

EDITORIAL

Employee loyalty, already strained pre-virus, now under severe test with furloughs and layoffs

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Brunello Cucinelli, founder of his eponymous fashion label, stands tall among his peers for his treatment of employees at his Solomeo, Italy headquarters. Seen here: The Brunello Cucinelli Monument in Solomeo, "Tribute to the Dignity of Man." Image credit: Brunello Cucinelli

By MICKEY ALAM KHAN

Luxury companies were quick out of the gate to signal that they would support employees for two weeks with pay and healthcare.

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That period for many employees ends next week.

What happens after that is anybody's guess. If luxury brands emulate the high street, then it is safe to say that non-essential staff will be let go.

Luxury brands and retailers are already leanly staffed. But there is always flesh and fat to the bone, so expect some backend functions to take the first hit, and then the least-performing sales people and then the support staff in marketing, PR, social and all the way up to anyone who is not with a thick black book, artisanal skill or in senior management.

The sad part about this malaise is that it is no one's fault not the employer, not the employee and not national and provincial governments who are doing what they need to as the COVID-19 coronavirus continues its murderous rampage across borders.

But the brunt of the resulting social distancing, store closures and territorial lockdowns falls on the shoulders of the very people who carry the flag for luxury brands and retailers.

Sitting at home and working on computers, many are wondering who is essential and non-essential within an organization. It does not help that they may be tuning into depressing television broadcasts and news Web sites that sorry to say this are fanning the flames and adding to the panic.

While it is media's job to shed a light and point the way, many take that a step further and sensationalize the news to ramp up ratings and page views, all in the name of freedom of press. But the end result is information not

knowledge, which more business-oriented media lean toward that depresses.

The steady drumbeat of store closures and layoffs has cast a pall of fear. All that training and CRM will go to seed if the company leadership does not step in and clarify regularly what comes next, even if they have no deep insight into the far future.

Remote working has the potential to turn thoughts inward for employees who are used to a social setting and thrive on people contact. At this time, any straightforward survey will surely reveal a deep-seated fear psychosis for employees' physical and mental wellbeing.

Here is a suggestion.

Luxury marketers that can afford should install an internal hotline for employees to talk to a counselor, coach or therapist, overseen by the internal HR department without any legal liability to the employer.

Companies should pay for the services of these specialists who, while not able to offer any reassurance about job security, can function as a sounding board or a non-family ear to bend.

MARKETERS ARE caught between a rock and a hard place.

In the next few weeks, they will switch gears from employee concern to brand security.

No one has a clue media, TV pundits, commentators and even the brand executives themselves how this COVID-19 pandemic will play out in Europe and North America, which are the most affected markets after China, Iran and South Korea.

Employees of luxury brands and retailers are among the most loyal out of all business sectors. If they move, they move within the luxury ecosystem. They need more than a handout from their employers they need a steady hand. Extend it firmly, and luxury marketers will earn their deepest loyalty.



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