

MULTICHANNEL

## Versace CEO: Pioneering has advantages, presents risks

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*Versace spring/summer 2016 ad campaign*

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By STAFF REPORTS

SEOUL, South Korea Italian fashion label Versace was an early adopter of the see now, buy now trend, establishing an immediate commerce business model for its diffusion line Versus in 2014.

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Versace made the move to appeal to Versus' millennial consumers, who desire immediate gratification, but buying in advance can be a gamble. Speaking at the Cond Nast International Luxury Conference on April 21, Versace CEO Gian Giacomo Ferraris shared that the risky strategy has paid off, as Versus has seen triple digit growth in two years, with its revenue reaching 37 million euro, or \$41.76 million, in 2015.

### Identity and innovation

Mr. Ferraris attributes much of Versace's successful turnaround from the time he joined the company in 2009 to a combination of two pillars.

Versace's history and international brand identity established by Gianni Versace has lived on under the direction of his sister Donatella Versace. The executive explained that brands either have a distinctive identity or they do not, but it is something that cannot be bought.

The second key is successfully interpreting this DNA, which Mr. Ferraris said Ms. Versace has been doing successfully with her workaholic tendencies and her intuition for trendsetting.



*Donatella Versace*

A brand can run into problems if a suitable replacement for a genius founder cannot be discovered, but according to its CEO, Versace has not run into that problem.

When asked about the departure of Anthony Vaccarello, who left his position as creative director of Versus Versace for Saint Laurent, Mr. Ferraris said that while the young designers hired by the company are talented, they are always working under the artistic direction of Ms. Versace. While it would be preferable not to have a disruption, the brand will go on as it has.

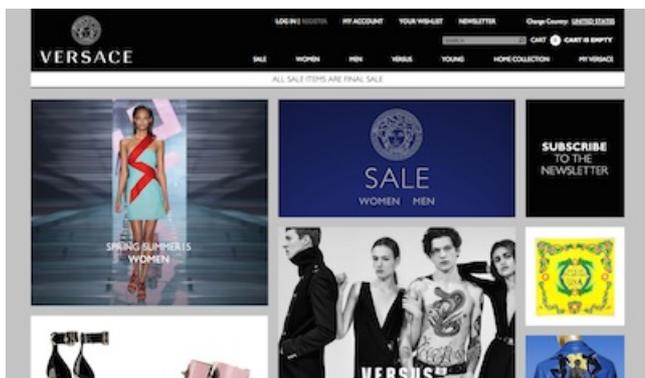
No successor has been named yet, but Mr. Ferraris mentioned an announcement on the way. Filling the vacant position will be two new design heads one for menswear and one for women's wear.

As for digital, Ms. Versace has embraced both social media and ecommerce. In addition to the house's social channels, the label established a personal Instagram account for the designer.

Throwing herself into it, Ms. Versace even went to meet with the CEO of Instagram in Silicon Valley. This new platform allows her to make a personal connection with fans, as they get to see her in her life outside of the design house.

Being able to compete with conglomerates in the digital space requires capital, which Versace got with the help of investor Blackstone, which took a 20 percent stake in the company in 2014. The brand is open to and working on an IPO.

Within the last two years, Versace's spending has shifted from traditional to digital, as it will help it reach its targets at a faster pace. As millennials come of age, ecommerce is growing in importance, and today it makes up 8 percent of Versace's business.



*Versace ecommerce site*

With a mobile commerce platform launching soon and investments in omnichannel and CRM, the brand is looking to optimize its retail channels.

As China's contribution to luxury growth is flattening, the luxury industry should be looking online to reap more development opportunities, according to panelists including Mr. Ferraris at the Financial Times' Business of Luxury Summit in 2015.

In "Is the Internet the New China?" session, the consensus was that the Internet will drastically change the luxury business, providing the boost needed to combat stagnant growth elsewhere. In addition to boosting sales, the Internet is a means to communicate and engage with consumers, particularly younger generations, making the investment worthwhile for the long-term ([see story](#)).

While Mr. Ferraris has said that the Internet holds more possibilities than China, Asia is still an important priority for Versace.

Versace has been operating its own stores in China since 2000, with 30 direct-owned boutiques across the country today. The label has a number of openings planned for the near future, with stores that will reflect a comprehensive view of the Versace world and lifestyle.



*Versace boutique in Tokyo's Ginza neighborhood*

China and Asia as a whole still represents a huge opportunity for the brand, with double-digit growth. Chinese consumers might not be traveling abroad as much, but the business within China is performing well.

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