

# The Impact of Coronavirus on Personal Accessories

July 2020

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## INTRODUCTION

Scope  
Key findings  
Personal accessories and COVID-19

## ECONOMIC OUTLOOK

Global economy will contract sharply in 2020  
The COVID-19 pandemic impacts both supply and demand  
In our baseline view, the pandemic peaks in June 2020  
Three scenarios examine the impact of a more severe outbreak  
Our view in short  
Forecast real GDP growth in 2020 under different scenarios  
Fiscal stimulus a challenge with restrictions on expenditure  
What could alleviate the economic effects of the pandemic?  
What could exacerbate the economic impact of the pandemic?

## INDUSTRY IMPACT

COVID-19 impact at a glance  
Store closures and changed consumer behaviour weigh heavily on sales  
Drop in travel and tourism hits bags and luggage hardest  
Postponed celebrations dampen jewellery sales  
Digital device use during quarantines will weaken outlook for watches  
Useful during quarantines, writing instruments fares best  
Routes to disruption  
Macro environment mirrors past crises, but recovery will be unique  
Depressed demand and supply chain disruptions prompt discounting  
Closures of key channels impede sales, but e-commerce gets a boost...  
...that is expected to be the most permanent change moving forward  
Overall market dynamics

## GEOGRAPHIC IMPACT

Double-digit declines in retail value terms worldwide  
North America set to lose almost a quarter of revenue in 2020  
Western Europe to suffer from constrained local and foreign demand  
HNWIs ignite demand across key markets in Asia Pacific  
Top shopping destinations suffer from drop in travel

## CORPORATE RESPONSE

Main challenges for personal accessories players  
How retailers are responding to COVID-19 pandemic  
LVMH : Utilises its resources and facilities to help combat COVID-19  
Michael Kors: Gets creative online to engage loyal Chinese consumers  
Luggage start-ups pivot offerings and services amid travel restrictions  
Pandora: Launches a service to assist in choosing the right gift online  
Swatch: Makes a further push to its direct online business  
Crayola: Offers at-home activities for children during stay-at-home order  
KOKUYO launches IoT stationery, helping children discover the joy of learning

## CONCLUSION

Short-, medium- and long-term effects for personal accessories  
Outlook for personal accessories

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