

Bathory

**MEJO 531
Midterm**

Case Study: Dolce & Gabbana's flop in China

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Part 1: Synopsis

Brand background –

Dolce & Gabbana is a luxury fashion brand that sells men's and women's clothing and accessories. The Italian fashion house was founded in 1985 in Milan. (Reinach) The co-founders were Domenico Dolce and Stefano Gabbana. Dolce & Gabbana is known for their bold prints and wild colors. The brand is estimated to be worth \$5.3 billion and is still privately owned (Crystal). However, it is important to note that in recent years Dolce & Gabbana has gotten itself into hot water several times. The brand has gotten heat for doing things such as releasing \$2,000 sandals called "Slave Sandals", commenting negatively several times on celebrities' Instagrams, making comments that gay couples should not adopt, and the list goes on. Although the brand itself has made many questionable fashion statements, most of the negative attention towards the brand is caused by either Stefano Gabbana's or Domenico Dolce's actions outside of the organization.

Key Events –

- **May 2018** – Dolce & Gabbana began to plan a huge show in China titled "The Great Show" scheduled for November 21. The show was meant to celebrate Chinese culture and how grateful the company was for its Chinese publics.
- **November 18** – Dolce & Gabbana released an advertising campaign showing a Chinese model struggling to eat Italian cuisine with chopsticks. The advertisement received a lot of backlash for culturally appropriating the Chinese culture, being insensitive, racist, and overall distasteful. The post was deleted within 24 hours of being released.
- **November 19** – A famous fashion news account called Diet Prada shared the advertisement on their Instagram. This fueled the spread of the campaign that had been primarily released in China. The awareness of the campaign quickly became international.
- **November 20** – Diet Prada released more breaking news regarding Dolce & Gabbana. This time the account posted screenshots between Stefano Gabbana, part owner of the brand, and critics of the new advertisement. The screenshots showed Gabbana making racist and insensitive comments about Chinese culture and its people. During this time, Gabbana claimed that his account had been hacked and that these statements were not his but someone trying to take him down.
- **November 21** – The Dolce & Gabbana show was officially canceled by the Chinese Cultural and Tourism Department hours before it was scheduled to take place. Along with this, many celebrities, influencers, and models had pulled out of the event already.
- **November 22** – Dolce & Gabbana begins to be pushed out of Chinese markets. Many department stores removed their products from stores as well as their online websites.
- **November 23** – Dolce & Gabbana finally issued an apology for the events that had taken place. This occurs primarily in the form of an apology video with Stefano Gabbana and Domenico Dolce.

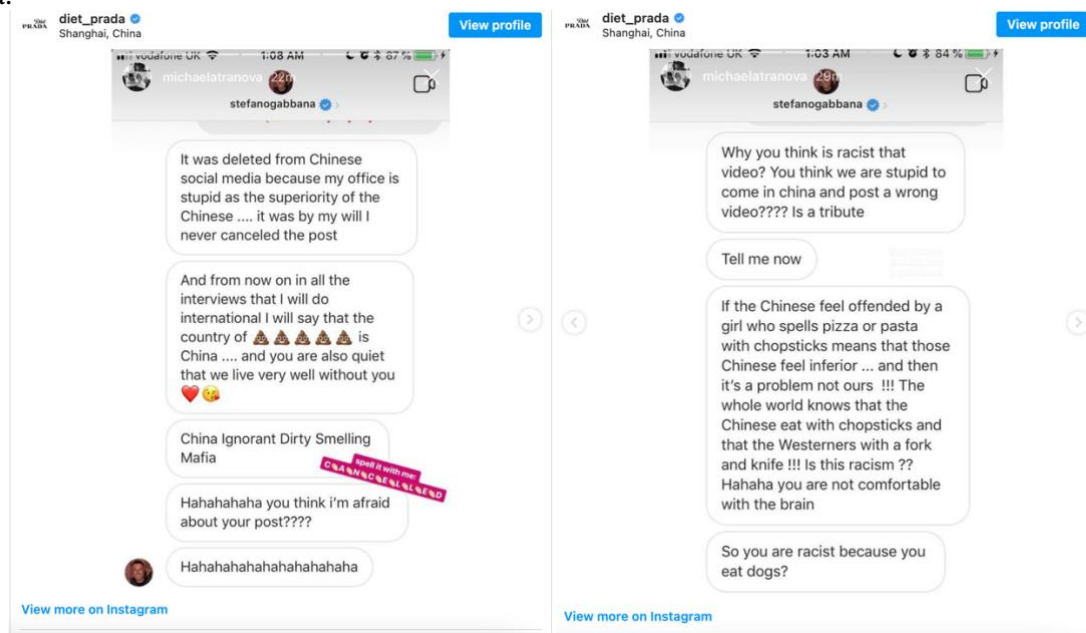
Event Summary –

Reports show that Chinese consumers make up a third of the global luxury market. Dolce & Gabbana alone has 58 stores in China (Xu). To show appreciation towards its Chinese consumers, Dolce & Gabbana planned a runway spectacle. It was supposed to include 1,400 celebrities and influencers in attendance as well as 300 runway looks (Tashjian).

All was well until the fashion house came out with a series of advertisements in China in anticipation of the show. The advertisement had a Chinese model being “instructed” on how to eat a variety of Italian foods with chopsticks. The model is seen continuously struggling to eat the food and giggling. Many social media users in China claimed the video was stereotypical, racist, and disrespectful (Tashjian). Aside from the outrage, it was questioned how the video was ever approved for release in the first place. Business of Fashion reported that “according to sources, members of Dolce & Gabbana’s local team in China warned the Milan-based company not to proceed with the marketing campaign that sparked the uproar but were overruled,” (Tashjian). Within 24 hours the brand deleted the post featuring the video on their social media.

Outrage over the ad campaign spread internationally after the Instagram account Diet Prada shared the video on their feed. On top of this, a reporter from *Vogue* interviewed Domenico Dolce on that day where he said that there was too much censure and that as a brand, they respect local cultures (Tashjian). This was just one way that the owners had not even realized how insensitive their campaign was. Criticism was building on all types of social platforms all over the world about the brand as well as Stefano and Domenico.

The next day even more outrage was sparked. Diet Prada slammed the brand again, only this time it posted screenshots of direct messages between Stefano Gabbana and critics of the campaign. A series of these screenshots were posted revealing Stefano saying horrible and insensitive things about Chinese people and culture. He also denied the advertisements being racist and said he saw no problem with them. Below are some of the screenshots posted on Diet Prada.



(Friedman, Wee)

Many more Instagram users came out saying they had also received messages from Stefano’s account that contained racist and despicable language (Tashjian). Stefano dug himself and the brand further into a hole when he claimed that his personal and the brand’s accounts had been both hacked. However, most people did not take this seriously due to Stefano’s history of offensive comments (Xu). People were also very upset that the brand and Stefano could not take accountability and admit to the messages and the insensitive campaign.

The day the show was scheduled to take place, the Chinese Cultural and tourism Department ordered Dolce & Gabbana to cancel the show. Before the cancellation, many influencers, celebrities, and models had already withdrawn from the show. At this point, Dolce & Gabbana had not released an official apology. The brand had only made statements regarding the account hacking and words of support and cries for sympathy for the people who had worked on the now-canceled show (Friedman, Wee).

Following the cancellation of the show, the impact on Dolce & Gabbana in the Chinese market was detrimental. Most Chinese e-commerce sites stopped carrying the brand. This included brands such as jd.com, secOO.com, and even Net-A-Porter's Chinese website (Friedman, Wee). Several Chinese influencers were also seen posting videos of themselves cutting, burning, and destroying their Dolce & Gabbana goods (Tashjian).

Finally, six days after the advertisement series had been posted, Dolce & Gabbana released an apology video. The video featured both Stefano and Domenico sitting in a room and apologizing in Italian with Mandarin subtitles. The apology was met with criticism and did not make a significant impact in repairing the damage done.

Key stakeholders/publics involved –

- Chinese consumers – China represents an estimated 30% of Dolce & Gabbana's revenue (Tashjian). Therefore, Chinese consumers are extremely important to the brand. Dolce & Gabbana should have a high focus on their Chinese consumers and the market in the country. As such important clientele, Dolce & Gabbana's goal should be making special events and products correlated to China. The runway event planned in this case study was an attempt to do just that.
- Stefano Gabbana and Domenico Dolce – Although these two individuals have their own separate lives, their actions are significantly influential over the brand Dolce & Gabbana. A lot of the brand's image is shaped by their behavior, so Dolce & Gabbana itself should be mindful of their actions and use a communications team to work with them
- Diet Prada – Diet Prada is one of the main publics related to this case. However, it also represents many other fashion accounts, magazines, etc. Outside news sources are vital for a brand. They are the ones building up your reputation through positive words or tearing it down through negative stories. It would be ideal for Dolce & Gabbana to form positive relationships with outlets such as Diet Prada. It is also important for the brand to be weary of Diet Prada's comments and be prepared for them to divulge the truth.

The outcome of the event –

The fallout from the event was drastic. Not only was Dolce & Gabbana removed from retailers and e-commerce websites all over China, but their stores struggled as well. The fashion house eventually had to shut down its flagship store in Shanghai in February 2019 and additionally the Beijing flagship store in April 2020. Dolce & Gabbana's revenue share in the Asia-Pacific market shrunk by 3% according to a 2019 financial report (Daxue). Even the two owners', Stefano and Domenico, value shrank by 30%, and both fell off of the billionaire's list (Daxue). The brand has since tried to reenter the Chinese market by creating collections with Chinese painting styles, Christmas items with Chinese elements, Year of the Pig shirts, etc. (Daxue). Over the four years since the event, China has slowly begun to purchase Dolce & Gabbana again. According to an article published this year, China still accounts for around 12% of the total revenues for the brand (Williams). This is progress based on how badly China reacted

to the scandal, but it is nowhere near the 30% of revenue it used to be. It is impossible to predict if Dolce & Gabbana will ever return to as popular as it had been before 2018, but research shows it has slowly started to reenter the market.

Part 2: Analysis

1. Know your community and understand its culture.

When thinking about important publics and the communities your organization works with, it is important to become an expert in their culture. It is crucial to listen to your surroundings to be aware of salient or sensitive topics that can affect you. This creates an understanding of your publics that helps create stronger, more relevant, and more personal public relations efforts and campaigns. Knowledge will help your organization establish ties within the community and partnerships with important members of communities. It also shows the community that their culture is important to you and there is an attempt to respect it as well. Humans bond through understanding one another. Having a diverse and knowledgeable team is one way to accomplish this.

Containing the Deadly Marburg Virus 2012:

An example that shows the power of understanding the community and culture of your publics is the 2012 Marburg Virus case study. When the virus first broke out in Angola, health officials had entirely ignored the cultural considerations around traditional burial practices.

The burial practices were partially responsible for the spread of the Marburg virus due to the excessive contact with the deceased person. However, when health officials refused to allow the villagers to participate in these rituals, it created a severe lack of trust between health officials and the community. The locals began to instead seek help from traditional healers for remedies that did not provide any protection against the virus. Many villages also hid the deaths of family and friends from health officials so that they could practice the burial rituals in private.

To build trust with the villages, better communication efforts needed to be implemented and procedures altered. Members of the WHO began to listen to the residents and expressed their condolences. A social mobilization team was created that included two medical anthropologists, WHO communications specialists, UNICEF members, Angola Red Cross volunteers, and others. The health workers were finally learning about the culture and rituals of the villages and Angola. The communications team then worked with community leaders, healers, and midwives to convince Angolans of the importance of providing information on suspected Marburg cases and deaths. Burial customs were modified to allow families to carry out burial rituals safely.

Learning about the culture in Angola and then changing practices allowed health officials to form a relationship of trust with the villagers. This not only helped open communication and understanding between the two groups, but it also allowed health officials to quell the spread of the Marburg virus and reduce the number of deaths in the community.

Dolce & Gabbana:

Dolce & Gabbana along with Stefano failed to understand and respect Chinese culture. Despite having a team that understood the culture and knew that the advertisements offensively touched on a sensitive topic, Dolce & Gabbana still chose to publish the ad. A team of diverse employees becomes moot if the higher-ups do not have respect for diversity and cultural appreciation. This goes to show that not only should companies have diverse teams that are knowledgeable in specific communities and cultures, but the higher-ups and owners should also be informed and taught about their consumer's cultures. Had Dolce & Gabbana along with Stefano and Domenico been more informed about Chinese culture, they most likely would not have published the ad. It cannot be said for certain, but perhaps had Stefano had a deeper understanding of Chinese culture and history, even he would be more respectful of the country and its people.

The publishing of the ads and Stefano's insensitive messages broke the brand's bond with its Chinese consumers. More understanding would have allowed Dolce & Gabbana to come up with a unique and special campaign for Chinese citizens that would have deepened the bond between the brand and consumers. Had the ads and show been done as an homage to Chinese culture and history a sense of respect would have enveloped the entire event.

2. Acknowledging the situation and keeping your publics updated is important in the short term and can affect the long-term standing of your organization.

Acknowledging the situation is the first step in solving a problem. Without acknowledging a situation, it lets your publics assume you are avoiding the problem. It is also important to keep your publics updated on how your organization is handling the situation to keep them informed and show action is being taken. Through acknowledgment and updates in the short term, trust and relations can be maintained throughout a situation that can serve your organization well in the long run. If your organization is present throughout a situation your brand stays in the minds of people and over time as you continue communication, a relationship forms between you and your publics that can eventually build or repair trust for the long term.

KFC Chicken Outage 2018:

After changing its supply delivery service vendor and experiencing some delivery issues, KFC had to close nearly two-thirds of its stores because they had no chicken. However, this case shows how a company that acknowledges a situation and stays in constant contact with its publics can maintain trust and relations during a crisis.

KFC responded to the crisis at hand within the first 48 hours to inform the public why there was a chicken shortage and that they were working on solving the problem. Two days later as the situation had evolved, another tweet was sent out updating the public. This time they even linked their website which contained more information about the situation at hand. KFC's website was adapted to show locations that had re-opened in real-time. KFC continued to update their followers with more tweets and a Q&A

answering questions not only about the chicken shortage but also regarding the concern about employee pay during store shutdowns.

When KFC saw their customers, whose loyalty had been chipped away, they took out advertisements to apologize. This served as a further acknowledgment of the brand's misstep and was an attempt to rebuild some of that broken trust. The brand continued to update its publics until all the stores had reopened and the supply chain was running smoothly.

This is the perfect example that shows how acknowledgment, a constant stream of information, and updates to consumers during a situation can help rebuild or maintain trust with its publics. The strategy implemented here showed how KFC was handling the crisis and it also showed how deeply KFC cared about their publics and resolving any issues at hand.

Dolce & Gabbana:

There was hardly any acknowledgment of mistakes in the Dolce & Gabbana case. The brand was practically in radio silence for several days as the scandal unfolded. Naturally, people were angry that nothing was being done or said to own up to the mistakes made nor an explanation of what was going on internally at Dolce & Gabbana.

The brand should have released an initial statement about the advertisements released. This could have included a brief apology, an update on the show, and perhaps a message that Dolce & Gabbana was working on a full statement. Further when the messages were leaked, admitting the truth would have served Stefano and the brand much more than spewing lies about accounts being hacked. People want to see brands take accountability for mistakes made, even if they don't forgive you right away it is better to try and start re-establishing that relationship right away. Instead, Stefano's excuse pushed people away from the brand even further and just caused more anger and disapproval. The apology video was only posted after the event had been canceled and Chinese brands had begun to pull Dolce & Gabbana from their stores.

It would have served Dolce & Gabbana best to postpone or cancel the show themselves. That would have served as another form of accountability being taken. Updating the public and releasing smaller apologies along the way would have also been smart. The full video apology should have been done sooner as well. Had these mistakes been admitted and updates regarding the show, brand, owners, etc. been given, consumers may have received the apology video more sincere than it was. People saw the video as bogus and ingenuine; the truth has already been lost throughout the crisis and lack of communication.

3. Did you *actually* apologize?

When issuing an apology, it is crucial that it be sincere and that you address the proper publics. It is important for the apology to address not only the harm caused but also the people who were harmed. Avoiding any part of the situation can leave your organization open to more criticism. Audiences can easily tell if an apology is sincere or not. Therefore, the public relations team needs to take their time in accounting for all the details and especially prepping their speaker. Sincerity and preparedness can show in an

apology through things such as eye contact with the camera, having the right speaker, having a fluid video without several cuts, and a serious but soft speaker tone.

Lululemon Apology 2013:

Back in 2013, Lululemon founder, Chip Wilson, had to apologize for comments he made about how some women's bodies were not the right size for the brand's yoga pants. Wilson's statement was made after Lululemon had to recall 17% of its yoga pants for being too sheer (Peterson). He essentially meant that some women were simply too heavy to wear Lululemon's pants.

A few days later, a YouTube video was posted to Lululemon's website which contained the apology video. The apology was received horribly. There were however some takeaways. Lululemon chose the right speaker for this. Since the founder was the one who made the comments, it was only right for him to be the one to apologize for his actions. One another positive about the video is that there is consistent eye contact being made with the camera throughout the apology.

However, there is also a cut within the 51-second apology. This makes it seem as though Wilson was unwilling to memorize an apology or even simply speak for 51 seconds straight. It comes across as lazy and insincere. The main problem with the apology is the actual message that is delivered. Wilson essentially apologizes only to the Lululemon workers who faced backlash from his actions. He also used the phrase "I'm sad for the repercussions of my actions." The list goes on with what went wrong in this video but there are some main points to take away. Wilson did not directly state what he was sorry for, but he rather made generalized statements. This is avoiding the full problem and not acknowledging the things that need to be apologized for. Once again by making generalized statements the apology did not address the harm caused or address the people who were harmed. Although he apologized to his employees, he was very vague about his apology to customers. Wilson should have been much more upfront and specific about what had happened and apologized to all affected parties in a less generalized way.

Dolce & Gabbana:

There are several issues with the apology video in the Dolce & Gabbana case. The video makes it seem as though the brand was not prepared. One issue pertains to the eye movements of Stefano and Domenico. Firstly, they do not make consistent eye contact with the camera which detaches them from the listener. Also, as they are issuing their apology, both Stefano and Domenico are either looking off of the camera or behind their hands. This makes it seem as though they are reading off a script and could not be bothered to memorize an apology. Near the end of the video, it becomes very awkward when they try to say "Sorry" in sync. The entire video seems very unnatural and uncomfortable.

Another issue with the apology video is the lack of directly addressing what had happened. There is no specific mention of Stefano's comments or the advertisements. The video sticks to general statements of apologizing for any offense taken. The video beats around the bush about what happened. Also, although Stefano and Domenico apologized to Chinese people, no one specific was mentioned. Notable people who should have been mentioned are the model who was in the ads, influencers and celebrities

who were meant to attend, and even a message to the Instagram users whom Stefano attacked. The use of “if” is also off-putting. Saying “I am sorry *if* I offended anyone” or “We want to apologize *if* we have made mistakes in interpreting your culture.” These kinds of statements further weakened their apology. Mistakes should be acknowledged and apologized for straightforwardly. It would have better served them to make definitive statements such as, “We want to apologize for misinterpreting your culture,” and then proceed to explain specifically why it was.

4. Events outside your organization are likely to impact your organization.

This principle can be for better or for worse. Other organizations, influencers, media channels, or the general public can shape the image and reputation of your organization. When it comes to this, your organization is not likely to be in control of the events taking place or the information being said. Therefore, it is important to be prepared for an outside event regarding your organization to take place. For example, keep track of influencer platforms or social media accounts that are relevant in your industry to keep track of what is being said in general, about your organization specifically, or even trending hashtags that could help or hurt your brand. Predicting outside events can be difficult, but even just attempting to predict what might happen may serve your organization well in the long run if you prepare for various scenarios.

ALS Ice Bucket Challenge 2014:

One example that shows good use of this principle is the ALS Ice Bucket Challenge with the ALS Association. The infamous ice bucket challenge began when athlete Pete Frates posted a video using the hashtag: #icebucketchallenge and challenged his friends and family to participate as well. Frates was personally affected by ALS which is why the challenge became focused on raising awareness about the disease. Soon after his post, the challenge spread all across the internet. Practically the entire nation was talking about the ice bucket challenge and ALS.

Within a week, the ALS Association caught wind of the challenge and released a news notice on its website about it. They updated their website and spoke about the challenge with links to all of their social media accounts. The next day, the ALS association released its first national news release through PR Newswire. It was titled “The ALS Association Thankful for Generosity of Ice Bucket Participants.” (Swann) The release expressed the association’s gratitude, and it included information about ALS itself and the limited types of treatments that were available at the time.

The ALS Association's internal communications made huge efforts to mobilize and reorganize to handle the surge of donations and inquiries. Externally, the PR team worked to thank donors and reassure them that their donations would be going towards the organization’s mission of treating and curing ALS.

Overall, the ALS Association took full advantage of the enormous trend of the #icebucketchallenge to spread even more awareness about ALS, raise more money, and even invested in ALS-related public policy issues. The association took notice of a trend outside of its organization and essentially turned it into an extremely beneficial campaign for itself.

Chevy Guy and #TechnologyAndStuff 2015:

When Chevrolet manager Rikk Wilde's speech at an MLB game went viral, Chevy was quick to turn it into something positive. The two hashtags #ChevyGuy and #TechnologyAndStuff blew up on social media. Chevy could not have predicted Wilde's speech to be turned into a popular meme, but they noticed the trend right away because of a manager monitoring social media chatter during the MLB game and the postgame ceremony. Even the chief of marketing went into full gear to ensure that the internet trend would benefit Chevy. Chevy got their team working on all sorts of new ads and posts for their socials. They were prepared for a full-blown crisis but were also able to turn it into really beneficial marketing. By being so prepared and ready to respond, Chevy was able to take full advantage of the trend hashtags.

Dolce & Gabbana:

In the Dolce & Gabbana case study, the events outside of the brand that most affected it were Diet Prada's posts and the Chinese Cultural and Tourism Department canceling the show. When Diet Prada reposted Dolce & Gabbana's ad it spread internationally. Before that, the ad series had remained fairly local in China. Based on the reaction of the brand, or the lack thereof, they were not prepared for the campaign to spread so quickly and vastly. It would have been best to prepare for not only: what if this campaign goes negatively in China, but also: what happens if the campaign goes internationally viral either negatively or positively. Although Dolce & Gabbana would not have been able to control the spread or the reactions of people viewing their campaign, they could have been more prepared to respond quickly on a global scale.

Diet Prada also posted Stefano Gabbana's messages about Chinese people. This was practically impossible to anticipate, but it just goes to show pretty much anything can happen outside of an organization that drastically affects it. Comments made by a brand's employees or owners outside of a brand's social media platforms can greatly affect a company. One potential preparation that could have been implemented is prepping the entire brand and owners on responding to criticism. This strategy would have helped Stefano who has had quite a history of negatively and irrationally responding to internet critics. However, it is easier to say now that this case has already taken place, so a PR team may not get it right every time. As the principal states, the best thing a PR team can do for a brand is to keep monitoring influencers' platforms, social media accounts, news articles, etc. that are relevant to your industry.

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