

Ketchum London COVID-19 media intelligence report – Edition 9

Diamonds are forever

Welcome to the ninth edition of Ketchum London's COVID-19 media intelligence report. This has been a transformational week for the UK as the Government eased rules around lockdown, devolving responsibility and 'common sense' from politics to the people. In a bid to kick-start the economy and resume some semblance of normality, one sector that all eyes will be on is retail. This week, we take a closer look at the luxury industry. This sector has taken a huge hit with the pandemic but is it all doom and gloom or is this a once-in-a-generation moment to redefine an industry where trends like conspicuous consumption and societal values have shifted in a more dramatic way? The jury is out...



Despite some of the more severe lockdown restrictions relaxing (or even being lifted in places like Germany and France) the COVID-19 pandemic rages on, raising questions about the fate of the luxury market. Just this week, [Bain & Company](#) released a report examining the impact of the pandemic on the personal luxury goods market, suggesting COVID-19 “presents an unprecedented crisis for the industry and forces luxury players to jump into the future now.” And whilst they acknowledged that the personal luxury goods market is set to contract by 20 - 35 per cent in 2020, this will be a moment of immense transformation as the industry sets on a path of recovery.

Eyes have already been on China where the quick stabilisation of COVID-19 cases has seen Chinese consumers return to retail. An article in the [Business of Fashion](#) reports that LVMH, a bellwether for the luxury sector, has already rebounded strongly in mainland China since late March stating “luxury brands will have to learn new vocabularies, observe new rules and remain open-minded as to what circumstances might bring. And yet, in the year to come, the sector will primarily be shaped by the acceleration of existing trends along four main vectors: China, consolidation, channels and conscience.”

It's easy to assume that COVID-19 will sink the luxury industry. But we should remember that unlike many other things in life, the luxury market is not overly income-sensitive, nor is it reactive to recessions. Luxury brands also have a huge opportunity to create extreme value for consumers, at a time when every purchase is scrutinised and rationalised to new degrees. One trend it may be worth observing is whether COVID-19 will tilt Western consumer behavioural preferences towards locally made products and what impact this will have on offshoring parts of the luxury supply chain. There will certainly be some international retrenching post pandemic.

So, what are the four strategic client takeaways for this week?

Here are four trends that we have aggregated for brands in the luxury sector to think about.

- **RISE OF CONSPICUOUS CONSUMPTION:** At a time when so many people are struggling to make ends meet and with a huge spotlight on underpaid and undervalued frontline workers, [luxury brands may want to consider what this means for conspicuous consumption. Will luxury brands see consumers shunning labels in favour of a brand's more discreet style?](#)
- **BALANCING HEALTH REALITIES WITH IN-STORE MAGIC:** As consumers around the world emerge from lockdown, they will have a very different view of the world they left behind pre pandemic. [When they do return, think about what safety measures you will need to introduce in-store to alleviate health and hygiene concerns without reducing the 'magic' of in-person shopping.](#) In this industry, experience is everything so how do luxury brands find that delicate balance?
- **HEIGHTENED CONSUMER CONSCIOUSNESS:** Will heightened consumer consciousness see those in the luxury market seeking less of the real thing? For example, might we see a boost in materials like lab-grown diamonds, fake fur or vegan leather to meet consumer needs? If so, [consider what impact these substitute materials might have on consumer expectations around pricing of luxury items.](#) How do brands maintain their margin by exploring the full 360 customer experience in light of potentially cheaper materials?
- **ESCAPISM:** A big theme we may see emerge first in luxury segments is escapism as a long-lasting design legacy of the COVID-19 pandemic. [The Roar Trends Report](#) predicts that restaurateurs and retailers could use *"original and escapist design to create 'slightly surreal' and special experiences in restaurants."* [With fewer people splashing out on expensive meals or entering luxury stores, brands should think about ways to create memorable, escapist environments in their real estate.](#)

How the luxury market has responded

HOSPITALITY

- [Luxury Swiss aparthotel chain Le Bijou](#) is offering a full 'COVID-19 service' with in-room coronavirus testing, nursing, food delivery and 24/7 personal health monitoring.
- [Four Seasons Hotels & Resorts](#) announced a collaboration with Johns Hopkins Medicine experts who will provide ongoing, real-time guidance on protocols rolling out globally.
- The five-star [Rosewood London](#) in Holborn has been delivering meals to staff at Great Ormond Street Hospital. In addition, the luxury hotel group has launched Rosewood Raise, a relief initiative to support associates and communities that have been affected by COVID-19.

FITNESS

- With most gym equipment being sold out across the UK, [Prestige magazine](#) lists the top luxury gym equipment to have at home. The list includes a Louis Vuitton jump rope, Versace dumbbells and a Burberry yoga mat.
- Luxury gym Equinox's [Executive Chairman is interviewed](#), reporting that the future of fitness will be 'about marrying the online and offline'. After official lockdown rules applied and the gyms had to close, the company launched Variis, an on-demand video platform.

TECH AND MEDIA

- [SuperElle](#), a subsidiary of Chinese fashion magazine Elle launched two virtual fashion models, named Sam and Liz who starred in a 16-page fashion spread. Partnering with Huawei's technology, the EllePlus app makes it possible for readers to interact with AR versions of the fashionable duo with their phone camera.

- [Video game Animal Crossing](#) has increased in popularity during the pandemic and Nintendo has helped improve user experiences by offering virtual weddings and graduations with a difference; users can dress their characters in designer outfits including Chanel and Supreme.



FOOD & BEVERAGES

- A [Vegan restaurant](#) in Amsterdam is soon to serve four course meals in individual greenhouses, enforcing social distancing. The experience is already sold out until the end of June.
- In honour of Romeo + Juliet, [Häagen-Dazs has collaborated with Piper-Heidsieck](#) Champagne to create two 'Rival House Serves' using the luxurious Champagne and Häagen-Dazs Gelato Collection.
- Decadent and escapist interiors like [The Ivy Asia](#) in London could become the biggest post COVID-19 trend.

FASHION AND DESIGN

- [Giorgio Armani](#) is taking a step towards change. The designer wrote an open letter to WWD on Friday, in which he announces to extend the sales period of the Armani summer collection until September.
- [Interior designers](#) rally together to offer NHS staff amazing makeovers. Design Havens For Heroes is a new initiative matching designers with frontline workers to create beautiful, safe spaces in their homes. Brands involved include sofa.com and Colefax and Fowler.



- [Stella McCartney](#) has posted colouring sheets on their website for distracted children and have introduced 'Stellavision' on Instagram, "a channel for our #StellaCommUnity to come together and share the ways they are thriving and surviving in this new reality".
- [Dezeen](#) reports that New York's Joe Doucet has designed a less "uncomfortable and awkward" face shield to protect against COVID-19 that could be worn like a pair of sunglasses (see image on left). The minimal shield would be put on like a pair of glasses.

Brands taking action

ENTERTAINMENT

- [Captain Tom Moore](#) has secured two book deals to tell his life story. The books will consist of the centenarian Second World War veteran's autobiography, entitled Tomorrow Will Be A Good Day, as well as a children's picture book. All proceeds will go to the Captain Tom Foundation, which aims to combat loneliness and support those facing bereavement.

- [Vue](#) has revealed plans to reopen its cinemas under social distancing measures as early as July 4. The group said families would be seated separately away from other cinemagoers and screenings will be staggered throughout the day.
- One-act productions, with the orchestra performing from the stalls, have been proposed as a short-term solution for opera houses. [The Royal Opera House](#) [ROH] acknowledged that the changes might seem 'weird' initially, but said it had to think creatively in order to continue to thrive.
- [Spotify](#) has introduced a new 'Group Sessions' feature to enable listeners to combine their individual queues of tracks to create a combined list that can be listened to together while in lockdown. When using the new tool, one person is designated as the host, while anyone in the same physical space can join the session.

BEAUTY AND FASHION

- [Next](#) is to launch a new standalone beauty hall concept in five former Debenhams beauty departments which are set to close after the department store chain failed to agree terms with landlords.
- [Fashion brands](#) are beginning to produce covering and face masks in order to meet the growing demand, The companies include The Vampire's Wife, which is worn by members of the royal family such as Kate Middleton and Princess Beatrice. Children's clothing brands such as Rachel Riley clothing and Amaia Kids, both of which have been worn by Prince George and Princess Charlotte are also marketing masks.

SPORT, FITNESS AND WELLBEING

- The [England & Wales Cricket Board](#) has launched a new app, Dynamos Cricket, which aims to help children aged eight and above develop their batting, bowling and fielding skills.
- The [Premier League](#) has been told by the government it must show some matches on free-to-air TV as a condition for restarting this season. The demands were made by Culture Secretary Oliver Dowden at a meeting yesterday.

FOOD AND DRINK

- [Forest Road Brewing Company](#) director Peter Brown is helping thirsty Londoners who are missing their local pubs by pulling pints from a van. His 'tactical beer response unit' covers the streets of Hackney and business is going so well that he is considering deploying a second van to serve a different area.
- Alcohol sales saw a peak from the beginning of lockdown and [the BBC](#) outlines one type of alcohol that has seen a 175% increase between 24 March to the end of April, Tequila!
- Virtual wine tasting is the next trend to take to video conferencing platforms such as Zoom. With friends creating their own setup to London's wine bars and restaurants taking it to the next level. Evening Standard lists the tasting sessions worth signing up for [here](#).

TRAVEL

- Tourists can expect to find [robots patrolling and policing their holiday destinations](#) to enforce social distancing rules under EU plans to save the summer break. As well as mobile apps to track infections, European Commission proposals for tourism envisage 'artificial intelligence and robotics [to] underpin public health measures'.
- [Shanghai Disneyland has reopened to visitors on a limited basis](#). Capped at 24,000 visitors per day, less than one-third of its capacity prior to the outbreak, tickets sold out within hours.

TECHNOLOGY

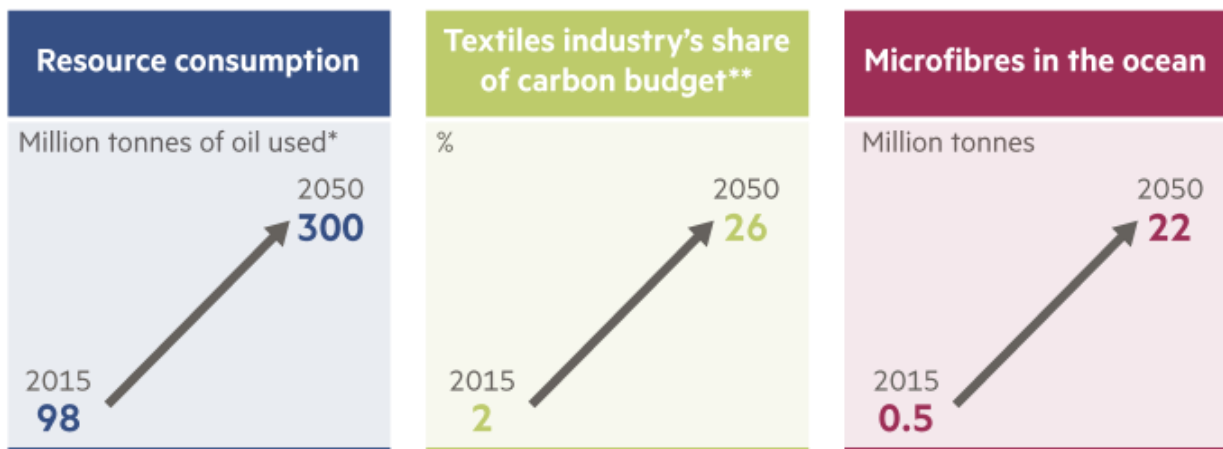
- [O2](#) has joined forces with the environmental charity Hubbub to create 'Community Calling', aimed at providing refurbished smartphones to the most 'digitally excluded' so they can stay connected during the COVID-19 crisis.

- Researchers at [University College London](https://www.ucl.ac.uk) have developed an online tool that can predict a person's risk of dying from coronavirus.
- A [new computer game](#) has been developed to help teach children the importance of social distancing during the coronavirus pandemic. 'Can You Save The World?' requires players to navigate their way through a virtual city, collecting and dropping off personal protective equipment for NHS workers while avoiding other people.

Useful charts

Environmental impact of the textile industry on the rise

Estimated, 2015 against 2050

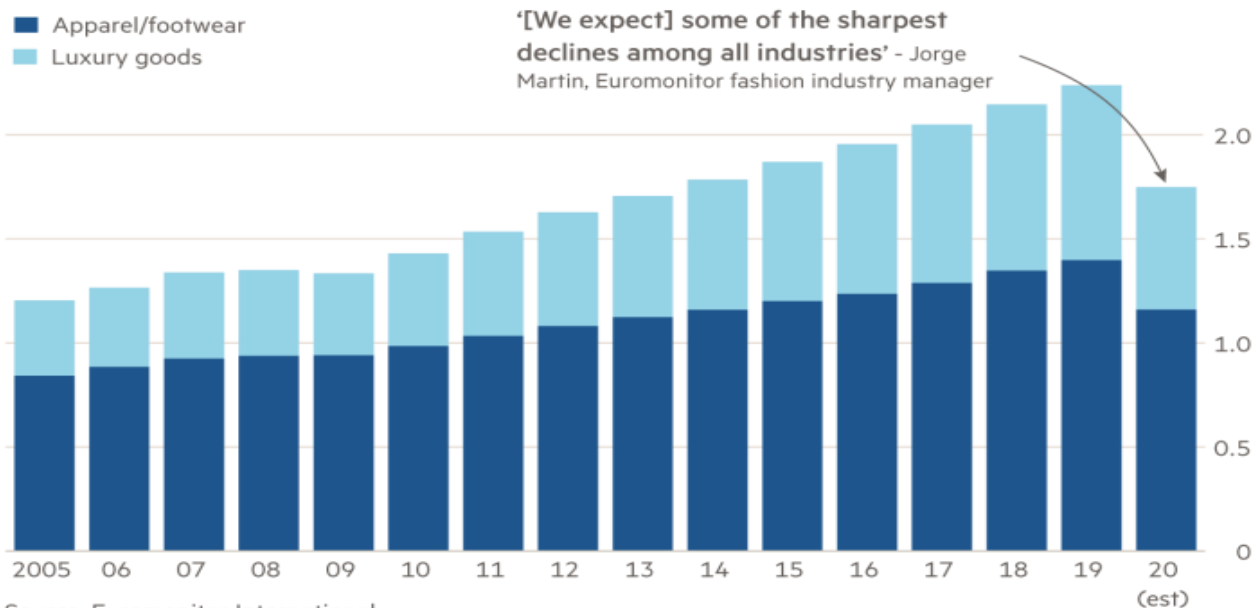


Source: Ellen MacArthur Foundation analysis; Circular Fibres Initiative
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* includes non-renewable fertilisers and chemicals
** based on 2 degrees scenario

Fashion and luxury industries brace for a downturn

Retail value of global market (£tn)



Source: Euromonitor International
© FT

[Source: [FT](#)]

Media insights on key verticals

DIGITAL

- [Twitter](#) has said it will start alerting users when a tweet makes disputed or misleading claims about COVID-19. Some of the questionable tweets will run with a label underneath that directs users to a link with additional information about the virus.
- [Facebook and Instagram](#) users are now able to buy digital gift cards to support local businesses during the COVID-19 crisis. Companies can promote gift cards on their Facebook pages and in news feed posts, as well as in Instagram stories and profiles.

TRAVEL

Core Travel Insights/ Take outs

- **Travel post COVID-19:** Articles are continuing to appear with predictions on how consumers will travel and what measures they will personally take following COVID-19, in addition to how the travel industry must adapt within this time. Interestingly, recent data has revealed that over two thirds of Brits plan to book through a travel agent when it comes to future holidays. ([Travel Daily](#): *Over two-thirds of Brits plan to book through travel agent*; [TTG](#): *How will our travel experiences change post coronavirus?*; [Travel Weekly](#): *Travel market will be smaller post lockdown, say tour operators*).
- **Reminiscing:** Nostalgic articles are appearing which resurface past travel memories and reinforce the sentiment that many cannot wait to be able to travel once more. Articles of this nature can be seen as journalists keeping the spirit, optimism and joyfulness of travel alive, during a time where travel is not openly permitted. ([The Telegraph](#): *The little things we're missing most about travel*).
- **Travel inspiration:** As we are (hopefully) drawing closer to a time where travel will be permitted once more, we are seeing a surge in destination round-up features appearing. These predominantly act as a source of inspiration for those planning and thinking about their next holiday, however do not include an overt CTA. ([Express Online](#): *Travel inspiration: Discover hidden gems in world's coolest cities*; [Good Housekeeping](#): *The holiday hotspots loved by the royal family*).
- **Staycation content:** Similar to the above, the number of staycation related articles have increased over the last week, reinforcing the notion that domestic travel will come back before international travel. These pieces provide suggestions towards the best places to visit in the UK, once lockdown has been relaxed. ([Evening Standard](#): *Staycation dreamin': our favourite UK holiday spots*; [Metro](#): *Stunning staycation spots in the UK for when we can go on holiday again*).
- **Resistance from tourism boards:** Following new government advice, tourism boards have been vocal about their discontent and have advised travellers to still please stay away during this period. This highlights the continued nervousness around travel and suggests some areas may resist towards an influx of tourists even after restrictions have been lifted. ([The Telegraph](#): *UK beauty spots tell people to 'stay away' after relaxed travel restrictions*; [The Telegraph](#): *UK tourism bosses urge people to stay away after being 'shocked' by Boris Johnson announcement*).

International Updates

Stories making the news around the world [Source: Kantar]

NORTH AMERICA

- [The United Nations has warned of a looming global mental health crisis](#) as people struggle to cope with the economic problems and lockdown isolation resulting from the coronavirus crisis. Even when the pandemic is brought under control, people and communities will have to deal with grief, depression and anxiety, said UN Secretary-General Antonio Guterres. The UN has called for a significant increase in investment in mental health services.
- In the US, 36 million Americans are now unemployed, as figures from the Department of Labor showed [another 3 million had filed for benefits](#). The data shows the rate of claims is slowing but the pandemic has already pushed unemployment to levels unseen since the Great Depression of the 1930s.
- US authorities have accused Chinese hackers of [attempting to steal coronavirus vaccine, testing and treatment data](#). The FBI and the Cybersecurity & Infrastructure Security Agency claim the efforts by Chinese government-affiliated groups and others 'pose a significant threat' to the US response to the virus.

EUROPE

- The European Medicines Agency believes [a coronavirus vaccine could be available for approval within one year in an 'optimistic scenario'](#). More than 100 potential vaccines are currently being worked on worldwide, with clinical trials under way for many of them. The EMA says it is doing all it can to speed up the approval process.
- The European Institute of Innovation & Technology [has launched the €60m EIT Crisis Response Initiative](#), which aims to tackle the social and economic impact of the coronavirus crisis on innovators and SMEs. The initiative will support start-ups and small businesses that have been affected by investment drying up during the crisis, as well as providing funding for innovations and solutions to the current crisis and its potential resurgence.
- The French government says it would be 'unacceptable' for pharmaceuticals firm Sanofi to offer any coronavirus vaccine it develops to the US first. Chief executive Paul Hudson said he would give the US priority access because 'it's invested in taking the risk' by expanding its partnership with the company. French deputy finance minister Agnes Pannier-Runacher said ['privileged access' should not be offered to specific countries for financial reasons](#).
- Doctors in Italy have reported the first clear evidence of a [link between Covid-19 and a rare but serious inflammatory disorder](#) that has required some children to undergo life-saving treatment in intensive care units. The condition emerged last month when NHS bosses issued an alert to doctors after hospitals admitted a number of children with a mix of toxic shock and symptoms seen in an inflammatory disorder known as Kawasaki disease.
- [France has unveiled a €1.3bn investment plan for its tourism sector](#), which accounts for around 7pc of the national economy and which has been hit hard by the coronavirus crisis. Prime Minister Edouard Philippe says: 'What is good for the tourism industry, is often good for the whole of France'.
- Plans have been announced to [relax border controls in Germany from Saturday](#), with the aim of having free travel in Europe from 15 June. Poland, which closed its borders to foreigners in March, has extended its border controls until 12 June. Iceland also expects to make widespread changes to its immigration restrictions on 15 June, with arrivals expected to choose between a coronavirus test on entry or a 14-day quarantine.

ASIA

- The Chinese city of Wuhan is drawing up plans to test its entire population of 11m inhabitants for Covid-19 over a 10-day period. [The move comes after six new cases of the virus were recorded over the weekend](#). Senior health officials claim testing the entire population would be unfeasible and expensive and have suggested instead that testing should focus on medical workers, vulnerable people and those who have had close contact with someone with the virus.

- One of Japan's most acclaimed novelists [will host a radio special to try to lift the nation's spirits](#). Haruki Murakami, who rose to fame with Norwegian Wood in 1987, will play favourite songs and welcome listener comments during a 'Stay Home Special'.

SOUTH AMERICA

- Brazil reported 881 fatalities on Tuesday, with the total [death toll now standing at 13,158](#), the sixth highest in the world. Despite this, President Jair Bolsonaro yesterday issued a decree to reopen all gyms and hair salons, even in regions with strict lockdowns in place.
- Mexico has said it [would reopen parts of the economy after 51 days](#) of lockdown, despite reporting its highest number of daily deaths so far. Mexico has confirmed 1,992 new cases and 353 deaths, bringing the total death toll to 3,926 and the total number of cases to 38,324.

AFRICA

- Every African country is now affected by the outbreak, [after Lesotho announced its first case](#). The virus was detected in one of 81 people tested after arriving last week from Saudi Arabia and neighbouring South Africa, Lesotho's health ministry said. More than 69,500 cases have been confirmed across the continent, with more than 2,400 deaths, according to the Africa Centres for Disease Control and Prevention.