

# Effect of COVID-19 Pandemic on the Fashion Industry

Subjects: **Communication**

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The preference for a specific fashion style proved to have an impact on the product, promotion, WOM and fashion lovers' behavior during COVID-19. Moreover, those elements have an impact on the frequency of fashion apparel consumption. Based on these results, fashion companies can tailor their activities in line with the predominant style of their fashion apparel to improve their economic sustainability during the post-COVID-19 era.

fashion industry

economic sustainability

COVID-19

## 1. Introduction

Creative industries—which encompass industries such as film, music and fashion—have been hit extremely hard by the COVID-19 pandemic <sup>[1]</sup>. The creative industry is the fashion industry. As COVID-19 spread, restrictions were imposed, leading to brick-and-mortar stores being closed and people staying at home <sup>[2]</sup>. This led to a momentary decline in value or even the complete ceasing of people shopping for clothes. Accordingly, problems arose for both companies engaged in selling fashion apparel as well as companies engaged in its production <sup>[3]</sup>. There was and is an urgent need for fashion businesses to adapt and try to overcome this sudden crisis <sup>[4]</sup>.

It is clear the fashion industry had to adapt to different consumer behaviors during the pandemic <sup>[5]</sup>, especially as after only the first few months, the need and desire for the consumption of fashion items then increased <sup>[6]</sup>.

Due to lockdown measures, consumers were not able to purchase fashion apparel in stores, which was, prior to the pandemic, the most common means of apparel shopping. Both consumers and retailers had to adapt: retailers had to offer online shopping options for fashion apparel and consumers had to accept the alternative means of shopping <sup>[7]</sup>.

For some consumers, this transition in the way they shopped for clothes was nothing new, because they had already engaged in online shopping prior to the pandemic, but for the majority, this switch involved a substantial change in their shopping and consumer behavior <sup>[8]</sup>. A report by McKinsey <sup>[9]</sup> indicates that although there was a visible channel shift within the fashion industry, the online sales levels could not make up for the loss of in-store sales. The other change that hit consumers was in terms of fashion style. During the lockdowns, people had to stay home and work from home, meaning they had no need to dress in business wear or formally; instead, casual dress became the norm. Market research indicates that people also became more conscious regarding their fashion apparel consumption. During the lockdowns, consumers had time to think about what they love to wear and

reconsider their fashion style. The desire to express themselves via their favorite fashion style, after a certain time under the pandemic, became highlighted in fashion lovers' mindsets. The reason for this can be assumed to be a lack of entertainment and extreme impatience towards the end of the pandemic, along with the restarting of special occasions [8]. The pandemic pushed the fashion industry to develop different management solutions as well as to strategically plan marketing activities that would enable retailers to understand consumers and react in the right way at the right moment. All of this caused a real demand shock in the overall fashion system [10]. However, leading fashion experts believe a fashion resurgence may be just around the corner, and it is believed that the scenario will probably be similar to that seen in the roaring twenties, with people soon going wild for fashion [11]. This is typical for luxury fashion brands, and a sudden rise in sales was noted in the luxury fashion market during the pandemic, compared to 2019 [12]. Taking all the above into account, it can be concluded that the COVID-19 pandemic led to substantial changes for fashion companies, meaning they had to adapt to the changed environment and consumers [13][14]. Accordingly, it was of high importance for managers of companies operating in the fashion industry to understand how consumers' behavior had changed and what consumer preferences were making an impact, to anticipate consumer behavior and to improve their working process [13].

## **2. Impact of Fashion Style Preference on Apparel Production and Consumer Behavior**

Fashion items are unique consumer products characterized by short life cycles, high demand volatility, low sales predictability, and impulsive purchases [15]. Knowing that fashion companies have always faced the critical challenge of designing products that fit consumers' needs, the fashion industry lives on the cutting edge of design, continually reinventing itself while staying loyal to concrete fashion styles [16]. In the production of clothing, experience is often used to estimate the complete production process, which is subjective and lacks scientific basis [17].

The importance of understanding the preferences of fashion lovers for the growth of the fashion industry may be fundamental. Shim and Kotsiopoulos [18] suggested that retailers and manufacturers should collect information on the fashion style needs of specialty markets in order to produce apparel products that would yield greater satisfaction within the designated markets. Namely, there should be a congruence between fashion style and fit. Their study is important as it signals that fashion style alongside anthropometric differences should be taken into account in the production process [18].

Fashion style has been shown to be one of the factors that impacts clothing purchasing decisions [19]. In the present study, the researchers also analyzed some other elements, such as country of origin, positive image, fashion shows, promotion, WOM and COVID-19 behavior changes (change in shopping frequency and change in shopping place habits). When it comes to the countries of origin of the fashion brands, the researchers aimed to investigate if there is any difference in behavior between those who prefer foreign/domestic fashion brands and those who do not. Further, positive image is interpreted as the willingness to wear branded clothing in order to contribute towards the creation of a positive image of oneself, so this was measured too. Fashion shows are seen as a significant tool in marketing communication, so special attention is paid to the preferences of those who follow

fashion shows and which kind of fashion shows they are attracted to. Additionally, promotion is one of the main tools in fashion marketing communication, so the researchers paid special attention to the analysis of the perception of different channels of promotion. WOM in creative industries plays a significant role, so the researchers included it in the analysis. When it comes to COVID-19, it is presumed that consumer behavior has changed; knowing this, certain aspects were included in the model: COVID-19 shopping frequency changes, as well as habit changes with regards to shopping locations during COVID-19.

Holmlund et al. [20] showed that for mature women, fashion style is one of the significant factors they consider when purchasing clothes. De Kervenoael et al. [21] provided evidence that besides functional apparel values (i.e., cost, quality, guarantee, warranty, etc.), intuitive factors such as fashion style are highly important when buying fashion apparel. Badaoui, Lebrun and Bouchet [22] analyzed the role of fashion styles as part of adolescent consumers' behavior. They created a structural equation model that explored how adolescents' sensitivity to media influence varies according to the fashion style and the mutual relationship between fashion styles and preferred brands. Their results indicated that both relationships exist.

Newman and Patel [23] highlighted that consumer behavior in the fashion marketplace is characterized by impulse purchasing and fickle customers. Fast fashion brands (such as Zara, H&M, Topshop and Mango) are aware of this, and adopt the strategy of constantly renewing their product ranges with fashion styles favored by their target groups. Namely, a fashion product firm/brand launches several fashion styles with various characteristics for each season [15].

An individual who is passionate about a fashion style and demonstrates passion-driven behaviors consequently invests time and money in that type of fashion. Content analysis carried out in the study of Louriero et al. [16] showed that self-identification with a fashion style is a highly important factor that motivates the consumer to make purchases. This study indicates the role of fashion style in shaping consumer behavior and reaches the conclusion that, in order to achieve and maintain competitive advantage, fashion companies should pursue a strategy that aligns closely with the customer fashion style preferences of their target groups.

### **3. Consumer Behavior Change Amid COVID-19 Pandemic**

In the current highly competitive marketing environment in the fashion industry, to maximize long-term performance, the anticipation of consumers' future behavior and purchase intentions is a key strategic asset that must be observed and cherished [4]. Therefore, it is of utmost importance to observe and adapt to the changed consumers of fashion apparel.

The first noted behavioral change was channel switching. Namely, as stores were closed, both consumers and retailers had to turn to alternative ways of shopping and selling, e.g., to e-commerce. According to the Coronavirus Response Survey conducted in the US, 73% of consumers said that the coronavirus experience will change the way they shop in the future, while 64% indicated that they will buy more clothing online in the future [24]. Both fast fashion and luxury fashion had to adapt quickly. It is believed that the losses in the fast fashion industry were lower

than in luxury fashion, as along with closed stores, duty free shops were closed and international travel was ceased, which impacted sales of luxury goods <sup>[25]</sup>.

Purchasing channels also changed. To strengthen the bond between customers and fashion brands, customer relationships are of prime importance <sup>[26]</sup>. Therefore, the use of social media for marketing communications seems to be the most apt medium, especially during crises such as the COVID-19 period. Many fashion brands, even fashion luxury brands, have created Twitter accounts, Facebook pages, Instagram pages, and even TikTok accounts in order to adapt to the new climate and to create the best connections with their consumers <sup>[27]</sup>. Even Vogue has acknowledged the communication channel switch, especially to TikTok, noticing that due to staying at home, TikTok became the outlet for self-expression and creativity and a place for finding fashion ideas <sup>[28]</sup>. Another good example of a switch in communication channels is the fact that the Paris department store Galeries Lafayette launched live shopping sessions with leading luxury brands <sup>[29]</sup>.

A report from Sales Intelligence <sup>[30]</sup> pointed out that there was a visible change in the clothing categories consumers were buying from during the COVID-19 pandemic. Namely, the popularity of sportswear and homewear increased, while interest in special occasion clothes such as dresses, skirts, and suits declined. Such a change could have been expected, as due to lockdowns, people were mostly at home and needed comfortable everyday clothes. Further, all special occasions and gatherings were cancelled as part of epidemiological measures, and there was thus no need for buying “fancy” clothes. As COVID-19 measures lessen and smaller gatherings are allowed, interest in special occasion clothes is expected to rise.

Another behavioral change that has been noticed is the switch to a circular economy and sustainability. Namely, during lockdowns, consumers had time to look into their wardrobes and decide whether they will continue wearing certain apparel or not <sup>[9]</sup>. Instead of throwing it away, consumers had three options: to rent it, to donate it, or to sell it. Fashion rental platforms recently emerged within the fashion industry, and for a short period of time received media attention, gained popularity among users, and attracted considerable financial investment <sup>[31]</sup>. These platforms allow users to rent clothes for a certain period at a certain price without owning them. On the other hand, a report by the Waste Resources and Action Program estimates that 67 million pieces of clothing and 22 million pairs of shoes will be disposed of by homes in the country post lockdown, with many of these going to charity shops <sup>[32]</sup>. Additionally, consumers turned to selling their apparel. Resale platforms such as Poshmark and Depop saw visible increases in activity in the COVID-19 period <sup>[33]</sup>.

Bearing in mind all the noticed and documented changes in the fashion industry, marketing activities should adapt adequately to the changes in their consumers and environment.

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