

APPAREL AND ACCESSORIES

Fashion industry will likely be different post-pandemic

May 6, 2020



Fashionbi's "Fashion Business during Coronavirus Pandemic" report. Image courtesy of Fashionbi

By DIANNA DILWORTH

The COVID-19 pandemic has hit the global fashion industry hard and is transforming how apparel and accessories are being purchased across the board.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

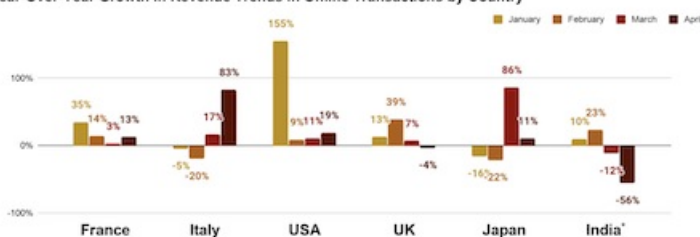
The fashion industry that is emerging may not even resemble what it looked like in the past, as companies have had to adapt to changes in production, fulfillment, selling and marketing to keep in touch with consumers during global lockdowns.

"This global crisis pushed the companies to reconsider the current business model [and] daily operations and pushed to change the approach towards the service of a customer," said Yana Bushmeleva, chief operating officer of Fashionbi, Milan.

"Many changes that the companies will apply now will remain during the post-crisis period, for example, better control on overproduction and stock, integration of the smart-working for the daily activities, investment in ecommerce technology," she said.

Impact of COVID-19 on Fashion Industry E-commerce Sales

Year-Over-Year Growth in Revenue Trends in Online Transactions by Country



Note: Percentages indicate like-for-like growth vs 2019 at the beginning of each month
*In India sales dropped because of Government restrictions on transport and courier services

Source: ccsight.org

Fashionbi

May 2020

Impact of COVID-19 on ecommerce sales by country. Image courtesy of Fashionbi

Devastating sales

Global fashion sales dropped 70 percent among spring 2020 collections, as compared to spring 2019 collections, according to a new report from Fashionbi.

Additionally, fashion sales in the United Kingdom were down 23 percent as of March. Italy saw a 40 percent drop in apparel orders over a two-month period as of March.

In 2019, ecommerce sales accounted for 14 percent of global sales, meaning 86 percent of sales still came from bricks-and-mortar stores. The fashion industry is expected to lose 25-35 percent of sales due to pandemic-related store closures.

The fashion and luxury industry could also suffer a severe recession, in which total sales drop \$450-650 billion from 2019 levels.

Southern European countries could see the biggest loss in sales with an 85-95 percent drop in sales between March and May.

In China, where the peak of the pandemic has passed, sales are recovering quickly. The country saw a 75-85 percent drop in sales at its peak in February, but now that China is going back to normal life, the total revenues are estimated to drop only by 5- 10 percent as compared to 2019.

While it did not make up for the total of lost sales, Chinese customers did shift to online shopping during the peak of the virus spread as has been happening in the West.

In response, companies adjusted their marketing to make it easier to buy online.

"Chinese companies did a fast switch into live-stream sales on social media," Ms. Bushmeleva said.

"This strategy was already popular among fashion and beauty companies, but during the lockdown, it became the main sales channel," she said. "In the Western part of the world, the shopping via live-stream is not that common, yet."



LVMH Joins Forces campaign shows how the luxury group is helping out during the coronavirus pandemic. Image credit: LVMH

Philanthropy during crisis

Many fashion brands have stepped up to support their communities in the fight against the coronavirus pandemic. These kinds of philanthropic efforts will likely continue into the future.

Burberry and Dolce&Gabbana made contributions to fund research into a vaccine.

Kering and its houses, including Gucci, pledged \$1 million to support health workers. Saint Laurent and Balenciaga also made face masks.

LVMH made a \$2.2 million donation to the Red Cross in China, and turned its perfume and cosmetics factories into hand sanitizer production sites and sourced more than 40 million face masks for the French healthcare system.

Valentino Garavani and Giancarlo Giammetti donated \$1.08 million for COVID-19 relief. Tiffany & Co. donated \$1 million. Ralph Lauren made a \$10 million donation.

Prada is using its factory in Italy to produce 80,000 medical overalls and 110,000 masks to be allocated to healthcare personnel.

Bulgari is producing several hundred thousand bottles of hydro-alcoholic sanitizing gel.

"I want to believe that donations are a sincere action and make part of the companies' social responsibility, which is on the rise during the past few years," Ms. Bushmeleva said.

"But we cannot know for sure if such a decision was made based on improving the image of the brand in the eyes of society or a part of the financial calculations for the tax play or an attempt to accelerate the normalization of the situation," she said.

"For example, Lamborghini produced surgical masks and protective medical shields and didn't forget to add a logotype."

Gucci



Gucci music social media campaign. Image courtesy of Fashionbi

Instagram entertainment

Many brands turned to social media channels to offer soft and soothing entertainment to folks in lockdown. This kind of messaging allows brands to connect with consumers without coming across as too salesy and may inform marketing going forward.

Chanel staged a live performance with Belgian singer Angèle through Instagram Stories and created a soundtrack, "The Sound of Chanel," on Apple Music.

Pierpaolo Piccioli and Maison Valentino hosted a live performance with pop star Alicia Keys via the brand's Instagram account.

Gucci launched the #GucciCommunity, where they shared stories on Instagram from various creative people, including musician James Righton and artist Isabella Cottier.

Karl Lagerfeld also hosted live music sessions and classes on how to do a fashion sketch.

Bottega Veneta launched the "Bottega Residency," letting a talent take over the Bottega Veneta social channels to present a variety of interactive content including live music, recipes and movie nights.

Alexander McQueen ran the "McQueen Creators," encouraging consumers to engage artistically with their favorite pieces from the brand and share them online.

"Such a change in communication strategy can be explained with solidarity," Ms. Bushmeleva said. "People are going through uncertain times, many remain without a job and income and the purchase of a new fashion item won't be the highest priority in a to-do list.

"The brands need to think of a new way of staying connected to their communities without direct promotion of the product," she said. "Plus, many companies also stopped online sales and cannot forward their social media users to online shopping.

"After the pandemic, the industry doesn't need to swing back but develop itself in a more innovative way turning the crisis into new opportunities."