

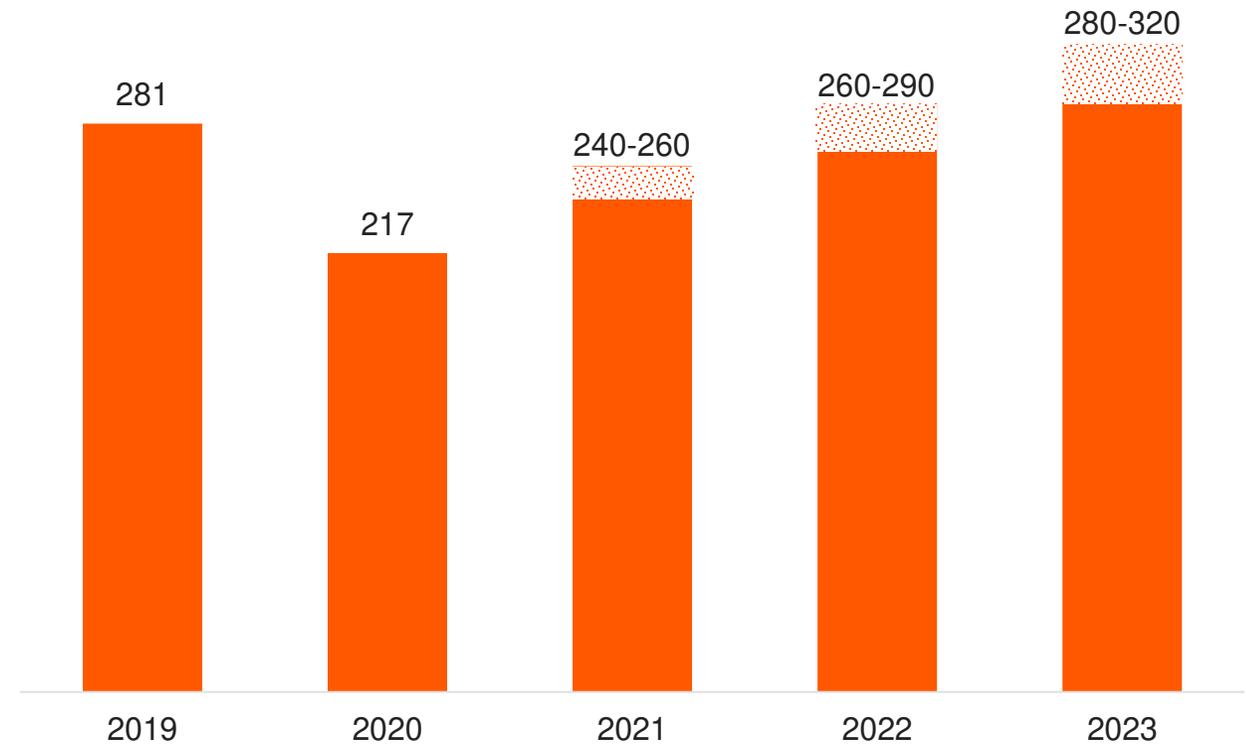
COVID's Impact on the Luxury Industry

In the midst of 2020, the impact of COVID on the Luxury market looked devastating. Luxury goods sales declined ~ 23% vs. 2019, the industry's first drop since 2009.

As the industry looks back, the monetary effect of the pandemic – especially on the higher end – does not appear as extreme as initially anticipated.

Q3 2020 was surprising strong for the industry. A strong quarter coupled with news of the vaccine has led to some analysts to predict 2021 revenues to be on par with 2019, while others view 2022 or 2023 more likely given the global economy.

**Luxury Market Value
Billions €**



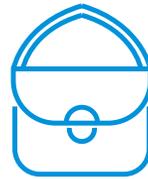
Impact of Covid-19 on Luxury

While there was fallout from the pandemic, it forced necessary transformation – giving the industry the resilience and ammunition needed to move forward.



The Increasing Importance of Local Markets (esp. China)

Pre-pandemic, China was already luxury's fastest growing market and moving forward **mainland China will become even more important**. Pent up consumer demand coupled with travel restrictions led to "Revenge Spending" in luxury as consumers looked to spend money that would have been spent elsewhere.



Shift To Fewer, Bigger, Better vs. Rapid Trend Turnover

Francesca Muston, fashion director for global trend forecaster WGSN, told journalist Marc Bain that fashion's turnover of trends could slow down, while companies start to **focus on delivering fewer, better quality products to remain profitable**.



Acceleration of Digital Transformation

2020 forced luxury brands - especially legacy brands - to **quickly adopt digital commerce and marketing** to retain core customers, reach new customers, and engage aspirational consumers. As we look to 2021, **this adoption** and the corresponding **level of data usage will heighten**, but will need to be balanced with **staying true to the brand story**.