

CONSUMER ELECTRONICS

How one brand conquered China's booming luxury appliance market

February 17, 2021



From luxe loudspeakers to hi-tech fitness gadgets, pandemic constraints have heightened consumer demand for numerous luxury home appliances. Image courtesy of Devialet

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The vigorous **economic rebound in China** has positively impacted the consumption patterns of digital products, especially those segments that bring better at-home luxury experiences during the time of COVID-19.

From luxe loudspeakers to hi-tech fitness gadgets, pandemic constraints have heightened demand for numerous luxury home appliances in the Chinese market.

In uncertain times, the purchase decisions behind these types of luxuries differ from most personal luxury purchases: a home is more of a comfort and not an expenditure.

The pandemic and the Chinese holiday season have allowed luxury home brands to connect with Chinese consumers at the right place and the right time.

Thanks to the constant **increases in living standards** and online/offline purchasing power in China, the white-and-brown goods market has grown into a very lucrative sector that encourages strong brands to enter, whether they are foreign or Chinese.

French luxe loudspeaker brand **Devialet** has just launched its new-generation, all-in-one speaker called the Phantom I: the flagship compact speaker of the series.

Once again, China became the brand's major target market, as it saw a vivid change in Chinese consumers' lifestyles during the post-COVID-19 era. And those consumers have been crying for a higher quality of life with personalized experiences.

For them, home luxuries hold more value than investments, as they are optimistic about their future finances, knowledgeable about luxury consumption, and are now more discerning about quality.

Meanwhile, the Apple Fitness app, which launched in December 2020, also stirred up China's luxury market, as the **Hermès watchband-plus-Apple fitness** has become all the rage.

With people staying home more often, luxury digital appliance purchases are now primarily focused on quality, style, longevity and investment value. Therefore, a marriage between luxury and tech has been winning over Chinese customers.

A report by Global Industry Analysts that was released in December said the global wireless audio market is expected to grow to \$17.6 billion, while China's audio market is expected to grow at an annual rate of 12.8 percent over the next few years, with an estimated market size of \$4.2 billion.

Geographically, the Asia-Pacific already leads the world in this category, driven by growing middle classes in China, India and other Asian countries. Per HSBC's estimation, upgrading demand will account for approximately 52 percent of home appliance sales by 2021.

According to Devialet's CEO, Franck Lebouchar, France is still the brand's biggest market. But in 2020, China overtook the United States as the company's second-largest market in only its second year in China.

Cutting-edge technology is playing an increasingly crucial role in most of today's high-end luxury appliances.

For example, Phantom's newest state-of-the-art speaker equipped with has reached a new level of acoustic excellence through French innovation, helping the brand shape a loyal circle of enthusiastic audiophiles.

"By combining a series of radical proprietary technologies, Phantom consistently shatters expectations at every step of the sound reproduction chain, with zero distortion, zero saturation, and zero background noise," said Devialet's marketing manager. "This is important to Chinese consumers, especially in such a difficult time because a lot of fans rely on at-home relaxation to soothe themselves."

Brands' technological innovations like these can significantly increase margins in China's luxury appliance market, which allows the sector to remain highly competitive and for regular customer circles to form.

Whether small or big, these groups continually share their user experiences with friends both online and offline. As such, the market competition has become a contest of branding, product quality, technologies and customer management.

"The luxury speaker has become a symbol of at-home quality experience," said Ken McAlpine, Devialet's chief technological officer. "Too many people have experienced the devastation and loneliness of staying at home due to the pandemic.

"With up-to-date designs and personalized listening experience, home appliances like speakers not only bring users audio excellence but also comfort during this uncertain time," he said.

As digital natives, Chinese customers have easy access to everything they want. Consequently, consumers only surround themselves with luxury brands that are compatible with their values. Chinese consumers are always demanding reassurance and security. So a luxury home appliance brand's reputation is an endorsement that keeps sales growing. So for luxury brands, opportunities are still strong in this market.

China is the world's most important and fastest-growing luxury market. But it is also the youngest and most digital by far, with **Gen-Z consumers** already making 15 percent of the country's luxury purchases. And that number is growing at an unprecedented rate during the pandemic. Fueled in part by today's **stay-at-home culture**, luxury electronics brands like Devialet have outlined several ways for other international brands to compete, particularly via excellent user experience, edgy technologies, transparent storytelling, and omnichannel marketing strategies.

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