

MARKETING

Luxury brands in China need to take public scrutiny seriously

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The latest fallouts experienced by Balenciaga and Gucci show that luxury brands are now under even more scrutiny from China's young generation. Image credit: Balenciaga

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With high-end brands coming under closer scrutiny for the value of seemingly frivolous luxury goods, players must keep an eye on public opinion.

From Balenciaga's \$1,850 "tattered shoes" to the "leaky" 11,000 RMB (\$1,649) [Gucci x Adidas umbrella](#), pricey, yet "useless" luxury items have been met with an onslaught of criticism and ridicule in China lately, drawing over 420 million and 140 million views respectively on China's top microblogging site Weibo.

Despite Gucci quickly changing the product name of their leaky umbrella to "parasol," the brand was still met with an online firestorm. Their website stated that "the product is not recommended as an everyday umbrella but is suitable for use as a daily accessory with good collector's value," but this only further fueled public outcry.

Similarly, the narrative curated by Balenciaga for its distressed sneakers, which intends to "show the impacts of fast fashion on the environment," failed to resonate with its Chinese audience. Many commented, "I could easily get the exact same ones from a trash bin for free!"

Luxury brands do not seem to be taking these bouts of backlash and controversy too seriously.

After all, few of the online naysayers are brands' real target audiences, and loyal fans are purchasing for value rather than the products' practicality. However, the unrest is palpable. Will luxury players continue to thrive in the world's second-largest personal luxury goods market if they continue to ignore scrutiny from its savvy consumers?

There is a general consensus among Chinese shoppers that buying luxury is simply to fulfil the needs of social recognition and status, not functionality. Trivializing practicality while focusing on creating "extraordinary" narratives has been an effective way for luxury brands to cultivate an exclusive brand positioning that makes their products all the more covetable.

But in a peer-to-peer business culture, ignoring public voices puts brands at risk. China's (face-saving culture) is highly relevant to luxury players in China, where purchasing decisions of up to 30 percent of luxury shoppers are swayed by public opinion. Hence, luxury brands must understand the importance of maintaining a desirable image and avoiding the negative ripple effects from audiences outside of their target demographic.

In China, brands are also expected to be more genuine when it comes to creating narratives. A common trap some global luxury labels tend to fall into is adopting a "Western-centric" approach, which can be perceived as superficial to its Chinese audience and could result in strategies falling flat and failing to resonate.

The latest fallouts experienced by Balenciaga and Gucci show that these big market players are now under even more scrutiny from China's young generation, who are seeking more value from luxury products as the market matures. Given that public opinion plays a crucial part in business success, brands are being pushed to listen not only to those who have invested in their products, but to audiences who don't. These episodes may also sound the

alarm for market players to rethink the practicality and affordability of their offerings, or at the very least, take a different approach to their product narratives.

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