

APPAREL AND ACCESSORIES

## Balenciaga CEO: Risky Demna Gvasalia appointment was game changer

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*Balenciaga has seen a rise in popularity under Demna Gvasalia. Image credit: Balenciaga*

By SARAH JONES

VENICE, Italy While an unconventional move, Kering-owned Balenciaga's choice of designer Demna Gvasalia as its creative director has helped the brand become the hottest label in fashion.

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Balenciaga saw the most growth of any Kering house in 2017, surpassing even the accelerating Gucci. During the Financial Times Business of Luxury Summit on May 22, the brand's CEO explained how Mr. Gvasalia's streetwear style has infused Balenciaga with a new energy.

"[The appointment] was a risk, that was a decision that has been a game changer," said Cdric Charbit, CEO of **Balenciaga**. "With that appointment, somehow Balenciaga was back in a minute."

### Booming Balenciaga

Mr. Gvasalia was hired by Balenciaga in 2015. Mr. Charbit said that while he was not at Balenciaga at the time, the appointment got his attention.

At the 101-year-old house, traditional craftsmanship and savoir-faire have been passed down over the past century. At the same time, the executive says the company acts like a startup in aspects such as hiring.

House founder Cristobal Balenciaga was a disruptor in his day, and that attitude towards fashion is being carried on with Mr. Gvasalia.

Balenciaga has topped Lyst's rankings of the hottest brands for multiple quarters. The research analyzes searches made on Lyst's platform to determine which labels are getting the most consumer attention ([see story](#)).

In addition, Balenciaga's shoe designs helped boost its earned media value in February, according to data from Tribe Dynamics.

Balenciaga saw a 93 percent year-over-year uptick in content production and mentions as streetwear fans and publications posted about its Triple S trainers or partnership with Crocs ([see story](#)).



*Balenciaga men's spring/summer 2018 campaign. Image credit: Balenciaga, photo by @RobbieAugspurger*

Despite the popularity of Balenciaga's Triple S sneakers, the brand's growth has been balanced across categories, with a quarter of revenues coming from ready-to-wear.

While Balenciaga did not set out to specifically target millennials, these consumers have embraced its style. This generation accounts for 60 percent of Balenciaga's total sales.

Whereas in the past growth mostly came from geographic expansion, today Balenciaga is driving revenue increases mostly by adding demographics, with millennials and men the consumer groups growing the fastest.

#### China controversy

One aspect of Balenciaga's corporate policies is creating scarcity. Courtesy of this, the brand's product drops see people camping outside to have access to products when they launch.

With Balenciaga's popularity and low supply strategy also came a recent controversy.

Consumers threatened to boycott Balenciaga after an incident of reported racism at a Paris department store went viral.

According to Jing Daily, a social media post from a bystander said that security guards manhandled a Chinese shopper who was attacked while waiting in line to buy Balenciaga's Triple S sneakers. The story became a trending topic on Weibo, with millions of consumers viewing posts about boycotting the brand ([see story](#)).

The incident happened in April during a restocking of popular styles at Printemps in Paris. While Balenciaga has already issued two statements, at the summit Mr. Charbit apologized and explained what the company learned from the situation.

Balenciaga realized that the customer service was not right that day, and has since bulked up its security when launching products. It has also trained its teams to deal better with scarcity.

Looking ahead, Balenciaga is continuing on under Mr. Gvasalia's creative direction, and Mr. Charbit says the house's future looks positive.

"Growth is not a value for us. Creation is a value," he said. "Growth is a consequence of what we do.

"How we manage the growth and how we manage Balenciaga growing so much, we establish internally a strong alignment with the vision to make sure that we all understand, believe and support the vision," he said. "If we don't, it's simply not going to work."