

Luxury Brands Rely on Tradition and Value to Weather Economic Storms

With the global economy struggling, consumers are scaling back their spending and waiting to purchase big-ticket items until markets improve. But there is one industry that seems untouched by the financial tumult: the luxury fashion and accessories sector. Indeed, the high-end luxury shopper appears not to have missed a step in a shaky economy.

What keeps this market strong and vibrant through the turmoil and uncertainty of a recession and post-recession recovery? Many luxury brands have adopted new strategies to reach a new brand of customer. Dior and Louis Vuitton have begun selling some of their product lines in department stores, which places them in front of a different audience than the ones they have traditionally marketed to. A few brands have entered the world of flash sales by offering a time-limited online sale to exclusive customers. This tactic draws in the customer who can't pass up a good deal — especially when it is a short-lived one.

On the other end of the spectrum, some attribute the luxury fashion market's strength to traditional brand loyalty and to the power of the brand itself. Phyllis Chen, who is a Senior Professional in Human Resources (SPHR®) and a Human Resource Management Professional (HRMP®), is the HR manager at BVLGARI Taiwan. She discusses how human resources in the luxury industry differs from other industries.

Chen began working for BVLGARI eight years ago. Today, Chen oversees human resources for BVLGARI Taiwan and manages all of the company's HR general services — everything from staffing, compensation, performance management,

training and development to public relations. She credits this role as giving her a seat at the organization's table. "Over the years my scope increased and I have become more of a business partner. I understand the business and can provide suggestions and solutions to our managing directors."

Chen remembers that when she started working at BVLGARI she often wondered why individuals paid so much for the products.

What she found was that BVLGARI customers did not buy just a product — they bought much more: lifestyle and value. "It involves more of the psychological factors," Chen explains. "They are buying the image, the prestige and the glamorous feeling that the product alludes to. You can buy a Swatch or you can buy a BVLGARI watch. What's the difference? A sense of luxury."

Employees of BVLGARI must represent luxury as well. Chen describes the HR role in the luxury sector as different from other industries she has worked in. One of the unique factors is the way in which recruitment is done — it is highly competitive and the talent pool is limited. Employees who work for BVLGARI must be very experienced because the company caters to an exclusive group — customers who do not focus on price. Therefore, BVLGARI does not conduct campus recruiting or hire entry-level workers. To acquire the best talent in the industry, recruiting takes skill and persistence. Chen spends much of her time out of her office looking for talent and scouting the competition to ensure there isn't someone working for another company who should be with BVLGARI. The talent wars can be brutal. "Today I can recruit someone from Cartier and tomorrow Tiffany will approach and steal them."

The battle for employees keeps Chen attentive to retention. She researches benefits packages, market rates and other employee incentives extensively to ensure that competitors' offerings aren't more attractive than BVLGARI's. The company must have the tools in place

to keep employees engaged, satisfied and happy; otherwise, talent might leave for a better deal elsewhere. The HR team must be flexible, willing and ready to change policies instantaneously and be willing to brave the executive team to prove the need for any such changes to retain top talent.

According to Chen, the role of human resources in the luxury industry is to know the customer and know the products. To be a true business partner, human resources must understand the needs of employees and how they align with the business. When HR managers gain intimate knowledge of the product, they achieve a clear understanding of the perspective of the retail employees who deal and engage with customers directly. "I attend retail meetings not just to understand the business, but to understand my salespeople's conflicts and issues. I can then provide my suggestions and solutions to solve them and ensure they are happy employees who will meet our customers' needs," Chen says.

This article has been truncated for space. To read the article in its entirety, please visit: www.hrci.org/luxuryhr.

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