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Can an "autocratic" Chinese owner give Lanvin a second life?

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Shaw-Lan Wang at the store opening of Lanvin in Chengdu in 2015. Image credit VCG

By Yiling Pan

A great number of high-end European luxury brands such as Gucci, Saint Laurent, Herms and Dior are having substantial success in the Chinese market. However, Lanvin, France's oldest high-fashion brand, is struggling.

Back in the late 2000s and early-2010s, Lanvin was one of the world's hip luxury fashion brands. From fashion professionals and retailers to global celebrities, everyone was truly in love with the designs of Alber Elbaz, the creative director of Lanvin at the time. Chinese consumers were no different.

In a 2015 interview with Chinese domestic fashion media outlet Luxe.co, Shaw-Lan Wang, who owns 75 percent of the company, said the brand had achieved 30 percent to 40 percent of sales growth in that market.

Ms. Wang pointed out that this high growth rate was achieved when the country embarked on a nationwide anti-corruption campaign, which banned extravagant spending and luxury gifting culture associated with government officials and hurt the business of foreign luxury brands dramatically.

While the Chinese luxury market has finally started to rebound, Lanvin is bucking the trend and losing market share in China and the rest of the world.

The brand has actually been in deep financial distress for almost three years, with an apparent lack of distinct creative design to capture the attention of global luxury shoppers in a highly competitive market.

The 129-year-old legendary fashion label is on the verge of collapse and reportedly may soon have problems in paying employees.

The good news is that Ms. Wang has decided to "inject fresh cash into the label by the year-end." Though the size of the capital injection was not specified, the money would be used to reposition Lanvin.

Ms. Wang's timely financial support could alleviate Lanvin's problems temporarily. However, it remains to be seen if this Chinese-born media mogul is capable, or even willing to, empower an effective strategy that leads to a true turnaround of Lanvin, given her complicated relationship with the brand over the past 16 years.

Those good old days

Ms. Wang was undoubtedly the savior of Lanvin when she bought the loss-making brand from L'Oreal Group in 2001.

After taking it over, she hired Moroccan Jewish designer Alber Elbaz, who had just left Yves Saint Laurent at the time. It turned out to be one of her best decisions.

Recalling her first meeting with Mr. Elbaz, Ms. Wang told the Financial Times in a 2012 interview that she hired him because she felt she received respect from Mr. Elbaz, unlike other personalities in the fashion industry.

Moreover, Mr. Elbaz's work with Yves Saint Laurent appealed to her. Since then, Ms. Wang and Mr. Elbaz became a pair of powerful partners and developed a warm relationship.

Along with the joining in 2006 of Paul Deneve, former CEO of Nina Ricci, Lanvin's revenue growth was back to the positive territory the following year and the brand's position in the fashion world ushered into a new era.

As a person who constantly refers to her Chinese roots and even famously said, "I don't consider myself Taiwanese, I am Chinese," Ms. Wang did not miss the opportunity to enter the Chinese market.

Lanvin's entry into China started early and was highly successful owing to Ms. Wang's rich connections in the region, as well as her deep understanding of Western luxury culture.

The brand was among one of the earliest European luxury players who opened an online flagship store with a Chinese ecommerce platform.

In 2013, the Lanvin's Chinese e-flagship store was officially launched on ShangPin.com, a Chinese fashion ecommerce site, to sell a wide range of products from men's and women's ready-to-wear and handbags to accessories and shoes.

Lily Liu, Lanvin's general manager in China, said that the company had conducted extensive research on the Chinese online luxury market for two years before launching on ShangPin.com.

Besides the digital push, the brand also expanded its physical store network in the country under the leadership of Ms. Wang.

In 2015, she personally attended the opening ceremony of Lanvin's eighth China store in Chengdu.

Chengdu is the biggest city in the southwest China, with an increasing number of wealthy residents in recent years. Many high-end luxury brands, including Moynat and Chanel, all prioritize the city in their China strategy.

Lanvin's autumn/winter 2017 collection fashion show. Image credit: Lanvin

Wang is an "autocratic" leader

However, the decisive leader quite often has her own views on brand management that diverged from the company's executive team and the creative designer.

Even as Lanvin continued to succeed in China, conflicts between Ms. Wang and others at the company worsened.

It first started with Mr. Deneve, who left the company in 2009 due to disagreements stemming from Ms. Wang's sale of the brand's perfume business to Interparfums without informing Mr. Deneve in 2007.

From Mr. Deneve's departure, it is clear that Ms. Wang is the actual decision-maker at Lanvin. Even though the company has a clear executive structure, it was not surprising that she was willing to circumvent it.

Ms. Wang's desire to control did not affect the brand's creative production until 2015.

In late 2015, Mr. Elbaz was shockingly fired by Lanvin because of his "unsatisfactory designs," a move that was not expected and understood by the fashion industry.

However, many of Lanvin's employees saw it coming for a long time.

In a detailed report on Lanvin's break-up with Mr. Elbaz by The New York Times in 2015, many people who used to work for Ms. Wang described her character as "autocratic," and wholly unwilling to accept disagreement.

The brand quickly began receiving criticism for its design and high employee turnover rate at all levels.

With Lanvin's declining sales, many investors and firms wanted to inject cash or even acquire Lanvin outright, but these requests were all rejected by Ms. Wang.

Charles-Henry Paradis, a member of the communications team and the representative of the employees on the Comit d'Entreprise and the board, told the New York Times that "she is a very proud woman. She would see selling as an admission of failure."

What Lanvin's new strategy looks like

Ms. Wang's cash injection once again consolidates her position at Lanvin as the major controlling source. The future of the brand will fully depend on her goals and expectations.

The new strategy for Lanvin has two key components.

Firstly, Ms. Wang has decided to diversify the revenue streams of the brand, which might include hotel projects carrying the Lanvin name in the future.

In addition, she plans to bolster the brand's ties with art.

The brand is also reportedly mulling over creating a leather goods line for fashion outlets, which was criticized by some citing concerns over Lanvin becoming the French Michael Kors.

REGARDLESS, LANVIN will continue to struggle financially for some time. Time will tell if Ms. Wang's strategic restructuring will bear fruit.

Yiling (Sienna) Pan is luxury business and fashion reporter at Jing Daily, the leading digital publication on luxury consumer trends in China. Reproduced with permission and adapted for style.