

MARKETING

The clock is ticking for luxury brands post-COVID-19

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Years of underestimating changing consumer perceptions left many brands in a vulnerable position one that they were in before the coronavirus struck. Image credit: Shutterstock, Alexander Wang

By [Daniel Langer](#)

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We are living in an ever-accelerating business world, and that applies to brands, competitors, technology shifts, consumer preferences, insights and demands. Yet many brands are not prepared to address these challenges, and roughly half of them will simply vanish over the next few years.

Complacency and underestimating the growing speed of changing consumer perception left many brands in an incredibly vulnerable position one that they were in before the coronavirus.

I have seen this new level of desperation in the numerous conversations I have had with luxury brand CEOs over the last few months. Their revenues are plummeting by up to 90 percent in some cases. They will use the virus as their official reason, but it is not the real one.

For many, it will be too late. But with aggressive, targeted measures, brands can still turn their situations around.

These brands need to be brutally honest and address their gaps head-on.

In all brand categories jewelry, fashion, automotive, hospitality and services all over the world, I have observed how businesses are unprepared to address younger target groups: **millennials** and **Gen Zers**. That is made worse by their lack of brand storytelling, customer journey strategies and digital readiness.

Some brands think they can survive despite not being relevant to young target groups since many sell primarily to consumers over 40. But these young consumers are behavior role models for mature core buyers.

In other words: If you cannot reach young consumers, you will not reach older consumers. And these brands do not have much time.

One brand I know lost more than 30 percent of its core sales in just two years because it could not reach millennials. Change or die: those are a brand's options now.

For many brands, a catastrophic shortcoming is digital. That does not just mean setting up a Webstore.

Brands must achieve an overall competitive advantage through digital. Why is this critical? Because more than 95 percent of consumers decide to buy your brand during their digital journeys.

So if you are not convincing them during that journey on social media, through influencers, in digital content and search engine optimization or on your Web site they will not buy you. That is why I have little patience for brands that still do not think they need to focus on winning the digital journey.

One leading fashion brand recently lost a dramatic number of in-store customers because its main competitors intercepted them along the brand's digital journey.

As a result, its store traffic quickly dried up because the competitor stole its customers at the source: the digital arena. That is the reality in 2020.

Malls all over the world lack store traffic. To blame it all on the virus is myopic.

The COVID-19 crisis has compounded these challenges for brands in a dramatic way.

As the largest country to emerge from the crisis, companies now have to focus on opportunities in China.

While there, they will have to adapt to a new reality: the COVID-19 coronavirus has drastically accelerated the consumer shift to digital, which will further increase the pressure on companies to act quickly and decisively online. But very few companies are even close to China-ready.

Most companies prefer not to talk about it, and many will lose significant amounts of money trying to conquer China.

Many Western brands think that a presence on **Tmall** or **JD.com** and some basic social media tactics will be enough. But China is by far the most digital country, and brands will need some of the most sophisticated digital tools and strategies to succeed there.

Social selling, local content, local **KOLs** and comprehensive **CRM systems** are not optional today they are a must for success. And all decisions have to be data-driven because gut feelings cannot be trusted.

Sadly, few brands will get it right, which will risk their futures.

To meet these challenges, brands need to radically shift their thinking and focus on these critical pillars for success:

- Rigorous brand equity building with purpose. That means intriguing **storytelling** for a millennial-driven, digital world
- A different focus on digital leadership. They need to play to win in digital instead of just showing up
- Drastic optimization of the customer journey to provide extreme value for sophisticated young consumers

For **luxury brands**, urgent aggressive, uncompromising actions have never been more crucial.

The world will continue to move faster and faster. Is your brand nimble, humble and decisive enough to survive?

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