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# Altagamma Eyes Recovery in Luxury, Sees China in Driver's Seat

## Some sectors, like luxury, as seen recovering quicker than others.

By Gordon Sorlini on April 16, 2020



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MILAN — As Italy battles the coronavirus, the country's luxury entrepreneurs are seeking strategies that will allow their firms to survive and prosper in a post-COVID-19 world in which some sectors will emerge from the crisis before others.

But there is no one-size-fits-all solution. During a conference call with members of Milan's foreign press association, Matteo Lunelli, the chairman of luxury goods makers association Altagamma, pointed out that the effects of the pandemic are not uniformly the same: some industries — like yacht building and hospitality — have been hit harder than others. And recovery prospects differ from industry to industry. According to Lunelli — who took over as head of Altagamma in January from Andrea Illy — the fashion industry is likely to recover fairly quickly. "We have seen in other crisis that the luxury sector is the first to be impacted but also the first to take off again."

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Strong demand from China, which is expected to remain the industry's growth driver, is seen as helping fashion players in particular recover speedily. Luxury brands in China are likely to benefit from what the Altagamma chief called "revenge buying," a surge in consumption following a period of forced abstinence. While the overall number of consumers driving this binge might not be very large, those who will shop will likely spend more than usual as they get to splurge on themselves for the first time in months.

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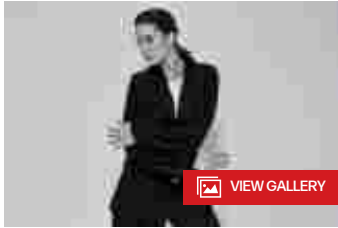


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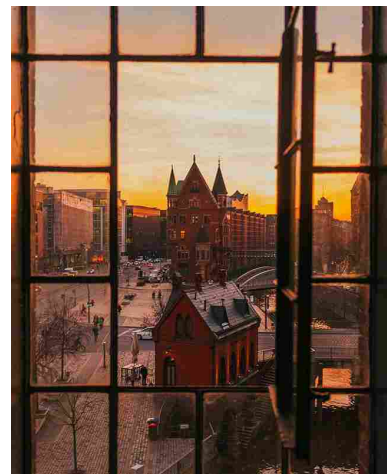


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The Venice Film Festival is set for September.

A spokesperson told WWD that a final decision will be delivered at the end of May. "We must use common sense. The situation is dramatic and we are monitoring it, but no other decision has been taken. Whatever we say now could be refuted the next day. There can be no clarity now and the dates are still far away." The government is still evaluating how to provide safety in cinemas, theaters and stadiums, with speculation mounting that they may not reopen by the end of the year, or that only a limited number of guests will be able to enter in different time slots. A digital-only festival in Venice has been excluded, the spokesperson underscored. "Technology can help on small initiatives, but it can't replace the festival." Tap the link in bio for more.

Report: @luisazargani — #wwdeye  
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Lockdowns are being lifted gradually across Europe offering a glimmer of hope to retailers. Germany may allow small shops to re-open starting April 19, after weeks of staring at bills piling up while unsold merchandise sits in warehouses and dark stores. Almost all European governments said they would be reassessing the success or failure of easing of lockdown measures

On the opposite end of the recovery curve, Lunelli — who is also president of Ferrari Trento, one of Italy's leading makers of sparkling wines — said yacht builders, luxury car manufacturers and the hospitality industry are likely to take longer to get back to business as usual. Unless yacht builders can reopen their plants soon, they will likely miss out on high-demand summer deliveries, which will impact their financial situation as buyers are not keen to take deliveries of their boats (and hence pay final balances) heading into the fall and winter seasons. Luxury carmakers, too, are seen enduring a longer recovery, as buyers are expected to wait for a period of "increased stability" before making big ticket purchases. And the hospitality industry will face the challenge of catering to customers in an era of social distancing: tables in restaurants and cafés will be fewer and further between, for example, and the number of patrons allowed in any establishment will be inferior to pre-COVID times. "We are all convinced this will not be a V-shaped recovery," Lunelli observed, adding that he expects part of the slowdown to be recovered in the last quarter of this year and the first quarter of 2021.

But there are silver linings, too. According to Lunelli, some food industry companies have seen increased demand for their goods, as people dine all the time at home. Also, the crisis has brought increased cooperation between member brands in the area of sustainability, with luxe marques beginning to share best practices with each other. And there is a growing sense of social and business "cohesion," the idea that people and firms all share a common destiny. "Entrepreneurs want to work together," to discuss with one another, the **Altagamma** chief said, pointing out that the association is working together with both Camera Nazionale della Moda Italiana and Confindustria Moda in its approach to the government.

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Asked about the financial solidity of **Altagamma**'s members as the pandemic crisis drags on, Lunelli said that while they are solid enough to weather the situation, one of the things that most concerns him — and the association's members — is the resilience of the supply chain, the backbone of Italy's luxury goods industries and a potential Achilles heel. High-end goods makers depend on highly specialized and highly skilled suppliers, often small and very small businesses that are being hammered.

