INTELLIGENCE

'Sleeping Beauty' Brands: Myth or Magic Formula?

BY **REBECCA MAY JOHNSON** 11 DECEMBER, 2014

PARIS, France — Disney's rose-tinted fairy tales are often mistaken for the originals (displacing gorier source narratives; in the 1697 version of 'Sleeping Beauty' by Charles Perrault, for example, the charming prince is actually half-ogre). Arnaud de Lummen's business of turning forgotten fashion brands — including Schiaparelli, Vionnet, Moynat and, now, Paul Poiret — into assets ready for relaunch, plays on the mythology of a perfectly preserved 'Sleeping Beauty,' ready to be reawakened. The thinking is that, though dormant, such names retain brand equity that can be conjured up in the minds of consumers by re-articulating the label's history through a new product offering.

According to De Lummen, who studied law at Harvard and worked in mergers and acquisitions before turning to fashion: "Without heritage, there cannot be a traditional luxury brand." This, and the fact that these brands are largely forgotten outside of expert circles, means that the 'prince charming' — the investor who decides to revive the brand — has significant creative room to manoeuver. In fact, De Lummen's model depends on a degree of forgetfulness on the part of the consumer, who will ideally perceive the 'revival' of a brand such as Paul Poiret, which has been effectively dormant for 80 years, as a continuation of the brand's original story.

Poiret is the latest in a series of brands to be repackaged for sale by De Lummen. However, while previous deals were done behind closed doors with industry heavyweights — Diego delle Valle invested in Schiaparelli in 2007, Matteo Marzotto invested in Vionnet in 2009, and **Bernard Arnault** invested in Moynat in 2010 — the rights to Paul Poiret will be sold at public auction, managed by specialist investment bank Savigny Partners.

When he finds a revival-ready brand, De Lummen's first step is to scour the globe for every last scrap of intellectual property. According to Pierre Mallevays, founder of Savigny Partners, that manages de Lummen's sales, "the first cardinal rule of a relaunch is that you have to have a clean IP portfolio; you have to be able to grow the brand internationally and there has to be no ambiguity whatsoever."

When De Lummen began acquiring the rights to Poiret in 2010, he had a fight on his hands. "With Poiret, it emerged that there are 5 different owners around the world," De Lummen recounts. "There were overlapping rights everywhere. It was a kind of Mexican standoff. Nobody could do anything with the rights because there was no one who owned enough — and nobody was willing to withdraw their rights. So we convinced one owner in Japan and, from that, we were able to convince all the parties to sell the rights. Sometimes we needed to get a little bit aggressive in our negotiations," De Lummen confesses.

“We were able to gather the world ownership and to be the only owner. Really it’s a matter of passion. If you want to acquire a sleeping beauty and revive a brand that is dormant, usually there is a legal question.”

Neither De Lummen, nor Mallevays thought that any of the major luxury players would be interested in buying Paul Poiret, believing that their need to prioritise their existing heritage brands in a tough market would put them off. “Poiret is not an obvious target for a big group, but it might attract the interest of someone we don’t know, like a billionaire or a fashion distributor or regional player, so in order to capture that, there’s a very wide pool of investors,” said Mallevays.

The novel sales approach to Poiret could also be attributed to the visible troubles of previous brand revival attempts, which have suffered false starts, and a revolving door of creative directors and owners.

Since De Lummen first acquired its brand assets in 2006, Vionnet has had three owners (De Lummen, Matteo Marzotto and, now, Goga Ashkenazi) and four creative directors, including Sophia Kokosalaki and Marc Audibet. Marco Zanini exited Halston in 2008 after two seasons, and later joined Schiaparelli only to leave less than 12 months after presenting his debut collection in 2014. And Harvey Weinstein sold his stake in Halston (subject to six attempted revivals since Roy Halston Frowick’s death in 1990) in 2011, having gone through several designers since he acquired the brand in 2007.

So far, so much money invested and so few returns — except, perhaps for Mr De Lummen.

De Lummen acknowledges that, “there is a little bit of fashion fatigue with relaunching, you can see it in the press with the way it is reported: ‘Oh, it’s going to be a failure like Halston.’” However, he is bullish in his defence of the Poiret business and insists that the essential value of a sleeping beauty brand is not damaged by a false start. “What you have are trademark rights, the legacy, the roots — these are things that, in a way, nobody can buy. You cannot recreate that — so it has a value,” he explained. “Even if you don’t appoint the right designer right away and your brand is not profitable, it doesn’t lose its value.”

The right pace (slow), long-term thinking, deep pockets, managing the expectations of the press and strong leadership are essential to a successful brand revival, said both Mallevays and De Lummen. “Returns are not necessarily measured in terms of private-equity type returns,” added Mallevays. According to De Lummen, reviving a brand fosters much higher expectations than launching new label. “If you want to do a small fashion show in an apartment for Paul Poiret — it will not work — or at least, the press will destroy you. If it’s a sleeping beauty, people will expect that you start from the very top.”

Mallevays said Weinstein and company went wrong because they wanted too much, too soon with their attempted revival of Halston. “If you are going to go luxury and high-end you have to be patient. Luxury positioning and high-end is not compatible with speed and licenses. With Halston they wanted to have everything, they wanted to have luxury positioning, as well as licensing revenues, as well as to grow very fast and do volume.”

Perhaps success rests not only on the quality of brand, but the quality — and patience — of the buyer.

Leather goods brand Moynat — founded in 1849 and shuttered in 1976, before Bernard Arnault's personal holdings company acquired it in 2010 — has avoided the risky, high visibility strategy of the runway and barely courted the press, taking a much quieter and slower approach.

"At the very beginning he [Bernard Arnault] asked us to look into it and to see if we could make people dream again with Moynat," said CEO Guillaume Davin. "He did not talk business and to this day we are not talking business — just beautiful products — this is his only brief. It's helpful that the customers do not know the brand. You are slowly building the steps — it's not about the target, 'You need to be here in 15 years.' We never talked about brand positioning like you do with big brands, just about finding our own way — no market surveys."

Designer Ramesh Nair, previosuly at **Hermès** for over thirteen years, is personally training Moynat's craftsmen — a slow, painful process. Currently, they only have 19 craftsmen and some of the label's bags take its Paris atelier up to four days to complete. "If there was willingness to do big business, it would not be like this," said Nair, who claimed the brand can barely restock its existing two stores fast enough to keep up with sales. "One of the attributes of Mr Arnault is that his perspective is very long-term. He is positioning Moynat in such a way that he will not see a return on investment in the next five years or perhaps the next 10 years — but that was never his goal. His goal was to take this brand and position it at the top of the luxury tree," said Mallevays.

However, despite their insistence to the contrary, there is smart business going on at Moynat. While the brand's products are relatively scarce — it has two stores (one in Paris and a recently opened flagship on London's Mount Street), with no e-commerce or wholesale distribution — the company has been building awareness among the cognoscenti with trunk shows in Japan, China, South Korea and the US, as well as a pop-up store at **Dover Street Market** in New York. The focus on Asia where consumers are tired of logo-ed brands, is a canny move. Moynat can contribute diversity to the discreet luxury leather goods market and will open its first mini-store or, as they call it, "embassy," in Hong Kong in January, with others to follow.

Other brand revivals are seeking success in positioning themselves below the luxury end of the market. Biba, having initially relaunched in 2006 as a luxury label, has returned to the high street pricing of its 1960s hey day after being acquired by UK high street store House of Fraser in 2009 (with design seemingly aimed at the same generation who originally bought it). Halston has been repositioned with Halston Heritage as an "accessible luxury lifestyle brand" by CEO Ben Malka, the former president of BCBG Max Azria, who is rolling out the brand across Asia, the Middle East and the USA. "We've opened in Kuwait and Dubai, we have plans to open in Jordan, we've opened in Singapore, Malaysia, Indonesia and Mexico. In the US, we have opened 11 stores here and a lot of concessions," he said.

As for De Lummen, he cites the rebuilding of Dior and **Céline** by LVMH and **Balenciaga** by **Kering** as key success stories. Whether his recently sold sleeping beauties will stay awake or drift back into slumber remains to be seen. But there's no doubt that relaunching heritage brands requires serious financial firepower, a depth of experience as well as long-term commitment, often without immediate return.

If the major luxury conglomerates currently lack the appetite for taking on more such projects, perhaps the era of big brand revivals is over?

*Disclosure: LVMH is part of a consortium of investors which has a minority stake in **The Business of Fashion**.*