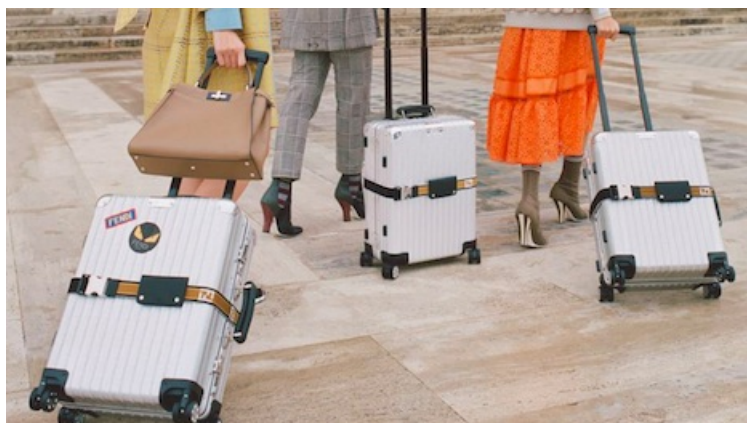


TRAVEL AND HOSPITALITY

## Travel presents the new big opportunity in luxury retail

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*Pulling for Rimowa. Image credits: Rimowa, Facebook*

By [Natalie Yiasoumi](#)

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As luxury consumers become increasingly mobile and keen to curate every aspect of their lives for the sake of social media, the travel sector has been booming and infiltrating the luxury industry.

Luggage, in particular, has been getting a major facelift with new high-tech features and trendy designs. In fact, some brands' styles are gaining It-bag status in the same way Louis Vuitton "Speedy" bags and Fendi "Peekaboos" did in the Noughties.

A prime example is the revamp of LVMH's Rimowa luggage company, spearheaded by French fashion scion Alexandre Arnault, son of LVMH CEO Bernard Arnault.

The 120-year-old brand has always been known amongst a niche group of tastemakers for its finely crafted luggage. But since LVMH acquired the label in 2016, Mr. Arnault has brought it into the mainstream and introduced it to a new generation of consumers by refreshing its image and streamlining its wholesale distribution.

Collaborations with the likes of Fendi, Supreme and, most recently, Off-White quickly served to create buzz among a younger, more fashion-forward audience and a strong retail momentum, complete with long waiting lists, ensued.



*Supreme taste in luggage for Rimowa. Image credit: Rimowa*

### A new generation of travelers

Luggage was never considered a sexy category in the past and would never turn the heads of a fashion-minded customer. But by recreating it in a clear material, courtesy of Virgil Abloh, or by splashing the bright red Supreme logo all over it, Rimowa quickly succeeded in transforming its items into must-haves.

Mr. Arnault's strategy is focusing on speaking directly to the label's newfound audience via pop-up shops and revamped retail locations, as well as introducing new products that complement the luggage and can stay with travelers outside the airport, during the more pleasant parts of their trips.

At the time of acquisition by LVMH in 2016, Rimowa had sales of 440 million (\$515 million). Post-revamp, Mr. Arnault is eyeing the 1 billion (\$1.17 billion) target and full profitability within three years, given the massive growth opportunity presented by travel.

It is a logical trajectory when taking into account the surge in tourism the number of tourists in France, for instance, will increase 25 percent to 100 million as well as the increased accessibility to travel via budget airlines and companies such as Airbnb.

Mr. Arnault is not the only one trying to leverage the market's appealing growth potential. Startup luggage brands such as Away have also been emerging in the market and putting a more luxurious, fashion-forward spin to the category.

Away, which secured \$20 million in a Series B investment last year, has been banking on a direct-to-consumer approach and building a community of travelers around its minimalist, lightweight luggage that comes in an array of hues from pastel blue to a classic black.

### The power of celebrity

To market the product, founders Jen Rubio and Steph Korey have been aligning themselves with the likes of supermodel Karlie Kloss, who promotes the luggage during her countless modeling trips and collaborating with an array of personalities such as Suki Waterhouse.



*Karlie Kloss goes Away. Image credit: Away*

In the last year, the company quickly expanded into physical retail across the United States with locations in New York, Los Angeles, San Francisco and Austin, TX. It is now eyeing key European locations including London, Milan, Berlin and Paris.

To plant the seed for its European expansion, the company two months ago joined forces with a group of

tastemakers such as Margherita Missoni, retailer Alex Eagle and Julia Restoin Roitfeld on limited-edition pieces that were sold online and via pop-ups.

As the travel market continues to grow, duty-free retail presents another big opportunity.

For LVMH, its acquisition of Rimowa fits in nicely with DFS, the duty-free retail group, which is majority-owned by the French luxury group.

Over the last three to four years, the group has been elevating its stores, focusing on travelers and luxury high-end gifts. Last year, it also opened a 75,600-square-foot store in Venice, located in a grand 13th-century building.

Similarly, rival Richemont has seen the opportunity travel retail has to offer and made its first foray into the growing market by taking a 5 percent stake in Swiss-based travel retailer Dufry.

Richemont's Johann Rupert believes that as digital advances take over the workplace, people will be spending more time globetrotting and long-term luxury consumption will be all about travel.

"What will people be doing in 15 to 20 years' time? I suspect they'll travel, they'll want to visit countries, they'll want experiences," Mr. Rupert said in a statement, pointing to China as a key driver of the trend.

"The Chinese are a highly, highly cultured people and they will travel increasingly," he said. "I am optimistic. Man will have more free time and that will be spent on cultural experiences."

Mr. Rupert's prediction chimes with analysts and retail experts across the industry.

"The number of people traveling is projected to grow at a faster rate than global gross domestic product for the next five to 10 years, so travel retail is a good place to be, and it has a lot of space to grow and improve," said Luca Solca, managing director Exane BNP Paribas.

*Natalie Yiasoumi is a journalist and editor specializing in luxury fashion, fine jewelry, business strategy and online retail.*

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