

Alleged ‘racism’ Balenciaga and its wrathful Chinese consumers – analyzed through the case study of 2018 Balenciaga Boycott Event

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Abstract: *With its rapid economic growth and huge population, China has become one of the most attractive markets for luxury brands in the world. Furthermore, China’s middle-class consumers have become important targets of luxury brands. Nevertheless, such ‘brand versus consumer’ relationship cannot be easily portrayed as a linear ‘reciprocal’ trajectory, of which the contradictions and confusions have often be presented. To further examine such relationship, one of the well-known boycott events, the 2018 Balenciaga Boycott Event, will be applied as a lens to observe how different sectors such as consumers and luxury brands interacted in a certain situation. Therefore, a complex and uneven relation between ‘foreign brand’ and ‘Chinese consumers’ will be illuminated, and the strategies applied by Balenciaga to address such challenging situational shall be presented. Consequently, this paper can be provided as a useful case study to understand the characteristics of Chinese consumers and the caused business dilemma, and further the strategies to situate the challenges.*

Keywords: *Consumer Relationship; Multinational Corporations; Chinese Market; Luxury Fashion Industry; Transnational Corporations; Balenciaga Boycott Event*

1. Introduction

‘A video posted online appeared to show a Chinese customer assaulted at the Balenciaga shop inside Printemps...’ Its caption read: ‘Boycott Balenciaga for discriminating against China’[1].

A It is an extraction from a piece of news reported by the British Broadcasting Corporation (BBC) on the 27th of April 2018. And this piece of news fairly describes what dilemma encountered by Balenciaga at the time. Because of the exposure of a video that shows the physical confrontation that occurred between the Balenciaga salesclerks and Chinese customers, this luxury brand was convicted as ‘practicing the ethnic discrimination towards Chinese’ and thus being called to boycott. Therefore, this essay aims to critically investigate such a challenging situation; explore how Balenciaga responded to these wrathful customers, and further assess the results.

The essay will begin by providing the big picture of the overall luxury fashion industry, in which the concept of luxury fashion brands and the current industry status will be introduced. And then the theoretical relationship between the luxury fashion brandings and Chinese consumers shall be elaborated. Next, it will describe the details of the controversial story ‘2018 Boycott Balenciaga Incidents’ and the strategies addressed by Balenciaga. Consequently, through utilizing the lens of the Balenciaga event, a complex and uneven relation between ‘foreign brand’ and ‘Chinese consumers’ will be illuminated in the closing section.

2. Conceptualizing & Introducing Global Luxury Fashion Industry

Despite no concrete definition on ‘luxury’, coming from the Latin ‘luxus’ which means superabundance, luxury etymologically refers to any expense that exceeds what is strictly necessary [2]. The ethics of luxury not only means a simple production of expensive material objects but also a symbol of a cultural and religious phenomenon that had even existed in prehistory [3]. Thence, ‘luxury’ takes on different forms and meanings with the reference to the various context of space and time. Nonetheless, during the twentieth century and even nowadays, the logic of ‘luxury’ has highly embodied in the form of high-quality, expensive and non-essential products [4]. And for a long time, luxury found its best representative image in haute couture, a format of the fashion industry initially born to celebrate the exclusivity and power of the aristocracy [5]. The protagonist of this essay, Balenciaga, also used to be

one of the guardians of such privilege-based fashion art [6]. However, the irruption of democratization in the 1960s and of the commercialization in the 1980s crucially changed these prestigious brands' awareness, positioning and their consumer groups, and thus determined how of the current global luxury fashion industry represents.

Thus, three key features of the current global luxury fashion industry shall be introduced. First, 'being democratic' has become one of the core values in brand positioning. Because of the transformation towards massification in the 1960s onwards, the idea of the 'democratization of luxury' has been brought into luxury fashion brand positioning. Many luxury brands including Balenciaga redefined the quality of life that not only served the most elitist strata of the population but also the majority of emerging middle-class consumers with more diverse styles and affordable prices [7].

Financialization is the second feature identified in the current luxury fashion industry, in which these luxury fashion brands started to be concentrated from the small family-owned workshop into multinational corporations through mergers and acquisitions, seeking commercial competitiveness and market profit. The House of Balenciaga started to be owned by Kering Group in 2001, handing over its ICT and finance functions while preserving the brand's creative identity to achieve future business success [8].

Third, the characteristics of their main consumer groups, in terms of nationality and age, have changed significantly. Despite the still dominant role of the Eurozone, those younger consumers who are mainly from developing economies around the world, particularly China, are now the new engine of worldwide growth in luxury spending [9]. According to a 2018 luxury market report from Bain & Company, Chinese consumers accounted for 33% of global luxury purchases, which constituted the largest proportion [10]. China's affluent post-1980s currently leads in luxury branding and the post-1990s millennials are the emerging powerhouse, together accounting for 76% in 2018 Chinese total luxury spending [11]. Thereafter, the presence of China's affluent upper-middle class in fueling the luxury market should be highlighted.

Thus, although the connotation of luxury has changed over time, 'luxury' today commonly refers to the top category of prestige brands and normally a product produced by these brands with the premium prices, quality, and status. And the former exclusivity of the luxury fashion industry has been replaced by the opposite concept, that of inclusiveness. Democratization of brand positioning, commercialization of brand strategy, and globalization of consumer groups together characterize the current global luxury fashion industry. And such transformation raises the increasingly important role of Chinese young consumers and simultaneously poses the new challenge that would be faced by the luxury fashion brands.

3. The Luxury Fashion Branding and Chinese Consumers

The former discussions clearly emphasize that the emerging economies of Asia, especially China, has significantly helped boost the growth of the luxury fashion industry in recent year. Numbers of academic research and business reports have shown that, influenced by the value of brand consciousness and fashion involvement, young Chinese consumers indeed possess a strong willingness to pay for luxury fashion brands [12]. Yet, the relationship between luxury fashion branding and Chinese consumers is by no means equates to the mere 'supply' and 'demand' relation. But instead, such a relation remains highly uneven and unstable.

Some of the current academic literature, as well as the business analysis, have identified two primary concerns within the Chinese luxury consumer behavior, that is, lack of brand loyalty and the penetration of ideological hostility respectively. In terms of brand loyalty, the statistic from McKinsey shows that young consumers are not loyal to the brands in the same way that the older generation was, in which 52% of post-90s consumers are eager to venture into new luxury experiences outside of preferred brands [13]. Thus, it can be demonstrated that the high instability of Chinese customers caused by a lack of brand loyalty would, to a large extent, increase the possibility of customer churn of a particular luxury brand. Another challenge in such a relationship relates to the still prevailing hostility among Chinese consumers and even the whole public towards the West. It has been found that there has been a 'national humiliation narration' rooted in the Chinese public discourse, leading to ideological antiforeign sentiments that always be present in China [14]. Thereafter, the complexities within this relationship have already been identified.

However, even though the increasing analytic focus on the relation between West brands and Chinese consumers, these studies tend to simplify these boycott events because they generally utilize them as

examples to evident the nationalism sensitivity of Chinese consumers. So, they commonly lack micro research on how these two mutual sectors interacted in a certain boycott event. And therefore, a nuanced analysis of the hostile emotion of Chinese consumers as well as the business strategies taken by the foreign companies are always overlooked. Thus, the following section will concentrate on the detailed story of the 2018 Boycotts of Balenciaga. And a more comprehensive understanding of such extricable relation between MNCs and their Chinese customers shall be tried to discover.

4. Case Study: The 2018 Chinese Boycott towards Balenciaga

'In this only five-second video, it captured the moment that several security guards working for the Balenciaga store at the Printemps in Paris, tried to use drag and drop to forcefully control a Chinese man wearing black clothes. However, there was only one Chinese man in camouflage on the sidelines who tried to stop such acts of violence' [15].

It is the content of a short video that went viral on Chinese social platform Weibo and Wechat [16]. According to the description of witnesses, there was five French cut in the queue to buy Balenciaga and an old lady argued with them. But these five French started to beat her son to the ground when this young man defended his mother. However, Balenciaga staffs blamed Chinese people and further took him away through the violent way [17]. And this scene was recorded in this short video. This video was initially posted on the 25th of April 2018. Immediately, the hashtag #Boycott Balenciaga Discriminate Against Chinese had been viewed at least 29 million times on Weibo, China's equivalent of Twitter, within only two days [18]. Therefore, due to the exposure of this video, Balenciaga was accused of racial discrimination against Chinese shoppers and thus called for a boycott. In this part, the whole event will be introduced alongside a timeline, in which the causes, characteristics and results of this boycott shall be analyzed.

In terms of the cause of such boycott, whether Balenciaga indeed committed racial discrimination remains as a question. Despite the conflict revealed in the video, it is unclear to identify how the whole event happened. For example, according to one of the state-run mass media, Global Times, the absence in the response of Chinese aunt and her son rather indicates an ambivalence of the truth [19]. Apart from the ambiguity of the response from participants, the words from other witnesses further complicated the cause of the disputes. Based on the information provided by one of the witnesses, the 'physical altercation' showed in the video was instead the way these Balenciaga guards tried to maintain order, in which there was no violence indeed occurred [20]. Therefore, although the exposed video shows the highly discriminated actions taken by Balenciaga staffs, it is not reasonable to state that Balenciaga indeed disseminated racism as those prevailing presumptions criticized.

Nonetheless, whilst the determining cause of such event remained blurred, the embodied ethnic discrimination narration on Balenciaga became the orthodoxy discourse among the Chinese social media. And there were three main characteristics within this boycott towards Balenciaga, which further decided the nature of the event. First, such a boycott was completely a bottom-up event, without any support or guide from official authority. The official reports such as People's Daily, cautiously described the event alongside a highly objective attitude and neutral tone, avoiding any politicized comments or 'antiforeign' discourse [21]. Second, the group calling for this boycott was highly compatible with the of the main consumer groups in China. For instance, 78% of Chinese social media's main users are born after 1980, overlapping with the age of the main consumer group of luxury fashion goods in China [22]. Thence, it can be argued that due to such a high level of overlap, such a boycott might result from a negative impact on the consumer base of Balenciaga. Third, despite the constructed racism discourse and the provoked large-scale boycott, such an event was more of an emotional outbreak accompanied by a highly entertaining feature. The words used to call for boycott applied rude profanity and joking language such as 'kick it off and 'foreign monkey' to strongly impose the emotional rage towards the Balenciaga and even the whole foreign luxury fashion industry. Thus, these three features dominated the nature of the event. And that is, despite the wide range of participants in the boycott, the boycott was characterized by a lack of government support and rigorous planning.

The negative impact of boycott was immediate, mainly reflecting on the financial situation of Kering Group. Just in one week, Kering reported a 27% decrease in sales [23]. And due to both public and financial pressure, the strategy mainly taken by Balenciaga was to make public apology. Timeliness was the primary factor in their apology, of which Balenciaga issued the first announcement within 24 hours in response to such image crisis [24]. However, such an apology failed to fulfill the Chinese netizens' anticipation because it tended to generalize the 'discriminated actions' defined by Chinese discourse as

an 'incident' [25]. The second issued statement showed a more sincere attitude while remaining an avoidable and ambivalent attitude towards the charge of racism [26]. To be more specific, in their second apology statement, they only declared that 'The House of Balenciaga is firmly committed to the values of equality and diversity, and stands strongly against any kind of discrimination'. In such account, Balenciaga only reinforced their stand of anti-racism and anti-discrimination in response to the alleged negative image imposed by Chinese netizens. And they continued to apply the avoidance to completely admit that the incident was discriminatory as most Chinese netizens presumed and criticized. This in turn, further prove that the truth cause of incident happened in Primptons was rather obscure and undetermined. However, the crisis had still been largely mitigated after the issue of these two apologetic statements. And in the long run, the boycott did not have a tremendous impact on the Kering Group's finances and sales. After a week of falling sales, Kering Group sales are still showing a very rapid upward trend in 2018, even more so than before the incident [27].

Therefore, this section contends that Balenciaga during this boycott became a socially constructed image that mostly characterized so-called racism and discrimination. And thus paradoxically, although the apology strategy taken Balenciaga did not fully engaged with such allegation, the serious situation had also been largely alleviated because of the timelessness and sincerity.

4. Analysis

M The key theme throughout this study is the relationship between 'foreign luxury brand' and 'Chinese consumer'. And 2018 Balenciaga Incident provides a nuanced lens to further critically understand such relationships through a storytelling approach. Through such a cases study, three key finds should be reinforced.

First, it can be found that there is indeed a highly sensitive 'national humiliation narration' and the 'constructed discriminated discourse' rooted in the Chinese public, which further could immediately accelerate an antagonistic hostility towards foreign branding. As aforementioned in the section of 'Luxury fashion Branding and Chinese Consumers', there have been prevailing ideological antiforeign sentiments that always be present in China. Hence, it is not surprising that Chinese netizens provoked rage, hatred, and heavy denounce towards Balenciaga when a video showing one Chinese is being rudely controlled by several foreigners were exposed. And the case study of Balenciaga further indicates such sentiment is highly sensitive, large-scaled, and could be immediately ignited.

Second, because of a lack of official support an orderly plan, the boycott led by Chinese netizens among social media platforms appears intense and ferocious while retaining a somewhat ineffectiveness. Whilst Chinese netizens had built up Balenciaga as a quintessential racist brand through widely denouncing it on social media platforms, this image of 'Balenciaga' was rather neutralized in the official account. Furthermore, although the constructively racialized Balenciaga was strongly attacked and resisted by Chinese netizens, such boycott was still permeated with a sense of entertainment and emotional outburst without order and logistics. Therefore, due to these two disrupted factors, to a large extent, the boycott for Balenciaga can be regarded as ineffective.

Third, although the boycott is partially inefficient, the timeless apology strategy is taken by Balenciaga indeed largely alleviates and mitigates the serious situation at the time. Although 'discrimination' and 'racism' had been a loaded burden injected into the discourse on Balenciaga, caused that Balenciaga continually showed avoidance and caution to commit such allegations. However, due to the timelessness and sincerity revealed in both two apologetic statements, even though not being fully solved, the extremely serious situation was immediately relieved in only two days after the explosion.

Therefore, to conclude up, although the cause of the whole event remained undetermined because of the absence of the straightforward response from both Balenciaga and the participants involved in the fight, the Balenciaga was being embodied with a narration of 'discrimination' and 'racism' alongside a large-scale of denounce and boycott among the Chinese social media platforms. Nonetheless, if deeply analysing the nature and characteristics of such a boycott, it can be found that it is highly ineffective and inefficient due to the absence of government support and orderly logistics. Thus, even though the apologetic announcement issued by Balenciaga was more of an avoidance towards the alleged racial image, the whole boycott was not long-lasting and therefore highly fragile. Yet, the timelessness in response and the attitude of sincerity deployed by in Balenciaga performance were also of importance to alleviate the situation, which should not be overlooked.

5. Conclusion

Overall, the 2018 Boycott for Balenciaga presents a useful case study to develop the current studies on Chinese consumer psychology and their relationship with foreign brands. The sensitive discourse of 'nationalism' and 'patriotism' of Chinese consumers remains a burden that could restrict the Multinational Corporations' business development. However, this paper might further shed a light on the complexities within such prevailing narration, that it is also highly fragile and non-persistent if without the official support and orderly planning.

My nuanced study has therefore opened new avenues for further research by the scholars' study on the relationship between Chinese consumers and foreign brands. In an academic context, more needs to be done to locate the real experience of Chinese consumers at the face of the conflict with the foreign brands through using a particular nuanced and micro lens. This would spark a new phase of the business in China and Chinese consumer psychology scholarship in which the state's determining roles and the impact they had on the boycott movement should be illuminated.

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