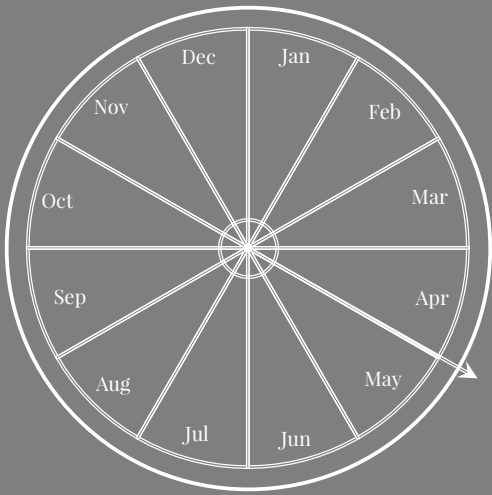


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April 2020

Barton Founder & Principal,
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April 2020 will go down as both one of the most memorable and most forgettable spring months in modern history. From its very beginning to its very end, much of the world has been obliged to stay at home and obey social distancing rules. Virtually nothing of significance has happened that has not been connected to COVID-19 and although some comparisons with previous historic events are exaggerated, in this way it is comparable with world wars.

As the month has dragged on, enthusiasm for the instructions has waned noticeably. Protests against lockdowns have appeared in many different countries, with protagonists complaining that hard-won freedoms and individual liberty are being trampled upon.

Impatience is growing and there is a fear that states – in their great efforts to protect life – are eroding the little trust that remains between them and their citizens. A scandal-hungry media look from country to country for evidence that their own country's experts and governments have done things too late or too soon, too much or too little. The stasis is proving intolerable for organisations that thrive on a fast-moving world.

At the heart of this frustration is the loss of normality, but more importantly the loss of certainty. Certainty of the end of the conditions; certainty of the end of uncertainty.

All this is making the world increasingly desperate for a Messiah moment. The beginning of vaccine testing resulted in stock market rallies; early stage trials of therapeutic drugs become front-page news around the world. As in the First World War, mere inches of advancement are overcelebrated in such intractable scenarios.

As springtime ends and summer begins, the hardest decision will be that which is taken by states' authorities in the event of there being no complete solution. Communicating the reality that the Coronavirus, like many before it, is not eradicable, but that the lockdowns – bad as they have been for businesses, livelihoods, liberty and mental health – have enabled us to make it more manageable.

Although much of the commentariat is focused on life *after* COVID-19, given the likely scenario we will not be entirely rid of this virus in the coming months, we explore in this month's issue the short to mid-term scenario of living *with* the threat and fear of a resurgent virus, its potential impact on consumer psychology and the luxury sector.



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MANAGING IN

THE TIME OF CORONA

One of the most notable elements from the COVID-19 crisis has been the calm but also painful repetition from esteemed scientific advisors and experts around the world that this Coronavirus may never be fully eradicated.

For a black & white media, this rather grey observation is not something that registers easily. Disasters, crises, wars – cataclysmic events always have a beginning, middle and end. This is the standard narrative.

When these knowledgeable advisors caution the virus is here for the foreseeable future, we then read stories of lockdowns remaining in place for months and potentially years – entirely missing what the experts have been trying to convey. For it is an uncomfortable and difficult thing to communicate with the global population that humanity is currently at its limits of intelligence. That further infection and death is highly likely, but that our preparedness combined with the ongoing work of laboratories and pharmaceutical organisations makes this appear, at least in the future, to be manageable.

‘Grown-up conversations’ is the term being used to describe this communication. The reality that complete protection of citizens cannot be guaranteed by governments, states or health services – nor can it ever be.

The reaction to this, in normal circumstances, would be one of mature acceptance of individual accountability, but stepping out of lockdowns into a world where a dangerous virus is alive and well – and one from which we have been instructed to hide for months – will likely produce a different kind of psychology; balancing daily life with a far more conscious avoidance of infection.

Generally speaking, this will probably result in many people approaching all social interactions with extreme caution and in some cases outright rejection. Many forecasters have already written the obituary for the handshake but it’s also likely that social get-togethers of groups, even those without any kind of touching, will be restricted in the short term and taboo in the medium term, rendering private parties, corporate socials, client events and store opening celebrations impossible in the next year or so.

Luxury stores will be anxious to reopen after the months of closure, and they will likely be able to do so, although it’s probable that queuing outside stores will be widespread and enforced for months – no longer a clever marketing ploy used by certain brands. However, the in-store experience is likely to change significantly. Though gloves and masks may well be worn voluntarily, it’s probable they will be demanded by store owners – as is already the case in China.

“anxiety about the virus will gradually fall but communicating its ongoing threat will, in the meantime, produce a changed psychology...”

Similarly, touching and trying – a key part of the enduring appeal of physical retail – will have to be mitigated and potentially restricted. Dressing rooms will need to receive regular cleaning and consumers will expect to see evidence of this through store communications. Branded hand sanitiser would be an elegant and reassuring touch at all POS for luxury businesses.

Staff will also have to undergo additional training in maintaining hygiene and cleanliness. It's increasingly likely that single-use plastics – which have been so villified over the past couple of years by luxury brands and consumers – will return in the medium term, and brands' honesty with consumers about this need will be repaid in increased consumer trust.

Travel is facing an uphill struggle over the next year. Some commentators have even made bearish forecasts that the industry will not regain its pre-COVID-19 scale and size for another three years. This seems a little pessimistic but there will certainly be long-term consequences for much of the industry. Luxury travel will possibly be more fortunate. For one thing, its consumers are wealthier and more likely to have weathered the economic storm wrought by the virus far better than lower income consumers – as they were after the financial crisis of 2008/9. Additionally, luxury travel lodging brands are known for their high standards, levels of cleanliness and also for their space, privacy and seclusion. They will afford travellers a feeling of safety

whilst travelling that no other part of the sector can provide. However, staff will need additional training on maintaining cleanliness and hygiene and masks and gloves worn by all – irrespective of their condition or symptoms – will be expected by guests of hotels – particularly those cleaning rooms or working in F&B. Branded PPE, designed as part of the uniform and to be available to guests on a daily basis, will showcase both the brand's preparedness and its creativity.

Clearly, the food and drink sector will continue to suffer a great deal in coping with the existence of the virus. Popular restaurants known for being packed were once likely to draw more diners, but in a COVID-19 world – at least for the short term – they may struggle because of this. Proactively rearranging dining and drinking areas and imposing temporary restrictions on guest numbers (which will be a legal requirement in the short term) will need to be effectively communicated using CRM channels. Stricter cleaning regimens will need to be employed on surfaces that are constantly touched by staff and guests and all guest-interacting staff as well as those behind scenes (kitchens, stock room) will need to have their health monitored on a daily basis.

Anxiety about the virus will gradually fall, but communicating its ongoing threat will, in the meantime, produce both a changed consumer psychology and strict requirements to prepare for the worst. The brands that prepare ahead will not only secure confidence in themselves but also in our ability, as a species, to manage.

Sector updates



Image: SCMP

Green shoots for luxury brands are already appearing. Whilst sales for the likes of LVMH were down much as 17% for the first quarter of the year, the robustness of Chinese consumption – which Barton forecast in last month’s opinion piece – is starting to show. Many brands have reported high growth rates in April across mainland China – some as high as 50%. And whilst the level of overall Chinese spending is down, due to continuing travel restrictions in their favoured acquisition locations of Europe and the USA, the aptitude to resume consumption patterns should be an encouraging sign for luxury businesses. The key concern now is how international relations will evolve following the end of the first phase of the COVID-19 crisis. With growing voices asking questions of the Chinese government, Chinese consumers and brands may get caught in the middle of a diplomatic storm.

Luxury fashion may yet have a major aesthetic and commercial role to play in the COVID-19 crisis. Social media posts from luxury brands such as Louis Vuitton, Burberry and Gucci about the manufacture of **face masks** have achieved very high levels of positive engagement from followers. ListenFirst identified that posts about face-mask manufacture by fashion brands have, on average, 73% more responses than posts about making medical overalls or hand sanitizer. Whilst some analysts think this is about the global shortage of masks and consumers applauding luxury’s willingness to help and donate masks, Barton thinks this may be a silent sign from consumers that they expect the daily wearing of face masks to become either socially *de rigueur*, or even mandatory, and the current choice of practical but rather inelegant options has left them somewhat uninspired for the many months ahead.



Image: Off-White



Image: Diptyque

E-commerce bought home luxuries are becoming the inevitable winner of the worldwide lockdown era. With nowhere to go, consumers have taken to purchasing luxury consumables such as wines & spirits, home-delivered artisanal cheese & high quality chocolate as well as Diptyque scented candles, furniture and other home decorations. In order to salvage some semblance of a normal life – one that involves occasional indulgences – people are creating their own glamour at home through shopping online. A recent survey conducted with 700 consumers found that almost three quarters (72%) plan to increase their online shopping in the coming weeks. Barton wonders whether this mandatory *hygge* is also likely to have an adverse effect on other areas of spending as lockdown is gradually lifted – given you are used to paying for a bottle of gin what you normally pay for a couple of cocktails.