

Balenciaga: Incident in Paris, Boycott in China

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EXECUTIVE SUMMARY

Balenciaga, a famous luxury brand, was heavily criticized and boycotted by Chinese netizens after mishandling a queue cut incident in a famous French department store in Paris, involving Chinese customers and local staff. The incident caused an uproar on Chinese social media and generated more than 20 million views on Weibo (a famous Chinese social media platform) within two days. Chinese consumers defined the incident as racial discrimination and spontaneously launched a boycott campaign against Balenciaga. This chapter will mainly focus on public opinions and official responses from all parties, analyze the causes and consequences of this incident, and explain how Balenciaga manages to overcome this public relations crisis.

BRAND BACKGROUND

Balenciaga is a French luxury brand, part of the Kering Group. Founded in 1919 by Cristóbal Balenciaga and settled in Paris in 1936, he led many important fashion movements between 1930 and 1968. Representative ready-to-wear collections reflect the brand's identity, and leather goods, shoes, and accessories have achieved global success. Leather bags are one of the main products of the brand. Balenciaga exclusively opens outlets in upmarket malls and has over 180 stores worldwide, among which 21 stores are located in Paris. The Pinault Printemps Redoute outlet, where the incident happened, is the most representative store of Balenciaga in Paris, and the mall itself is a member of the Kering Group. In December 2018, the World Brand Lab released the "2018 Top 500 World Brands" list, and Balenciaga ranked 397th.

Brand Development

Brand History

In 1917, Cristobal Balenciaga founded the Balenciaga fashion house in Spain. The fashion designer, known for his “uncompromising standards”, at the height of his career was even known as the creator of the “New Look” by Christian Dior as “the one for all of us”. the master of ours all. Since its inception, Balenciaga has been leading important trends in the fashion world. In 1937, Mr Balenciaga opened a fashion house in Paris, and his first big show was an amazing success, he was praised by the media as a “fashion innovator”. In the 1950s and 1960s, Balenciaga’s innovations in technology and materials inspired the creation of new silhouettes of womenswear, which is recognized as his crowning achievement in the fashion industry. To this day, his sculptural creations are still regarded as masters of haute couture. In 1968, Cristobal Balenciaga closed the fashion house. In 1972, he died in his hometown in the Basque Country of Spain. The fashion house remained dormant until the late 1990s.

In 2001, Kering reopened the door to fashion, re-establishing Balenciaga as one of the most influential brands in the fashion industry. In October 2015, Demna Gvasalia was appointed artistic director of the brand. Under the leadership of Gvasalia, Balenciaga has continued its historical glory. From clothing, and accessories, to experience, continuous innovation seems to be a spiritual call to fashion pioneers. Gvasalia’s work in Balenciaga has won him the International Ready-to-Wear Designer of the Year award at the British Fashion Awards in 2016 and the Best Accessories Designer award in 2018 (Cabigiosu, 2020). In 2017, the Council of Fashion Designers of America (CFDA) named him the best international designer (Lunia, 2020).

Brand Development in China

Compared to its peers, Balenciaga’s entry into China is relatively recent -- less than 15 years ago. But the brand has been highly sought after by consumers since it entered the Chinese market. Many stars like Balenciaga’s clothing, which has formed a certain celebrity effect. At the same time, the brand is constantly trying to localize itself, capturing the hearts and minds of consumers by launching China-only items and launching marketing campaigns during Chinese festivals. By 2022, Balenciaga has opened 38 boutiques in China. At the same time, Balenciaga also pays attention to the establishment of online marketing and sales channels. This internationally renowned brand has official accounts on China’s major social media Weibo, WeChat, Tiktok, and official stores on two e-commerce platforms, Tmall and JD (Kim & Ko, 2012).

Business Model and Product Line

Business Model and Strategy

Since Gvasalia took office in 2015, he has led Balenciaga’s performance to grow rapidly, becoming the brand with the largest sales volume among other luxury brands other than Gucci, Saint Laurent, and Bottega Veneta under Kering, accounting for about 20% of total sales. In addition to being street-oriented and urban, Demna Gvasalia’s designs are also full of sub-cultural colours such as “disorder”, “goth”

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