

MARKETING

## Herms, Dior and Louis Vuitton most resilient brands in luxury

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Herms' autumn/winter 2020 collection. Image credit: Herms

By [Rebecca Robins](#)

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There is no doubt that 2020 has been a year of reset. It has also marked a reset for luxury brands. Having outperformed all other sectors in [Interbrand's](#) Best Global Brands study for two years running, some estimates say that luxury could contract up to 35 percent.

However, the leading brands in this sector proved resilient through the last economic recession, and there are signs of them doing so again.

Coming out of the last economic crisis, we were writing up our research into what ultimately emerged as "[Meta-luxury: brands and the culture of excellence](#)." Luxury then was defined as "time" or "space" definitions that seem to have even more resonance now.

A crisis is always a catalyst for a re-evaluation of what we value and why, and for new forms of creativity in response. Our conversations through the lenses of brand leaders, investors, and valuers have shown the imperative of brands in demonstrating empathy, agility, presence and affinity in the context of what consumers value now.

In a year dominated by exponential growth in Apple, Amazon and Microsoft, and with Instagram (No. 19), YouTube (No. 30) and Zoom (No. 100), making their first appearances in the table, the sustained presence of Louis Vuitton, holding its position at No. 17 is all the more telling of brand resilience.

Herms is another exception as the only luxury brand to hold its value through the crisis.

Make the essential emotional

A fluent ecommerce and channel strategy have been crucial to brands holding strong through the crisis. It is also a reminder that it is far from the exclusive domain of the digitally native brands.

Combine it with the sheer strength of a brand that has sustained value and loyalty over the past decade almost trebling revenues in the process and Herms tells a story in the timeless appeal of a quieter luxury brand, whose [ecommerce has been booming](#). "*Even as it has been roiled by COVID-19, its market capitalization has risen this year*

*to 78 billion, while big competitors have shrunk."*

Brands are exploring new ways to be present and relevant to consumers, from the new theatre emerging in **digital fashion shows**, to marrying the online playbook with the emotions of the in-store experience and selling ceremony. Burberry is investing in new forms of social economics, as it opens its first social retail store in Shenzhen, in partnership with Tencent. It is an experiment in a hyper-connected, consumer experience, revolving around gaming, e-commerce and social media.

As projections of Chinese demand for luxury goods are set at as much as 30 percent growth this year, presence and engagement in China will be crucial to brand rebound.

As TikTok has debuted its own version of digital fashion month, Saint Laurent and JW Anderson are among the first movers showing collections on the platform. Prada has launched their new collection, streaming for the first time on TikTok, alongside on Instagram and Prada.com.

Game on

*"The virtual world is creating its own economy," as "the worlds of fashion and gaming are colliding."* In a year where we have seen \$9,500 spent on a **digital dress** that only exists on Instagram, Gucci chief marketing officer Robert Triefus voices the rise of virtual luxury in rhythm with a remote virtual world something that the brand is playing into with the launch of Gucci Garage, a platform where we could all design our own virtual sneakers.

With a video-gaming audience of 2.5 billion, it is not surprising that experimentation in games and gaming **is coming into its own**.

Burberry, Gucci and Herms have all launched games. The Louis Vuitton brand tango'ed with Riot Games. Nintendo New Horizons fans are customizing outfits for characters in Chanel, Dior, Gucci and Prada, and even in a brand that is older than all four brands put together Chiso, the Kyoto born kimono brand, founded in 1555.

Evolve your channel strategy

Throughout history, crises have been a platform for new forms of creativity and innovation, which is no less true for luxury brands that have both proven resilient through recessions, and continued to evolve as the designers and definers of new forms and norms.

New forms and modes of responsiveness have already emerged, as evidenced in the acceleration of Gucci 9, a virtual customer service center, where CEO Marco Bizzarri has talked about the core objective of providing their customers with *"a direct connection to the Gucci community that is seamless, always accessible, personalized.."*

Telfar's Bag Security program was a smash in their invitation to the inclusive-exclusive, and in what became a sell-out hyper-personal "drop." A 24-hour event was open access to pre-orders of your fully customizable Telfar bag, or bags. The brand has just been recognized in the Cooper Hewitt National Design Awards for Fashion Design.

Change for good

With the rise of more conscious consumerism, and the relationship between consumers and brands changing to hold brands to account, commitments to change for good have a long way to go, however, they are starting to run deeper.

As the first luxury brand to hardwire its commitments in sustainability to the bottom-line, Prada led the way at the cusp of 2020, in a term loan with Crdit Agricole Group, enabling the fashion house to favorably adjust its annual interest rates upon hitting specified sustainability goals.

September saw Burberry and Chanel both announce the launch of sustainability bonds. And harder commitments are on the rise with investment in brands in re-commerce, from Fashionphile's series B to the upcoming ThredUp IPO. A partnership recently announced with luxury consignment brand The RealReal sees Gucci actively incentivize shoppers to purchase resale items on The RealReal's Web site.

Setting new standards

At their best, luxury brands are a commitment to craft, skills and knowledge, they are a tribute to a sense of human achievement. They celebrate a culture of excellence that reminds us of what it is to be human.

In the conversations that we have had this year across an eclectic mix of brand leaders, investors and consumers, we asked the same question: "how would they define luxury today?" What was evident in the responses was a common language, and in recurring themes of "creativity" and "humanity."

The imperative of a new paradigm through this crisis is about setting new standards, and new forms of craft and creativity to meet the needs of a changed, and changing, customer.

In a recent *Vogue* interview on the philosophy of innovation at Hermès, Pierre-Alexis Dumas, artistic director and member of the founding family, speaks to this specifically: "In *Greek, paradeigma, means change, but it also means example.*"

Over two decades of our Best Global Brands study, one of the constants in the determinants of brand strength has been the tension between the brands who interrogate the question "why?", and those who just ask "why not?"

*Why not* has, invariably, led to short-term decisions in the name of short-term uplifts. It has led to overextending a brand to the point of dilution. At the turn of a new decade, as we mark a seismic reset in modern history, we will never find better answers unless we keep asking the question "why?"



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