

MARKETING

The secret to surviving a PR nightmare in China

September 9, 2021



In 2018, Dolce & Gabbana was all but canceled in China after their controversial marketing campaign (above) created a social media firestorm; however, later this year they plan to open a new flagship store in Shanghai. Image credit: Dolce & Gabbana's Instagram

By [Marc Einsele](#)

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Missteps in China just keep happening.

A roll call of recent offenders H&M, Burberry, Nike, adidas, Dior, [Billie Eilish](#), Puma, Versace, Coach, Gucci, Givenchy, Balenciaga, Swarovski, [Audemars Piguet](#), Uniqlo, North Face, Valentino, Calvin Klein, Zara, NBA, actor John Cena and, of course, the poster child of doing wrong in the mainland, [Dolce and Gabbana](#) reveals the scope of the problem. This ever-growing list of mainly Western luxury brands has managed to do something or say something that has angered or even outraged at least some of China's 1.4 billion consumers or, worse, the government in Beijing.

And China, which is the world's largest luxury market, is certainly not the place where you want to screw up. In fact, it is hard enough to navigate this notoriously tricky business environment when things are going your way. When they are not, it is a nightmare.

The possible loss of long-term brand equity and future revenue earnings can be a brand killer. Given this, what is a Western luxury brand to do?

Clearly, the best solution for any crisis is to prevent it from happening in the first place. Do not do anything that would upset anyone. Seems simple enough. But in today's world of blurred lines, cultural slights perceived or real and China's ever-increasing nationalist rhetoric and geopolitical interests, this is becoming difficult to navigate. And then there is the Internet. Because when someone has at their fingertips the power to derail a brand by posting their displeasure online, everyone needs to tread lightly.

And lately, this has been especially true for global luxury fashion brands. This is not to say that the raft of brands on the naughty list have not done anything to ruffle some feathers, but fashion, as an industry, has been historically known for pushing buttons with provocative marketing campaigns and collections, and also drawing on other cultures for inspiration.

"Fashion needs to push boundaries," said **Carine Roitfeld**, former editor in chief of *French Vogue*. "It's a very delicate moment. People accept some things you can change your body, you can change your sex, you can even show your breasts on the cover of a magazine. But they do not accept others. You never know when you're making an error." And nowhere has this become more of an issue than in China.

"Each crisis has its very own dynamic, yet a worrying common factor is that stakeholders customers, shareholders, and media amongst others are willing to generously punish' the company for what is widely deemed as irresponsible behavior," said Glyn Atwal, associate professor at the Burgundy School of Business.

"The overall objective for luxury brands is to restore stakeholder relationships," he said. "The key word here is trust.' And trust needs to be regained as a matter of urgency, as the longer a crisis drags on, the greater the costs." Maybe.

In the past, it was thought that a well-crafted corporate apology would do the trick, though an apology deemed half-hearted D&G's insensitive backpedaling or one that begs for forgiveness (John Cena's painful pandering over his Taiwan faux pas) will likely only cause more harm.

But, today, as mishaps evolve into the realm of China's geopolitical tensions, then what? What happens when the crisis itself is something that a brand isn't prepared to apologize for?

Take the **Xinjiang cotton** situation. When a host of global brands **H&M**, Nike, Burberry, and adidas, among others expressed concerns over the alleged use of forced Uyghur labor in cotton production, the **Chinese government**, along with its nationalistic consumers and media channels, hit back hard.

To combat this, H&M issued a boilerplate statement regarding human rights violations, holding steadfast to its global brand values, while others Nike and adidas simply lay low, but not one apology was offered.

The outcome was telling, if uneven, with H&M taking the brunt of the backlash, though all brands suffered somewhat. Despite this, H&M, **Burberry**, Nike and adidas all posted better-than-expected second-quarter worldwide results, even though their China sales lagged. And since then, the majority of implicated brands have begun to enjoy a slow but steadily recovery in China. So what gives?

To begin with, China is just one market. True, it is a huge market, but today the world outside the mainland is still a lucrative landscape even as COVID-19 rages on filled with consumers that still matter and have their own values, which increasingly may not jibe with China's geopolitical interests. Global brands understand this. But they also understand the importance of China's complex luxury market, its hundreds millions of consumers, and the ever-changing sensibilities both political and social of China's vast online culture.

The last thing global brands want to do is alienate their Chinese customers or the government. They are there to make money and are acutely aware of the cost if they get it wrong. It is about risk management and how much a crisis might potentially cost them. That is all. They know that another Xinjiang-type crisis will pop up one where nothing can be done to make things right, so why bother. It is a lose-lose situation. Most likely, what is best for the brand the secret to surviving a PR nightmare in China today is simply to do nothing.

Mishaps are going to keep on happening in China, but it does not matter. That is where the money is, so these global brands are not leaving and everyone knows it. H&M still has some 260 stores there, and D&G is even opening a new **flagship store in Shanghai** later this year, adding to the number of boutiques it already has. So where does this leave us?

I would suggest at the beginning of a new phase, where the issuing of endless apologies sincere or not (again, **John Cena**) is no longer necessary.

Where well-timed donations in an attempt to buy back consumer favor are, at best, a case-by-case situation (**H&M** and Burberry's recent flood-relief contributions were welcomed but still got slammed by Chinese netizens).

Instead, simply say nothing, take your medicine and trust your local team to let you know when the storm has passed and when it is okay to start reinvesting, hiring back and moving forward.

*Published with permission from **Jing Daily**. Adapted for clarity and style.*

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.