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COMMERCE

Kering moves eyewear in-house to get full benefit of business potential

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Video still from Gucci's Techno Color Sunglass film

By STAFF REPORTS

Kering has announced plans to take back control of its eyewear business to capitalize on the full value of that segment of its business.



The luxury conglomerate realizes the potential market for its eyewear, and has decided to set up a new business model that allows for the entire process, from development to marketing to be handled in-house. This will allow each brand to develop its eyewear using the same strategy and positioning used for the rest of its merchandise.

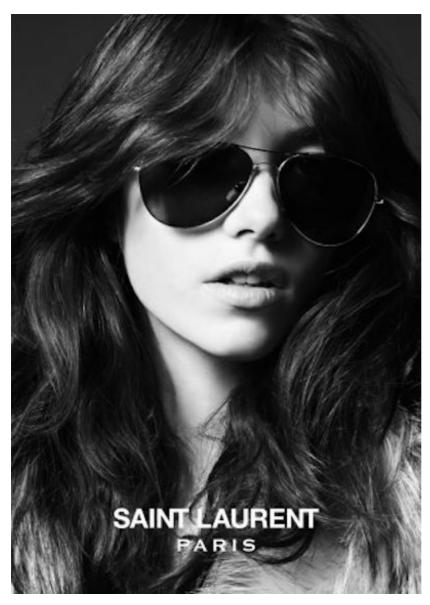
Internal operations

Kering's eyewear business is currently valued at about \$459 million, placing it within the top five companies in the industry. The company has 11 brands in its luxury and sport & lifestyle divisions that have eyewear lines, nine of which are managed through licensing agreements with five different companies.

As part of this new plan, Kering and Safilo's 20-year working relationship will morph. Both agreed to end the license for Gucci two years early, at the end of 2016, with Kering to pay \$118 million to the eyewear company.

Beginning in 2017, the pair will have a four-year agreement for Safilo to handle product development, manufacturing and supply of Gucci's eyewear.

Stella McCartney has a licensing agreement with Luxottica, while Balenciaga was licensed to Marcolin. In addition to Gucci, Safilo currently has licensing agreements with Bottega Veneta, Saint Laurent and Alexander McQueen.



Saint Laurent eyewear advertisement

This new in-house business model will be overseen by Kering Eyewear CEO Roberto Vedovotto, who was hired by the company late last year, and who was previously CEO at Safilo.

Kering plans to see growth through its control of external manufacturing suppliers, developing talent within the company for design and sales and distributing through its direct-operated stores.

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