

GOVERNMENT

Shanghai shuts down as COVID-19 cases surge in China

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Shanghai has entered full lockdown as COVID-19 cases rise. Image credit: Unsplash

By NORA HOWE

Amid rising COVID-19 cases, Shanghai declared the start of a two-phase lockdown on March 29 in line with China's strict zero-COVID strategy a plan with major global economic implications.

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Over the last two years, policymakers in China have attempted to strike a balance between ensuring the health and safety of its citizens and limiting economic disruption, but eradicating transmission of the virus appears to remain top priority. According to [reports](#), this is China's most extensive COVID-19 response in two years.

"There is not a large difference in how people are approaching lockdowns now," said Amrita Banta, managing director at [Agility Research](#), Singapore. "People are going into them with the hope that they will be effective and that normal life can resume afterward.

"A key difference is the areas and people being affected," she said. "Shanghai did not go through this level of restriction even in 2020, so this level of restriction is a relatively novel experience for most people in Shanghai."

Rising numbers

The first phase of the two-part lockdown addresses activity in Shanghai's Pudong financial district and surrounding areas east of the Huangpu River. Through April 1, all offices and non-essential businesses will be closed, public transportation suspended and stay-at-home orders in place.

The restrictions are set to be lifted on the morning of April 1, which will mark the beginning of phase two: the area west of the Huangpu River will begin a five-day lockdown.



Based on results from a clinical trial, the Cominaty vaccine is 91 percent effective in preventing COVID-19 disease. Image credit: U.S. Center for Disease Control

Mass COVID-19 testing will take place throughout the duration of both lockdowns.

According to *The Washington Post*, China has recorded its worst outbreak since COVID-19 was first detected in Wuhan. Between March 1 and March 24, 2022, there have been a reported 56,000 cases.

On March 27, 6,215 positive tests were recorded, more than half of which were in Shanghai. On March 28, the financial hub recorded 4,477 new cases.

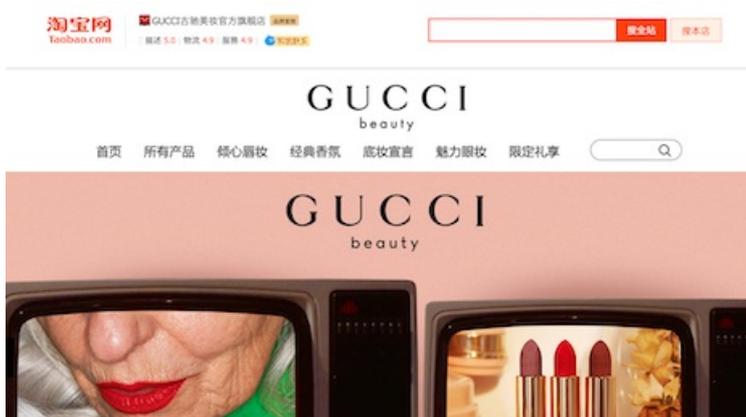
It was **reported** that, as of March 20, there have been 4,638 deaths nationwide related to COVID-19. The BA.2 virus, a subvariant of the omicron strain and now the dominant **COVID-19 strain in the United States**, was deemed as the most likely cause of this recent surge.

The Centers for Disease Control and Prevention estimated that BA.2 accounted for 54.9 percent of all new COVID-19 cases in the United States last week.

While vaccination rates in China have reached nearly 87 percent, there is concern about how the rapidly spreading BA.2 virus will disproportionately affect older people who report lower vaccination rates.

Financial concerns

The latest round of lockdowns adds to an already generous level of economic anxiety caused by Russia's war on Ukraine and increasing interest rates as a strategy for cooling inflation.



To combat store closures and other health-related precautions, luxury brands must, again, rely heavily on ecommerce services. Image credit: Tmall

In a financial hub like Shanghai, where bricks-and-mortar rely heavily on revenue from foot traffic, businesses will face a major loss in the next few weeks. With non-essential businesses temporarily shutting down, both mass-market and luxury brands could face challenges and delays across supply chains and fulfillment.

Notably, tech company Apple will likely be affected as one of its major suppliers, Foxconn, **halted operations in Shenzhen** earlier this month. Auto manufacturers like Tesla have suspended operations in Shanghai, while General Motors has **reportedly** asked employees to sleep on factory floors to keep production going during lockdown.

Luxury brands will certainly be affected, but having been forced to reorganize digital strategies and accelerate ecommerce offerings over the last several years, they may be poised to withstand the latest lockdowns.

During last year's 618 shopping festival, the largest mid-year ecommerce promotion in China, luxury brands leveraged the power of livestreaming and influencers to gain traction.

French beauty brand Lancme achieved records on both 618 pre-sales and the first day of the 618 festival. In addition to livestreaming, the brand's official WeChat account was a significant area for exposure and community discussion of Lancme's exclusive 618 product releases.

Additionally, France's Yves Saint Laurent ran extensive campaigns via its WeChat Official account and mini program. The brand set up gift contests, social shopping groups and educational livestream classes featuring prominent beauty figures, with influencer posts generating 46.9 percent of the brand's 618 social media campaign placements ([see story](#)).

"In times like this, it is important for brands to communicate well with their customers and empathize with them," Ms. Banta said. "In 2020, many of the brands that succeeded focused on showing care for their high-priority customers sending them personalized notes, small gifts and avoided being too transaction-oriented.

"Also most brands now have well-developed ecommerce ecosystems which will help them to continue to do business ."

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