Managing the paradox of delocalized authenticity in luxury : a conceptual model for preserving symbolic capital

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Summary :

The luxury goods industry (fashion, wine, leather goods, jewelry...) bases its value on stories of authenticity (heritage, craftsmanship). Globalization has created a paradox : delocalized authenticity, where these narratives come into tension with industrialized production and delocalized. This conceptual research analyzes this paradox in three luxury sectors, identifying three managerial strategies : opacity, compensatory narration and glocal hybridization. It conceptualizes symbolic capital as a strategic resource in tension, and authenticity as a performative construct, opening up perspectives on post-authenticity. The research also provides managers with tools for dealing with the reputational risks associated with delocalization and industrialization.

Keywords : symbolic capital, authenticity, relocation, luxury industry

Track: Marketing Communication (including digital) and Branding

1. Introduction

Since April 2025, a media campaign on social networks by Chinese manufacturers has been accusing luxury[1] brands of manufacturing their products in China at low cost, while charging excessive prices (up to more than 10 times the cost price). These revelations, whether true or false, have undermined the promise of authenticity and traditional craftsmanship, causing the stock market valuations of the brands concerned to plummet. This is not an isolated phenomenon, nor is it confined to luxury brands. It is reminiscent of earlier cases such as Burberry (relocation of production to China in the 2000s) or Rimowa (acquired by LVMH in 2017), where the loss of local roots drew criticism.

Luxury brands base their value on symbolic capital (Bourdieu, 1986), embodied in narratives of local (often Western) excellence and craftsmanship. However, offshoring to countries such as China creates a dissonance with this discourse, perceived as a betrayal by consumers (Beverland and Farrelly, 2010). Companies now have to reconcile profitability (offshoring, cost-cutting) with symbolic legitimacy (authenticity, customer trust). This reconciliation gives rise to tensions that are at the heart of the central dilemmas of contemporary luxury : sacrificing a share of authenticity for profitability, or reinventing oneself through local production that is less progressive but more aligned with the discourse. Between economic efficiency and symbolic legitimacy : how can luxury companies preserve or rebuild their symbolic capital in the face of dissonance between their identity narrative and their productive reality ?

This article is intended to be conceptual. After presenting a literature review, we develop an integrative conceptual framework to help brands reconcile their identity narratives with their practices, possibly by reinventing their production or communication model ; before presenting the research contributions.

2. Literature review

Symbolic capital is of paramount importance, distinct from classic forms of economic or functional capital, especially in the luxury goods industry (Dion and Arnould, 2011 ; Kapferer, 2014). Few studies explore how this capital is affected by the paradoxes generated by the relocation of production. Research into the management of paradoxes (Smith and Lewis, 2011 ; Jarzabkowski et al., 2013) has rarely dealt with industries where narrative identity is a key resource. In the luxury goods industry, the tension between the demand for authenticity and the logic of productive optimization creates a major strategic paradox. One question is, how do luxury brands navigate between symbolic coherence and globalized productive reality, particularly when the value chain is either concealed or revealed to customers ? This theoretical void opens the way for investigations into the narrative management of identity paradox, and the ability of companies to regenerate their symbolic capital, despite increased contemporary transparency (Caza et al., 2021 ; Holt and Cameron, 2023), particularly with social networks.

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[1] Luxury or the luxury industry embodies the perfect alliance between age-old know-how and contemporary desire, radiating through the sectors of watchmaking (Rolex, Patek Philippe), exceptional wines and spirits (Château Margaux, Dom Pérignon, Romanée-Conti), leather goods and haute couture (Hermès, Chanel), jewelry (Cartier, Boucheron) and prestige automobiles (Rolls-Royce, Bugatti).

2.1. Between iconic, indexical and existential authenticity, symbolic capital as the basis of perceived value in the luxury industry

Bourdieu (1986) defines symbolic capital as invisible social power, derived from collective recognition and the accumulation of prestige, honor and legitimacy. Kapferer (2012) sees it as a mythical construct, nourished by historical cultural narratives, while Dion and Arnould (2011) emphasize the role of symbolic devices (architecture, art, language) in creating a quasi-ritual experience that reinforces perceived charisma. This capital is materialized by intangible values (rarity, artisanal excellence, elegance), going beyond the functional utility of luxury products.

Hennigs et al. (2013) confirm its impact on willingness to pay, and Cova et al. (2007) analyze its co-construction with consumer communities. However, Hartmann (2021) introduce the idea of its "fragility" in the face of the mediatization of globalized production chains, calling into question its durability.

Authenticity, the key to symbolic value, is based on three dimensions (Grayson and Martinec, 2004 ; Beverland, 2006) : indexical authenticity (tangible link to origin), existential authenticity (brand/consumer value alignment) and iconic representation. Beverland (2009) adds historical continuity, process singularity and discourse-reality coherence. For Holt (2002), authenticity is born of opposition to market logics, while Napoli et al. (2014) see it as a strategic lever in the face of market saturation.

Today, authenticity is shifting and co-created (Spiggle et al., 2012 ; Beverland et al., 2010 ; Leigh et al., 2006), less linked to "made in" than to the production of meaning perceived as true. Kapferer (2012) and Beverland (2009) highlight the delicate balance between heritage and authentic storytelling, where heritage storytelling (know-how, historic workshops) transforms products into narrative objects. However, social networks expose gaps between discourse and practice, such as the scandals linked to delocalized production (Modi and Zhao, 2021 ; Bennett, 2025). Faced with this tension, hybrid authenticity is emerging, integrating heritage and transparency with globalization. The current challenge for brands lies in their ability to reconcile their heritage roots with new demands for legitimacy.

2.2. Luxury consumers and global brand branding : Between consumer perception and brand compensation strategy

In terms of perception, the outsourcing of production in luxury goods generates cognitive dissonance, when the discourse of local craftsmanship contrasts with manufacturing reality (Wiedmann et al., 2010). This attacks consumer confidence, especially when brands fail to inform consumers clearly about their supply chain (Janssen et al., 2022). The McKinsey Luxury Report (2023) reveals that 62% of luxury goods buyers consider manufacturing origin to be a decisive criterion. This explains, for example, consumers' negative reactions to revelations such as those concerning Prada or Brunello Cucinelli in 2017, or to the scandal we alluded to in the introduction. Studies show that consumers punish perceived transparency gaps more than outsourcing itself. In 2023, a sentiment analysis on social networks clearly shows that outsourcing scandals provoke a 23% drop in positive mentions of the brands concerned. The key challenge is therefore to strike a balance between optimizing costs and maintaining a coherent narrative for "responsible outsourcing" (Luxury Governance Institute, 2023).

To cope with the risks associated with outsourcing, luxury brands deploy compensatory strategies aimed at preserving their image, including glocalization[2]. This approach, summarized by the "European design, global production" paradigm, favors maintaining a creative aura while optimizing costs (Doran and Natale, 2021). Meanwhile, Coombs' (2007) work on corrective communication finds an updated application in luxury goods, where brands oscillate between emphasizing quality control (selective transparency) and the exact location of workshops (calculated opacity). With reference to the work of Peasley et al. (2021), we can introduce the concept of "layered transparency", in which brands gradually reveal their supply chain, adapting to market sensitivity. These strategies testify to the complexity of adapting brands to new consumer demands, while preserving their symbolic capital.

The globalization of luxury brands therefore relies on their ability to maintain a consistent image throughout the world, while adapting to the diversity of cultural expectations. Ko et al (2019) identify six pillars for global luxury, including symbolization, exclusivity and cultural identity. Wang and Lin (2019) introduce the concept of symbolic glocalization, which refers to the way brands integrate global codes, contextualizing them locally to enhance customer engagement. We can therefore say that brands that manage to articulate universalism and cultural specificity benefit from increased symbolic capital and legitimacy.

2.3. The mutating luxury market : what customer configuration at what price ?

The expectations of traditional (Dubois et al., 2001) and new customers are in stark contrast. While baby-boomers value local craftsmanship and heritage, Gen Z is more interested in ethics, sustainability and digital brand experience than traditional "made in". In terms of segmentation, this forces brands to adopt dual approaches. This dichotomy materializes in "entry-level" lines produced globally for younger consumers, while iconic pieces remain manufactured in Europe for purists. However, this strategy carries risks, not least a potential dilution of brand identity, as Kapferer and Bastien (2009) observe.

This segmentation enables us to understand the rationale behind premium pricing in the luxury sector. It is based on a complex balance between tangible value and symbolic capital, as established by Tynan et al. (2010) in their multidimensional model integrating perceived quality, rarity and social value. Amatulli et al (2018) demonstrate that the "made in" effect can increase willingness to pay by up to 40% for products manufactured in Europe, creating a halo effect on the brand as a whole. The Luxury Pricing Report (2023) found that 65% of high-end brands are now adjusting their pricing strategies in line with new consumer expectations. They are developing hybrid narratives combining artisan heritage and CSR commitment. We can talk about the concept of "fractal value", where each component (design, raw material, manufacturing) must visibly contribute to justifying the price. Paradoxically, digitalization has reinforced this demand for value transparency, as Kapferer and Bastien (2012) observe. These developments are redefining the fundamentals of perceived value, in the midst of a generational shift in luxury.

2.4. Paradox theory : tension between identity and performance

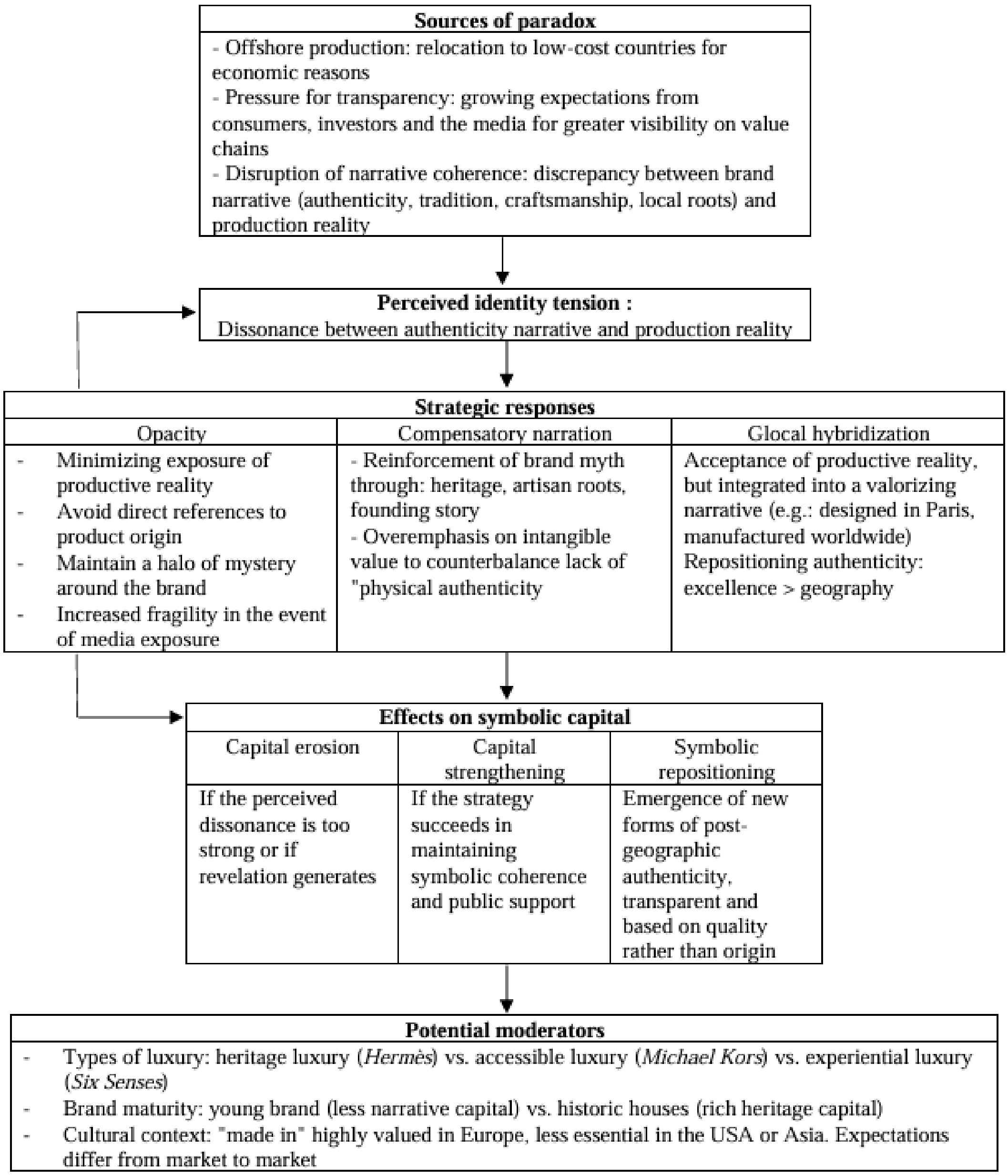
Strategic paradox theory explores the persistent tensions between contradictory but interdependent organizational logics (Smith and Lewis, 2011). In the case of the luxury goods

[2] Concept developed by Tokatli (2018) as a hybridization between local roots and globalized production.

industry, these tensions manifest themselves between economic performance (profitability, efficiency) and identity coherence (authenticity, exclusivity). Jarzabkowski et al (2013) point out that, to get out of these paradoxes, organizations will dynamically manage practices of separation, integration or temporalization. This paradoxical management is essential to maintain brand legitimacy among stakeholders with conflicting expectations. In the luxury sector, for example, some brands must both industrialize their production and preserve an artisanal image, in a constant identity tension (Caza et al., 2021). The value for brands then lies in their ability to design hybrid architectures, capable of reconciling rationalization and founding myth, without losing credibility.

3. Proposed conceptual framework

Based on this theoretical framework, we propose an integrative framework with a conceptual model that would provide keys to preserving symbolic capital in situations of tension, as described above. This model is made up of three antecedents or sources of paradox, three strategic responses and their effects on symbolic capital, as well as three moderators that can influence the strategy to be adopted by the company.



4. Research contributions

In this research, we put forward the concept of the "paradox of delocalized authenticity", which was conceptualized within the framework of a theoretical model as illustrated in the diagram. This model explains how luxury brands can maintain or rebuild their symbolic capital in a context of dissonance between their identity narrative and their productive reality. The model conceptualized in this way makes it possible to explain and apprehend the intersection between a brand's symbolic capital and the strategic management of paradoxes of various kinds (cf. appendix 2). Finally, from a theoretical point of view, we enrich the work on post-authenticity, the performativity of brands in the luxury industry and their globalization.

In terms of managerial implications, this research set out to propose decision-support tools for managers in the luxury goods industry, in order to better design their global brand strategies. We also proposed recommendations for crisis management and symbolic repositioning. We proposed the deployment of strategic narratives adapted to the situations and contexts faced by brands, as well as the anticipation of reputational risks linked to the delocalization or industrialization of luxury activities.

Finally, in terms of research perspectives, we think :

- Empirical validation of the research model (interviews, case studies and surveys)
- Extend to other sectors with high symbolic value, such as gastronomy, tourism...
- Conduct a cross-cultural analysis of perceptions of authenticity.

The major limitation of this research remains the fact that it is still in progress at the time we present this first phase.

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Appendices

Appendix 1 : sector analysis grid

Sector	Authentic storytelling	Production tensions	Strategies observed	Symbolic results	Moderators
Leather goods	Craftsmanship, heritage, rarity	Offshoring to Asia vs. artisanal image	Opacity, heritage storytelling, partial relocation	Partial preservation of symbolic capital or repositioning	Brand heritage, degree of luxury, cultural expectations
Wine	Terroir, appellation, productive tradition	Standardization, industrial cooperatives vs.	Reinforced labelling, local storytelling, partial transparency	Successful narrative re-anchoring or loss of confidence, depending on the market	Regulation (INAO), local culture, type of distribution
Mode	European style, heritage brand, elegance	Mass production in Asia vs. European identity	Ethical storytelling, repositioning on style/values, moderate transparency	Fragmentation of identity or creation of new references	Price positioning, brand age, generational expectations

Appendix 2 : various paradoxes explored

Paradoxes	Illustrations
Brand image *VS* productive reality	Luxury sells dreams, craftsmanship, rarity and territorial roots (e.g. *made in* France, Italian know-how). The revelation of production in China, for example, breaks this narrative.
Economic imperatives *VS* symbolic capital	Offshoring responds to a logic of cost reduction and optimization, but it can undermine a company's symbolic capital, which is a central resource in the luxury sector.
Strategic opacity *VS* transparency requirements	For a long time, the luxury sector has operated with a certain vagueness surrounding its production chains. But in a context of growing demand for transparency (from consumers, investors and NGOs), this opacity is becoming risky.
Globalization of production *VS* localization of prestige	The paradox lies in the fact that luxury companies cater to a global clientele, but must maintain an image firmly rooted in a specific terroir, heritage and culture.