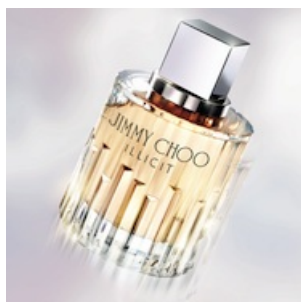


Q&A

Interparfums reconfigures internal organization to better market share positioning

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Interparfums Luxury Brand licensee, Jimmy Choo (photo courtesy of IPLB)

By JEN KING

Interparfums Luxury Brands is setting an industry standard through a retooled internal strategy that relies on data mining and a dedicated, skillful sales force to best serve its license partners.

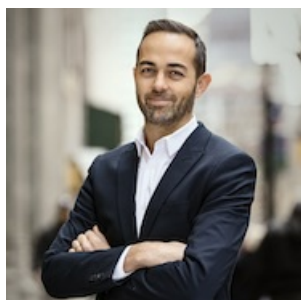
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Considered one of the fastest growing large or medium top 14 corporations in the United States market, Interparfums Luxury Brands, known internally as IPLB, has nearly doubled its market share, increasing from 1.8 percent to 3 percent between its founding in 2011 and 2015. IPLB counts a number of luxury houses and high-end designers as license partners and is on pace to capture 5 percent of the market share in five year's time with the addition of U.S. fashion label Coach to its portfolio and resulting fragrance launch in fall 2016.

"We think Coach is a massive opportunity for us, because we're particularly strong in the men's world, where we are the sixth or seventh biggest corporation in the market," said Stanislas Archambault, CEO of **Interparfums Luxury Brands (U.S.)**, New York. "We recently had a lot of success, having two fragrances in the top 10 market.

"On women's we had some success with Jimmy Choo, but we need a premium pillar brand that we still don't have in the portfolio," he said. "We think Coach is the brand to do that. Coach has an incredible reach and awareness in the U.S. and market share across categories.

"We think it's the right brand to try to go after the market share we need particularly on the women's side."



Stan Archambault, CEO of Interparfums Luxury Brands

In this Q&A, Mr. Archambault discusses the introduction of IPLB's formation of a dedicated sales field, the implementation of its new information system and its plans for the Coach launch amidst the label's repositioning as a lifestyle brand.

Here is the dialogue:

Can you give us an overview of who Interparfums Luxury Brands is?

Interparfums is structured in two companies, created by two gentlemen, Philippe Benacin and Jean Madar. When they created the company together they realized it was better to not manage the company as a single entity. Instead, the company was split in two, creating Interparfums SA in France and the New York-based Interparfums Inc.

The first brand we had was Burberry, then we expanded the portfolio to include Jimmy Choo, Lanvin, Balmain, Boucheron, Montblanc and Van Cleef & Arpels. In fall 2016, we're releasing Coach's new fragrance in addition to some others.

IPLB currently distributes mainly the French company product, but it's not exclusive. We may have the U.S. parent company also distributing the brands, we act as the distribution entity of the company. My work here is to manage the distribution entity so we can work with the U.S. partners, distributing our product in the U.S. market. Our latest big opportunity will be the launch of Coach that we will introduce in the second half. They just recently signed on with the company.

What makes Interparfums Luxury Brands' company structure unique?

I started here about five years ago. We initially had a partnership with Clarins where we would share the structure together and the sales force, an expanded sales force presenting their portfolio together with our portfolio. With a growing business and portfolio, it made sense for us to go on our own – the 2.0 version of our U.S. entity – and hire our own dedicated sales force.

This is what we want to communicate about because it's important in the industry. We don't have a lot of distribution structure right now in the U.S. market in the fragrance market. We just hired a dedicated team of about 25 people in the field, presenting strictly our portfolio, concentrating on all of our existing brands and more brands being added to the structure.

It's been a really important phase for us. We just transitioned in early January with a team of very seasoned sales force team joining us from key players in the industry.



Fragrances distributed by Interparfums, as seen on the brand's Facebook

How does Interparfums Luxury Brands market the fragrances in its portfolio?

Marketing we have in house, we only had sales planning, who worked with the retailers for the last few years.

We already brought that internally, so we have full control over the relationship with the retailers and the buying offices. In-store is where we had a sales force that was shared, but that is now fully dedicated to us.

How trusting are the license brands? Do they give a good degree of freedom for placement?

We try to select the right distribution that makes sense with the brand, the description of the brand and how the brand resonates with the retail partner. We adapt our distribution based on the strategy and positioning of the brand and how it resonates with the consumer, which is most important.

We have built a really good relationship with our license partners and I think they trust our guidance. Actually, this is not where we have challenges in our discussion and relationships. Very, very early in the relationship we know where the brand needs to be, where it belongs and in what market.

How does the dedicated sales force help the portfolio?

Nowadays in our industry, you need to invest a lot in attracting the consumer in-store. You need to engage with them, it's no longer enough to put your product in the case and expect the traffic alone to drive your business.

You need to constantly engage with the customer and we do a lot of events in-store, through social media tools for some brands, through animation themes throughout the department. We try to engage with the consumers, which is why we need the team out there to organize and coordinate to make sure we have opportunities happening constantly for our portfolio.

We need dedication. We also need to make sure we have a good, strong group of ambassadors presenting and selling our products in-store. We call them models or beauty advisors, they work for us on a freelance basis, and we have to make sure we have a good team of people. We need to find them, train them and we invested heavily this year in a new platform so we can engage with that community of in-store beauty advisors who are presenting our portfolio.

It's very time consuming to make sure we always have activities in the store, that our merchandizing and enhancements look great. We definitely needed that expertise from the great team that joined us, that are very experienced and they bring that expertise from all key players from the industry. Spending more time in our key doors and making sure we always have something to engage with customers.

How has Interparfums Luxury Brands adapted to reaching new consumers?

One of the key learnings is that the new generation is [harder to impress]. You cannot engage with them in the same ways as the more mature consumers. We have to adapt constantly and reinvent ourselves constantly so we can find the right animation themes to get their attention. If they go in-store.

Even online, we have to engage with them through innovation online, special offers, some tools on social media to try to engage and drive them to online purchase. All of that takes a lot of time and we needed a really hands-on in-store support to help us with that process. Particularly, with our luxury portfolio.

Every brand is specific and what we realized is the approach you have on one brand does not necessarily work on another. We spend a big amount of time analyzing the impact of our programs, of our spending, of our marketing decision and seeing if it has efficiency or not in improving our share or ranking in-store.

Something may work on a brand, we see for example, Montblanc is very much driven by scent. Every time we advertise we do scent advertising in national books or with retailers, or scent in-store, it works. It may not be the case with Jimmy Choo which is driven more by in-store support and association. Every brand is specific and have to spend time analyzing it so we can get some key learnings from the impact of our decisions.



Montblanc's Legend Spirit men's cologne (Photo courtesy of IPLB)

How do you splice the data received?

We get a lot of data. We have the ability to look at our market share per region, per brand, promotion versus basic product. We invested heavily this year in a new information system that gives us a lot of analytical capabilities for our sales force to analyze business by door, by brand, by week, seeing the inventory from the stores, see retail sales, the productivity of our in-store support.

It's good to have data, but it needs to be structured in an efficient way where you can read it and get clear learnings from it. This is something important to our company culture, to always make sure we take a deep breath and take a step back to look at the efficiency of what we do. We're a small organization, so we have the ability to react.

We can analyze our business and make adjustments in our program the following seasons, in six or 12 months. Larger corporations cannot do that; they have layers of process.

This is clearly one of our strengths which is why we really like to analyze so we can make some adjustments the following season if needed. In the five years since I've started here, we've doubled our market share, and I think the retailers respect us for that.

Will the luxury portfolio continue to be a focus for growth?

We think Coach is a massive opportunity for us, because we're particularly strong in the men's world where we have the sixth or seventh biggest corporation in the market. We recently had a lot of success lately having two fragrances in the top 10 market.

On women's we had some success with Jimmy Choo, but we need a premium pillar brand that we still don't have in the portfolio. We think Coach is the brand to do that. They have an incredible reach and awareness in the U.S. and market share across categories. We think it's the right brand to try to go after the market share we need, particularly on the women's side.



Jimmy Choo fragrance for women (Photo courtesy of IPLB)

How will the new fragrance help Coach as it rebrands and reestablishes its positioning in the market?

[Coach has] managed to repositioning its brand lately as a lifestyle brand, and I think the fragrance launch comes at the right moment. Coach is celebrating its 75th anniversary this year, and the fragrance will help to reposition the

brand as lifestyle.

The brand had successes in handbags and expanded into other categories. The timing is perfect because the fragrance will help create that lifestyle feel.

What is needed to launch a lifestyle fragrance?

First we need a brand that inspires, we need a brand that has strong heritage and strong codes. To create a fragrance if there is not a clear distinction, it's hard to find inspiration.

What we loved about Coach is the heritage they have with leather, all of those key, strong codes that make the brand. [The new fragrance] will be very iconic, it will scream Coach and stay consistent with what it's doing in fashion.

It's important to have a clear fragrance message, which is why we want to go very iconic and develop something that will be completely inline with the codes and where the brand is today.

How will you make sure Coach has good visibility in such a crowded market?

We need to first make sure have the right program and get attention from U.S. retailers. If you can get the interest from the retailers, you did 50 percent of the job in terms of securing prime space and location, in securing the best programs in-store to launch and get the best attention you can get visually when you introduce the fragrance.

From catalog to advertising, the brand is so powerful already that it will make our job easier compared to those we have to convince [retailers] that we have a great product that will do well. Our role is to make sure we stay in line with the core of what we're trying to do, which is not compromise the quality of the product.

The fragrance launch must be to the level of where the fashion is today. Again, we must make sure we're consistent with the fashion codes and the history and heritage. The timing couldn't be more perfect, there will be a lot of activity surrounding the anniversary.

What will happen to Coach's existing fragrance offerings? Has Interparfums Luxury Brands taken them on?

No, we decided that we wanted to start with fresh with a completely new story. We would rather start with something that will be more in line with fashion and keeping the other fragrances would disrupt that message.

Do you think the industry is on pace to continue at its current momentum?

I think it's been a pretty good the last two to three years, after struggling for 10 years. The market is finally in a better position and I think it was supported by good launches by the industry. For premier brands to sustain their business everyday is a competition with new fragrance launches, and we need to fight to sustain our market share.

We're seeing growing competition from the artisanal, even if it's a small market, it's fast growing. The artisanal segment is growing fast, but they're gaining real estate not only in specialty stores, we're seeing artisanal brands in some top department stores and that's new.

The category is expanding. Designer fragrances are still having good momentum, managing to maintain market share with the decline of the celebrity of fragrances.

Do you think entry-level, aspirational consumers are driving the category?

Yes and no. We have to compete with alternative distribution and there is still too much fragrance out there in the open market.

I think our role is really to reposition fragrance as a luxury brand and a lot of companies have invested in sustaining classical brands, we're seeing fewer launches and growing franchises. The message is also clearer for customers when they walk into the department without hundreds of launches happening every year.

I think it's a good evolution for the industry. I don't think we're seeing more entry-levels, what we're seeing however is the expanded categories of rollerballs and travel sprays, more entry-priced items to introduce the launch to a new customer or to a customer who cannot afford a \$100 bottle. This has been a growing category to reach this audience.