

FASHION

A new age in luxury is coming

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Amongst all fashion brands, Gucci has taken the most activist and visible stance on social and environmental issues. Image credit: Gucci

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Luxury and fashion are facing huge challenges that have been magnified by the unexpected global impact of the COVID-19 coronavirus.

The industries are experiencing a state of shock, and an unexpected turn of events regarding impact on sales is very high and is not expected to recover in the short-term.

As highlighted before, CEOs and marketing directors must become increasingly aware and knowledgeable of geopolitics and much less occupied by PR stunts.

The year 2020 will be remembered as the year when a new era in the industry started, without even knocking on the door and asking for permission.

This is what happens when an industry is too addicted to easy business and quick money. It is a U-turn, not a pit-stop, that is needed. And it is needed now.

Rethinking the system

We have recently seen different statements from very different brands about rethinking the system.

One would be from the [wise position taken and executed by Giorgio Armani](#), who shared his point of view very clearly since February and continued to take decisions accordingly with a strong and powerful vision.

Another is the [Rewiring Fashion movement](#) and [Dries Van Noten's open letter](#) asking to reset the fashion calendar, moving forward with digital fashion shows and breaking an addiction to discounting.

Oddly enough, if these are the CEOs and founders of companies, what prevents them from sitting down together and acting accordingly?

Maybe luxury leadership worries about a powerful group reaction?

Take [Alessandro Michele's artistic Instagram post](#), for instance, which had to be further explained by a press conference the following day. It is apparent that the creative statement was not clear enough for the masses, especially coming from the most relevant brand of the second luxury group in the world, as listed at the stock

exchange.

"The landscape changes every day, and so it is almost impossible to predict with any certainty the ultimate damage that this will have on the economy and, specifically, on our businesses," Tom Ford, chairman of U.S.-based CFDA, recently wrote.

Brace for a hard landing: the supply chain is deeply suffering from order cancellations and a lack of proper visibility completely dependent upon big brands, which are primarily devoted to margins.

A huge part of those working in craftsmanship have found themselves unemployed, the know-how that was advertised at every event is now neglected, and the talents are left unoccupied.

Global context

If we factor in the recent turmoil in the U.S. ignited by the brutal killing of unarmed African American people in America, with the raids of several luxury stores by looters in one of the most strategic countries for the luxury industry, the situation is certainly not encouraging.

While China is still recovering from the impact of the coronavirus, it alone will not be able to sustain the growth of the industry, while the rest of the world is put under pressure of deep recession forecasts and local and global conflict.

The Golden Age of luxury or, at least, what seemed to be until 2019 has suddenly disappeared and the obsolescence of the system is beginning to take its toll.

The luxury industry is suffering from rigidity of the organization and from weakness at all levels. What seemed to have taken the industry to success is abruptly not good enough to make it survive.

The system is playing its old cards, again.

The harsh reality is that all brands and groups are facing downsizing and cost cuts. Instead of explaining it in the most transparent way, they still try to dress it up as "creative decisions" of changing the numbers of collections and shows.

Apart from Giorgio Armani, a very clear statement came from Antoine Arnault, who said in a recent TV interview that the time for **giant cruise shows has ended** and that we are at the end of an era, highlighting that the desire for true luxury products, built to last and handmade in small series, will not cease to exist.

It is also remarkable how a traditional institution such as the luxurious Salon de l'Haute Horlogerie turned in very little time from a huge physical happening in Geneva, to the Watches and Wonders digital world, while its main competitor Baselworld has almost disappeared.

The rapidity of execution, combined with a well-thought brand strategy and clear communication, is the only recipe that can be put in place in this turbulent world.

Is the fashion community willing to adapt?

The spirit of the time is in favor of collaboration and the creation of a community see Herms attending Watches and Wonders, originally set up by rival Richemont but not all brands seem to acknowledge that.

Saint Laurent recently announced it would **leave the Paris fashion calendar behind** "to follow its own agenda," despite its CEO Francesca Bellettini being the president of the French Chambre Syndicale de la Mode Fminine.

Valentino announced that it will not join the Paris Digital Fashion Week in July and it will instead launch a special undisclosed project for haute couture. The brand will also have a co-ed show in September.

Bottom line is that we are seeing more brands following their own needs and ideas without sharing much with one another.

These industry leaders could learn a lot from the spirit of community that Adidas and Nike recently shared when the latter posted a "Don't Do It" campaign to support the movement against racism, and Adidas retweeted it, with the message, "Together is how we move forward. Together is how we make change."

Isolation and fragmented actions are a serious risk for a system that cannot solely rely on its own retail network and has to face the organizational needs of the supply chain, from raw materials to the delivery of finished goods.

Only a well-coordinated ecosystem can support the industry to overcome problems and find solutions for the long-

term tenure of the whole business.

There is no lack of clarity that can represent a key success factor. No downsizing and cost cutting disguised by creative change that can attract new customers. No lonely rider that can fight and win the war over the crowd of competitors.

The system has to learn to play a different game: where community comes first, where the suppliers are treated fairly and paid the due and in time, where customers are inspired and not manipulated, where the distribution is developed with transparency, where no exploitation soils the reputation of the brand and where products are carefully crafted and sold accordingly.

There is still a long way to go to solve the problems that weigh on the whole system, to reframe business in a more, truly enriching way, for all the parties involved.

This is the starting point. And it is certainly not the greatest of occasions for the lazy, the shortsighted, the greedy and the barker. This chapter of the luxury and fashion industry will see the rise of a different kind of brands and managers.

Only those who are ready to set sails and navigate the uncertainties of the open sea, leaving behind old tools and approaches and boldly creating a new luxury management attitude, will have the chance to land in a new Eldorado.

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