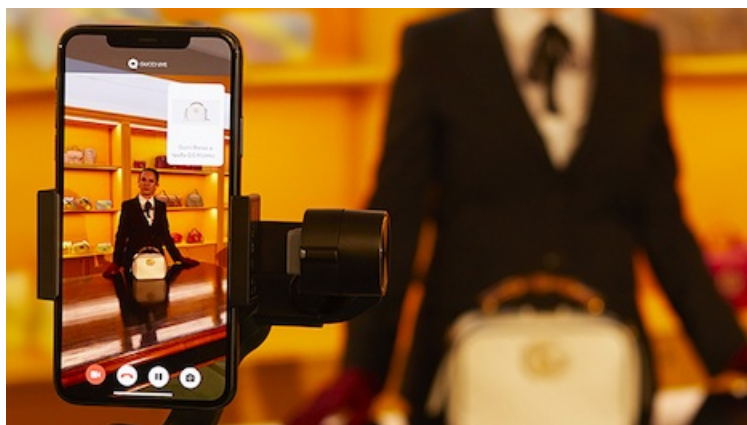


APPAREL AND ACCESSORIES

Digitalization, lifestyle changes continue shaping luxury fashion: Euromonitor

December 16, 2021



Digitalization can improve the customer experience. Image credit: Gucci

By SARAH RAMIREZ

After a tumultuous 2020, the luxury and fashion sectors have recovered better than originally expected but uncertainty remains heading into the new year.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

According to Euromonitor's webinar "[Fashion and Luxury: Winning Recovery Strategies in a Post-COVID-19 World](#)" on Dec. 14, pre-pandemic trends such as digitalization and sustainability have only further accelerated. Coupled with changes in consumer habits and lifestyles, brands and retailers will have to rethink their strategies.

"What we really expect is to see pent-up demand to continue across the retail area in fashion and luxury," said Fflur Roberts, head of luxury goods at [Euromonitor International](#), London.

"But also, we now expect to see something that we're calling revenge travel taking shape," she said. "This will of course benefit the global economy as a whole but will also really help to boost structural hospitality and retail in key destinations."

Success amid adversity

While travel was the worst-hit consumer industry due to the COVID-19 pandemic, fashion, accessories and luxury goods all saw double-digit losses in market growth last year.

This is in part because international travel and shopping had been a major contributor to luxury goods and hospitality. Travel shutdowns have been a death knell for inbound tourist spending particularly in regions that relied on visitors from mainland China.



The dearth of international travelers has impacted luxury. Image credit: International Luxury Travel Market

Nearly two years into the pandemic, however, the travel, luxury and fashion industries are all expected to make strong rebounds in 2021.

Although this recovery is reason for optimism, instability remains a concern as new COVID-19 variants and low vaccination rates impact consumer confidence and financial markets. Most of the world also remains under, at least partial, travel restrictions.

With travel still limited, luxury brands and retailers have had to focus on domestic demand and ecommerce leading them to rethink their distribution methods.

Remote work also has given more consumers the flexibility to move from large cities to more suburban areas. Farther away from retail corridors, these consumers are relying on ecommerce.

According to Ms. Roberts, these pandemic-induced shifts have been a catalyst to pre-existing trends including digitalization, wellness, experience and sustainability.

More than half of global consumers prefer shopping at physical stores with engaging customer experience, and brands are looking to meet this expectation as they reopen and renovate stores.

For instance, British department store chain Harrods has opened its first "H-Beauty" concept stores outside of London. The retailer has already opened three locations, with interactive offerings not available at its Knightsbridge flagship ([see story](#)).

"Harrods is really tapping into the greater demand for personalization, local communities and having special experiences close to home," said Marguerite Le Rolland, head of apparel and footwear at Euromonitor, London.



H-Beauty stores are found in smaller markets and focus on a key sector. Image credit: Harrods

Digitalization is also expected to accelerate throughout the supply chain, improving customer experience, speeding up production and lowering costs. This is especially crucial as online luxury sales are only expected to increase as will expectations for fast shipping times.

Introducing shorter transport routes via nearshoring or reshoring the sourcing of apparel from nearby countries can help fashion brands be more flexible with their responses to supply chain issues while managing production ([see story](#)).

Digital goods are also becoming more important to luxury fashion labels, particularly in the form of NFTs. Gucci

and Burberry are among the luxury players to introduce digital garments or goods, which can be considered an affordable entry level product to a brand, especially among younger consumers.

"Fashion and luxury are reinventing themselves and finding new ways to remain relevant despite further disruptions in consumers' routines and shopping habits," Ms. Le Rolland said.

Wellness meets sustainability

During the pandemic, more consumers have also become more preoccupied with environmental, social and health issues. This has also influenced spending habits, as consumers spend more on wellness and purpose-driven brands.

Hybrid and remote working arrangements have allowed loungewear sales to continue flourishing, while increases in outdoor activities has driven spending on outdoor clothing, footwear and services.

Italian fashion label Gucci has found success in this area through a partnership with outdoor recreation brand The North Face.

This December, The North Face x Gucci capsule collection returned for a second iteration, featuring ready-to-wear, soft accessories, luggage and shoes. In keeping true to The North Face's ethos, many of the pieces referenced outdoor landscapes ([see story](#)).

In terms of sustainability, resale and circularity is growing in luxury fashion. More digital resale platforms are launching, allowing high-end brands to capture more of the market and manage the volume of unsold goods in a more responsible manner.

Online retailer Farfetch is among those accelerating their resale capabilities.

Farfetch is acquiring resale platform LUXCLUSIF, which was founded in 2013. The retailer plans to leverage LUXCLUSIF's technology capabilities to further develop its existing resale service, Farfetch Second Life ([see story](#)).

These trends will continue to shape luxury and fashion in the coming year, and brands are on notice.

"Consumer lifestyles will become more home-centric and digitalized, with a greater focus on well-being, as well as social and environmental responsibility," Ms. Roberts said. "This will of course, impact all aspects of consumer life, including our decisions on where we travel, where we shop and, of course, the brands that we buy.

"However, one of the most important areas for the long term will be based around the customer journey," she said. "So fashion companies really need to think holistically about the user experience and integrate new technologies to reach all of these objectives.

"The companies that come out better would be those that put people, places and planet above profits and make the most of innovation and technology as a key enabler for a sustainable future."