Finding sustainable growth factors for global luxury brands post-pandemic: a qualitative study

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Abstract:

The nature of the luxury fashion sector nowadays contrasts with what it used to be decades prior. Although luxury fashion dates back to the 1800s, it was not until the 1980s that it started to take a similar approach to what it is known for today (Manlow, 2018). The 1980s were described as the most eclectic decade in the history of fashion due to its bold silhouettes, colourful styles and dramatic shoulder pads (Samaha, 2021). It was a decade of reinvention that gave credit back to the designer through a slow shift where luxury fashion houses that once depended on leather good sales to sustain their brand value, start to present ready-to-wear collections that appeal to the dream of owning a luxury piece (Kapferer, and Bastien, 2013). The 1990s then saw luxury grow into a global commodity. The once privatised and exclusive industry was now dominated by mostly public-held companies and powerful international luxury goods conglomerates (Thomas, 2013), such as the LVMH (Moët-Hennessy Louis Vuitton SE) Group and the Gucci Group. The growing tendency for luxury brands to join multi-brand conglomerates led to a concise understanding of customer reaction and interaction within the luxury sector and a great surge in luxury goods sales (Donzé, and Fujioka, 2017).

However, as luxury fashion brands rose in popularity across developed and emerging markets at the start of the new century, there was an apparent necessity of relying on brand values. This, coupled with the recent increase in brand awareness, yielded higher levels of preference that not only generated stronger purchase intentions with current and new customers but allowed the brand to maintain and propel its dream value (Phau and Prendergast, 2000). Simultaneously, the luxury fashion sector faced another dilemma that occurred during the late 2000s and toppled over the early 2010s: the advanced development of new digital technologies and communications. Even though these advances were beneficial for market growth, the luxury sector did not adapt so smoothly. By the mid-2010s, it took the online participation of some high-performance luxury brands in the sector to direct and therefore impact how to communicate and market luxury on digital platforms (Escobar, 2016). Yet, many luxury brands continue to resist the fact that relying on the social online space will allow for immersive interactions with clients from anywhere across the globe (Kapferer and Bastien, 2013 and Hoang, 2020). These challenges, from acquisitions and takeovers, the world economic crisis and the rise of counterfeit products to the constant development of the digital online space, illustrate how the luxury fashion sector has continuously adapted through many difficult circumstances during the last few decades. Nevertheless, nothing would have prepared it for the devastation of the 2020 COVID-19 pandemic. The industry that once swore to remain offline was forced to accommodate the needs of its customer base without delivering a face-to-face service in its flagship and multi-brand locations due to the rapid spread of the COVID-19 virus. While the global pandemic inflicted many losses, the luxury market suffered a twenty-three per cent decline in 2020, with its second quarter being the worst on record (D'Arpizio et al, 2021). Yet, the most affected area of the industry was consumer behaviour. The consumer was sheltered under intense lockdown guidelines, restricted from travelling, and with the closure of brick and mortar locations around the globe, the luxury sector was left fighting the dilemma of how to rapidly succeed online when it is not driven by sales targets or an increase in customer base but instead, by speaking directly to a subset of its clients (UNIT9, 2013).

This qualitative, exploratory paper aims to study the critical factors for brand growth during and post-pandemic, reflecting on successful cases and how those influence the recovery period within the luxury fashion sector. We aim to also analyse the performance of luxury fashion brands further during and post-pandemic following in-depth interviews with ten senior luxury brand managers based in London. Although the legacy of Covid-19 continues to have a lasting impact on the luxury sector, findings from this research provided a first glimpse into this under-researched topic, identifying key critical growth factors that will be useful tools for luxury brand managers not only for this specific pandemic but other crises to come. We come to conclusion that three growth factors in the luxury sector post-pandemic are:

- *prioritising the consumer experience both in-store and online,*
- *developing better and more engaging digital platforms and*
- *finding the correct omnichannel balance suitable for the brand or company.*

Luxury brand managers must be able to deliberately identify who is the consumer shopping through the digital commerce platforms versus the one that continues to come in-store and why. This deeper knowledge will allow for the consumer experience to be tailored individually to their needs while the company remains different from other general non-luxury brands. Another key component for growth in the years to come is to develop a steady high-performance digital website and to take part in social media platforms. A great example of how luxury brands can infiltrate social media platforms while remaining true to their principles and heritage is Hermès. The ultra-luxury brand puts its focus on creative content

that is being pushed out across Facebook and Instagram while regularly, and always quietly, releasing content — from quirky illustrated videos to pop-up e-stores — that are associated with the brand's centennial value of storytelling therefore never diluting the brand's value (Arthur, 2020). Furthermore, luxury brands should be able to balance their in-store sales with e-commerce sales, while keeping the customer informed and satisfied on both ends: As the example provided by DB elaborates how his brand F. achieves this balance by allowing the customers to browse and research the product online, but to purchase, they are immediately linked with an in-store personal advisor.

These results conclude that the growth factors impact all aspects of the business having a heavier weight on the decision-making process of luxury brand managers that must consider these along with current economic activity and any worldwide and national crises.

Keywords: *luxury market, luxury brand management, global fashion marketing*

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