

# How Can Dolce & Gabbana Change its Reputation after the Racism Marketing Video

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**Abstract.** Dolce & Gabbana has lost a large portion of its Chinese market because of a marketing video that was considered racism. The sales of Dolce & Gabbana significantly decreased after the incident. In order to change people's impression of Dolce & Gabbana and save back the Chinese market, new marketing strategies should be implemented as soon as possible. This article discusses the influence that the explicit racism video caused on Dolce & Gabbana and the current condition of the company. At the end of the article, there are also some possible marketing strategies such as STEPPS suggested for the company to follow in order to improve its reputation and gain word-of-mouth.

**Keywords:** Dolce & Gabbana; racism; marketing strategy.

## 1. Introduction

The famous luxury fashion brand Dolce & Gabbana founded in Italy became popular among people ever since the brand was created. However, because of unsuccessful marketing in 2018, the brand lost 98% of its Chinese customers with one video. Because of the video, some people even considered that boycotting the brand would be necessary.

Marketing can make a company successful and well-known in a short time. At the same time, a simple mistake in marketing can also destroy a company's reputation. This article will examine the importance of marketing and analyze the current condition of the brand Dolce & Gabbana. At the end of the article, several methods will be listed for Dolce & Gabbana in order to succeed in marketing and gain their customers again.

"Strategy scholars have argued that dynamic capabilities enable managers to adapt, integrate, and deploy physical, human, or organizational capital to achieve alignment with the changing business environment and are a source of competitive advantage" [1]. It is obvious that Dolce & Gabbana intended to gain more word of mouth from people in China through their marketing process. However, because of the culturally inappropriate content in their marketing video, it ended that they actually lost a lot of their Chinese customers at they launched the marketing video on Youtube since the video contains explicit racist content. "Developing and executing marketing strategy is central to the practice of marketing... As a result of its centrality to practice, marketing strategy is also a key area of business school pedagogy, pivotal in marketing theory explanations of firm performance, and a focus of inquiry among academic researchers" [2]. Therefore, this article will focus on the marketing strategies used by Dolce & Gabbana and suggest the following possible strategies for Dolce & Gabbana to consider. Besides, we also propose that there are also some possible marketing strategies such as STEPPS suggested for the company to follow in order to improve its reputation and gain word-of-mouth.

The remainder of the article is organized as follows. In Section 2, the author introduces the firm information and financial situation of the company. Section 3 presents the market strategy of this company and gives some potential suggestions for improving the marketing strategy. Finally, the paper summarizes the conclusion in the last section.

## 2. Firm Description

Dolce & Gabbana were founded in 1985 in Legnano by designers Domenico Dolce and Stefano Gabbana. They had their first women's collection in the same year and they quickly receive attention

from the public because of their products. By the end of 1990, the revenue of Dolce & Gabbana was around 500 million dollars. In 2003, their revenue successfully reached 633 million. The company gradually becomes a famous luxury brand around the globe. However, simply because of a short video, the company lost most of its customers in China.

In November 2018, Dolce & Gabbana posted three short videos online that intend to gain more popularity in foreign markets. In the videos, the company wants to present the cultural differences between Italy and China. At the same time, it also wants to build a connection between Italian traditions and Chinese traditions. One of the videos they launched, the video features Chinese women wearing a lavish Dolce & Gabbana dress attempting to eat some traditional Italian food such as pizza, spaghetti, and cannoli, with traditional Chinese chopsticks. The story seems appropriate. However, in the video, the voiceover describes chopsticks as "small stick-like things" and describes pizza as "our great pizza Margherita". These made the content in the video explicit racism contents. The lines show the company's outdated views about Chinese tradition and they are also stereotyping Chinese culture. After the video became notorious on the internet, a lot of Chinese netizens believe that Dolce & Gabbana is trampling on Chinese dignity and that China should boycott the brand. Based on statistics, Dolce & Gabbana had 1.3 billion dollars in earnings in 2017. Moreover, 30% of their earnings come from the Asia-pacific regions.

Dolce & Gabbana first tried to remove the video from Chinese social media after posting them. However, the condition became worse when an Instagram user exposed a chat screenshot that the designer Stefano Gabbana, one of the founders of Dolce & Gabbana, calls China "a country of shit" and "ignorant dirty smelling mafia". The screenshot rapidly went viral on social media. On the Chinese social media WEIBO, the hashtag was trending within hours after the screenshot got exposed. After a short time, all the Chinese actors and models terminated their contract with Dolce & Gabbana. Even though Gabbana later explained on his Instagram that his account was hacked, and he never used disrespectful ways to describe China, people didn't believe in his apology. The apology was too late and Dolce & Gabbana already lost its market in China. The report indicates that Chinese customers constitute a third of the global luxury markets. By losing the Chinese market, a luxury brand will be influenced deeply.

After the incident, Dolce & Gabbana's earnings from the Chinese market significantly decreased and its reputation was destroyed. The culturally inappropriate video caused outrage in China and it was a marketing disaster. From the Chinese people's perspective, buying a product from Dolce & Gabbana means that they are not respecting their own country. "Instead of entrenching its brand in China, the campaign did the opposite. A report found that sales for Dolce & Gabbana were down 98% in the country from the same period last year. The figures are shocking, but when you consider that Chinese shoppers are the biggest buyers of luxury goods, it becomes clear how big of a mistake their ad campaign was" [3-4]. Therefore, in order to improve the brand Dolce & Gabbana, it is important to save the Chinese market. The company should have marketing strategies directed to help with changing its reputation in China.

### 3. Marketing Strategy

Based on the current condition of Dolce & Gabbana, it is useful and effective to use Berger's six STEPPS to change Dolce & Gabbana's reputation and gain more word of mouth in China. Berger's six STEPPS can make influence prompt word-of-mouth marketing and increase social visibility. People always have an instant reaction to the world around them and the reputation of a product is spread by people in society. In order to make Dolce & Gabbana a well-known brand with a good reputation, it is essential for people to know about it and create a model of attention.

The six parts of STEPPS are social currency, triggers, emotions, public, practical value, and stories. Each of the steps shows the method to create a viral market and it is deeply related to the psychology of attention. It explains why we pay more attention to some specific products and how to capture the attention of the public. For example, social currency in STEPPS is effective because "companies and

individuals can use this to their advantage, by providing their customers with products, experiences, and content that connect directly with them in a way that encourages sharing with others, while promoting the company's ideas or products simultaneously" [5-7]. Based on history, the ASL Ice Bucket Challenge is a great example of using social currency to make the product well-known around the globe. The ASL started the challenge for people to do in order to gain social visibility, and people spread the challenge by posting a video doing the challenge on different social media. Since people tend to follow the trend, the awareness of the ASL Ice Bucket Challenge got increased. Moreover, the trigger part of STEPPS also can emphasize the idea of a product to help people to keep the product top of mind. For instance, the 'The Will it Blend' viral videos on Youtube made the product popular and well-known. "Triggers are stimuli that connect thoughts and ideas together. By designing products and ideas that are linked to our surroundings, it helps to set off frequent —triggers in people's minds [8]. When people think about your product, they will likely talk about it, share their experience with it, and become repeat customers over time" (A.S.). The Youtube video of the blender directly shows people why is the blender created by Tom Dickson special and why should people choose this grinder rather than others. The video on Youtube got 6 million views at the end of the first week and audiences were amazed by the function of the blender [9-10].

These real-life examples directly prove that STEPPS has an important effect on products in order to make the product popular among people. Using STEPPS can help the product to gain more word of mouth and make the memory of the product in people's minds larger. It can help the product catch people's minds and attention. Therefore, Dolce & Gabbana should use STEPPS to create new marketing videos that can change people's impressions of it. Currently, people still believe that Dolce & Gabbana is evolved with negative incidences such as racism. Dolce & Gabbana should delete the marketing videos that they used before and post new videos that truly present Chinese Culture and Italian Culture without stereotypes and discrimination. At the same time, in order to convince people that Dolce & Gabbana indeed respects all cultures, the company could possibly pay more attention to some nonprofit charitable organizations in China and other countries and help people who are in need. By apologizing, changing the marketing videos, and supporting people in need, Dolce & Gabbana will show that they respect and support other cultures. Thus, they can change people's impressions of the brand.

#### 4. Conclusion

Because of a simple video, a well-known luxury brand could easily lose a large portion of its consumers. The story of Dolce & Gabbana tells people the importance of marketing and the heavy price of inappropriate marketing. Marketing is the key to making a company successful and famous, but unsuccessful marketing could also lead to a huge loss for a company.

In the article, the marketing method of STEPPS was analyzed and the evidence shows that the correct use of STEPPS can help a company to gain word-of-mouth and a good reputation. By using the six parts of STEPPS, Dolce & Gabbana could possibly change people's negative impression of the brand and attract people's attention. By implementing different methods from STEPPS, Dolce & Gabbana could convince people that the brand indeed respects and support all cultures. Once the company changed its reputation, it can restart to gain popularity and attract more consumers.

However, the implementation of new marketing strategies can be different from our expectations. Therefore, it is important to deeply analyze the influence of each marketing method before using it in case it causes negative influences on the company. Future research can be done to research more real-life examples of using STEPPS and other popular marketing strategies that could be helpful for Dolce & Gabbana.

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