

Building a Luxury Global Luxury Brand
Forum at Georgetown University
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Summary by Emily Degerstrom

It's rare to have five CEOs from some of the world's top luxury brands in one room discussing their thoughts on the growing luxury market. Georgetown University was lucky enough to have Kara Ross, CEO of Kara Ross, Gillo Zegna, CEO Ermenegildo Zegna Group, John Idol, CEO Michael Kors, Domenico de Sole, Chairman, Tom Ford and former CEO Gucci Group, and Fabrizio Freda, CEO Estee Lauder Companies, joined together in a panel in front of university leaders and the student body. Led by moderator Ricardo Ernst, the CEO's discussed the similarities they face in the global luxury market in an online forum available on YouTube.

From apparel to jewelry to beauty, the luxury market has experienced huge success in recent years, growing at a rate double than of the global GDP. Over 330 million consumers around the world enjoy spending their hard earned money on luxury goods. Surprisingly, the US contributes a small amount to the luxury market, while emerging markets such as China are now the top consumers with \$130 billion in sales. All of the panelists agreed that over the last twenty years emerging markets have taken over the luxury goods business and have created new challenges. Companies that are mainly headquartered in Western countries have had to learn and adapt to the cultural differences found in the emerging markets in Asia. The panelists agreed that keeping the company's identity and aesthetic while providing goods for a specific culture allows them to be successful. There is a difference between global companies, which provide the same products in all locations, and multinational companies, which differentiate their selection based on the culture of that area. Fabrizio Freda of Estee Lauder said that what keeps his company so successful is that he has learned the cultural differences between his customers. He described that Japanese women do not like wearing heavy fragrances and instead choose lighter sprays as a fragrance. It wouldn't make sense to sell and market heavy perfumes in Japan because that is not a societal norm. Freda also explained that learning the demands in different countries has helped Estee Lauder companies grow with innovation. They know that Koreans are well known for their amazing skin care products, France is known for great lipsticks while America is known for eye shadow. By looking at these trends, Estee Lauder can continue to innovate and improve their products to be the best they can be and keep customers loyal and wanting more.

A helpful tool that provides companies with informative data on customers' shopping trends is the Internet. Online shopping has thrown a huge curveball in the last few years to the luxury market. Companies have struggled to find a way to show brand value and differentiation online while competing with all other brands. Online shopping provides 10-20% of most luxury brands revenue today, mostly due to their broader assortment than they can provide in a brick and mortar shop. The challenge these companies now face is figuring out a way to take the data of a customer's online shopping patterns, and analyze it to provide a better online shopping experience. Luxury companies realize that online business is only going to grow, so by expanding their service through innovation and customization, customers will be more likely to buy more and return for future purchases.

Watching the CEO's of multi-million dollar companies come together and agree that they all face similar challenges in the growing global luxury market business was fascinating. Emerging markets and online shopping will be determining factors in the success of certain

luxury companies. It will be interesting to see how the luxury market reacts in the next few years to the ever-changing global economy and how they will retain brand loyalty.