

APPAREL AND ACCESSORIES

## Four years on, Dolce & Gabbana speaks out after China scandal

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*The fallout from Dolce & Gabbana's notorious China scandal was dramatic. Image credit: Dolce & Gabbana*

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Dolce & Gabbana had it pretty good in China. Easy, in fact.

Entering the market in 2006, the Italian house's craftsmanship spoke to excess and opulence which perfectly captured the mainland consumer during the 2010s.

The company was selling online years before most of its rivals, launching ecommerce in 2011 through Yoox Group.

By 2018 it had 58 boutiques across mainland China, Hong Kong and Macau and had signed up big idols such as Dilmurat Dilraba and Wang Junkai as ambassadors in the APAC region. Quite simply, it could do no wrong. Or so it seemed.

Then, in November of the same year, *that* scandal happened. What was worse than the culturally tone-deaf campaign showing a Chinese model eating Italian food with chopsticks which some citizens, in fact, simply laughed off as a gross misunderstanding was its aftermath: when the co-founder took to Instagram to viciously badmouth the country.

The fallout was dramatic and went well beyond China. However, the duo were never officially canceled and surprisingly, managed to keep more than a foothold in the market. Here, *Jing Daily*speaks to Fedele Usai, appointed group communication and marketing officer a new role created in 2021 to discuss how it is moving on from one of the most publicized missteps.

In the immediate aftermath, it was about staying put. Mr. Usai says it was never about turning away from China, but rather sustaining the workforce.

"We owed that to our Chinese colleagues [currently over 1,000] and friends who had worked with such enthusiasm and passion for this brand," the former Cond Nast executive explains. "The least we could do is to continue to support them."

It was thanks to them that what occurred brought about "a new awareness and a profound renewal of attitudes" company-wide, he said. And, since then, of course, the pandemic broke and D&G, like others, was firstly hit and then

boosted by the unprecedented event.

COVID-19 may well have been a blessing as, while other international names experienced a tumultuous few years, the Milanese maison was able to keep a relatively low profile.

It steered clear of using any ambassadors or local accelerators though they hope to bring them on board again in time and, in 2020, was welcomed back to exhibit at Shanghai's influential CIIE trade fair. Despite the crippling setback to reputation in China, revenue was more than 150 million in 2020 an increase on 2019.

Given these figures, it begs the question: did China actually care that much? Yes, it is true that swathes of netizens were, and still are, ready to scrutinize every social post. Some have given up on them. Yet, the country accounts for around 12 percent of total revenues and, of those, 58 percent comes from very expensive ready-to-wear meaning that many are still very drawn to it.

The most concrete part of the Legnano institution's retail network currently 68 doors is in first-tier cities. By fourth-quarter 2022, that is set to grow even further with plans to open new men's, women's, and junior stores in fashionable Chengdu.

The collection of direct and franchised stores has undoubtedly helped, especially in lower-tier cities where demand for luxury is brimming with potential. According to data firm Ruderfinn Asia, annual spend there was about **393,900 yuan** in 2020.

"The company has always carefully paid attention to the potential and demand coming from emerging areas," Mr. Usai said, name-checking regions like Xinjiang's Urumqi and Zhejiang where it operates through trusted but unnamed partners.

Duty-free is a highlight, too.

For the first time, the business will take part in the China International Consumer Expo in hotspot Hainan later this year and has plans for Dolce & Gabbana Beauty.

This new outfit within the portfolio will assume direct control of the manufacture, sales and distribution of its fragrance and make-up products: two vital growth areas for mainlanders. Bain found that spending in the latter was up **20 percent** in 2020.

Another area with potential is homeware, which launched in Italy in 2021, and is also headed up by a busy Mr. Usai.

Still, as the pandemic continues, competition is only getting tougher. Footprint and product offering can always be wider, especially given China's zero-COVID policy.

Nimble native labels well-versed in customer demands are now a strong alternative to global logos. To counter this growing patriotism, the house is looking to local talent to do some heavy lifting, substituting artisans for influencers under this strategy.

Chinese Valentine's Day will kickstart a series of partnerships aimed at promoting domestic craftsmanship and artists. April will see a collection drop by a Chinese designer whose name is under wraps until a reveal in *Vogue China*.

The brand is now ready to move on, but is the consumer? Reputation matters here, and memories are long.

"Mistakes are part of the history of every one of us, and part of the history of every company," Mr. Usai said. "It is essential to remember them, not to forget or overlook them. We see it and say it helped us to make changes in our approach. To be more transparent for the Chinese consumer."

With so much competition, nothing is ever certain except that the last word on this will be China's.

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