

EDITORIALS

New York, big domino of luxury, falls silent

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New York at sunset

By MICKEY ALAM KHAN

The city that accounts for an estimated one-third of all luxury spending via retail, tourism and real estate is now effectively locked down starting March 22. Perhaps the most tangible sign of New York's retreat is evident by looking up: the stars, Venus and Mars are clearly visible at night.

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Traffic is lean on streets, avenues and sidewalks. Stores are shuttered. Restaurants only serve takeout or pickup orders. Packages are delivered, but only for now. And Broadway, Times Square and the museums are husks without cores.

Descent to darkness

It did not take a bullet or a weapon of mass destruction to bring this city to its knees or, for that matter, Paris, London, Milan, Rome and the various resorts in the Italian and French Rivas.

The fallout to luxury will likely be severe. There is no sugarcoating that.

A huge portion of New York's luxury sales came from domestic and international tourism. That will take months to recover.

Also, local clients are equally spooked over their ability to retain jobs, meet expensive mortgage and car payments, and pay children's tuition fees. Not to forget, but even the wealthy are heavily leveraged in this city.

If China is any indication, the coronavirus outbreak is just beginning to gain steam in this market. By some accounts, it will be June before New York can return to any semblance of normality.

The last few weeks have seen nothing but a drumbeat of store closures announced by all luxury brands and retailers. They have promised to support their employees with pay and healthcare for the next couple of weeks. All bets are off after that period. At that point, brands will start taking steps to save themselves.

There is much talk of ecommerce stepping in to save the day. That may be one permanent change in behavior: customers may feel more comfortable buying luxury items online or via mobile if they are in the mood to spend at all in this unstable scenario.

Ecommerce, however, is dependent on warehouses being open, trucking operations continuing unimpeded and inventory being available.

Consumers of luxury will certainly spend more time online reading news, binge-watching movies and depressing themselves with updates and rumors. They will spend more time with family chatting to squabbling, it is just a matter of time and generally slow down their pace. And they will be watching their bank balance and stock portfolios.

IF MOST CONSUMERS of luxury survive this pandemic and the all-but-certain 2020 recession, they will be looking for relief and a break. If travel can be trusted, they will see the world through different eyes. If shopping can be afforded, they will look for a reward for being cooped-up. If restaurants can serve without fear, diners will treat themselves.

For those marketers working from the safety of home, now is the time to rehearse what makes luxury great: quality, creativity, exclusivity, perception of value, authenticity, sustainability and, above all, making the customer feel special.

Cities such as New York, London, Paris, Milan and Rome are temples to luxury. They have seen worst of times and the best. They attract the best of talent and traffic, and the best of product and service. You cannot keep them down. So there is only one way the luxury business can go from here: up.

[Please click here to read: Luxury marketers, keep calm and carry on](#)



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