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Brave new world: How 2021 was a useful reset for luxury

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As 2021 comes to a close, the year will likely be remembered as that of an important reset for the luxury sector. Image credit: Shutterstock

By [Erwan Rambourg](#)

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COVID-19 cases are picking up again across the globe and there are new heavy restrictions on travel. Will this mean luxury sales will be soft short-term? Do not bet on it.

When many were talking about "Christmas in summer" six months ago, it is very unlikely Christmas will not happen now. Some consumers may have bought some gifts ahead of time but that almost ensures spending will overall be strong as some may come for more.

Importantly, luxury continues to benefit from increased financial means linked to equity markets and the benefits of "staycationing," but it is the psychological factors a better knowledge of the brands, a younger generation just starting to purchase, the need to reward yourself and a desire for escapism which are really likely to support strong demand.

As I described in my book, *Future Luxe*, the luxury industry was poised for a strong decade of growth post COVID-19. Regardless of the debate around whether we can say we are in a post-COVID-19 world just yet, 2021 has set the framework for what is ahead.

A more professional management approach

In an industry that was for long seen as being complacent, tough choices were forced upon management teams in 2021 in terms of staff allocation, rent renegotiations and investment priorities.

Separately, as travel conditions and virus-related restrictions changed very often, management teams, as well as sales associates have been trained to become very nimble and adaptable.

A better knowledge of consumers

As data is everywhere in an industry that is now dominated by a "direct-to-consumer" approach, it has enabled brands to become a lot savvier about their end consumers.

Ironically, technology has made us closer despite the COVID-inflicted physical separation. Conversely, local consumers, notably in Europe, who had been somewhat ignored, have seen some renewed attention and, as a

consequence, have moved the needle a bit for the sector.

While Chinese consumers are still the most relevant for the space, there is much greater diversity in terms of contribution to luxury sales by nationality than before the crisis and much more potential unlocked, most notably with the American consumer.

A more inclusive sector

As noted in my previous column ([Talking About My Generation](#)), one of the legacies of Virgil Abloh the recently departed genius menswear designer of Louis Vuitton has been not only to build bridges between luxury brands and the next generation, but also to help them understand societal change that they need to take into account to remain relevant.

To a certain extent, luxury companies need to gradually become the mirror of the communities to whom they are selling. The recent nomination of a female, Indian-origin [Chanel global CEO](#) coming with an HR background and from outside of the luxury industry is in many regards a breath of fresh air and a reason for hope.

A collaborative and responsible industry

Luxury had been on the back foot on [sustainability issues](#), risking to come across as insensitive or irresponsible.

Many steps have been taken recently to make good on environmental, social and governance issues. Besides, the industry has taken a more mature stance on collaboration (or "coopetition") by joining forces on topics such as [blockchain](#), online distribution and sourcing initiatives.

Not taking yourself too seriously and taking risks

Probably the most visible learning of the crisis has been that luxury is, by essence, not needed. And as such, it should be entertaining, fun and enable consumers to escape from their day-to-day.

The most creative brands in the sector and those who have taken the most risks when the world was broadly shut and those who are not shy to look at new avenues, such as virtual products (see column called "[Virtual Insanity: Not](#)"), are by far, those who have been rewarded with the greatest sales growth.

This is an op-ed article and reflects the views of the author and does not necessarily represent the views of Jing Daily.

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