

APPAREL AND ACCESSORIES

LVMH links with Marcolin for eyewear joint venture

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Emilio Pucci eyewear

By STAFF REPORTS

Luxury conglomerate Mot Hennessy Louis Vuitton has entered into a joint venture agreement with Marcolin, as it looks to take a more active role in the management of its branded eyewear lines.

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As part of the agreement, valid from Jan. 31, the joint venture will begin producing Louis Vuitton and Cline eyewear from 2018. LVMH's deal with Marcolin aims to make the company its preferred eyewear partner, which may be a blow to the owners of licenses for other LVMH brands.

Eying potential

In exchange for a capital infusion of about 22 million euro, or \$24 million, LVMH will control 51 percent of the joint venture, with the Italian Marcolin holding the remaining 49 percent.

When additional capital is needed for the joint venture, it will be financed by equity contributions from both partners, with the possibility of debt financing up to about \$48 million.

Marcolin currently holds the license for LVMH house Emilio Pucci.

The group's other eyewear licenses are spread among other companies, such as Luxottica, which produces and distributes Bulgari eyewear, De Rigo, which has the license for Loewe eyewear and Kenzo eyewear producer L'Amy.

This new joint venture could be the biggest upset to Safilo, which holds licenses for Christian Dior, Fendi, Givenchy and Marc Jacobs. According to Reuters, these accounts are worth \$366 million, or a quarter of its total annual sales.



Fendi sunglasses

In December, Cline closed out its contract with Safilo, while Dior extended its deal through 2020 ([see story](#)). A number of other LVMH brand licenses are up between 2021-2024.

In an interview with [Reuters](#) conducted before the deal was official, Safilo CEO Luisa Delgado was confident that the potential loss of other licensed LVMH brands would not be detrimental, saying that they will make up for it with owned brands and new licenses.

At Luxury Daily's Luxury FirstLook 2017, Ms. Delgado said her company receives two to three pitches per week from perspective licensors ([see story](#)).

In 2016, Safilo's overall sales were down 1.2 percent, but the results of its brands that are staying on in 2017 were up 3.6 percent.

As the eyewear market heats up, a number of fashion companies have looked to increase their participation in the technical category.

In 2014, Kering announced plans to take back control of its eyewear business to capitalize on the full value of that segment of its business.

Realizing the potential market for its eyewear, the luxury conglomerate decided to set up a new business model that allows for the entire process, from development to marketing to be handled in-house. This enables each brand to develop its eyewear using the same strategy and positioning used for the rest of its merchandise ([see story](#)).

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