

MARKETING

## How COVID-19 is changing the stakes for Chinese New Year

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*Louis Vuitton Year of the Ox campaign. Image credit: Louis Vuitton*

By SARAH RAMIREZ

For a second straight year, Chinese New Year celebrations are being impacted by the COVID-19 pandemic which can have implications for the luxury business.

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Ahead of last year's festivities, the full scope of the COVID-19 threat was still unknown. Now, mainland China has been living with coronavirus restrictions for more than a year and while much of the country has seemingly returned to normal life, it continues to face surges of the virus.

"While 2020 was a strange Chinese New Year, many Chinese tourists did travel domestically and internationally," said Renee Hartmann, cofounder of [China Luxury Advisors](#), Los Angeles. "This Chinese New Year, there will be no international travel, and much lower levels of domestic travel as the government has advised against domestic travel."

Then and now

The travel period surrounding Chinese New Year and the Spring Festival, or Chunyun, is known as the largest annual human migration.

Chunyun typically begins about two weeks before the New Year and lasts around 40 days. According to [the Chinese government](#), 415 million people traveled during the spring festival in 2019, up 7.6 percent from 2018.

In late December 2019, the first outbreak of what is now identified as COVID-19 was reported in Wuhan, a city of 11 million people within the centrally located Hubei province ([see story](#)).

The Chinese government placed Wuhan under lockdown on Jan. 23, two days before the New Year. Many cities canceled their celebrations for the start of the Year of the Rat, and the government extended the holiday period in an attempt to slow the spread of COVID-19.



*The Chinese economy has rebounded more quickly from the global pandemic. Image credit: Shutterstock*

In the months following, China implemented lockdowns, travel restrictions, stringent testing and contact tracing and other measures to successfully control the virus.

While COVID-19 spread to become a global pandemic, life in China has returned to normal in many ways with restrictions in place to avoid more widespread lockdowns. With many countries still struggling to manage the virus throughout the year, China became the only major economy to report growth in 2020 ([see story](#)).

With the Year of the Ox set to begin on Feb. 12, however, cases of the coronavirus are climbing in China once again.

Holiday travel has not been banned, but the government is discouraging movement during Chunyun while cities are ramping up testing requirements or imposing lockdowns.

"Many people will choose to not go back to their hometown for the holiday," said Amrita Banta, managing director at [Agility Research & Strategy](#), Singapore. "Large-sized gatherings are not encouraged, including dining, entertainment, performances.

"However, this is not a lockdown; things are open," she said. "It still changes the way the Chinese traditionally celebrate in face-to-face gatherings for the Spring Festival, which are now going to more virtual this year."

Despite the subdued celebrations, luxury hotel brands in China are still hoping to capitalize on domestic travel with international trips still restricted.



*Holiday hampers and food delivery are popular this Chinese New Year. Image credit: Four Seasons*

In addition to encouraging hotel bookings, hospitality brand Mandarin Oriental is encouraging consumers who are celebrating at home order dishes from Shop MO. Options include brisket soup, roasted duck and pineapple tart gift boxes.

Rosewood Hotels & Resorts has exclusive offerings for Chinese New Year at several properties, including Beijing, Hong Kong and Guangzhou for affluents who are not going on lavish international trips. Special offers include complimentary nights, tea tastings and spa treatments.

At Four Seasons Hong Kong, the first 100 guests to book CNY packages will receive gifts from Qeelin fine jewelry. Lunar New Year puddings are also available to order, while holiday hampers can be sent to family and friends.

"Smart hospitality brands will attract more local consumers who are not traveling this year unlike earlier years," Ms. Banta said. "Staycations are popular, and hotels will sell more takeout food for easy cooking at home."

## Festive campaigns

After dealing with the COVID-19 pandemic for a year, affluents are in the mood for "revenge shopping" ([see story](#)). Ms. Banta noted that Sanya duty-free sales volumes in January were up by more than 140 percent year-over-year.

"The China market has rebounded much faster and stronger than most other countries, and luxury brands have responded by investing even more aggressively in the China market," Ms. Hartmann said. "The pace of marketing in China is faster than ever with an enhanced focus on limited edition products, product collaborations, livestreams and unique offline and online engagement."

Luxury fashion labels are also releasing special Chinese New Year campaigns and collections appealing to affluent consumers ahead of the holiday.



*The Hermès Chinese New Year campaign featured animated oxen. Image credit: Hermès*

British fashion label Burberry is celebrating Chinese New Year with an artistic film that explores the human condition and self-discovery.

Directed by Derek Tsang, "A New Awakening" follows a young woman's coming of age story through the five senses. While the expansive film features a Chinese cast, including two Burberry ambassadors, to appeal to one of the brand's most valuable markets, the narrative feels universal ([see story](#)).

Burberry also released a special ox-themed monogram collection.

Other luxury brands marking the Year of the Ox through unique capsule collections and ox-inspired accessories include Louis Vuitton, Dior, Gucci and Hermès. Luxury houses that specialize in cross-cultural branding will understand local consumption patterns better than newcomers ([see story](#)).

"The good CNY marketing campaigns should be always connected with Chinese culture, which focuses on being happy, lucky and prosperous at this time," Ms. Banta said. "These resonate well with Chinese consumer's culture and emotions.

"However, not all western luxury brand do it in this way," she said. "Some just do a regular seasonal promotion without any special activity so it differs."