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How Western luxury brands should handle a second wave of COVID-19

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This year, many luxury retailers have reported huge foot traffic losses, and with COVID-19 spreading again, brands will see an even more drastic decline. Image credit: Bottega Veneta, Haitong Zheng

By [Daniel Langer](#)

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As the United States and Europe brace for a second pandemic wave after a new spate of record COVID-19 cases, brands need to prepare for an even grimmer situation than what we saw in spring.

Even if countries do not implement drastic lockdown measures like in the first and second quarter of 2020, I expect customer sentiment to worsen significantly.

Over the last couple of months, many luxury retailers have reported huge foot traffic losses. And with the coronavirus spreading again, a lot of customers will fear for their health and will continue to avoid going into stores.

A lot of brands that expected a fast recovery are going to see a further decline in foot traffic.

What should brands do?

Let us start by discussing one strategy that I am advising against: Promotion.

In the spring, a large number of luxury brands started promoting at a much higher level than ever before, and those that have been the most aggressive in price reduction have faced the most severe challenges.

It is easy to understand why. Price promotions are always enticing when businesses are underperforming. Many luxury brands are sitting on tons of inventory, so they use preferential pricing to manage their overstock.

Also, a lot of brands focused on providing additional value to their customers by reducing prices. But the results were devastating and harmed the equity of some brands for years to come.

What luxury customers really want is to be inspired.

Brands such as [Gucci](#), [Dior](#), [Givenchy](#) and Chanel were incredibly active in creating collections and collaborations that stir desire. That is the strategy luxury brands should follow: creating excitement, unbound desire and profound

inspiration instead of destroying brand value by selling goods at drastically reduced **prices**.

The best performing luxury brands over the last two quarters did not discount but instead focused on creating extreme customer value.

To do so, luxury brands need to own their **digital journeys**. That is where the majority of brands are still significantly struggling. What is critical is not to confuse digital with **ecommerce**.

What brands must do is manage their entire digital customer journey in a way that separates them from their competitors and creates superior value versus those other brands.

As a result, content creation has become critical for survival. That content cannot just be random or simply attention grabbing. It needs to strengthen a brand's equity.

The challenge for many brands is that their positioning and equity are not well defined. Thus, for those luxury brands that have been hoping for a quick recovery after the **first wave** of the **pandemic**, now is a critical time for strengthening brand equity.

As a best practice, brands must audit their brand positioning and **storytelling** and ensure that it is relevant for young, discerning and digital audiences.

For all brands, but especially luxury, the entire **digital** value creation system needs to be perfected. The urgency could not be higher.

Brands that fail to earn significant digital mastery or come up with a winning brand story will most likely experience a severe downfall during the coming months. The time to act is now.

*Daniel Langer is CEO of the luxury, lifestyle and consumer brand strategy firm **quit**, and the professor of luxury strategy and extreme value creation at Pepperdine University in Malibu, California. He consults some of the leading luxury brands in the world, is the author of several luxury management books, a global keynote speaker, and holds luxury masterclasses in Europe, the USA, and Asia. Follow **@drlanger***

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