

## **Decrypting The Luxury Fashion Slowdown and how some brands are sailing steady in it.**

*Post Covid-19 has been an era of industrial downturns, where several luxury fashion houses have taken unique approaches to combat the problem.*

The years following the Covid-19 global pandemic have been a rocky road for most industries to navigate, and luxury fashion is no exception. Recent quarterly reports have signalled a disappointing shift in consumer spending—one that doesn't even spare the luxury giants.

Robert Williams, the luxury editor at Business of Fashion, has linked the loss of economic confidence to larger issues of wage stagnation, inflation and election cycles, apart from the problem of skyrocketing luxury prices themselves. Economic uncertainty and global political turmoil in the Middle East, Ukraine and Russia are impacting consumer sentiment and purchasing power. Given the high prices that luxury goods are being supplied at today, consumers are second-guessing such an investment. Case in point, the Lady Dior bag which saw an 76 percent increase in retail price left a number of consumers frustrated, some of whom even took to social media to dissect the 'mediocre' value that you were receiving in exchange for such an exorbitant price.

Additionally, the economic slowdown in China, the world's second largest economy and one of the biggest markets for luxury goods, has left the industry gutted as of 2024. Owing to declining exports, an ageing population and plunging land sales, the country's GDP has slowed to a yearly

4.7 percent growth. With the luxury fashion sector largely relying on the country for revenue and profit, it now struggles to deal with declining sales in Asia. In the region of the Americas and Asia Pacific collectively, brands like Burberry and Hugo Boss have seen a 23 percent and 3 percent drop in sales respectively. As for Cartier Parent Richmond, it is faced with a staggering 27 percent plunge in China sales.

However, the bigger picture of the luxury market isn't all that dystopian. Brands are strategizing to combat declining revenues, and some are even emerging as global fashion leaders in these testing times. Burberry, for example, is going back to the basics. The brand is swerving to its traditional roots or its 'Britishness'--- a formula that is tried, tested and well received in times of plummeting market performance. However, brands like Prada and Balmain are trying out a formula on the other one of the spectrum: one that speaks more to 'innovation' than 'classical'. Both brands have joined the once exclusive line up of fashion brands with their own beauty line--- complete with makeup, fragrances and skincare. A bright spot to maximise revenue, the beauty sector is seen as a shot at revival by brands who aim to diversify not only their income streams but also their target audience.

On a more optimistic note, a fashion brand that has materialised as a complete outlier in this period of economic deceleration is Miu Miu, with a growth of 58 percent in the previous financial year and a 90 percent year-over-year growth in the first quarter. The reason behind this is the ageless and genderless appeal of the brand's clothes that speak to an extensive target audience that is all about subverting rules and convention. The designs are 'young and free' and far from restrictive. This very aspect helps the fashion house tap into the landscape of social

media and amplify what Miu Miu is about. Owing to this myriad of factors, the brand showed promising momentum globally and even in China, with its retail sales accelerating by 82 percent in the fourth quarter.

However, the luxury fashion sector likely has a tougher battle ahead of it. Many fashion insiders predict that the negative growth in the sector, or at least its stagnancy, will continue well into the years 2025 and 2026. Even with macroeconomic factors aside, consumer emotion towards the saturation and repetitiveness of the market might discourage them from partaking in luxury purchases.