

A Review on Balenciaga Market Campaign Analysis

Yuyang Xu^{1,a,*}

¹University of Melbourne Parkville, Melbourne, Australia

a. yuyangx2@student.unimelb.edu.au

*corresponding author

Abstract: The thesis focuses on the market campaign analysis of Balenciaga. With the brand's rapid ascent in the luxury market, it is essential to understand the reasons behind Balenciaga's success in such a short period. One significant factor contributing to this success is Balenciaga's strategic use of social media and innovative product launches. The brand frequently unveils new products on social media platforms, creating a strong and lasting impression on customers. This strategy not only enhances brand visibility but also attracts a substantial number of consumers, driving sales and market presence. However, Balenciaga has faced several ethical issues in recent years, which have drawn public scrutiny. These controversies highlight the need for the brand to address and resolve these ethical concerns to maintain its reputation and consumer trust. Despite these challenges, Balenciaga's potential to continue leading the luxury market remains strong. By appropriately handling ethical issues and maintaining its innovative marketing strategies, Balenciaga can sustain its growth and reinforce its position as a dominant player in the luxury fashion industry.

Keywords: Balenciaga, Marketing Strategy, Ethical issues

1. Introduction

In the last few years, there is a brand rapid raise in the luxury market, that is Balenciaga. Balenciaga was established in the year of 1917 in San Sebastian and it was founded by a Spanish designer. In the year of 1937, due to the second world war, Cristobal, which is the designer of Balenciaga, moved to Paris and start his company in Paris. It has been one of the most famous luxury brands around the world. In the year of 2017, Balenciaga has been famous in China. At that time, Balenciaga's most famous shoes is "triple", which is a sign of Balenciaga. Balenciaga's triple line is a product called "Daddy shoes." This shoe can be said to be the symbol of the brand, but also can be said to be the beginning of the success of the brand Balenciaga. Then in 2018 so far, Balenciaga has also produced various styles of shoes, such as 3xl, track, runner and so on. Because of the continuous emergence of these products, more and more people choose to buy Balenciaga products. Balenciaga is currently launching a limited-edition campaign with the 3xl, 10xl, etc., which has a much smaller number of shoes than the previous triple and track. With these limited-edition pieces, Balenciaga wants to increase the value of its merchandise and better capture the luxury market. With the increasing number of Balenciaga products, the price of Balenciaga has also begun to show a substantial rise, and many people have begun to think whether Balenciaga is worth the price. The price of Balenciaga is now the same as the price of lv, Dior and other luxury goods, and Chinese consumers have begun to think about such a question, if they have the money to buy Balenciaga products, can they consider

buying lv and Dior and other luxury goods? This essay will discuss the market campaign of Balenciaga and give a suggestion to Balenciaga's market campaign.

2. Market Analysis

In today's market, with the changing times, the beginning of the trend is oversized clothes. Shoes and clothes should be worn bigger to look better, and there is a popular so-called "ripped style". Balenciaga's collection for the 2023 season is based on these styles. Balenciaga itself wanted to create a unique luxury style. Balenciaga's current designer was unable to travel during the pandemic, so he designed the products through his own nostalgia for travel. In Demna's childhood, due to economic reasons, his parents always bought some clothes that exceeded his size to reduce the cost of clothes [1]. Therefore, Demna designed this brand out of nostalgia for his childhood. In his eyes, fashion is not a very important point, which has also led to Balenciaga's style has deviated from the scope of so-called luxury fashion, which has evolved into a concept of "anti-fashion". Balenciaga's fashion style has well defined its unique brand positioning, and its bold design makes its brand significantly different from other brands. Balenciaga has managed to carve out a niche in a market that is defined by simplicity. This distinctive style has better attracted the attention of consumers, especially young people. Today, Balenciaga products have been active in China's major social media, many people will choose to share Balenciaga products on social media, which also allows Balenciaga to further expand its brand influence. And Balenciaga's store style and other brand store style are completely different, Balenciaga's store style is very grandiose and very young, most brands for the store decoration are simple to choose, look very tall. This bold attempt also provides consumers with a very unique shopping experience.

However, in today's market, it is actually more inclined to wear a simple style. For example, in the emergence of Fear of God in 20 years, the clothes of this brand are very simple, basically designed around the color system of solid colors, giving people a simple, clean and very decent image. The style of Balenciaga, on the other hand, gave a very grandiose style, very bright patterns and fonts, and a lot of torn design. At this time Balenciaga is just not in line with the trend of the time, but through such a different design style with the public, so that Balenciaga in recent years are very popular.

3. Marketing Analysis

3.1. Competitor Analysis

3.1.1. LV

Balenciaga's main competitors are LV, YSL, Gucci and so on. Louis Vuitton is a big rival of Balenciaga, and its main products revolve around bags, shoes and clothes. LV's shoe series, whether it is the Trainer or the Trainer Max, both of these shoes have caused great difficulties for Balenciaga in the market. The Trainer Max was officially launched at almost the same time as Balenciaga's 3XL. However, when it was launched, the Trainer Max was quickly sold out and it was basically difficult to get the goods in the market. However, the 3XL still has the remaining goods until now. LV has been occupying the luxury market in recent years. According to statistics, the total sales of LVMH, as the parent company of LV, reached 86.2b euros in 2023 [2]. This is a very large sales volume, which is enough to reflect LV's influence in the luxury industry [3].

3.1.2. Gucci

Gucci, as a luxury product with almost the same price as Balenciaga in all aspects, also has a very similar point in terms of shoes. One of Gucci's most famous shoes is their "Daddy shoes". This is also

a relatively representative product of Gucci. Gucci as the fashion capital of Italy's products, coupled with its rich brand culture, naturally in the market in the face of Balenciaga is not inferior. According to statistics, Gucci has nearly 500 direct stores in the world, and Gucci can have sales of close to 1 billion dollars every year [4]. This is also related to the high-quality production of Gucci products, Gucci products in the luxury industry has a reputation of cost-effective, in terms of cost, this is Balenciaga completely compared to the point [5]. In addition, under the same price, Balenciaga's selling point is design and Gucci's selling point is quality, the same price makes them naturally become competitors [6].

3.1.3. Saint Laurent

In the market, Saint Laurent represents a dark style, which is very similar to the positioning of Balenciaga. Saint Laurent is arguably Balenciaga's closest competitor in the market. In terms of beauty products, Saint Laurent has a very high market position. In terms of clothes, Saint Laurent's clothes also feature oversized and dark styles. Saint Laurent's and Balenciaga's main clothes are their trench coats, and both brands' trench coats are known for their popularity.

3.2. SWOT Analysis of Balenciaga

Table 1: SWOT Analysis of Balenciaga

Strengths	Weaknesses
1. Strong brand image and unique brand style.	1. As a light luxury brand, the price of Balenciaga has begun to gradually match that of LV and Gucci and other brands.
2. Since Balenciaga has a large VIP clientele, marketing regularly sends out designs to attract these repeat customers.	2. Balenciaga's fabrics are very normal for a light luxury brand, but his fabrics do not match his price.
3. Younger design will be more attractive to young people to consume.	3. Balenciaga's lack of endorsements from public figures means it lacks many of the customers who buy products for celebrities.
Opportunities	Threats
1. Has the potential to become the favorite brand of the young group.	1. Balenciaga struggled to attract older consumers because his clothes were not formal enough.
2. There is a good chance to attract very famous stars to endorse, such as Jay Chou, because he often wears Balenciaga clothes.	2. Balenciaga entered the market a little later, and it will be difficult to establish an image beyond the LV brand in the short term.
3. It is very likely to become the leader of the shoe industry, because Balenciaga shoes are now basically a pair for everyone.	3. Although the shoes of Balenciaga look good, but the foot feel is poor, because the shoes are extremely heavy, which will be a reason for the lack of consumers.

According to the SWOT analysis of Balenciaga created by the author, Balenciaga has a great opportunity to become a leading enterprise in the market (See Table 1). As long as Balenciaga does what it should do now, it has a great opportunity to become a leading enterprise in the future.

3.3. Age, Gender, Income Level

According to the above chart, the author can tell that Balenciaga's audience is distributed between 18 and 54 years old. Most purchases are made by people aged 25-34. Balenciaga's gender audience is

not very distinct, the male audience is only less than 3 percent larger than the female audience. Because the price of Balenciaga is the price of luxury goods, usually only high-income people can afford to buy Balenciaga products. There is also a very good family conditions of the rich second generation, their family conditions are enough to support them to consume Balenciaga products (See Figure 1 & 2).

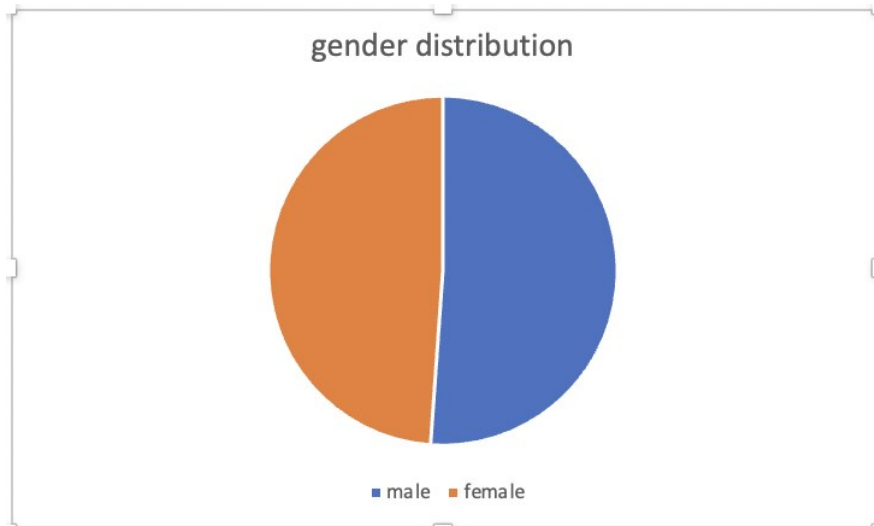


Figure 1: Gender distribution

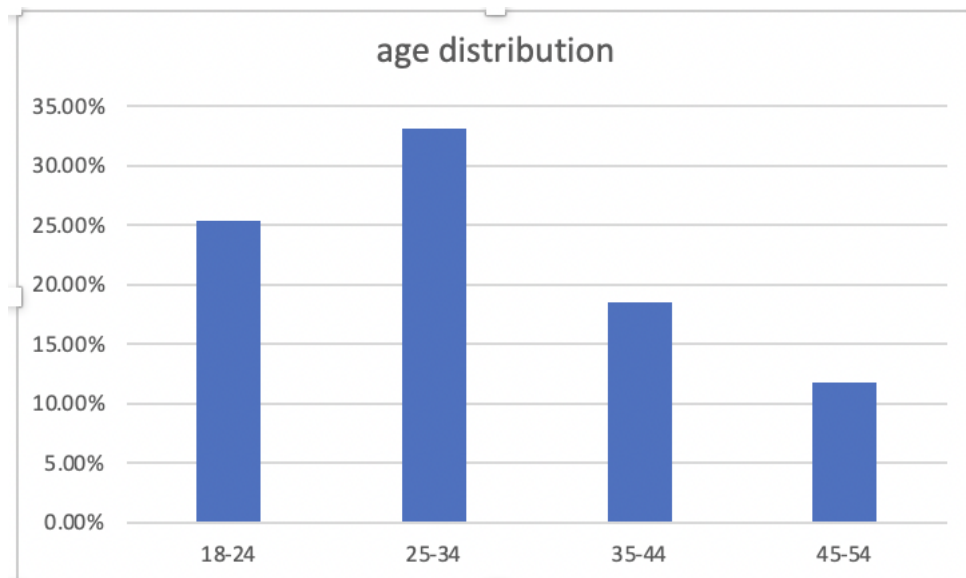


Figure 2: Age Distribution

3.4. Shop Location

Balenciaga is for those who pay attention to fashion and are willing to pay a premium for their clothes. Usually, those who can buy Balenciaga live in big cities. Balenciaga's consumers in China are mainly scattered in first-tier cities such as Guangzhou, Shanghai, Shenzhen, Beijing, because Balenciaga has its own stores in these cities, and their daily life is relatively high-end. Balenciaga is a brand that usually suits the upper class. The fashion preference of consumers in this category is that they prefer to wear wide clothes and love dark styles, and their love for this brand makes them long-term

customers of this brand. These people will choose to buy different styles of Balenciaga products to show their own personality.

3.5. Behavior Breakdown

In terms of behavior, Balenciaga's audience is more frequent shoppers and luxury consumers. Frequent shoppers make regular purchases and update their wardrobes. They also follow the fashion trend, that is, they pay attention to the latest products. Balenciaga releases something new every month or so, which is right for these fashion-conscious people. Moreover, Balenciaga, as a luxury brand, will naturally attract many luxury enthusiasts. These consumers have a higher level of consumption, and Balenciaga's price is just within their consumption range. Balenciaga also has a lot of loyal customers, and their marketing will attract these repeat customers by regularly releasing new products to VIP customers. Balenciaga also has a lot of potential customers who come into the store to experience the products and love them.

3.6. Product Analysis

Balenciaga's most famous product is their shoes, the first famous is Balenciaga daddy shoes Triple S. In the last two years, Balenciaga has also released new shoes, such as the 3XL and X-pander. The price of Balenciaga shoes varies around the world, but they are the most expensive in China, where Balenciaga Triples sells for 9,700 RMB. The price is even the same as the trainer, a classic style from luxury brand Louis Vuitton. Even the 3XL is now priced at Rmb9,200. But the shoes of Balenciaga have very distinct characteristics, the first point is that its shape is particularly large, and the pattern is integrated with many street designs, which is very popular with young people. 3XL incorporates the old style. 3XL each shoe is not clean to buy back, basically the light color to buy back will have a gray print on it. It is this distinctive product style to Balenciaga has brought a particularly high product heat. Even though many of Balenciaga's shoes are very heavy and very large, Balenciaga has not ignored the comfort of the product while the design is avant-garde. Balenciaga's 3XL is a good example, as a big shoe, but its feet feel very comfortable, compared with many luxury shoes. Researchers believe that 3XL is ahead of many shoes in terms of comfort.

Balenciaga is also very avant-garde in the design of the hoodie, Balenciaga did not design the hoodie very simple, nor did it design very grandiose [7]. The cut at Balenciaga is very bold, and the broken spots on the cut of the clothes do not affect the whole, but bring the clothes to a casual position. Balenciaga's design is not traditional cut and structure [8]. Most of the time, Balenciaga will also use splicing design, and turn the direction, as well as Balenciaga's particularly large silhouette, all of which perfectly show the distinctive characteristics of the brand. Balenciaga's unique design style has become his trademark. Each product of Balenciaga has its own logo on it, in order to make consumers more quickly recognize the product brand, so that it can be clearly identified as a Balenciaga product. Through in-depth product research, Balenciaga has maintained its own innovative and avant-garde design style in products, making the brand Balenciaga appear in the market with a unique image. The price of Balenciaga is also gradually on par with well-known luxury brands, and even surpassed.

3.7. Campaign Strategy

Balenciaga's products can be described as unique and avant-garde, and the brand's goal is to attract young people and promote its own avant-garde and innovative style. Balenciaga promotes itself through fashion shows, product launches, co-branding and offline experiences. Balenciaga is constantly innovating its products every year. Unlike many other luxury brands, Balenciaga is trying to appeal to a younger audience rather than a middle-aged one. Balenciaga's current goal is to increase its market share and promote its unique brand style.

According to research, Balenciaga promotes its events in a variety of ways, such as press conferences, social media and offline pop-up stores [9]. For example, in the annual Paris Fashion Week, Balenciaga uses the fashion week as an opportunity to show its new products and its new designs to the world. Paris Fashion Week is a great way for Balenciaga to show its products to the world. At Paris Fashion Week, Balenciaga gets all the press and gets the press to cover their products. In these activities, Balenciaga is very lucky to use the exposure of modern media, but also very good use of its own unique creativity to catch the eye of the audience. Paris Fashion Week is also the fastest way for consumers to get advice on new products from Balenciaga.

3.8. Social Media and Co-branding

Balenciaga will also promote their campaign through social media and product co-branding. According to the authors, Balenciaga mainly promotes its products through outlets such as Tiktok, Instagram and wechat [10]. Balenciaga has its own official Instagram account, and when their products are released after the press conference, Balenciaga will immediately update their Instagram account. In these social media, Balenciaga will release content about new product trailers, fashion blockbusters and other posts. Today is the age of the Internet, and more and more users begin to use social software such as Instagram. Consumers can also browse Instagram to learn about the latest products. Balenciaga uses social media to increase its brand's online presence so that the majority of social media users, namely young people, are better attracted to make purchases [11].

Media exposure may be defined as “the extent to which audience members have encountered specific messages or classes of messages/media content” [11]. Balenciaga's marketing will also promote its VIP customers through wechat. According to the researchers' personal experience, as long as Balenciaga purchases once, their marketing will be very active in wechat private message to publish the latest style to themselves. This kind of active contact with customers can increase repeat customers and increase the exposure of the brand. With the increasing exposure of the brand, the brand can better retain its customers. As a new customer, more and more exposure can attract new customers, so that these customers have a better understanding of their own brand products, and become their potential customers, or have a higher possibility of consumption [12].

3.9. Co-branding

The activities promoted by Balenciaga are also co-branded. Usually, the co-branded style will bring a strong combination of two brands, which usually brings high heat and pageviews to both brands. For example, the release of the Balenciaga and Adidas co-branded model in 2022 not only increased the search volume of the sports brand, but also increased the search volume of Balenciaga itself by 25 percent [13]. Therefore, the research can be concluded that the co-branded style usually has a high topic heat and limited characteristics, the heat of the two brands in the market will rise straight. The attention of the heat is getting higher and higher, once the product is released, it can be quickly snapped up by consumers.

Products such as this joint brand are generally limited. According to economic principles, the scarcer the product, the more likely it is to increase consumer demand. Balenciaga's co-branded products with Adidas are very scarce in the market [14]. According to the researchers' study, Balenciaga's co-signers were told they were out of stock within half a month. In many cases, Balenciaga products are not necessarily a quantity limit, but a time limit, which also causes Balenciaga consumers to go to consume in a short time. This also gives the brand a fashion-forward image.

3.10. Problem Analysis

One big issue Balenciaga faces is their Ethic problem. On November 16, 2022, Balenciaga released their new holiday-themed product. In their AD, there are toys, guns and drugs, which also involve S&M elements. After these elements of the AD were exposed, Balenciaga was also accused of child sex. This incident will bring damage to Balenciaga's brand image. Since reports of child sexual behavior are very negative, in a short period of time, the analysis of the problem will be spread quickly, and the issue will trigger social condemnation, especially those who protect the child group. In the long run, this will directly lead to a crisis of brand trust, which will directly shake the brand's trust in consumers. For example, in 2018, Balenciaga also had some ethic problem. At that time, Balenciaga staff chased away Chinese customers in Spring department store and made some insulting remarks about China. In the face of the state, this will also affect the consumption of Chinese customers, which will also lead to Balenciaga has fewer consumers in the short term due to consumer resistance, and these negative points will directly lead to the loss of existing customers and potential customers.

4. Suggestion

In view of the Ethic crisis Balenciaga is facing now, the author believes that Balenciaga must effectively deal with the negative impact and repair its brand reputation. First of all, Balenciaga needs to immediately issue a statement that they are very concerned about the matter, so as to show the responsibility of the brand. If the alleged things are improper, Balenciaga should stand up to the public in the first time to apologize, express their apologies to the public in a timely manner, admit mistakes and correct their attitude, which is what a brand should do to establish a good image. Internally, when Balenciaga needs to release an advertisement or promotional video, this study suggest that it needs to have a special review team. Before the video and advertisement are released, the review team must strictly review and check whether the advertisement contains bad information, such as inappropriate remarks about a country. Or it could be discrimination against a certain group. In today's era of developed network, the speed of information dissemination will become very fast. Once a company has any shortcomings, the shortcomings will be quickly and infinitely amplified, and the image of a brand will be greatly affected in a short time. Balenciaga itself must pay serious attention to this problem, and must give moral training to employees. Only a company with good morals will attract more customers, and the customers lost from a bad image will become more and more.

On the other hand, after Balenciaga's tarnished image, this study suggested that the company go into philanthropy. For example, after the 2018 degrading incident, Balenciaga made a public statement of apology, and soon cooperated with the World Food Charity Organization. They first released their own new collection and co-name with the charity organization. Although it's not a direct donation to a charity. Balenciaga also made a statement about its support for the charity, with each piece from the collection labelled "supported by Balenciaga" underneath. When Balenciaga released this product on social media, the brand itself could promote its charitable efforts through its own efforts, which could create a positive brand image. According to statistics, 10 percent of Balenciaga's revenue from this series is donated directly to the United Nations, and so far, Balenciaga's WFP series has donated \$250,000 to the United Nations [15]. Therefore, it can be seen that the business effect of this cooperation to Balenciaga has not only established a very positive brand image, but also helped themselves to increase revenue.

Based on Balenciaga's humiliating Chinese incidents in 2018, it can also be seen here that Balenciaga's attitude toward customers. In the author's opinion, Balenciaga needs to take further care and support for its customers. After the incident, Balenciaga needs to take the initiative to care for the affected customers, provide customers with support and reconciliation plans, so as not to let the situation continue to deteriorate. This approach also allows customers to appreciate the human nature

of Balenciaga and the importance they attach to each and every one of their customers, showing that they value and respect their customers. Balenciaga can also choose to regularly reward its loyal customers through special discounts, membership activities and other activities. These two activities are good for maintaining the relationship between Balenciaga and its customers, and when repeat customers participate in these activities, Balenciaga can also build trust with customers. When Balenciaga is fully trusted, it can maintain its relationship with its customers.

After these negative effects began, Balenciaga needed to maintain the quality of its products and continue to introduce its own innovative products. Balenciaga is known for innovation in the fashion industry, and Balenciaga should maintain their positive value after the negative impact. Balenciaga must ensure that every product meets the customer satisfaction level in terms of quality and innovation, so that they can continue to stand in the market in the event of negative events. In terms of marketing, Balenciaga should actively promote the positive value of its own brand, so that it can filter out its negative image after the incident. Balenciaga should also start to actively expand its new markets and new audiences. Now Balenciaga's audience is too limited, Balenciaga should expand new areas, maintain the good momentum of the brand.

5. Conclusion

The research focuses on the marketing campaign of Balenciaga. The study reveals that Balenciaga employs various strategies such as social media and press conferences to execute their marketing campaigns. However, it is crucial for Balenciaga to address alleged ethical problems. The company needs to begin by resolving these issues internally, starting with its employees. By establishing a strong ethical foundation, Balenciaga can cultivate a positive brand image among consumers. In the future, it is anticipated that Balenciaga will be comparable to top luxury brands such as Louis Vuitton and Dior, with the potential to become a leading brand in the luxury industry.

References

- [1] Sue, A. (2021). *Why BALENCIAGA is said to be "anti-fashion" when it's clearly a fashion brand* - NOWRE. Nowre.com. <https://nowre.com/editorial/588828/mingmingshigeshishangpinpaiweishenmezongshuo-balenciaga-shifanshishang/>
- [2] Ewen, L. (2024, January 26). *LVMH posts record profits and 86.2B euros in revenue for 2023*. Fashion Dive. <https://www.fashiondive.com/news/LVMH-record-profits-strong-revenues-fiscal-2023/705762/#:~:text=Dive%20Brief%3A>
- [3] Li, Y. (2023, September 26). *Comparison of Marketing Methods and Strategies of Luxury Brands-Take Balenciaga and Louis Vuitton as Examples*. Wwww.atlantis-Press.com; Atlantis Press. https://doi.org/10.2991/978-94-6463-246-0_30
- [4] Cabigiosu, A. (2020). *A Comparative Analysis: Gucci, Saint Laurent, Balenciaga and Bottega Veneta*. Palgrave Advances in Luxury, 203–236. https://doi.org/10.1007/978-3-030-48810-9_8
- [5] SimilarWeb. (2024). *Website Performance*. Similarweb. <https://pro.similarweb.com/#/digitalsuite/websiteanalysis/overview/website-performance/>
- [6] Armitage, J., & Roberts, J. (2021). *The Globalisation of Luxury Fashion: The Case of Gucci*. *Luxury*, 6(3), 227–246. Tandfonline. <https://doi.org/10.1080/20511817.2021.1897268>
- [7] Gárgoles, P., & Ambás, G. (2023). *The Power of Consumers on Social Media: A Case Study of Balenciaga's Crisis Communication*. *Springer Proceedings in Business and Economics*, 3–13. https://doi.org/10.1007/978-3-031-38541-4_1
- [8] Wang, Manli. (2018). *Emerging Brand Designers into High Fashion Brands Trend Research* (Master Dissertation, Beijing Institute of Fashion Technology).
- [9] Anonym (2015). *Balenciaga Paris the king of maverick fashion*. *Chinese Journal of Optical Science and Technology* (10), 50-57.
- [10] Anonym (2014). *Brand story: Paris family (BALENCIAGA)*. *China fibre inspection*(22), 65.
- [11] Skjulstad, S. (2021). *"My favourite meme page": Balenciaga's Instagram account and audience fashion labour online*. *International Journal of Fashion Studies*, 8(2), 237–256. https://doi.org/10.1386/infs_00052_1
- [12] Anonym (2009). *Balenciaga. Popular Colours* (07), 42-43.

- [13] Slater, M. D. (2004). *Operationalizing and analyzing exposure: The foundation of media effects research. Journalism & Mass Communication Quarterly*, 81(1), 168–183. doi:10.1177/107769900408100112
- [14] Ilchi, L. (2022, May 23). *Balenciaga x Adidas Collaboration Causes Jump in Fashion Searches. WWD*. Available online at: <https://wwd.com/fashion-news/fashion-scoops/balenciaga-adidas-collaboration-searches-increase-1235186544/#:~:text=In%20addition%20to%20>
- [15] Gharib, M. (2019, June 10). *Why A \$790 Balenciaga Hoodie Has A World Food Programme Logo. NPR*. Available online at: <https://www.npr.org/sections/goatsandsoda/2019/06/10/723218995/why-a-790-balenciaga-hoodie-has-a-world-food-programme-logo>