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PPR's play for Brioni signals new interest in menswear: Pinault

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By RACHEL LAMB

With its planned acquisition of Italian label Brioni, Gucci and Yves Saint Laurent owner PPR has made clear its interest in a market segment where it sees much potential: luxury menswear.

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Founded in 1942, Brioni is known for both season collections and bespoke products targeting men looking to add style and pizzazz to their wardrobe. Financial details of the planned transaction were not disclosed yesterday.

"Brioni's acquisition makes a lot of sense for PPR," said François-Henri Pinault, chairman/CEO of PPR. "The brand is complementary and does not compete with the group's other brands, as much as in regards with its market positioning than on its stylistic content.

"Growth in the men's segment is significantly stronger than in women's, and Brioni is the perfect match for this," he said.

PPR owns Gucci, Bottega Veneta, Yves Saint Laurent, Alexander McQueen, Balenciaga, Boucheron, Girard-Perregaux, JeanRichard, Sergio Rossi and Stella McCartney.

Spoken for

PPR announced the signing of an agreement with Brioni shareholders to acquire all of its capital yesterday morning.

The transaction should be finalized at the beginning of 2012, according to PPR.



Brioni Fall/Winter 2011

Brioni has significant intrinsic growth potential and PPR will enable it to accelerate its expansion and boost its profitability, notably through a wider product range and geographic expansion in strong growth markets, according to the conglomerate.

"PPR is buying one of the most prestigious and exclusive brands in the mens clothing business – Brioni is a gem of a brand," said Milton Pedraza, CEO of the [Luxury Institute](#), New York. "As PPR has shown with Bottega Veneta and Gucci, it knows how to scale a brand.

"Most of these brands are for men's and women's clothing, but Brioni is very distinctive and will give PPR an edge for custom and bespoke men's clothing," he said. "They can even expand the brand into accessories because men's is such a growing business.

"PPR has the power to bring Brioni to a \$1 billion company."

Indeed, many experts believe that Brioni will certainly flourish under the control of PPR.

The addition of Brioni is a quick expansion of PPR's product line and adds a new customer base for other PPR brands, according to Ron Kurtz, president of the [American Affluence Research Center](#), Atlanta.

Brioni can benefit from having access to the capital resources of PPR and PPR's relationships with the channels of distribution, he said.

Luxury brands that are part of conglomerates are provided with extra protection, especially in light of economic uncertainty.

PPR has taken brands such as Bottega Veneta and Gucci under its wings, turning them into extremely lucrative and successful labels.



Bottega Veneta Autumn/Winter 2011

"I think that Bottega Veneta is one of the most successful luxury brands in the last 10 years," Luxury Institute's Mr. Pedraza said. "The marketing and the customer experience expertise of PPR will be a tremendous asset to building Brioni."

Acquiring gems

The luxury industry has witnessed several mergers and acquisitions in the past year.

Some experts believe that the reemergence of M&A is indicative of a recovery economy ([see story](#)).

Following the recent acquisition of sportswear manufacturer Volcom, PPR announced in July its 50.1-percent stake majority control of Swiss watchmaker Sowind Group, parent company of Girard-Perregaux and JeanRichard ([see story](#)).

This is just the most recent in a whirlwind of mergers and acquisitions in the luxury industry.

For example, footwear manufacturer Jones Group acquired Kurt Geiger in June, which followed the sale of Jimmy Choo to Labelux in May ([see story](#)).

Additionally, Richemont, the conglomerate that owns luxury brands such as Jaeger-LeCoultre, Cartier and Montblanc, recently acquired online retailer Net-A-Porter this summer.

Furthermore, the ever-hungry LVMH Moët Hennessy Louis Vuitton set its sights on, and soon acquired, Italian jeweler Bulgari in the first quarter of this year ([see story](#)).



Bulgari Autumn/Winter 2011

This begs the question: Is there any hope for independently-owned luxury brands in the future, or will they all eventually be owned by conglomerates?

“I think that luxury brands can achieve a certain level on their own – look at Coach,” Luxury Institute’s Mr. Pedraza said. “Gaining capital is the easiest thing to do right now, but having great financial management is a skill that these companies [such as PPR] have.

“There is no question that luxury brands can remain independent, but a brand in a conglomerate that has this certain level of expertise will grow tremendously,” he said. “The portfolio management approach works well for both the conglomerates that acquire brands and the brands that are acquired.”

Final Take

Rachel Lamb, associate reporter on Luxury Daily, New York