

APPAREL AND ACCESSORIES

## Armani secures brand's future autonomy, independence with foundation set-up

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*Giorgio Armani at Armani/Casa in Miami*

By JEN KING

Italian fashion house Giorgio Armani is beginning to think of a future without its namesake founder.

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On July 29, Giorgio Armani announced that he will establish a foundation in his name to safeguard the interests and autonomy of the fashion house he began in 1975. Mr. Armani is the brand's sole shareholder and had hinted at the establishment of a foundation to protect the future of Armani as early as 2012.

"In a world that spins faster daily and when brands easily succumb to the lure of promotions, never to regain full price selling status, a sole shareholder with the obligation to carry out Mr. Armani's wishes can avoid promotions and the subsequent brand dilution," said Marie Driscoll, CEO and chief consultant of [Driscoll Advisors](#), New York.

"The long term objectives can potentially be better balanced with the near term vicissitudes of daily business," she said.

"A foundation will be legally bound to honor Mr. Armani's wishes and is likely to protect and prolong the strong brand equity he has developed over the course of his career."

Ms. Driscoll is not affiliated with Armani, but agreed to comment as an industry expert.

[Armani](#) was unable to respond directly by press deadline.

### What the future holds

Mr. Armani began his fashion line in Milan in 1975. Since then, the apparel and accessories brand has branched into additional verticals including eyewear, cosmetics and fragrance, jewelry and home decor as well as hospitality and residential properties.

After 40 years in business, Armani is one of the last independently owned fashion houses of its scale. In a vein similar to Fendi and Chanel creative director, Karl Lagerfeld, Mr. Armani, now 82 years old, shows no signs of slowing and is still highly involved in the operations of the brand, including collection designs.

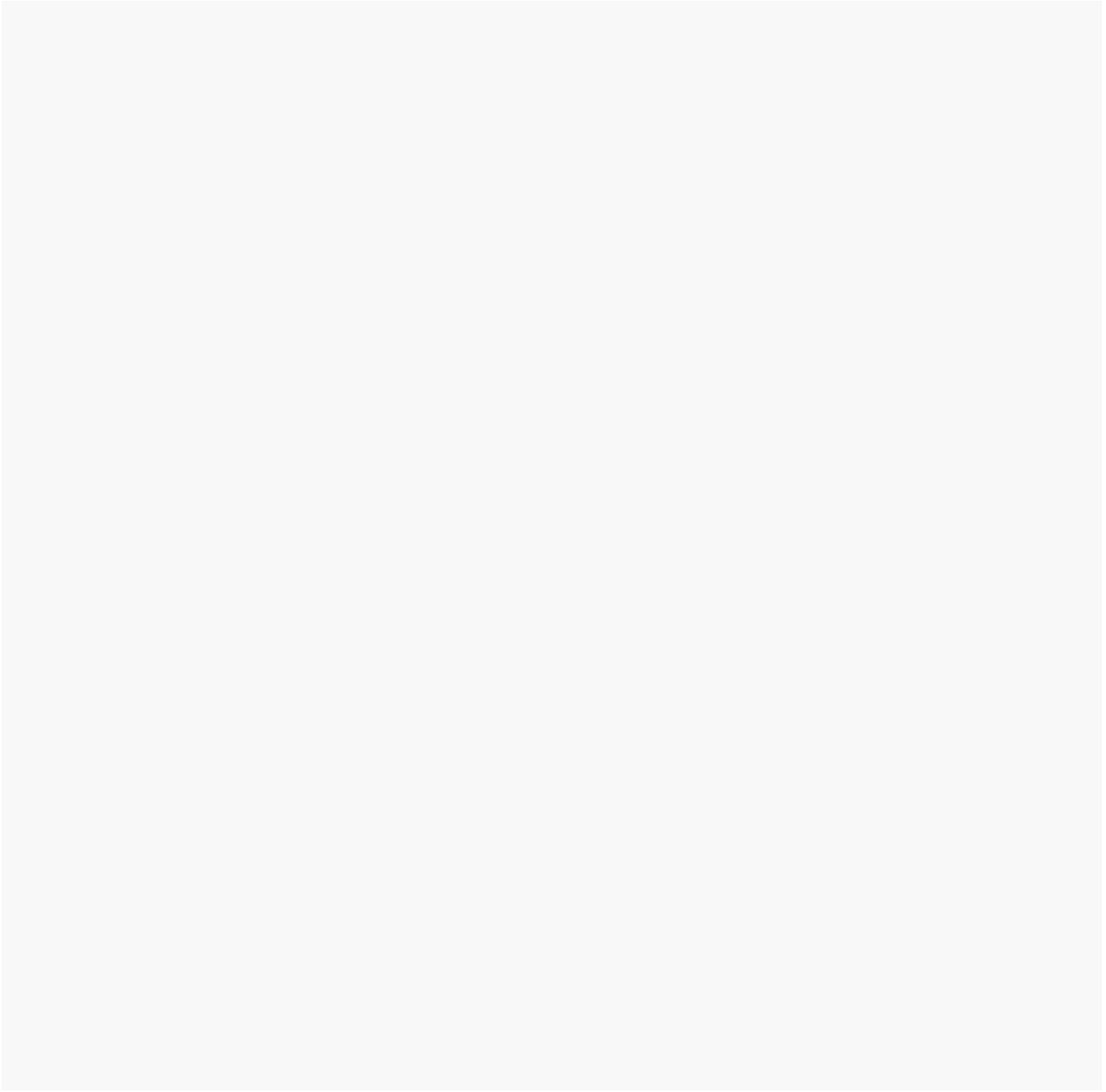
But, in past interviews Mr. Armani has mentioned his mortality, sharing concerns over what will happen to the Armani brand when he is either unable to partake in its daily happenings or in the event of his death.

Over the years, Mr. Armani has resisted selling to large conglomerates such as Kering Group or LVMH and has

contemplated putting the brand up for initial public offering, but has never committed fully. Similarly, the designer has neither named a designated heir nor has he definitively outlined a plan for the brand's future.

Mr. Armani's July 29 announcement of the Giorgio Armani Foundation aligns with a statement he gave WWD back in 2012, saying that its creation would be "only one of the possibilities."

In a statement Mr. Armani said, "The foundation will also safeguard the governance assets of the Armani Group and ensure that these assets are kept stable over time, in respect of and consistent with some principles that are particularly important to me and that have always inspired my activities as a designer and an entrepreneur.



Giorgio Armani takes a bow with a real Russian beauty. #GAinMoscow Photo by @Fashiontomax

A photo posted by Armani Official (@armani) on Apr 14, 2016 at 1:08pm PDT

"These found principles are based upon: autonomy and independence, an ethical approach to management with integrity and honesty and attention to innovation and excellence, an absolute priority to the continuous development of the Armani brand sustained by appropriate investments, prudent and balanced financial management, limited recourse to debt and a careful approach to acquisitions," he said.

Mr. Armani's statement offered no other details of the foundation's internal structure or management. But, he did extend a message of reassurance to his employees who "work with loyalty and passion and who have always had faith in [him]," for which the designer will "forever be sincerely grateful."

The next 4 decades

During 2015 Armani celebrated its 40th anniversary, which gave way to a year-long digital effort as well as new product launches, exhibitions and store openings.

Its primary digital effort invited consumers to celebrate its 40th anniversary. For #Atribute, Armani created a dedicated microsite, which launched March 16 and was updated with new weekly themes for 40 weeks ([see story](#)).

Last year as well, Armani's consolidated revenues totaled 2.65 billion euros, or \$2.9 billion at June 2015's currency rates, an increase of 4.5 percent compared to the year prior, which amounted to 2.535 billion euros, or \$2.83 billion.

During the 2015 fiscal year, Armani saw organic growth across its portfolio and distribution channels as well as positive growth in all markets ([see story](#)).

Although his brand has been incredibly successful, Mr. Armani has been upfront about not wanting to leave problems for those who come after him.

While it has yet to be announced, there is a possibility, when the time comes, that Mr. Armani will personally name his creative successor, following the example of U.S. designer Oscar de la Renta who selected Peter Copping shortly before his death ([see story](#)).

The creation of the Giorgio Armani Foundation will protect Mr. Armani's legacy and contributions to fashion.

"It is likely that Mr. Armani has considered offers for his business and is not comfortable putting his creation in the hands of others," Ms. Driscoll said. "Mr. Armani does not need to acquire additional wealth, thus the stewardship of his business can be his primary concern.

"A foundation that is dedicated to the Armani design aesthetic and maintaining the value proposition the brand has for consumers likely provides him with reassurance that the Armani brand will be managed in sync with his mandates as he passes the reigns to the next generation," she said.