

RETAIL

## Britain's Walpole gets Italian counterpart Altgamma to share what it is like in besieged Italy

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*Bulgari, like its peers, has pitched in with help to combat COVID-19. Image credit: Bulgari*

By LUXURY DAILY NEWS SERVICE

British luxury trade lobby Walpole got Fondazione Altgamma, its sister organization in Italy, to share the fallout of the COVID-19 coronavirus pandemic on the country and the luxury sector.

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Now in its fourth week, the Italian lockdown has hit business and daily life hard. But even more heartbreaking is the death toll of the dead from COVID-19, a virus that travelled all the way from Wuhan in the Chinese province of Hubei.

Silent, but not silenced

Since Stefania Lazzaroni wrote the piece for Walpole, the number of casualties in Italy crossed 17,000 and those infected upwards of 135,000.

Worldwide, the number of deaths reported from COVID-19 climbed to 1.4 million, with more than 81,000 dead. The United States has the highest number of cases at 390,000-plus, although it ranks behind Italy and Spain with the number of casualties.

While it is certain most economies in the West will tip over into recession, one of the sectors that may bear the brunt this year is luxury.

Management consultancy Bain projects that the luxury business worldwide may lose between \$66 billion and \$77 billion this year the combined revenue of LVMH and Kering, the two largest luxury conglomerates worldwide ([see story](#)).

Italy is key to the puzzle, as both a manufacturing center for luxury fashion, accessories, leather goods, jewelry, home furnishings and decorative items, as well as a major draw for tourists and shopping.

All of that activity is at a standstill.

Altgamma represents the interests of more than 100 Italian high-end cultural and creative companies in fashion,

design, jewelry, food, hospitality, automotive and yachting. The organization certainly has a finger on the pulse.

So here is what Ms. Lazzaroni had to say in her piece for Walpole:

This is our fourth week of complete lockdown in Italy. The COVID-19 emergency has hit us hard, and more so than any other country: over 13,000 people have died.

We are all shut up in our homes: homes that have become our new point of observation on a world we do not recognize anymore. It's empty, silent and still. Milan is still. Rome is still. Venice is still. Everything looks calm. But as I write, the global death toll has reached 46,000, and 680,000 people have been infected: the first truly global pandemic in living memory. For the first time, all of us are feeling very human, and very fragile, at the same time.

The luxury sector was the first to be impacted since the China outbreak and is expected to have lost at least 25 percent by the end of the year. Claudia D'Arpizio of Bain & Company recently estimated that yearly profits will be down by anything from 25 percent to 50 percent. Hospitality will be hit even worse, down 88 percent. And after 30 years of stable, constant growth, 2020 will be the first black year for personal luxury goods and the high-end industry however, accurate forecasts are impossible at this point.

We strongly believe that although most of Altagamma's brands have the stability to respond to this emergency, many of their suppliers will be facing a liquidity crisis and potential bankruptcy. Our foundation is fully engaged to support them and is in a constant dialogue with our government to protect our supply chains made up of small businesses all over Italy. Solidarity initiatives are springing up all over the country and all of Altagamma's brands are on the front line in this, providing in-kind support in their areas and jointly donating over 35 million euros in cash for new hospitals, masks, testing kits, oxygen supplies and so forth. Altagamma itself, through its members, has donated 400,000 euros to the Civil Protection Service and to the new Lombardy Hospital. The whole country is reaching out to help doctors and nurses, who are doing the most difficult job of all.

For sure our perspective has changed, and consumers' perceptions have also changed. Moving forward, they will not only be more digital, but also more aware of social issues; possibly less interested in spending or in foreign brands, maybe eager to be even more sustainable in their choices. Revenge spending appears to be a trend in China right now, with a 40 percent boost in sales for many brands, which is a really positive sign. But the new normal seems still very far away and international tourism a strong asset for luxury brands will not be back to normal for a long while.

Italy, Spain, France, Germany, the U.K., the US. We are all involved in this pandemic and we have discovered how impossible it is to manage future pandemics without global cooperative emergency plans in place. Isn't it time we all reassess it all? COVID-19 is an opportunity to rethink the way we live together and has undeniably shown how closely connected we all are. It has proved that we need to be united, and interact scientifically, politically and economically. Sometimes a crisis is the only way to create change.

On a personal level, the shutdown is also teaching us something. Obligated to stay at home, we are rediscovering the value of spending more time with our families, or alone. We have enhanced our digital capabilities and smart working has never seemed easier. This will not be a passing trend, and it is destined to improve our lives in the long term. And because we are isolated, we are reaching out to our loved ones more, and sharing our lives with them online: our parents, our grandparents, our friends. It definitely is "the loneliness epidemic" said Ezra Klein. We are all socially isolated: the luckiest of us in our homes, those less fortunate in hospital, alone till the very end. But today we are appreciating the power of social contact. And we are embracing connection in a way we never ever felt before. In this an unprecedented and overwhelming experience. Life's real values have come to the surface: we are all a bit more sensitive, a bit more understanding, and a bit more thankful for the chance to enjoy very simple pleasure like a good cup of coffee.

Matteo Lunelli, president of Altagamma and CEO of FerrariTrento, in an interview recently quoted a Camus sentence that feels very true: There were no more individual paths, but a collective history and feelings shared by all". Of course, we all feel the desire to soon come back to our previous lives, but hopefully also to a new world where "global" will mean something very different.