "product quality" catches 53% concern, "One-China" catches 51% concern, and "enterprise dishonesty" catches 48% concern. Brand good opinion and order desire will be seriously weakened by consumers. Research related to China's chic hot spots may make this trend provide some inspiration. Chinese are casting off reliance on international brands, and it is a significant improvement in consumption and identification of local brands.

Chinese element is key important. In contrast to China and Western, China's brand score has a stronger increase 5-10% than last year in each dimension when luxury brands deliver good results. 78% of mainland consumers and 59% of Hong Kong consumers both identify that adding Chinese elements is important in luxury goods and services.

The high-end footwear market is fiercely competitive, with competitors such as Manolo Blahnik, Jimmy Choo, Christian Louboutin, and other brands having a huge market share and loyal customer base worldwide. These brands may pose a direct threat to STUART WEITZMAN's market share through continuous market expansion and product innovation. In order to compete for market share, competitors may adopt a price reduction strategy, which may have an impact on STUART WEITZMAN's pricing strategy. The price war may not only damage STUART WEITZMAN's profit margin but also affect its high-end brand image.

STUART WEITZMAN currently belongs to Tapestry Group, which also owns brands such as Coach and Kate Spade (Tapestry, 2024). If Tapestry Group makes strategic adjustments that are unfavorable to STUART WEITZMAN, such as uneven resource allocation and decreased brand attention, it may have a negative impact on STUART WEITZMAN's development. Moreover, the overall performance of Tapestry Group will also affect the development of STUART WEITZMAN. If the overall performance of the group is poor, it may affect the investment and support for STUART WEITZMAN, thereby adversely affecting its market competitiveness.

3. Conclusion

The reason is the complex sales decline, but price competition, the old products, and the economic downturn without disputable facts.

Firstly, in recent years, luxury brands have been raising prices, and consumers are psychologically unable to accept the increasing premium. The dividend of consumer upgrading is gone forever, and the middle class has become price sensitive. Therefore, when purchasing shoes, they often tend to consider practicality and cost-effectiveness, pursuing the ultimate cost-effectiveness. High end luxury shoes are facing an awkward situation of being abandoned by consumers. The younger generation of consumers, especially, may choose to purchase cheaper, outdated styles at outlets.

Secondly, consumers have more other options. In addition to luxury brands, high-end niche brands, designer brands, high-end custom brands, and traditional Chinese brands have also begun to be favored by luxury consumers. In addition, although high heels are one of the "magic weapons" that reflect women's charm, with the rise of a new generation of consumers and the prevalence of sportswear and yoga pants, "magic weapons" are no longer useful.

Finally, in the post pandemic era, outbound tourism has resumed, and consumers can purchase the same products overseas at more favorable prices. Especially since the beginning of this year, the Japanese yen has plummeted, causing many Chinese people to travel to Japan and purchase luxury goods.

4. Recommendation

Stand brand image, attract new generation consumers and expand the market, product innovation, rich marketing tool.

Due to the international relations at present, stabilizing brand image is the top priority.

Strengthen popularity and younger positioning to catch the G and Z generation, insist on China as the key and main market, and expand to developing countries such as Vietnam, which has rapid economic development.

Product research and development of new products with innovative designs, as well as the expansion of different Capsules based on the top products. Keeping Advantage in horizontal competition. Connect with diverse industries to send out co-branding products.

Lastly, regarding the operation of STUART WEITZMAN, make full use of online traffic on mainstream media such as RED, Kik Tok, and WeChat. Setting up pop-up stores with celebrity support is a better way to attract more young customers and fan groups today. In addition, making every customer a brand member helps to understand their preferences and recommend more suitable products to sell more products. Giving small gifts on birthdays and holidays can increase customer satisfaction.

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