

MARKETING

Why luxury group CEOs kept their voices quiet during lockdown

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Francois-Henri Pinault is chairman/CEO of Kering

By DIANNA DILWORTH

While the COVID-19 coronavirus pandemic was raging at its peak, luxury brands offered calming words of support to ease the uncertainty among consumers.

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Messages of charitable actions, such as financial donations or turning resources including sewing rooms into manufacturing hubs for masks, dominated the conversation. But oddly during this time of crisis, most luxury CEOs were often not part of the conversation, or their voices were not being amplified by the brands.

"I think that was a good idea on their part," said Al Ries, cofounder/chairman of positioning consultancy Ries & Ries, Atlanta. "The media was overwhelmed with virus stories.

"Trying to say something about the virus that will capture the attention of the media is extremely difficult unless you are the president, a governor, a mayor, the head of the CDC," he said.



Al Ries is chairman of positioning consultancy Ries & Ries

Voices behind the scenes

LVMH, Kering, Richemont, Swatch, Hermès, Chanel and Capri Holdings were among the luxury giants whose CEOs were quiet during the pandemic lockdown.

Indeed, their voices were heard only during earnings calls, and not in the marketing communications sent out to customers. Instead, their focus was often internal, easing the minds of employees and supply chain partners.

"What CEOs should have been doing is to communicate with their employees and their distributors about their future plans," Mr. Ries said.

As CEOs worked behind the scenes, creative directors connected on social media.

"Normally, creative directors operate on their own without too much direction from CEOs," Mr. Ries said.

The tone was soothing during lockdown. LVMH hosted virtual concerts. Dior played a heritage documentary on YouTube. Moncler created a calming playlist. Louis Vuitton hosted a movie club on Instagram.

"All of these activities are connected with the lockdown," Mr. Ries said. "Will the concert be cancelled or not? Again, this shows the enormous interest in the virus story as compared to everything else. Look at a publication like *The New York Times*. They will run dozens of pages every day about the virus and now the protests.

"I lived through World War II and I didn't see as much in the daily papers about the war as I am seeing in the daily papers today about the virus and the protests," he said.

This content play likely came about as brands understood that product marketing was not appropriate during a pandemic and economic recession. The stories they told were low key and aimed at connecting, not selling. The voices were not the strong visions of the CEOs, but the musing of the creative directors, as when Gucci's Alessandro Michele imagined the future of the fashion show.

"During times of crisis, consumers are looking for brands to show empathy and engage them in relevant ways," said Christian Selchau-Hansen, CEO/co-founder of **Formation**, San Francisco. "That means communicating with customers in a way that is not only tailored to them, but also acknowledges that things aren't business as usual.

"During an unexpected situation like a lockdown or shelter-in-place, many consumers will likely cut back on discretionary spending," Mr. Selchau-Hansen said. "This impacts the luxury retail space even more so than other industries. Companies need to look beyond a customer's current drop in purchase frequency to focus on building relationships with customers so that they remain engaged when things start to rebound."

The approach was strategic, as it was not the time to run brand-heavy PR.

"I halted all my PR activities about the brand because there was no way to cut through the enormous publicity about the virus and now the protests," Mr. Ries said. "I would assume their PR directors gave their CEOs similar advice."



LVMH made hand sanitizer during the crisis. Image credit: LVMH

Charitable messages

LVMH brands Dior, Guerlain, Bulgari and Givenchy, as well as Kering's labels were among the many brands that turned their factories into resources to make masks and hand sanitizers.

The message was less about the chief executive and more about how the companies wanted to assist their communities.

As the world begins to reopen and the pandemic has taken a backseat to the stories around social justice, CEOs may begin to speak up again.

"Unlike COVID, CEOs and brands seem to be taking a very firm stand on behalf of civil rights and the need to be part of a more just and equitable democracy, as expressed across millions of instances of corporate solidarity and ranging from social solidarity on Blackout Tuesday to extending mental and protest days off as well as honoring Juneteenth as a paid holiday, which organizations as large as Amazon are now supporting," said Lana McGilvray founding partner at Purpose, Austin, TX.

"At the end of the day, one thing I hear a lot from brands and customers is it's best to talk the talk when you are going to walk the walk," she said.

"Perhaps one lesson we are learning as a culture is sometimes it's actually better not to say something immediately or rashly. It's too easy to do that when one tweet has the power to reach so many. Perhaps being judicious with words is not the worst thing."

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