

Luxury brands' 3 best practices for coping with Covid-19

By Xiaofeng Wang

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The Covid-19 outbreak is taking a toll on the global luxury industry that is heavily dependent on the spending of Chinese shoppers at home and abroad. In spite of difficulties, leading luxury brands responded quickly to the crisis and took positive initiatives in brand communication, customer engagement, and digital marketing.



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Best practice no. 1: Increase brand affinity with cause marketing

The coronavirus outbreak is threatening the luxury industry, as its most important clientele – Chinese consumers – is mostly staying home. Forrester estimated that Chinese consumers spent \$104.44bn on luxury in 2019, or one-third of global luxury retail sales.

At the outset of the outbreak, many luxury brands temporarily closed some of their retail stores or shortened operating hours and halted marketing spending in China altogether. However, leading luxury brands are gaining brand affinity by supporting the cause of combating the Covid-19 outbreak:

Leading luxury groups expressed their caring via donations: On 27 January, LVMH announced that it had given \$2.2 million to the Red Cross Society of China. Days later, Richemont donated \$1.4 million to the same cause and Kering donated \$1.1 million.

On 18 February, Louis Vuitton launched a cause marketing campaign, 'Love has no fear', on Chinese social media platform Weibo. Multiple Chinese celebrity brand ambassadors recorded videos to encourage residents in Wuhan and support frontline medical workers. The campaign topic generated 4.2 billion views within its first week.



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Best practice no. 2: Sustain business by moving events and sales online

Major luxury brands regularly engage with empowered Chinese consumers across top digital marketing and commerce platforms such as JD's TopLife, Tmall Luxury Pavilion, WeChat and Weibo. Forrester estimates that online accounts for 14% of luxury spending in China. During the Covid-19 outbreak, leading luxury brands have continued to engage customers via digital initiatives.

On 25 February, Dior live-streamed on Weibo the catwalk show for its 2020 autumn/winter women's collection in Paris.



Dior fashion show on Weibo

Louis Vuitton launched a Valentine's Day exclusive pop-up store via a WeChat mini-program that allowed customers to place orders online. Store associates were able to share exclusive offline promotions to customers via QR code. The brand moved pre-sale consultations and post-sale customer services online and partnered with SF Express to ensure smooth delivery. Despite the outbreak, Louis Vuitton doubled its online sales compared to last year's Valentine's season.

Best practice No. 3: Convey brand image with timely, positive messaging

It's never been more important to deploy the right brand communication during a crisis like the Covid-19 outbreak. Leading luxury brands communicated to customers, employees and stakeholders with positive and caring messaging in a timely and transparent manner:

On 7 February, Louis Vuitton posted a heartfelt message to Chinese customers across Little Red Book, WeChat and Weibo: “Every paused journey will eventually restart. Louis Vuitton hopes you and your beloved ones stay safe and healthy.” The message is consistent with the brand image that is positioned as a purveyor of fine luggage.



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Prada is among the few luxury brands that communicated promptly with customers about changes of store operations. It notified customers on WeChat about postponed customer service and deliveries to Hubei province, which is heavily impacted by the outbreak.

Burberry issued a timely update of the virus’s impact to its stakeholders such as suppliers, delivery partners and employees about the temporary closing of 24 of its 64 stores in mainland China and reduced operating hours for the rest. Its CEO also claimed that the company is taking mitigating actions and every precaution to help ensure the safety and wellbeing of its China-based employees.

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