Molton Brown magic in Mumbai

The British luxury lifestyle and beauty brand Molton Brown, one of the original *au naturelle* companies, has opened shop in Mumbai. Step into Good Earth at Raghuvanshi Mills to enjoy the Molton Brown experience, infused with products created through unexpected combinations of natural elements and creativity. From black peppercorns to kaffir lime leaves and Zambian malachite, each product fuses natural science with exotic flowers, plants and marine extracts sourced from around the globe.

Fashion with a heart

Continuing its love affair with India this year, Hèrmes has introduced its 2008 Autumn/Winter collection with a stunning series of scarves inspired by the subcontinent. Bold contrasting colours, floral and geometric patterns and traditional motifs on the Beloved India silk twill scarves reflect the country’s vibrant culture. What’s more, a collaboration with the Lesage embroiderers of India has resulted in a shawl made of cashmere and silk, embellished with sequins and glass beads, called the Shiny en Désordre, reinterpreting the iconic “Brides de gala” scarf. Hèrmes has pledged a percentage of sales of their latest
twill scarves to help educate children in India.

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**Genesis gets a $25 million boost**

Genesis Colours Pvt. Ltd., the holding company of designer brands like Satya Paul, Deepika Gehani and Shobhaa De, has received US $25 million (Rs 110 crores) investment from Sequoia Capital, Mayfield Fund and Silicon Valley for expansion plans. Apart from expanding retail operations for Satya Paul in India and overseas (the brand's first international store is set to open in Singapore this month), plans also include promoting the newly-formed entity, Genesis Luxury. The luxury arm of the parent company, Genesis Luxury markets and distributes European luxury brands Canali, Kenzo, Paul Smith, Just Cavalli and Aigner in India. The company plans to open nearly 50 luxury retail stores across the country in the next four years.

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**Donna Karan being wooed**

Madura Garments, the Aditya Birla group company, is in talks with American fashion company Donna Karan to open stores in India. According to newspaper reports, the Madura team is slated to meet Donna Karan representatives early this month to firm up plans for the partnership. Stores for the luxury Donna Karan Collection and the high-end Donna Karan New York (DKNY) are on the anvil for the Indian market.

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**Government ensures smooth sailing**

Aiming to increase India's share in the global luxury shipping tourism business, the government has approved a Cruise Shipping Policy to grab a larger portion of the US $14 billion industry. Globally growing at 12 per cent every year and with a passenger base of 10 million, luxury cruise shipping in India has a share of only two per cent currently. With the adoption of the policy, cruise shipping will help showcase India as a major tourist destination along with generating enormous growth in related sectors. With India's economy developing at a steady pace, an increase in middle class disposable income means a greater amount spent on leisure activities like sailing and luxury boats.

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**Gulfstream’s latest Jet flash**

Gulfstream has introduced a speedy new G650 corporate jet to its glitzy collection of high-speed aircrafts, which is set to take the lead as the world's fastest civilian aircraft. With a top speed of almost 700 mph, the G650 can fly 8,000 miles nonstop, carrying eight passengers. The stand-up cabin is the industry's widest, at eight feet across. Even the windows will be bigger than anyone else's. The airplane will fly for the first time late next year, and deliveries are scheduled to start in 2012. Price is about US $59 million.

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**Discerning women prefer Bottega Veneta**

Bottega Veneta's perception as distinctive, elegant and less than ubiquitous has resulted in high net-worth female consumers rating it the Most Prestigious
Women’s Luxury Fashion Brand. According to the 2008 Luxury Brand Status Index (LBSI) survey (from the independent New York City-based Luxury Institute), respondents said Bottega Veneta is very upscale, timeless and very well-made. Other brands that found favour with discerning wealthy women were Valentino, which ranked second, followed by Prada, Chanel and Hèrmes. Giorgio Armani was in sixth place, with Versace, Dolce & Gabbana, Gucci and Louis Vuitton rounding out the top 10.

Ferré finds a new niche
Gianfranco Ferré SpA has entered into a joint venture with Dubai-based real estate firm GIO Developments to develop and design property—the first being a US $1.2 billion commercial and residential tower in Dubai. The venture will guarantee Ferré a minimum of US $23 million and 10 per cent royalties on the sales of interior furnishings designed by its team. The 60-story-plus tower—named Gianfranco Ferré Stresa, after the town where the late designer had his summer residence—will include luxury apartments, a museum featuring collections from the Ferré archive and a spa. The tower is slated for completion in 2011.

Versace, Lamborghini up the ante
Long-time collaborators Versace and Lamborghini have announced the launch of the new Murciélago LP 640 Roadster and its exclusive collection of accessories. Individual clients can create personalised sports cars, choosing the equipment specification, the colour of the exterior body as well as the interior fittings. The limited edition Lamborghini comes in pastel white with the Versace Greek motif on the lower part of the door. The cradle seats are clad in black and white leather, while hand-embroidered nappa has been used to upholster the instrument panel, doors and console. The car comes with a complementary Versace Collection range of accessories in black calf skin, and includes a trolley bag, suit carrier, sports bag, suitcase, gloves, driving shoes, beauty case, and a pair of jeans, among other things.

Vanessa Paradis is the new ‘Miu’se
The Milan-based fashion house Miu Miu has unveiled its Fall 2008 campaign with French singer and actor Vanessa Paradis. Better known to the rest of the world as Hollywood actor Johnny Depp’s partner, the 35-year-old Paradis was chosen by creative head Miuccia Prada because she possesses a “certain powerful innocence”. Previously, Hollywood actress Kirsten Dunst starred in the brand’s Spring/ Summer 08 campaign.
Move over vanilla MBAs. There’s a whole new world of opportunity waiting for those willing to go beyond the obvious. And the likes of Gucci, Prada, Louis Vuitton, among several other luxury brands, are increasingly hand-picking graduates from business schools that provide more than just strategic outlooks and general business perspectives. Welcome to the world of the Luxury MBA, where you can learn everything from how to manage an international luxury fashion house to a vineyard in the South of France.

And with a strong heritage for haute couture and other prestige products, European business schools are taking the lead in grooming MBAs with lofty ambitions. Says Denis Morisset, Executive Director and Professor at the Paris-based ESSEC Business School, which started its signature MBA Luxe programme over a decade ago, “We developed an expertise in luxury brand management in 1991 with the creation of Chair LVMH, a luxury teaching and research track part of ESSEC’s general MBA. Later, ESSEC felt the need to develop a complete MBA programme catering to the needs of the luxury industry.

We conducted an international feasibility study with the most prestigious luxury brands and all of them supported the idea of launching a specialized MBA in International Luxury Brand Management, which was launched in 1995. The reason why the luxury industry was interested was because they were looking for a generation of managers with not only strong academic skills and relevant work experience, but also a particular product sensitivity, motivation and passion for this industry.”

Further south of France, in the tiny but prosperous principality of Monaco, the International University of Monaco (IUM) has just successfully bid adieu to its second graduating class from the Master of Sciences in Luxury Goods & Services. Say Sandrine Crener-Ricard, the Director of the MScLGS programme, “In 2003, we introduced luxury specialization courses in our MBA programme. This first experience, coupled with the fact that Monaco is one of the most luxurious destinations in the world, and that the global luxury industry is booming, encouraged us to develop a programme dedicated to luxury.”

Both agree that the advantage and relevance of programmes such as these is that it combines the best general academic credentials expected from a top MBA school along with the best sharing of industry experience thanks to the involvement of lecturers from the luxury industry, including interactions with CEOs and marketing directors.

Looking beyond the glamorous surface

Back home in India, there’s a veritable ‘luxeplosion’ going on with some of the biggest players in the international luxury industry now making a mark in India. Needless to say, finding the right kind of talent can be a challenge for these companies. That’s where a programme such as the MBA Luxe or MScLGS come in. Says Mr. Morisset, “Our programme is a great induction for managers looking to move into the luxury sector. What is particularly relevant for luxury brands and for participants coming from emerging luxury markets is the fact that this programme takes place in Paris. This enables participants to gain a deep understanding of the European heritage of most luxury brands thanks to a number of interactions that the programme facilitates with various brand headquarters during the year.”

Adds Ms Ricard, “Dealing with luxury products, services and brands requires specific skills. Luxury companies are usually
extremely selective; they recruit only the best of the best. You need to not only have a sound academic background, but also the ability to understand luxury in its non-material, emotional and subtle dimensions. At IUM, we give our students a very strong business background, but we also teach them to go beyond the glamorous surface of luxury; it is often more sophisticated and complex than it seems."

Which is one of the reasons why the Indian Institute of Management-Ahmedabad (IIM-A) has also jumped into the fray. Starting this year, IIM-A has established a Global Management Programme in Luxury Management, in association with ESSEC. Specially targeting executives from the luxury industry, the two-week programme takes place in Ahmedabad and Paris, and is as much about providing in-depth training as it is about sharing knowledge between the Indian and European industries. Says Dr Piyush Kumar Sinha, Chairperson, Centre for Retailing, IIM-A, “We have started the journey with Management Development Programmes (MDPs). As we move ahead, other activities will emanate out of it. We recognise that while the general MBA may also address many issues of the luxury business, the nuances can be captured only through a specialised programme. We have taken a pioneering step and are sure of setting up a new path for others to follow. The demand for this kind of education and training will definitely surge, not only in India but across the world.

The Europeans have a head-start over American luxury brands in conquering the Indian luxe market, writes Luxury Institute CEO Milton Pedraza

According to the most recent Merrill Lynch Cap Gemini World Wealth Report, in 2006 India had 100,015 millionaires, up 20.5 per cent from the 83,000 high net worth individuals (HNWIs) recorded in the previous year. The wealth may be new, but the taste for fine luxury goods and services has always been a part of India’s elite and an integral part of its rich culture. With India’s local economy thriving, millions of highly educated young Indians entering the work force, and millions of Indian nationals returning home with skills and resources to achieve further success, the continued strong growth of luxury goods and services in India in the coming decades is almost certain. Seizing the opportunity, French, Italian, German and Swiss luxury brands, from Louis Vuitton, to Canali, to Mercedes, to Rolex, to UBS, have entered India, either on their own, or via partnerships, to curate and deliver luxury goods and services to eager consumers who are quickly evolving into seasoned luxury connoisseurs.

But where are the American luxury brands?

Certainly there are practical reasons why we don’t hear so much about American luxury goods brands in India. Americans do not have such deep historical and cultural links with India as the Europeans do. Today, Americans and Indians are forging strong links via technology and outsourcing, but that does not affect luxury directly. In addition, while American brands tend to dominate in mass consumer goods and services, the same is not true in luxury.

Wal-mart, Starbuck’s and Citibank will probably have a very strong presence in India over time. Coke and Pepsi and Colgate already do. Yet, there are only a handful of American luxury brands such as Oscar de la Renta, Calvin Klein, Ralph Lauren, Coach, and Marc Jacobs. Even some of these, such as Coach and Ralph Lauren, are more high-end brands than luxury brands. Clearly, the Europeans have the dominant credentials in luxury goods and services. My colleague Frank Zambrelli, the current creative genius behind Judith Leiber handbags, and who has worked at Chanel under the tutelage of design mavericks Karl Lagerfeld and Dominique Moncourtois, as well as at Cole-Haan, Coach, and Ralph Lauren, explains why:

“The challenge is changing minds about America and Americans as a source of luxury, not just a cache of consumers. I don’t even mean that from a manufacturing standpoint, but more from a branding and talent base. There is a built-in global paradigm (and we’re just as guilty of it here) that America is the land that invented sportswear (which is probably true), and as such is generally not a standard font of luxury. There is a dearth of American luxury brands, especially those playing a large role in the global fashion and related industries. Of course they exist, but if I ask a luxury consumer to name eight or ten globally recognized Italian names that are inarguably luxury brands, it would take them as many seconds to do so. Now try that with American firms, even outside of fashion.”
Tough situations

Further, the regulatory limitations of ownership for retailers until recently made it less hospitable to control your own destiny in India, scaring off the Americans. It doesn’t help that America’s economy is essentially in recession and the dollar has devalued so dramatically, making it tougher for American luxury brands to generate capital to invest overseas. American luxury brands see India as one of the best opportunities available for growth.

They are currently pursuing China, but will soon turn their focus on India. The approach will probably be to see how the Europeans fare, preferring to be on the leading edge, but not the bleeding edge, since many European brands are reported to be losing money so far in China and India, even though it is early days.

We expect a great deal of innovation from American luxury brands, and great designers such as Marc Jacobs, Tom Ford, and Zac Pozen are proving us right. Unfortunately, it will take a long time until America rivals the likes of Europe in luxury.

To top it off, the Indians and the Chinese have their own ideas about playing a major role with their own luxury brands in the global arena soon. Their vast and growing private equity funds may just acquire lots of European and American luxury brands anyway. Long live global luxury, no matter who the originators or shareholders happen to be.

Milton Pedraza is the CEO of the New-York based Luxury Institute, a research group that publishes The Wealth Report and consults senior management of companies targeting the wealthy.