

APPAREL AND ACCESSORIES

Ravaged fashion business will need a root-and-branch makeover

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Sergio Rossi's latest campaign supports COVID-19 relief efforts. Image credit: Sergio Rossi

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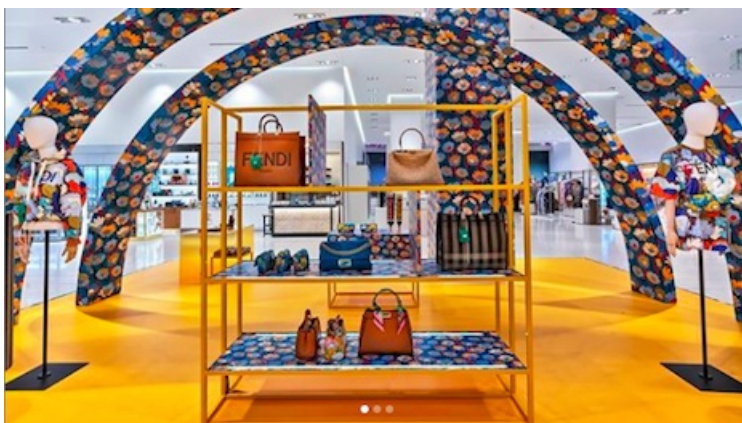
As COVID-19 shuts down stores and keeps consumers indoors, the fashion industry is struggling to understand how to keep afloat in the current climate.

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The new normal is nothing like luxury brands and retailers have seen before and the aftermath could require the entire fashion business to completely transform the way it functions. For now, marketing has transformed from messages pushing consumers to buy to gentler communications.

"Overall, for the fashion industry, it's a possibility to re-think the entire retail business model, the function of the distribution and marketing channels," said Yana Bushmeleva, chief operating officer of Fashionbi, Hong Kong.

"Probably in this period, the brands can become less commercially aggressive and more human by changing the tone of voice on its communication channel," she said. "Bigger focus on brand and its values, less call to actions on buy it now."



Fendi looks exclusively for Nordstrom's newly opened New York department store. Image credit: Nordstrom

Stores closed, digital open - for now

Unlike other countries where quarantine decisions and lockdowns are uniformly mandated, the United States is piecemeal leaving it up to retailers.

This week Saks Fifth Avenue shut its flagship store in New York for two weeks as the city recommended store closures to protect against the spread of the coronavirus. LVMH-owned cosmetics-focused Sephora and department store chain Nordstrom also shut for two weeks ([see story](#)).

Also, Gucci announced it was closing its North America stores as a precaution against the coronavirus outbreak ([see story](#)).

The announcements reflect fears from customers and employees that the coronavirus is only gaining speed in its spread in the United States and Canada. Retailers have committed to take care of their employees while the stores are closed.

Ecommerce stores could help these retailers maintain some sales during these closures.

"In this situation, digital channels became even more important," Ms. Bushmeleva said. "Of course, the main focus can be on ecommerce, and it can be even more beneficial for the company image and social activism if online shopping will have some added value, for example, a charity component."

Sergio Rossi, for instance, is running a campaign, "A shoe can make a difference," from March 14 to 20 in which 100 percent of the proceeds made on SergioRossi.com will be donated to support the fight against COVID19.

Lanvin's latest Instagram post showed Babar the elephant with the text: "Time to stay at home & take care of each other. Love from France." The campaign engagement went up by 242 percent.

[View this post on Instagram](#)

Time to stay at home & take care of each other. Love from France.

Expect different behavior

Different people are responding differently to the crisis. Some are hoarding. Others are buying supplies for their elderly neighbors, or are not spending because of the stock market crash. And some will shop as a distraction to ease their anxiety.

"There are more sensitive customers and less sensitive ones towards such social and global changes," Ms. Bushmeleva said. "Hence, some people will continue the usual shopping routine despite the circumstances."

Messaging matters to ensure sensitivity in these times.

"For a cluster of customers who are not in the shopping mood, the companies can stress on charity and social initiatives showing that their concern towards the situation and, at the same time, help the customer to feel less guilty that he or she will make an impulse purchase," Ms. Bushmeleva said.

"From my side, I can add that during this quarantine, I am based in Milan and we have been working from home since the 27th of February," she said. "I made several purchases online to make my home more suitable for work and more playful for my child who is also at home. I bought some pieces of furniture, toys and some clothes as well.

"Maybe we can expect even faster growth in the ecommerce market."

Inventory and production

The outlook for stock is uncertain. Some brands have too much inventory. Others have shortages as factories are closing.

"The current situation can give another jump towards the development of more technological approaches towards the business," Ms. Bushmeleva said.

"No one knows which obstacles - political, economical, environmental, social - are expecting us in the future that can also provoke a social blackout," she said. "As a result, virtual shopping with an imitation of the branded brick-and-mortar store will be a new norm."

Many companies are brainstorming the ideas on what to do with current and future inventories.

In the long term, some brands are moving items into the next season's sales cycle. Short-term plans include discounting.

"This is more suitable for a small-scale retailer or multi-brand store," Ms. Bushmeleva said.

"The big retail groups can also cancel the future orders at supplier level if the production is outsourced, or even close the factories for some days, as in the case of Gucci," she said.