

MARKETING

## Prada's vibe shift' could be a turning point for luxury marketing in China

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*Model Lina Zhang was one of the faces of Prada's spring/summer 2022 collection. Image credit: Prada*

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As Prada faces a dip in China market momentum in the first quarter of 2022 due to the country's **fight against COVID-19**, there are signs that the brand could be one of the most well-placed to weather uncertainty in the months ahead.

Earlier this month, Prada CEO Patrizio Bertelli **told Italian press** that the company "did well, above expectations" in the first quarter of this year, noting that half of its China stores were shuttered since early April yet the damage was offset by strong sales in the U.S. market.

In China, it is safe to say that any current weakness mostly boils down to COVID-induced store closings.

Prada Group, whose **portfolio** includes Prada, Church's and Miu Miu, recorded a **strong fiscal year 2021** that saw Asia-Pacific revenue, excluding Japan, jump 29 percent year-on-year.

In mainland China specifically, Prada Group's namesake brand entered the first quarter of this year with a huge amount of momentum, following the success of its **Shanghai vegetable market** and **Prada On Ice pop-up** in Beijing.

But facing a COVID resurgence in recent months and analyst expectations of a **luxury slowdown in China** in the remainder of the year, Prada has shifted to a flexible strategy for the China market that could likely pay off over the long term.

For starters, Prada Group's strategy hinges on consolidating its best retail locations, with Prada closing its Shanghai Henglong boutique after the expiration of its lease and focusing its efforts on more innovative concepts and pop-ups such as the aforementioned Prada on Ice and wet market projects, along with China extensions of global efforts including **Prada Tropico**.

The brand has also ramped up its social commerce focus in China, adding an official Xiaohongshu account to its Weibo, WeChat and Douyin efforts, and upgrading its WeChat mini program to include an official e-commerce store.

In addition to **burnishing its cultural credentials** via its Shanghai Rong Zhai space, Prada has been an early adopter

of **eschewing so-called "traffic stars"** in favor of athletes, traditional models and other less potentially controversial brand ambassadors.

With **Beijing's war on celebrity and fan culture** showing no sign of stopping anytime soon, the number of star-studded events plummeted nearly 51 percent in March compared to the same period last year. And while tightening regulation and COVID lockdowns are accelerating the shift away from celebrity and KOL brand ambassador reliance, the very real possibility of scandal and controversy has hastened a distinctive "**vibe shift**" for luxury brands.

Last year was a turning point in celebrity and influencer i.e., KOL ambassadorships in China, a market in which many, if not most, luxury brands have relied on local stars with vast fan bases to hawk their wares for well over a decade.

Although Chinese brand ambassadors **were caught up in numerous scandals** before 2021, the last year saw some of the country's biggest names mired in controversy **from Kris Wu** to Viya and **Deng Lun** and brands scrambling to adapt.

For some brands this adaptation meant a shift towards "safer" ambassadors in 2022, such as **older celebrities** or elite athletes.

In March, the number of marketing campaigns featuring sporting stars leapt nearly seven-fold, according to Shiqu Insight Engine.

Prada has clearly taken note of this shift, with the brand **reportedly** winding down its reliance on celebrity brand ambassadors such as entertainer Cai Xukun who was **announced** as Prada brand ambassador in 2019 and helped **sustain** the brand in China during the early days of the COVID-19 pandemic two years ago.

According to Chinese-language media, Prada's official Weibo account has not published any content related to Mr. Cai since Feb. 28, which could indicate the ambassadorship contract may have expired and not been renewed.

More recently, Prada cast Chinese model Lina Zhang alongside international faces such as Tom Holland, Hunter Schafer, Selena Forest and Julia Nobis to promote its **spring/summer 2022 collection**. But Prada also moved beyond celebrity-only marketing by **casting four Chinese Olympic athletes** for a video campaign promoting the spring/summer 2022 collection, which racked up more than 46 million views on Douyin.

All indications are that Prada is looking to avoid putting all of its eggs in one basket, shifting away from Chinese "traffic stars" in the vein of Cai Xukun and more directly promoting its brand history and heritage, as well as product lines, in current marketing campaigns.

This very well could set the tone for luxury marketing in China in 2022, as brands face a tighter regulatory environment in the run-up to the National Congress this autumn and an uncertain retail outlook amid the current wave of COVID lockdowns.

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