

APPAREL AND ACCESSORIES

## How luxury fashion can balance its nostalgic past and an uncertain future

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*Chanel's Winter 2019 runway show. Image credit: Chanel*

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The state of fashion and luxury in the COVID-19 era is not what was expected, even in the worst-case scenario.

Pushed to develop effective and decisive solutions in a chaotic time, the industry is doing its best to navigate the uncertainty and re-start the business.

The industry now is struggling to find a strong way out, being trapped in the nostalgia of the past decade when revenues seemed easy and quick, cutting costs was dutifully implemented to the bone, and powerful social media amplified glamour.

What could have been key success factors media investments, cost reduction and discounts in the past have been shaken by a radical change in perspective on the customer's side.

**The post-pandemic customer mindset**

Having to defy a lack of clarity and anxiety for the future, customers are very carefully monitoring how to spend their money, especially on non-essential items.

These consumers nurture their curiosity by focusing on vintage, second-hand or pre-owned items, from how to style them in a new look to how to up-cycle them with a twist making them unique.

There is a growing interest in the timeless basics and in comfortable chic loungewear that is practical for work and leisurely Zoom calls.

These consumers pay less attention to instant gratification and more attention to mindful service. They feel more at ease with brands that they perceive to be authentic rather than money-making. They cherish the feeling of being understood and passionately inspired by professionals who solve problems before they even realize they have them.

One of the most recent influential [2019 McKinsey reports](#) on luxury noted that "in troubled times, fortune favors the big and the bold."

Is it still true? Of course it is, in principle.

Any forecast and projection in 2019 was wiped out in the first few weeks of 2020, and what practices seemed to be *encouraged* up until the end of the last year, have erupted as *now or never*.

An industry in need of change

Fashion and luxury always chased novelties in the past and focused their obsession on products, retail and communication, believing that such efforts would have been enough to appease CEOs and creative directors.

In a quite stationary approach, no real innovation has taken place since the 1980s. Remember the mesh fabric for evening frocks used by Gianni Versace? Or the androgynous style for the first career women offered by Giorgio Armani? Or what about the pleated masterpieces of Krizia? Or the legendary iconic watches designed by Gerald Genta in the 70s?

Now comes the time to move forward to enhance innovation instead of just making the news.

It took a Schumpeterian destructive creation to force the fashion and luxury industry to stop and start looking toward awareness and mindfulness, to realize that customers do not want to just trade money for products and that a new attitude has to be developed.

Is the industry acknowledging these new needs?

It is not easy to tell because most brands are still in the brainstorming phase and they have not deployed their secret weapons, nor executed their action plans.

Certainly, as LVMH chairman/CEO Bernard Arnault recently said on the occasion of the LVMH Innovation Awards, "in times like these we leverage on our entrepreneurial spirit to identify the opportunities in a changing world and translate them into progress."

In *principle*, fashion and luxury are open to innovation, however, the reality is quite rattling in how an industry linked so tightly with design is still so conservative, even regarding the product.

While marketing, communication, supply chain and sales are in a way more challenged by the external world disruptions, the world of design is still change-proof.

And while globally communication tools has evolved dramatically in the past century from typewriters to desktop computers to smartphones and voice assistants going through telex, fax and much more the design of a shoe has remained the same since the Ancient Romans' sandals, the shape of a bag is virtually untouched after centuries, and fabrics have not changed much over the last 100 years.

Meanwhile, the watch industry has been disrupted by the successful launch of the Apple Watch, a total outsider, conspiring as a collateral business.

How are most brands coping with the dramatic change that is taking place in the world?

Disguising cutting costs with re-thinking strategies and sustainability projects, as well as sales network optimization, is one response.

Brands are also increasing prices to counterbalance the drop in sales revenues, as well as going digital to save money, human resources and reducing the efforts for communication by leveraging livestreaming sales and trying to speak louder than the competitor in a global fight-and-conquer strategy.

The approach of getting out of the ivory tower, destroying the competition and winning the trophy has not yet vanished. But it will not work anymore, because the lifecycle of the top-down approach has come to an end and a new virtuous cycle has to begin.

A client-centric luxury reset

The virtuous cycle of a new luxury approach needs a reset for the way business is conducted and implemented and a higher sensitivity toward the other half of the system: the client.

A complete re-tune and an innovative problem-solving approach is what may guarantee the highest level of success for brands willing to move forward.

The future of achievements in fashion and luxury deeply depend not on dictating what is good and what is bad, what is in and what is out, but rather on emphasizing people's needs and offering inspiring solutions in a new way.

Pushing the boundaries towards a new way of perceiving luxury products, as well as appreciating them, means

looking well beyond customers' expectations, it means being able to offer a car when people expect faster horses.

Apple did it with the development of innovative devices such as the smartphone, the iPod and iPad and the switch from a hardware company to a lifestyle one.

Indeed, Apple's revenue confirms that this is the right way to approach business growth instead of just producing and selling tons of dull items while promoting them with strong and eye-catching messages only to ship them to crowd the shelves of brand cathedrals around the world.

Is there space for innovation in the industry, or will we see another round of dej-vu proposals such as digital shows, when, in fact, [Helmut Lang back in 1998](#) conducted the first online fashion show.

IN THE END, McKinsey's projections were absolutely right when the company said that in troubled times, fortune favors the big and the bold. But not in the way we know it.

The blindfolded goddess of luck will kiss only those big in vision, innovation and growth mindset and the bold in resetting their organization, strategies and tactics.

For the others, the alternative is a journey from Charon into the Hades.



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