

APPAREL AND ACCESSORIES

Is the fashion business listening to the torrent of advice?

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Retailers reimagine business plans post-COVID-19. Image credit: Navio Group

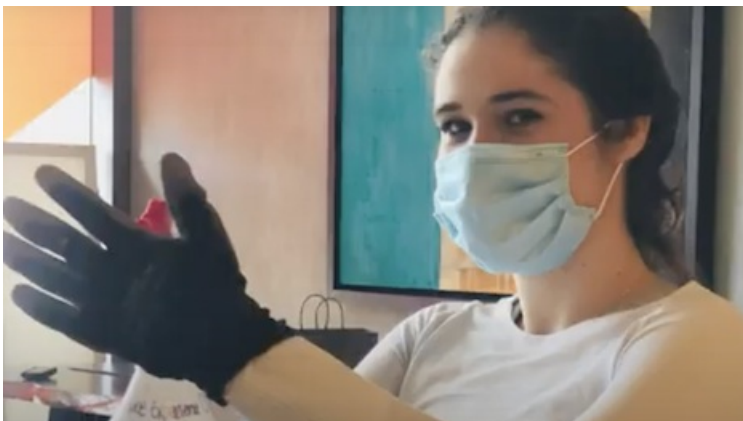
By DIANNA DILWORTH

The COVID-19 pandemic disrupted global operations and supply chains with stores, warehouses and offices shuttered. Not surprisingly, a cottage industry of fashion experts has sprung up, with plenty of solicited and unsolicited advice on how to manage these interruptions.

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From cutting back their schedule and producing less merchandise to increased sustainability, decreased retail footprint and more personalized and digital marketing, the nostrums for fashion brands are unrelenting and unabashed in their offering. But is the fashion business taking this all in or does it even care?

"At this point in time, the situation is fluid," said Brian Lee, senior principal at [Gartner's marketing practice](#), New York. "And, frankly, against the backdrop of a global pandemic, increasing rates of joblessness and societal issues that have rightfully taken center stage, it's difficult to tell what advice fashion brands are or are not listening to."



Nordstrom video shows hygiene procedures it is undertaking for reopening. Image credit: Nordstrom

Easing out of it

As retailers and fashion brands begin to reopen their physical stores and offices, they have been listening to the

advice of health officials and establishing hygiene and social distancing parameters.

"Fashion brands have been responsive to advice from public health authorities in closing stores and adapting to new ways to serve guests," said Toopan Bagchi, senior advisor at [The Navio Group](#), Minneapolis, MN.

As mandatory stay-at-home periods ease, houses such as France's Louis Vuitton have reopened select stores with limited hours and are offering curbside and in-store pickup options.

"One advantage luxury department stores and brands have are concierge services and private appointments, which can continue to serve the highest-value clientele with minor adjustments," Mr. Bagchi said.

Store closures has had a dramatic impact on business, with apparel and accessories sales down 52 percent year-over-year. As such there is a glut of merchandise and brands are currently producing less.

"The knock-on effect has been order cancellations, which are setting the stage for an even greater crisis in many Asian markets where goods are produced," Mr. Bagchi said.

"The coming months bring real challenges in moving through the excess inventory, which will soon be seasonally inappropriate and stale," he said.

"While some basics and timeless items may be stored for next year, discounters like TJ Maxx will be flush with inventory of trendier items."



Gucci fashion show in February 2020. Image credit: Gucci

Cancelled orders

Gucci rocked the fashion world by saying it was cutting back on fashion shows and doing away with seasons.

While the Kering-owned Italian label attributed the move to sustainability, it was also seen as a move to produce less products at a time when warehouses and shuttered stores have an inventory problem.

"Besides Gucci, multiple initiatives have been proposed by smaller brands, retailers and publications on what to do about the fashion schedule and the fashion cycle," Mr. Lee said.

"We haven't seen many other traditional large houses cut back yet, though there seems to be mounting pressure from creative designers and consumers at large," he said.

"Department stores have begun to cut orders, and brands are actively working to manage an incredible amount of unsold inventory, Again the situation is fluid: we could see a situation in which production levels drop as warehouse space diminishes and global consumer confidence does not recover."



Kering has made a commitment to preserving the planet. Image credit: Kering

Sustainability

Sustainability has been a priority for many luxury brands in recent years, and many have used the time during lockdown to really rethink how they can be more ecologically conscientious.

Kering, for instance, recently participated in the CEO Agenda 2020: COVID 19 Edition with contributions from management consultancy McKinsey that outlines six opportunities for fashion CEOs to rebuild resilient and sustainable businesses post-pandemic.

"I would expect to see continued adoption of more sustainable packaging, materials and dyes," Mr. Bagchi said.

"Whether they like it or not, resale through sites like ThreadUp is booming and set to explode as folks cut back further on non-essential items," he said.

"Some brands like Patagonia have leaned into the reuse trend and launched the Worn Wear line of upcycled products."

There is plenty of work to do. As brands look to be more sustainable, it should go beyond just offering a couple of sustainable products and be employed across a company.

"While many brands are increasing CSR and have at least some sustainability initiatives, only a few have rolled it out across the entire brand," Mr. Lee said.

"It remains a mixed bag across the industry on how sustainable brands are, and there remains no significant industry-wide initiative to improve," he said. "Instead, it is mostly conducted at the brand level."

Retail footprint

Some experts have recommended that brands cut back their retail footprints to balance the losses from sales. Luxury brands may not be as hard hit as lower-end retailers.

"The highest-tier brands have limited footprints in the premier shopping destination neighborhoods and Class A malls," Mr. Bagchi said. "Given the resilience of these malls and their affluent consumers, it's unlikely that many will cut back significantly."

Among U.S. department store chains, Nordstrom closed about 16 stores, leaving 100 open, and Neiman Marcus filed for bankruptcy and is considering closures.

"The most significant store closures are among mid-tier brands and department stores overexposed to Class B and C malls, simply accelerating the trend," Mr. Bagchi said. "In this group would be Chico's closing up to 250 locations, Gap closing up to 230, and JCPenney's closing around 200."



Fantastic Recipes video series from Mandarin Oriental includes a recipe for linguine with clams. Image credit: Mandarin Oriental

Personalized digital

Digital marketing has gained even more importance as lockdowns have made devices the primary way in which brands could interact with customers.

Luxury brands have explored how to bring their experiences online, from Four Seasons and Mandarin Oriental creating video series to Dior and Chanel sharing video content about their heritage. These content strategies are part of a brand's efforts to focus on relationship marketing.

"The best luxury brands have always excelled at making their relationships with their clients personal," Mr. Bagchi said.

"Digital is augmenting this by enabling multiple means of engaging from text message to online chat and beyond," he said.

"Reward programs like Nordstrom's Nordy Club capture rich data which enables their marketing to be both more personal and digital."

As brands adopt or ignore advice from experts, the current situation is ever-evolving.

"Most stores are closed currently due to the civil unrest and COVID-19," Gartner's Mr. Lee said.

"However, there remains little news of permanent store closures despite advice to close poorer-performing stores to cut costs during recession," he said.

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