

A Case Study of Balenciaga's Fashion Marketing Strategy

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Keywords: BALENCIAGA, Generation Z Luxury Consumption Behavior, Luxury Fashion Controversy, SWOT Analysis of Viral Marketing.

Abstract: In light of the intensifying competition within the global luxury market, largely driven by the emergence of a younger consumer demographic, this study employs Balenciaga as a case examination to investigate the internal logic and multifarious effects of its innovative fashion marketing strategy, as informed by practical outcomes. By utilizing a comprehensive case analysis alongside an exploration of the preferences of young consumer groups, as well as conducting a SWOT analysis and examining marketing strategies implemented by other luxury brands in response to evolving demands. This study concludes that Balenciaga has effectively achieved a reconstruction of brand value and market penetration through a tripartite marketing framework: promotional marketing through innovative products, style development intertwined with various subcultures, and the integration of digital virtual products with technological advancements. SWOT analysis of controversial marketing shows that it can provide brands with low-cost and large-scale advertising, while there is a weakness in weakening the brand image. At the same time, this has external threats, which are caused by consumers' boycotts caused to negative emotions, and the opportunity for brands to dissipate the previous new products will also receive widespread attention from the public. The research offers four recommendations aimed at transforming weaknesses into opportunities while effectively balancing threats and opportunities.

1 INTRODUCTION

In the rapidly evolving luxury industry, consumer demographics are shifting towards younger generations. Cho et al. (2022) posited that Gen Z (i.e., born after 1996) is an important target market for the fashion and luxury industry. This has led brands to prioritize the needs of younger generations of consumers, exacerbating the challenge of balancing innovation with traditional preservation. One of the needs of young consumers is sustainable development. Research shows that Gen Z has become the main consumer group, which tends to choose sustainable brands and is willing to pay 10% more for these sustainable products (Petro, 2020, as cited in Youn & Cho, 2021). To cater to their needs, luxury brands utilize some unique marketing strategies, such as controversy marketing, digital marketing, and eco-friendly marketing. However, these strategies also come with some risks. Maison and Pawlowska (2017, as cited in Noland, 2020) found that the controversial strategy can capture substantial audience attention,

while it can impair brand image. Although many researchers have shown strong interest in the current state of diversified marketing in the luxury industry, there has been insufficient research on how brands such as Balenciaga can balance the pros and cons of controversial marketing, integration of Asian culture, and digital marketing.

A force to be reckoned with in the fashion industry, Balenciaga was founded by Spanish designer Cristóbal Balenciaga in San Sebastian, Spain, in 1917. After this, it moved to Paris. Due to its extreme tailoring, sculptural silhouettes, and subversive design, the designer Cristóbal Balenciaga is known as the "father of haute couture". Additionally, minimalism, subversion of tradition, structural innovation, and diversified integration have become the brand's code. The brand's style is characterized by avant-garde rebellion, a street-defying futuristic aesthetic, and a digitally native approach. The use and embodiment of these contents can be found in products such as the Hourglass handbag, the Winter 2022 collection, and the Meta Balenciaga NFT. As the core luxury brand of Kering,

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alongside Gucci and Saint Laurent, Balenciaga represents the innovation benchmark of the contemporary luxury industry. Balenciaga's commitment to "avant-garde" and "iconoclastic aesthetics" such as the Triple S, the "dad shoe" launched by Creative Director Demna Gvasalia in 2016, redefined the "ugly fashion" trend of luxury. However, under the wave of digitalization and rejuvenation, the century-old brand is undergoing an unprecedented transformation: from the "ugly fashion" revolution led by Demna Gvasalia to the launch of virtual skins in the collaboration "Honor of Kings", Balenciaga is trying to attract Gen Z through controversy marketing, subcultural fusion and metaverse layout. For example, the "children's advertising incident" is necessary to systematically analyze the logic and risks of their strategies, which happened in 2022. By analyzing Balenciaga's marketing strategies for controversy marketing, subculture communication, and joining the metaverse, people can better understand the ideas and logic behind the marketing methods of luxury brands and understand the great significance of marketing to brands. On the other hand, marketing methods that keep pace with the times can allow brands to develop more potential customers. In this paper, the significance lies in analyzing Balenciaga's dispute marketing methods to study the positive and negative effects of dispute marketing on luxury brands. Therefore, the core question of this study is to uncover the dynamic tension in Balenciaga's controversial marketing strategy, which is how to attract public attention to engage consumers in the discussion in the short term, but damage the brand and lead to the loss of brand equity in the long run. To study this problem, this paper primarily employs the literature and case study methods, while integrating the SWOT model for an in-depth analysis. Further, this article starts by introducing three Balenciaga marketing cases as a preface: namely, controversial marketing, integrating subculture, and virtual goods. It then provides a detailed and comprehensive SWOT analysis of dispute marketing, ultimately presenting suggestions from the perspectives of both laymen and insiders.

2 CASE ANALYSIS

In response to the rapid development of the digital age, Balenciaga chose to distinguish its brand from the crowd by producing controversial products, integrating subcultures, and launching virtual products. These moves not only gave Balenciaga

exposure to the public but also attracted a certain number of young consumers. The Trash Pouch incident is a good example of controversy marketing. In the fall of 2021, Balenciaga launched a black handbag that resembles a regular garbage bag, which sells for \$1,790. The launch of the product has received extensive attention and discussion. Balenciaga's Trash Pouch, which was initially regarded as outrageous, has now become a highly coveted item in the fashion sphere and has gained popularity among young people on social media platforms (MODA, 2018, as cited in Hobin, 2024). Behind this seemingly lively scene is Balenciaga's creation of topics through unconventional design, aiming at Gen Z's preference for absurd aesthetics. In contrast, the children's advertising incident that took place in 2022 is a negative example. The main reason for the controversy was the alleged sexualisation of children because the child model was holding a BDSM-style teddy bear in the advertisement. As a result, Balenciaga was severely judged and criticized by the public. Jin (2023) posted that due to considerable public pressure, Balenciaga eventually removed the contested images and issued an apology. This incident is a painful lesson for the brand. When it comes to dispute marketing, it can have both positive and negative effects on brands. Secondly, the coexistence of localization opportunities and cultural risks has an impact on subculture adoption in the Chinese market. Opportunity refers to the virtual skin of the alliance with Honor of Kings in 2023, which is a Chinese competitive mobile game. Balenciaga has achieved excellent results by translating iconic pieces, such as the Hourglass bag and the Triple S sneakers, into the skins of the game's Diao Chan and Li Bai characters. Many luxury brands try this idea to appeal to younger consumers. For instance, MAC is launching a series of limited edition co-branded lipsticks for the more than 54 percent of female Honor of Kings users (Xiao, 2021). The brand is reaching Gen Z and Millennial customers by building a large pool of esports users in China. The risk lies in the lack of a deep understanding of the local subculture, resulting in a poor presentation of the product, which is criticized for superficial work. For example, in 2023, Balenciaga will launch the Cyberpunk Wuxia series with the theme of integrating martial arts and futuristic technology. For this reason, the collaborative project of the Cyberpunk Wuxia series was suspended. In the subculture adoption market, where risks and opportunities coexist, brands should dig deep into the core of culture to ensure the design effect. Thirdly, with the rise of the metaverse, Balenciaga experimented with virtual products. In

2023, the 3D virtual shoe "Mate Balenciaga" will be released in limited quantities on the Roblox platform. Users can wear avatars and interact socially. The investment cost of a distinctive digital assertion project is high, but the project has achieved outstanding results. Dou (2024) argued that research conducted by Roblox in 2023 revealed that the number of digital fashion items reached 1.65 billion. Hence, this reinforces the brand's image as a technology and fashion innovator and is very beneficial to Balenciaga's future development. In summary, through three strategies: controversy marketing, digital innovation, and subcultural integration, Balenciaga demonstrates its pioneering and risky characteristics in fashion marketing. At the same time, it also shows that in the wave of digitalization and globalization, luxury brands need to find a dynamic balance between innovation and breakthroughs and cultural respect, as well as a balance between traffic acquisition and brand value.

3 SWOT ANALYSIS

The SWOT analysis is used in the controversial marketing employed by Balenciaga. A SWOT analysis is a comprehensive analysis that encompasses internal strengths (S) and weaknesses (W), external opportunities (O), and threats (T). For the strength part, controversial marketing is a great opportunity for exposure. Not only is it low-cost, but it will also bring a wider audience to know about the brand and other products released by the brand. Consequently, develop more potential consumers for Balenciaga. In addition, controversial marketing is in line with Balenciaga's avant-garde style and iconoclastic code. This helps the brand to better establish an image of avant-garde and iconoclastic aesthetics. In terms of disadvantages, the outcome of controversy marketing is unpredictable; in other words, it may have a positive impact on the brand, or it may harm the brand. For example, the children's advertising incident in 2022, this controversial marketing matter was detrimental to brand image management, resulting in Balenciaga losing many fans. The social media boycott, which was initiated in response to the brand's perceived lack of support for the Black Lives Matter movement, rapidly gained momentum, reaching even the streets; besides, this led to acts of vandalism against two flagship stores in Los Angeles and London (Gárgoles & Ambás, 2023). Moreover, over-reliance on controversial marketing can weaken the luxury attributes of brands. In terms of opportunities,

Balenciaga can seize the wind of public opinion, launch new products, and maintain the popularity of the brand. Donating 5% of the sales of the disputed products to the Youth Arts Foundation facilitates the restoration of the image. On the other hand, this marketing idea and innovation will attract the attention of the public, but it will also easily lead to imitation by competitors. Additionally, controversial marketing could accelerate widespread consumer discussion on social media. As a result, it may provoke a reaction from consumers. Consequently, this boycott would affect the Kering Group's financial position. Kering's financial records demonstrate a 27 percent decline in sales within a single week after the boycott (Chen, 2022). The study combines the analysis of the four directions of SWOT with an investigation of the impact of dispute marketing on luxury brands, displaying the advantages and disadvantages.

4 SUGGESTION

The following recommendations are proposed for the multifaceted impact of dispute marketing.

First, brands need to control the number and proportion of disputed products. This is because the overexposure of the controversial product could dilute the brand's extravagant familiarity and weaken the brand's noble image. In order to prevent the negative impact of diluting the luxury attributes of brands, brands can learn how GUCCI controls product proportions to balance innovative products with classic products. The GUCCI uses the rule of 28 to control the proportion of controversial products, which means that classic goods make up 80% of the total goods, and the remaining 20% are controversial goods and innovative goods. This approach is conducive to retaining existing customers while developing target customers.

Second, the luxury brand can arrange for the designer of the controversial product to shoot a documentary or short film about it. This helps potential consumers connect with the product, understand the designer's inspiration, and establish an emotional resonance between the designer and the consumer, reducing the negative emotions caused by the masses due to incomprehension. In addition, visual transmission, like documentary or short film, will better convey the brand's story. In the study of Saifa (2023), the visual media is considered to be one of the most accessible forms of storytelling. Hence, the purpose of conveying brand value and

strengthening the emotional link between the brand and consumers is achieved.

Third, the company can set up an independent team of risk assessment experts. This allows brands to estimate the risk in the market before listing the disputed product, reducing the probability that the brand will have a negative impact due to the disputed product. This approach also reduces the area of public opinion storms. On the other hand, the establishment of an independent team of experts can also play a supporting role in times of brand crisis. In other words, when facing a crisis, the brand needs to gather cross-functional teams (team members come from different fields) together to quickly integrate multi-dimensional information, systematically integrate customer needs, technical trends, and business models, and quickly produce ideas (Bar Am et al., 2020).

Finally, a statement is made on social media software or the official website that part of the disputed product will be donated to a public foundation, such as the Youth Arts Foundation. An advantage of this approach is that it maintains the brand's image in front of the public, thereby winning the goodwill of consumers and attracting more customers. Sengabira, Septianto, and Northey (2020) predicted that if luxury brands can continue to express their commitment through corporate social responsibility activities, consumers' skepticism about their social responsibility behavior will be effectively reduced; also, a more positive evaluation of the brand will be formed. The brand donating money to public foundations is a manifestation of corporate social responsibility. Furthermore, this approach can also promote the subsequent cultural co-creation program of inviting young artists. This series of actions helped the brand establish a positive public image and also fostered the development of social art.

Through those four suggestions, the effect of turning disadvantages into opportunities and balancing threats and opportunities can be achieved. This will not only help Balenciaga manage short-term risk with its controversial marketing strategy, but also lay the foundation for a steady growth of its long-term brand equity.

5 CONCLUSION

This study analyzes the dual effects inherent to Balenciaga's controversial marketing strategies and the integration of subcultural approaches, along with the favorable feedback acquired from participation in the metacosmic wave. The objective is to provide

insights into the results and the underlying rationale behind these phenomena. Moreover, the research underscores a comprehensive assessment of the SWOT analysis associated with controversial marketing. The findings are organized into four sections. First, controversial marketing enables rapid and widespread communication while yielding cost-effective publicity results for brand products. Secondly, products that are incongruous with consumer values may lead to adverse effects on brand image. Thirdly, newly launched products during periods of heightened popularity possess inherent opportunities for traffic and visibility. Lastly, public resistance can represent a significant threat to profitability. To mitigate these concerns, brands should implement four strategies: regulating the proportion of controversial products, producing documentaries and short films related to such products, establishing an independent expert team for an in-depth analysis of market-entry products, and allocating a portion of the revenue derived from controversial products towards charitable donations.

The importance of this study resides in elucidating the rationale that underpins the marketing strategies employed by luxury brands in response to the evolving demands of a younger consumer demographic and the effects of marketing on brand perception. The primary challenge is to navigate the dynamic tension wherein controversial marketing may afford brands short-term traffic advantages while potentially compromising brand image and leading to long-term asset depreciation. The following limitations of the research are acknowledged. Firstly, the timeliness of the cases restricts the observational data cycle to a period spanning from 2020 to 2024, whereas changes in long-term brand value require continuous tracking. Additionally, the study cannot fully quantify the significant impact of cultural appropriation on particular communities. Furthermore, the data concerning metacosmic consumption is affected by the technological bubble, necessitating the exclusion of short-term speculation. Future research endeavors could encompass vertical comparisons of the controversial marketing trajectories of brands such as Gucci and Vetements, the development of an index system for assessing cultural value loss, and the introduction of neuromarketing experiments aimed at exploring consumer subconscious cognitive biases. Moreover, investigating methodologies to integrate market research and analysis would facilitate the establishment of a comprehensive three-dimensional management and control system for cultural co-creation, ethical reviews, and value precipitation.

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