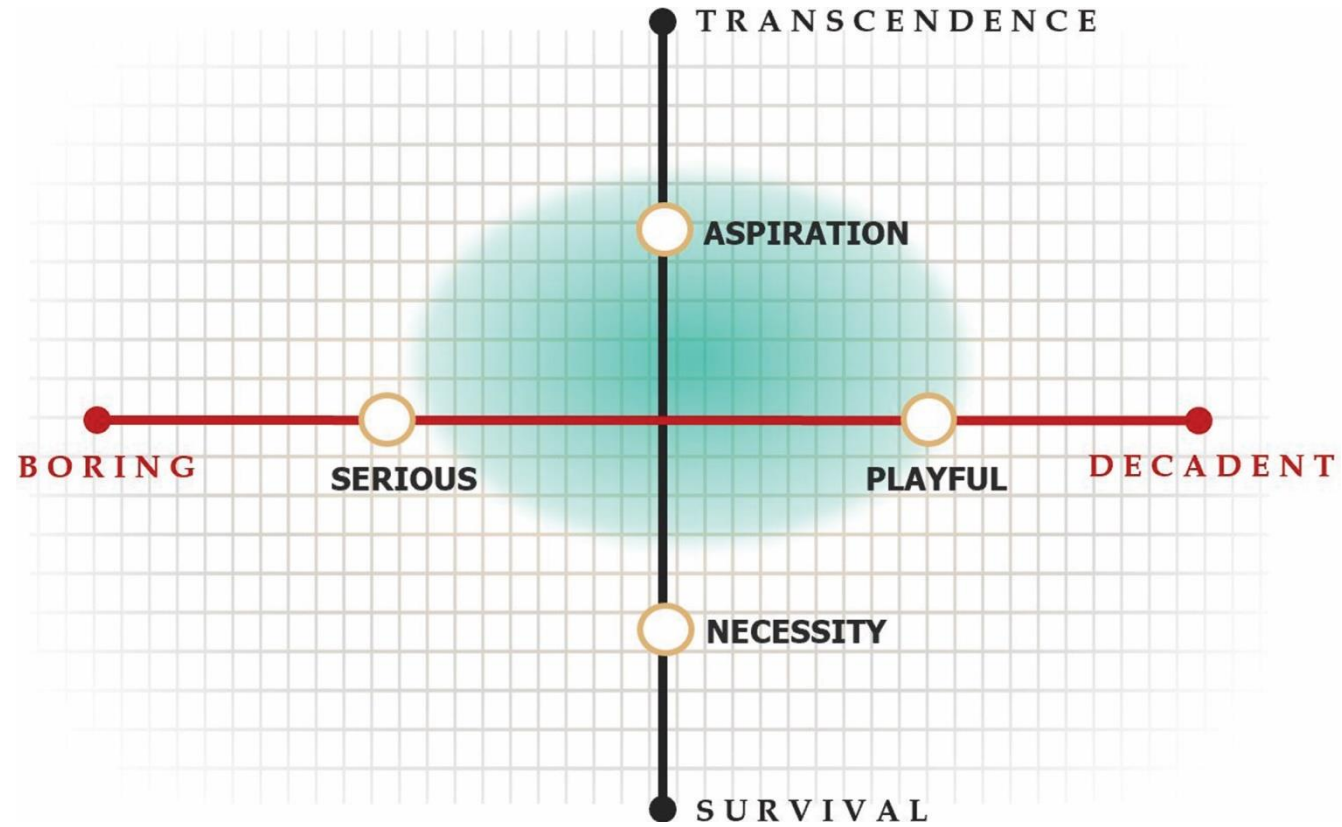


SUPPLEMENTARY MATERIAL

RESILIENCE OF LUXURY COMPANIES IN TIMES OF CHANGE

Figures and Tables



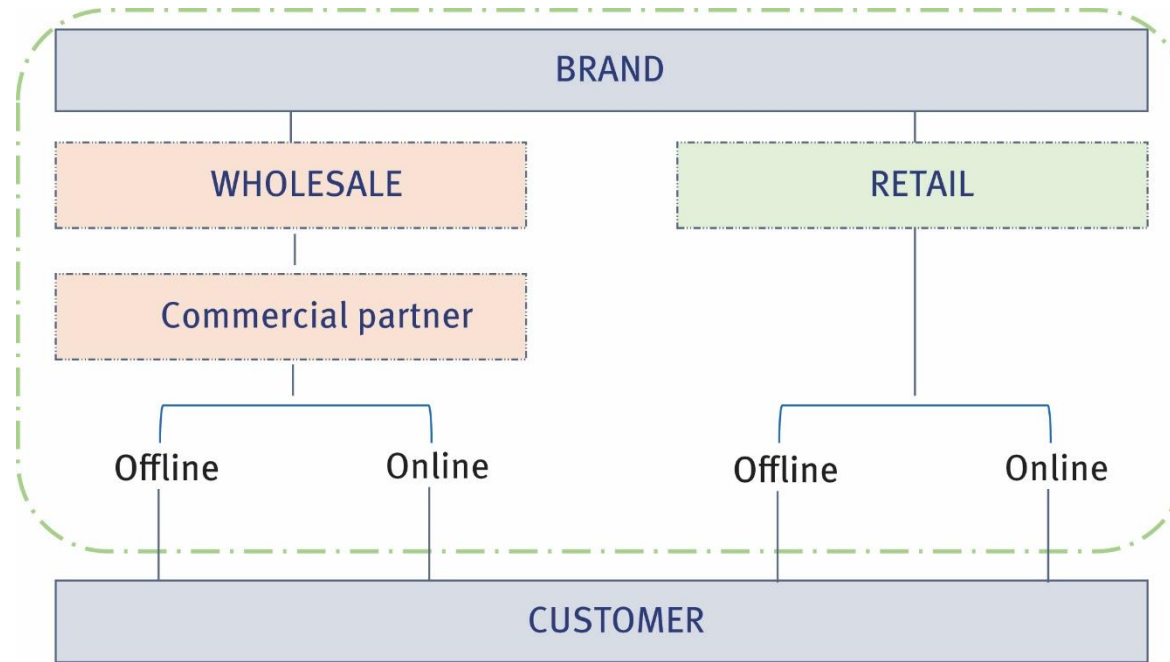


Figure 1.1: Business Models in Distribution.

Source: Compiled by authors.

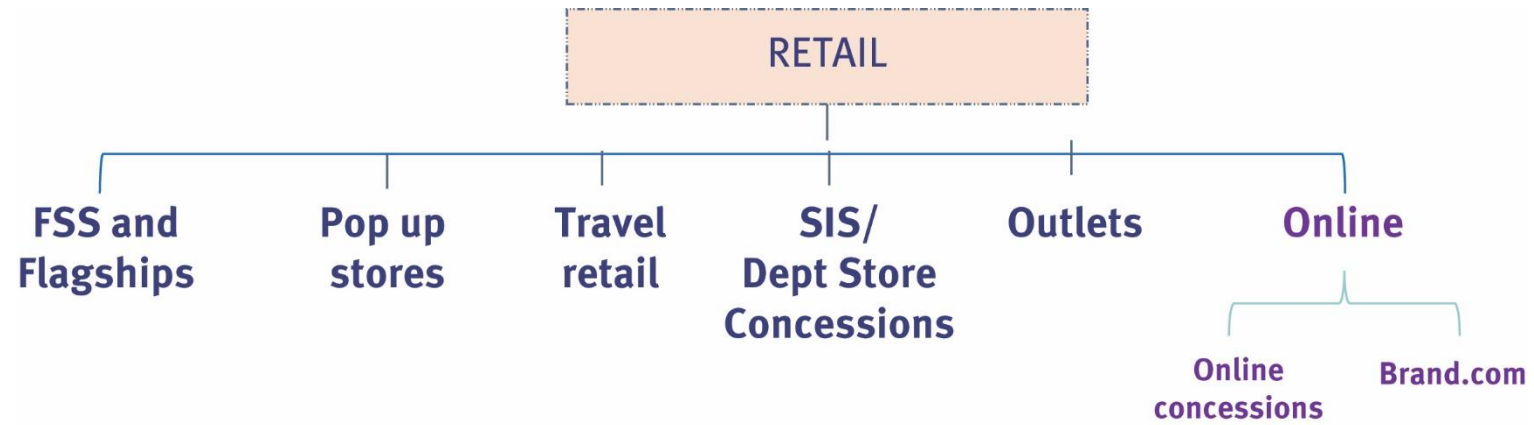


Figure 1.2: Multiple Formats in Retail.

Source: Compiled by authors.

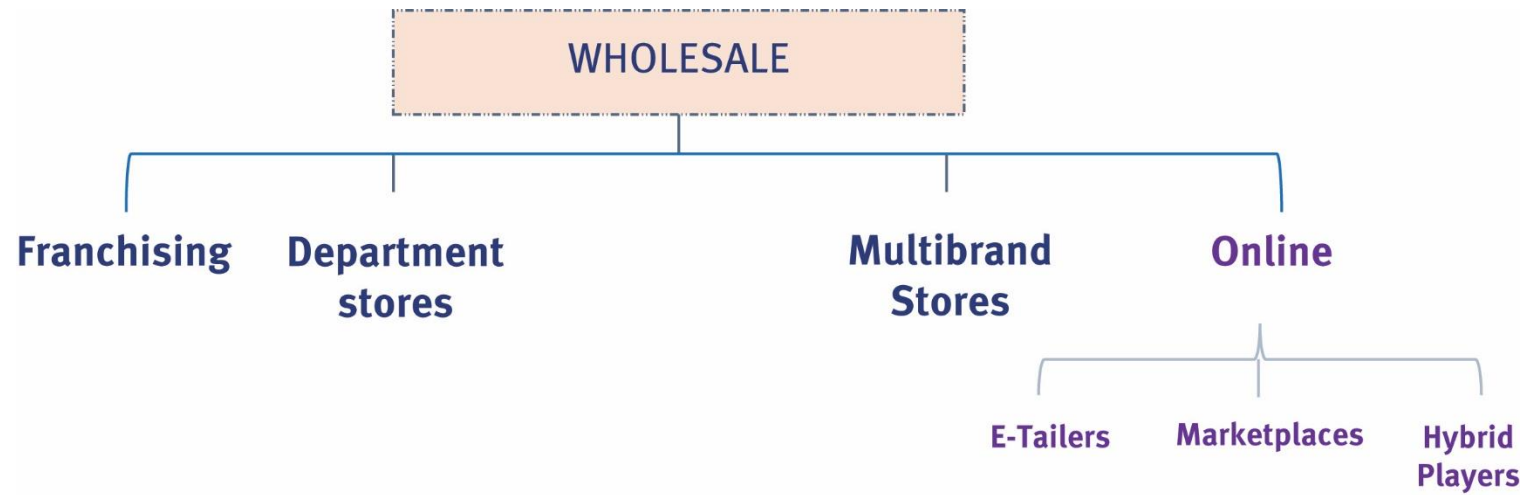


Figure 1.3: Multiple Formats in Wholesale.
Source: Compiled by authors.

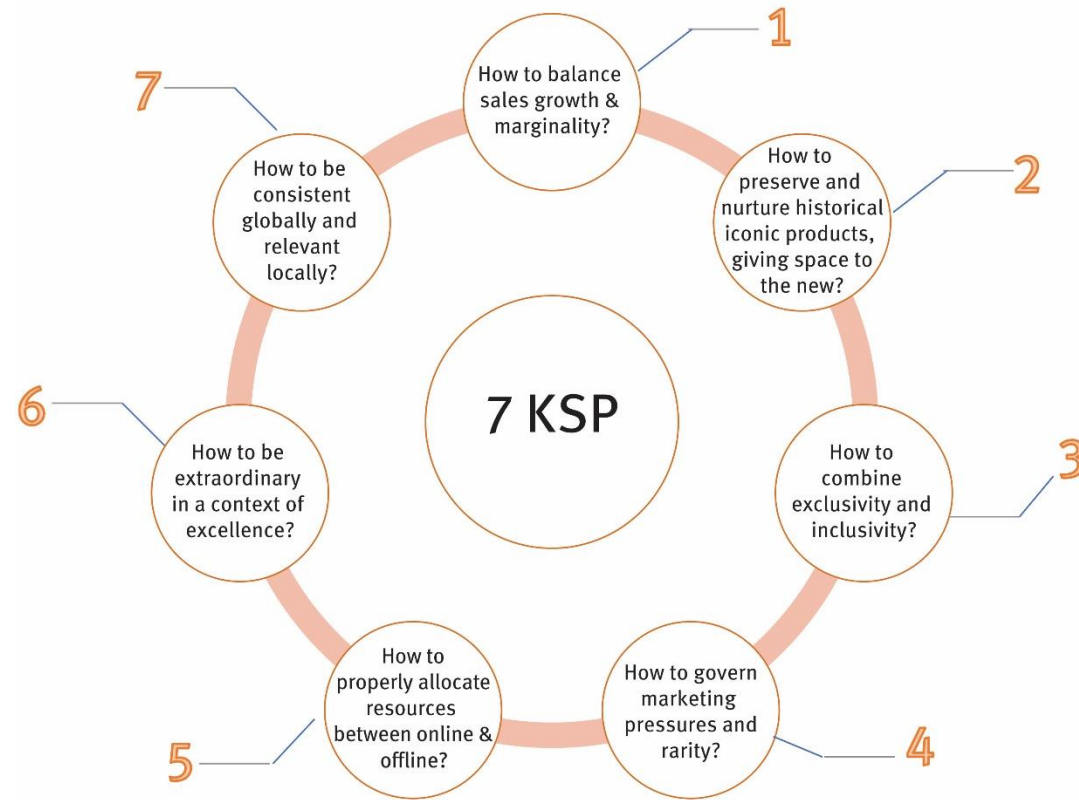


Figure 2.1: Key Strategic Paradoxes, KSP.
Source: Compiled by authors.

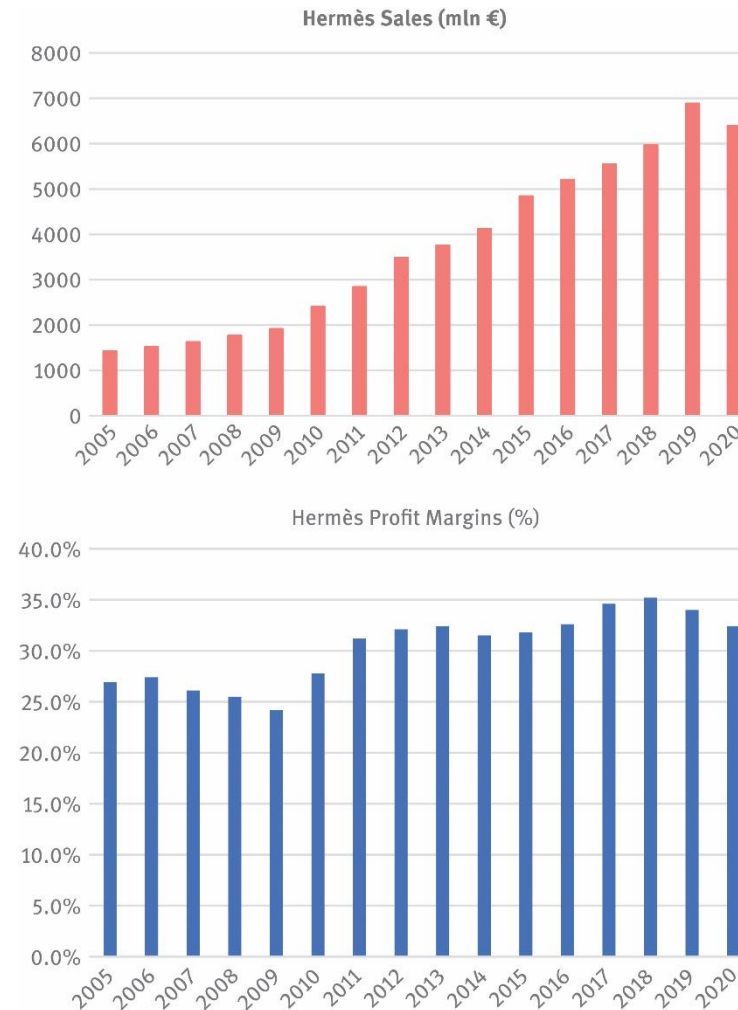


Figure 2.2: Sales and Profit Margins of Hermès 2005–2020.

Source: Compiled by authors based on corporate data.

2.3: Share Price Changes of LVMH and Hermès Since February 2020.
Screenshots based on Yahoo! Finance.



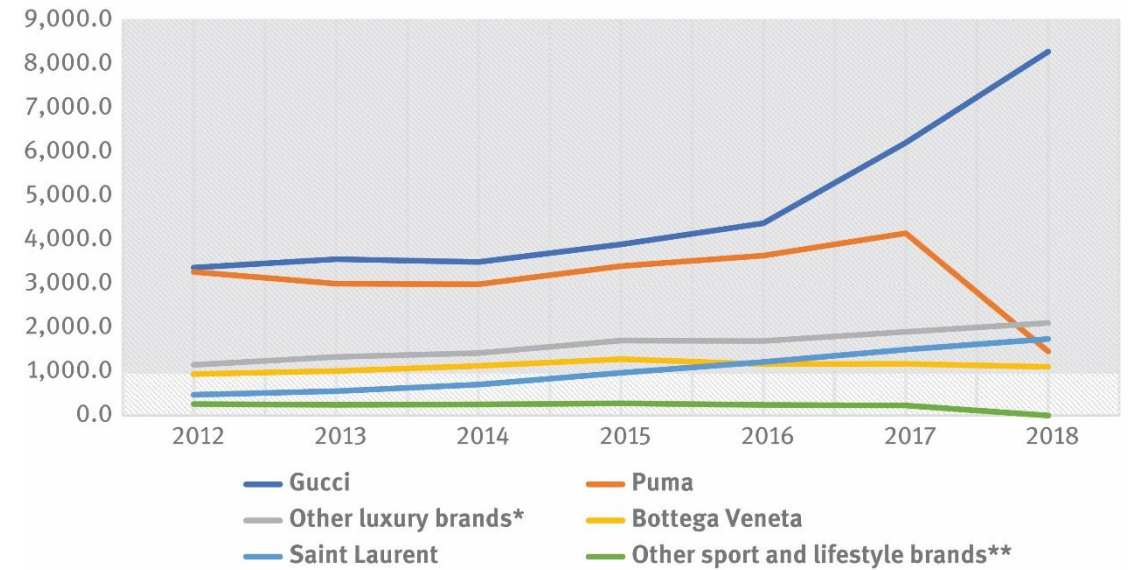
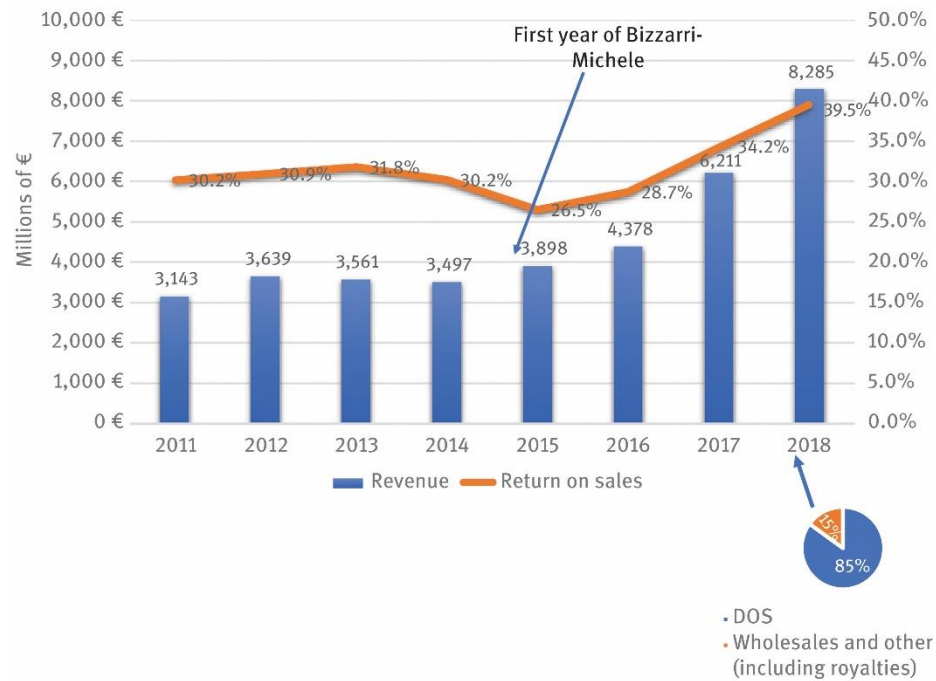
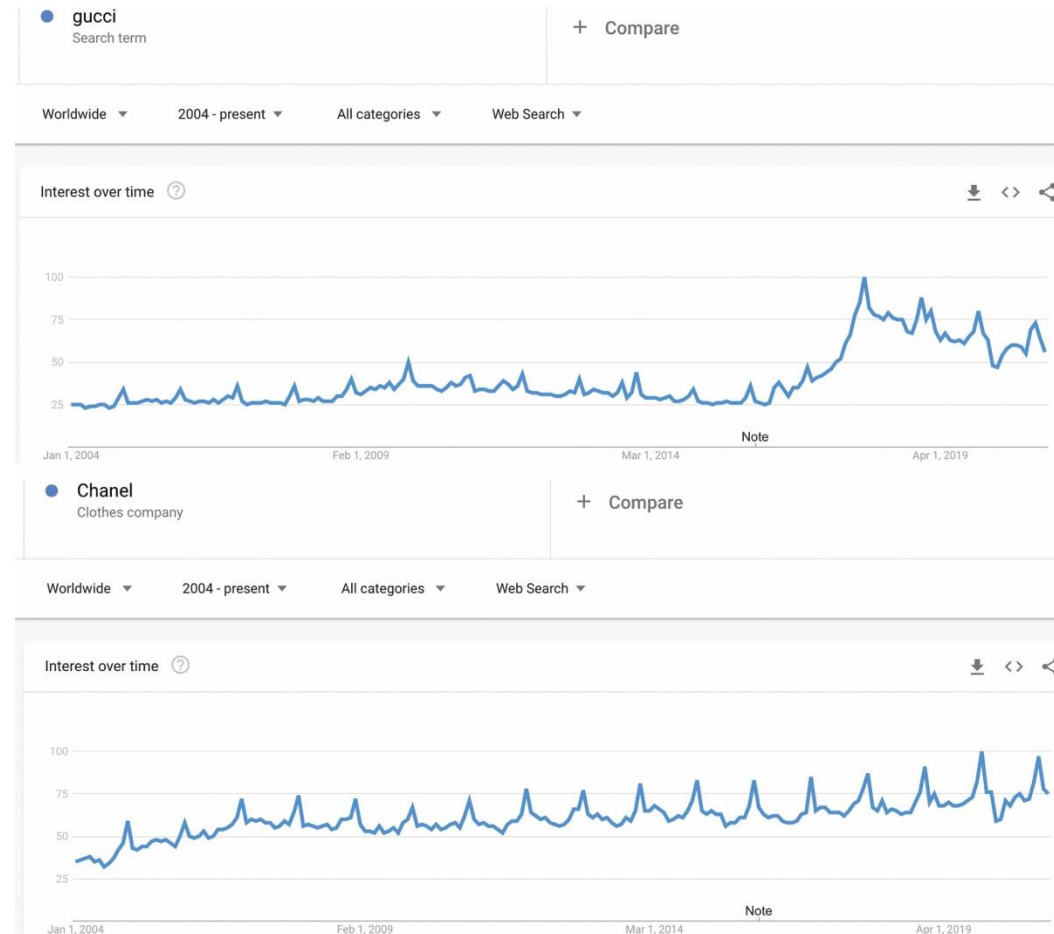


Figure 2.4: Gucci's Sales and Return on Sales for 2011–2018 and Global Revenue of the Kering Group 2012–2018, by Brand (in Million Euros).

Source: Compiled by authors based on corporate data.



2.5: Volume of Queries Related to and Chanel Gucci, 2004–2021.
Screenshots based on Google!Trends.



Figure 2.6: Net Revenues of Ferrari (Million Euros, Except Percentages), EBITDA/Sales, Revenues and No. of Vehicles, 2013–2020.
Source: Ferrari corporate profile.

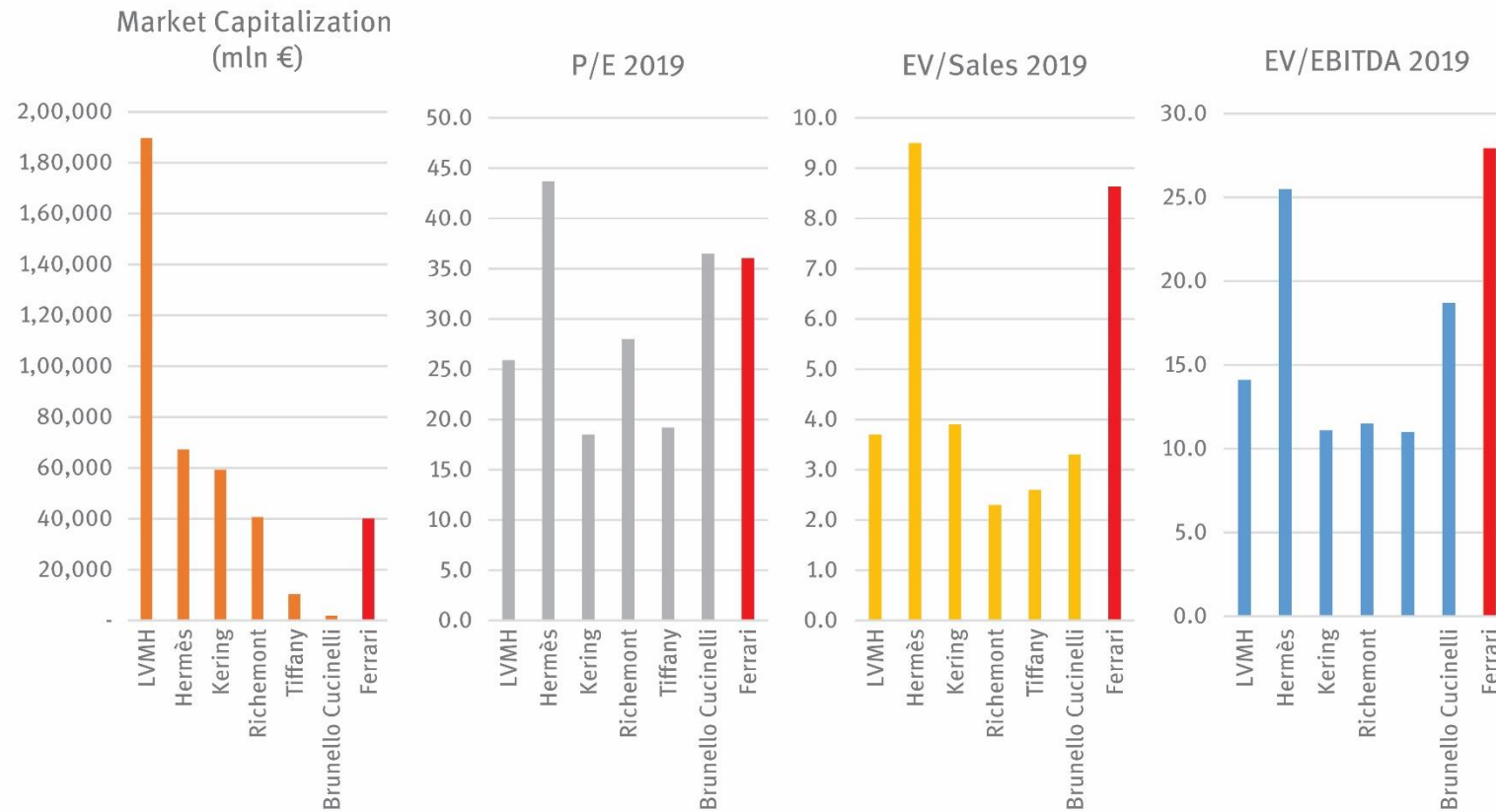


Figure 2.7: Market Capitalization, P/E, EV/Sales, EV/EBITDA, for July 2019.
Source: Compiled by authors based on corporate data.



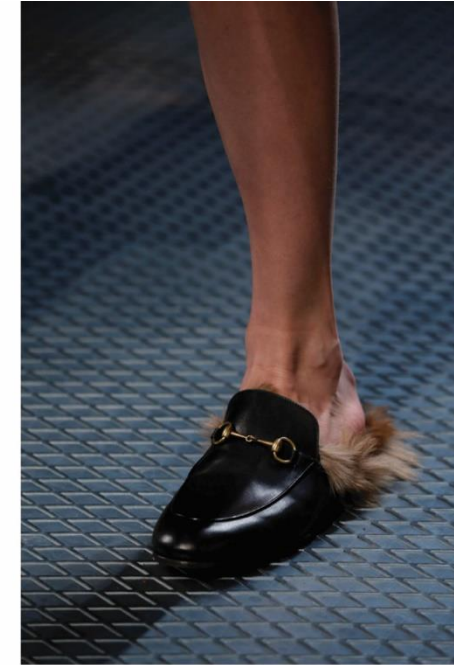
Gucci Women's Spring Summer 2016



Gucci Cruise 2019



Gucci Men's Fall Winter 2016



Gucci Women's Fall Winter 2015

Figure 2.8: Valorizing Gucci's Archives: Bamboo and Lion Head, Flowers, Web, and Horse Bit.
Source: Courtesy of Gucci.

Figure 2.9: Ferrari Personalization Offer.
Source: Ferrari company presentation, p. 14, investor meeting, December 4, 2019.

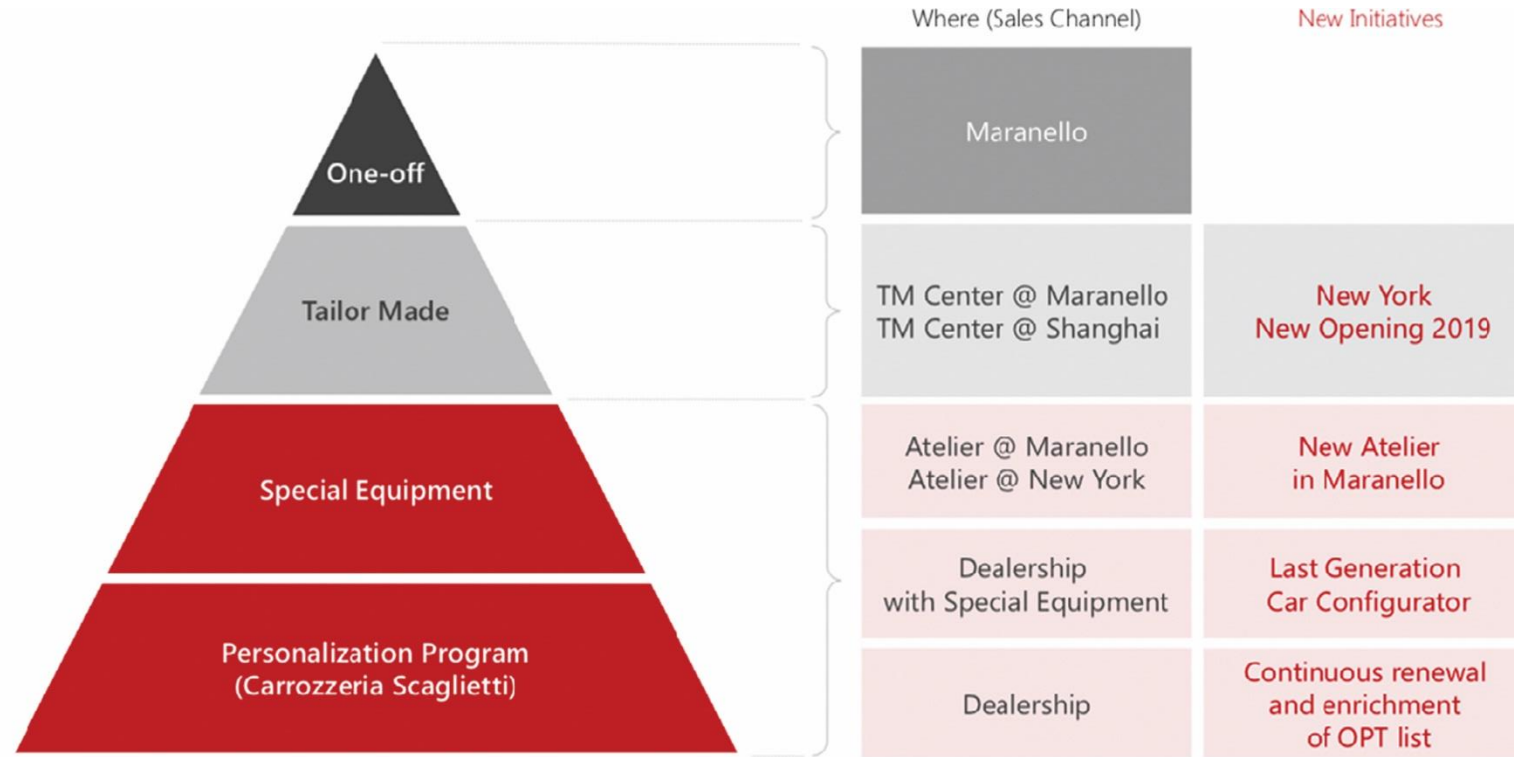




Figure 3.1: The Phases of Social Development and Adoption of Luxury over Time.

Source: Compiled by authors.

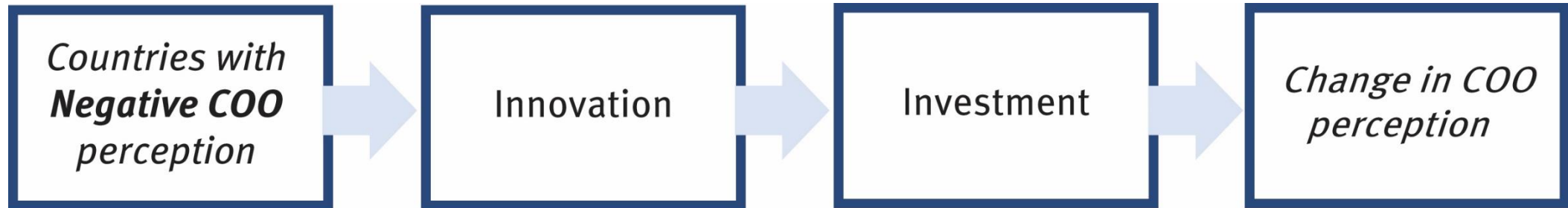


Figure 4.1: Drivers of Change in COO.

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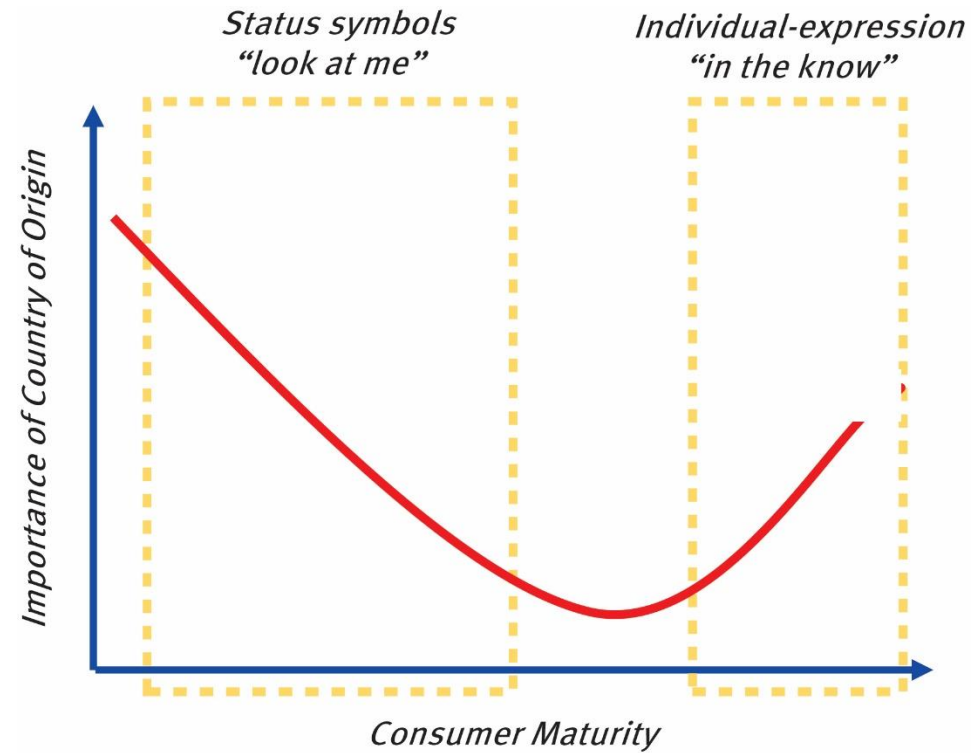


Figure 4.2: The Importance of Country of Origin Based on the Maturity of the Luxury Consumer.
Source: Compiled by authors.



Figure 5.1: Market Selection: The Four Levels of Market Attractiveness Evaluation.
Source: Compiled by authors.

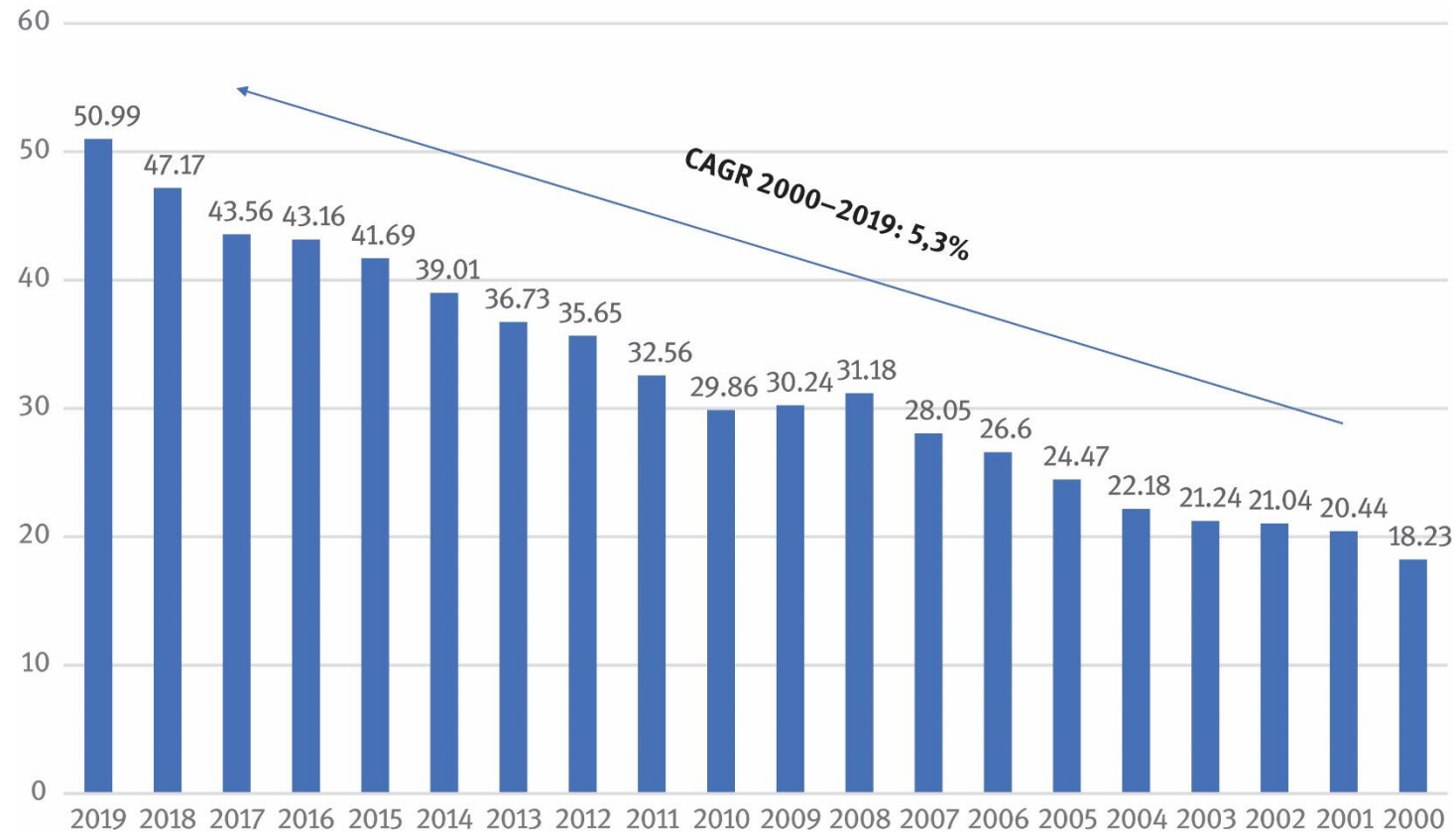


Figure 5.2: Trend of the Average Price Related to the Export of Italian Footwear (in Euros).
Source: Compiled by authors based on ISTAT; Confindustria Moda for Assocalzaturifici.

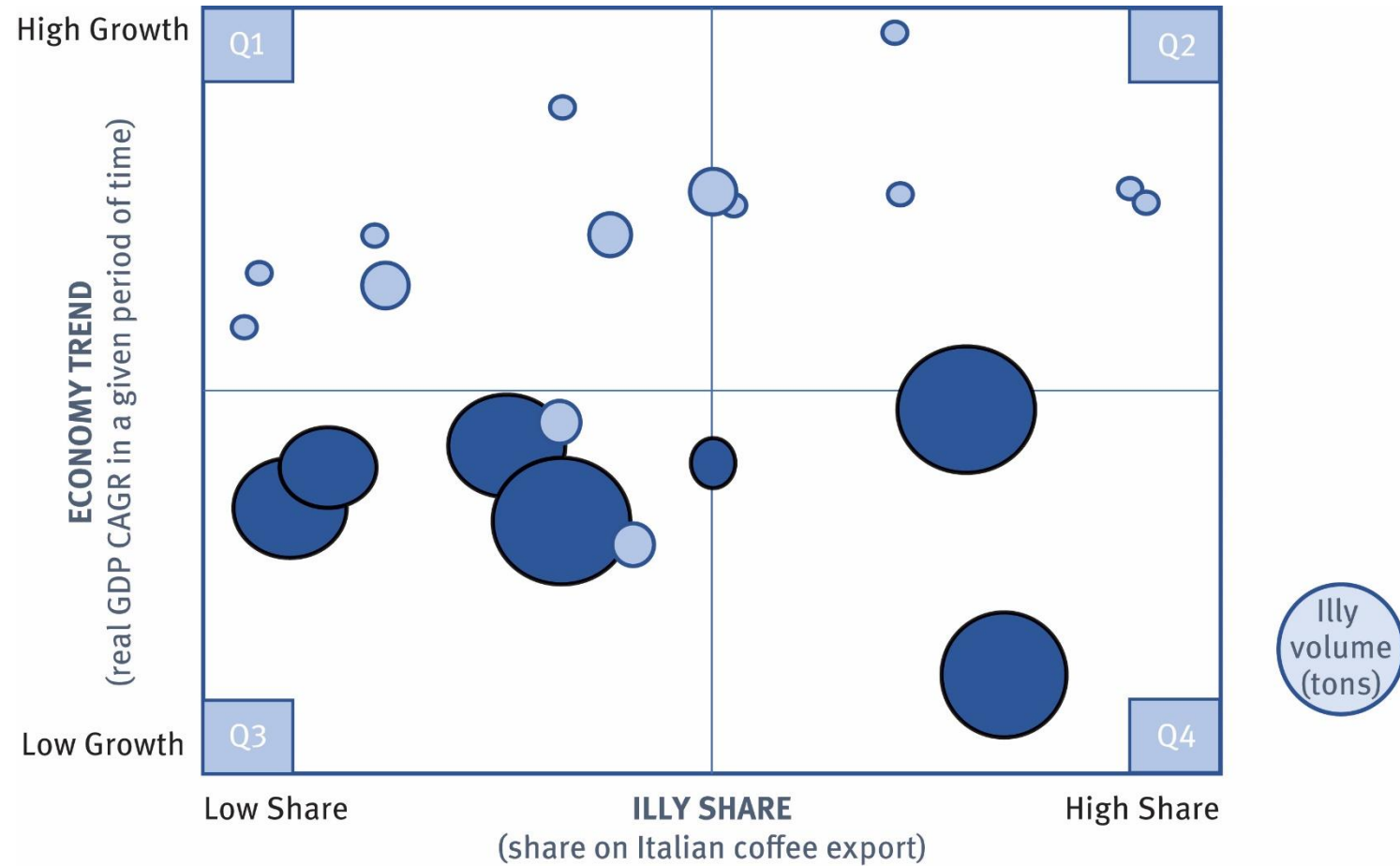


Figure 5.3: Economic Trend and Share on Total Italian Export of Coffee with Dummy Values.
Source: Compiled by authors.

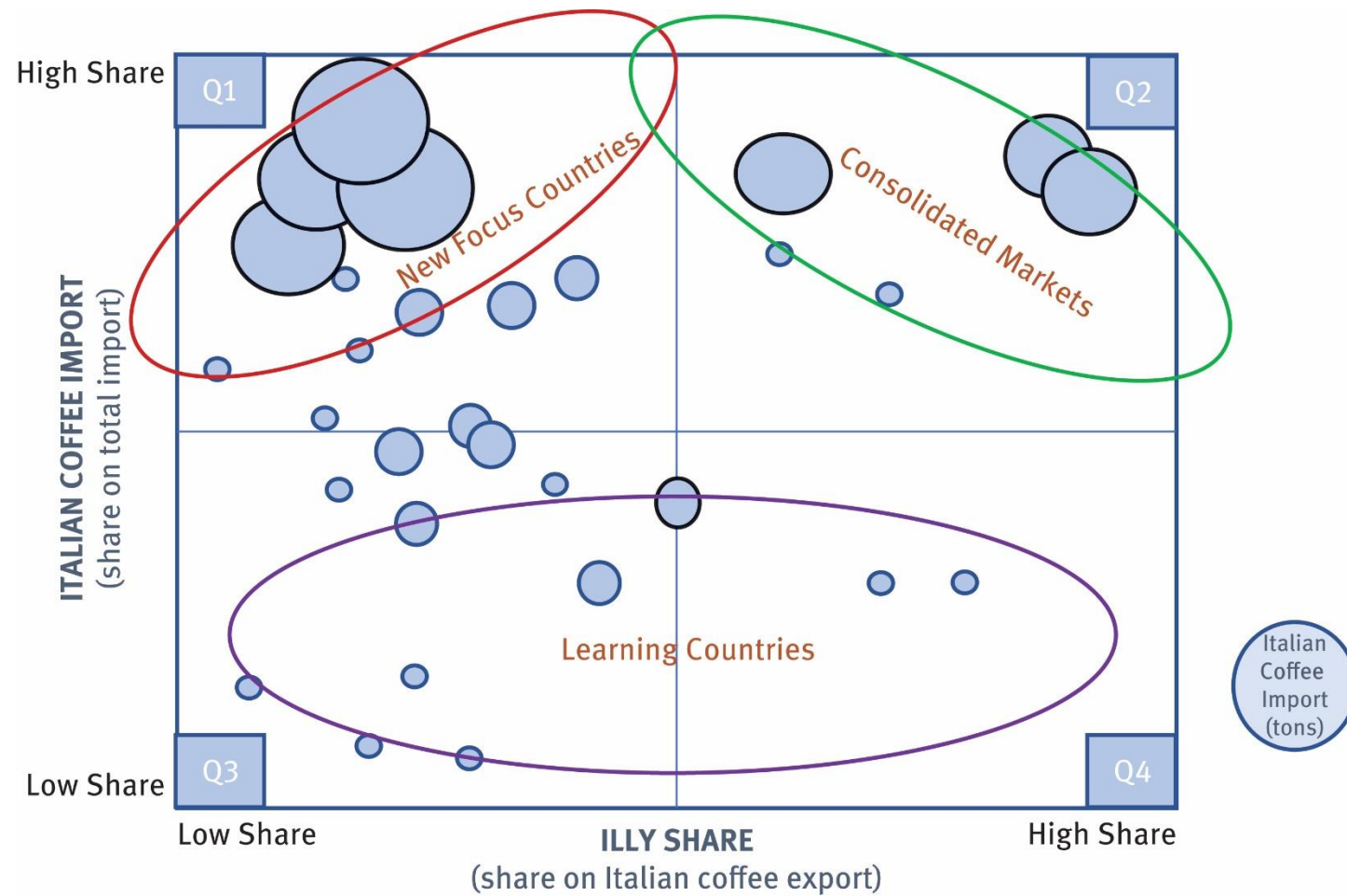


Figure 5.4: Italian Coffee Import and Illy Share on Italian Coffee Export with Dummy Values.
Source: Compiled by authors.

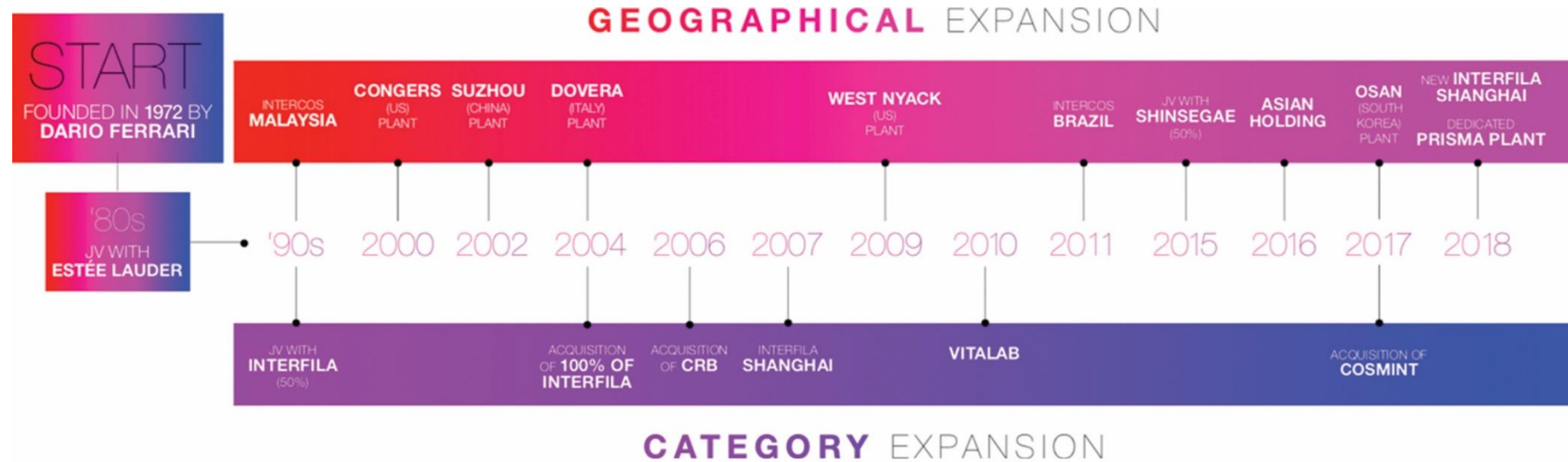


Figure 5.5: Geographical and Category Expansion of Intercos.

Source: Intercos Corporate Presentation.

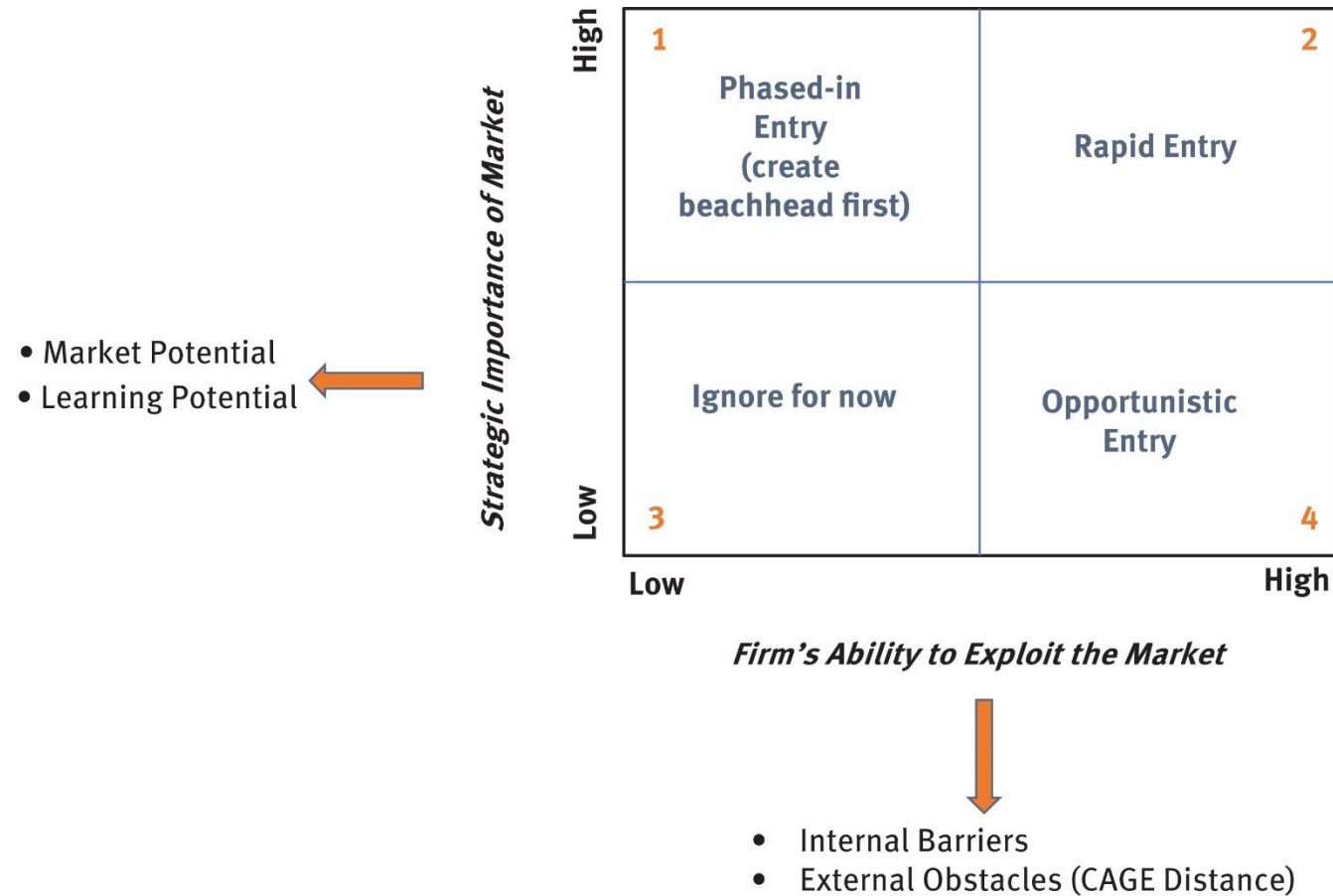


Figure 5.6: The Attractiveness Matrix.

Source: Compiled by authors based on Gupta and Govindarajan, 2000.

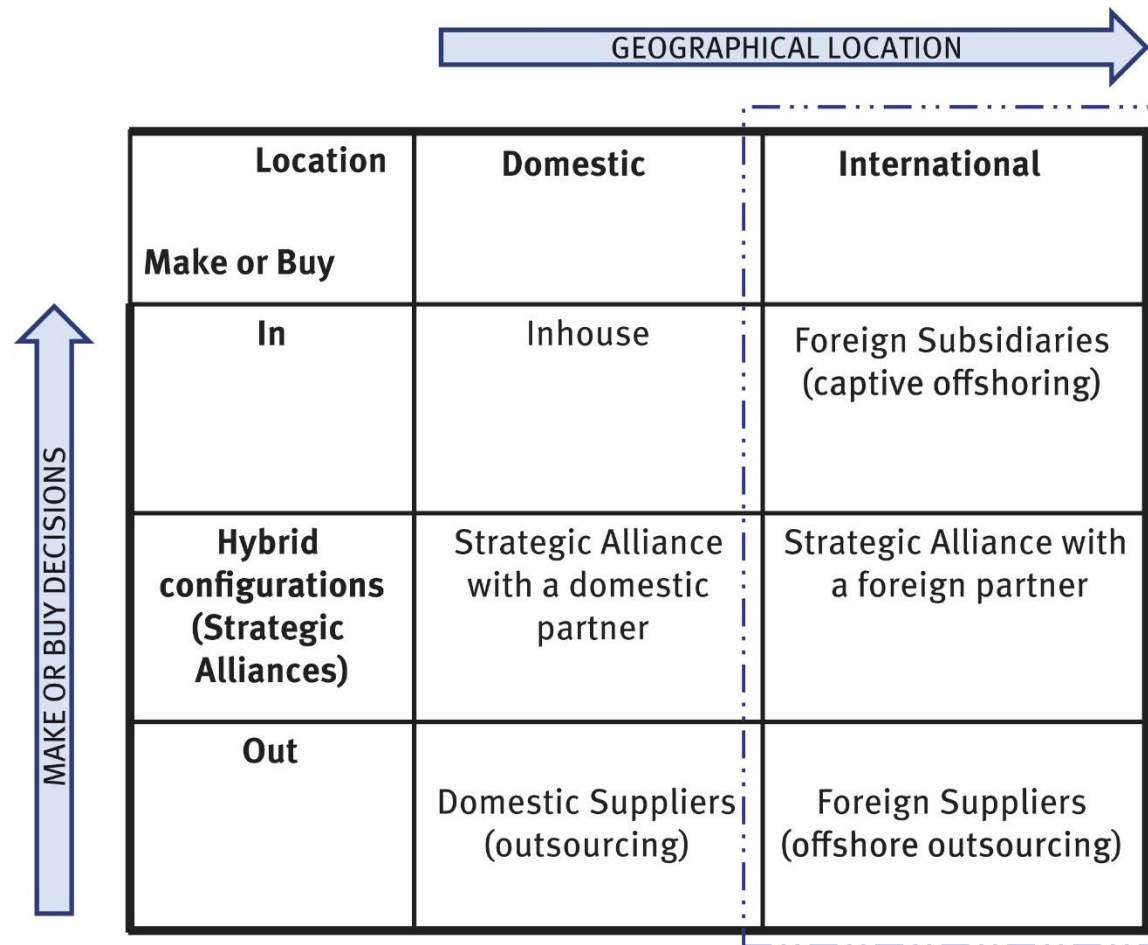


Figure 5.7: The Two Dimensions of Reconfiguration of the Value Chain.

Source: Compiled by authors based on Contractor, Kumar, Kundu, and Pedersen, 2011.

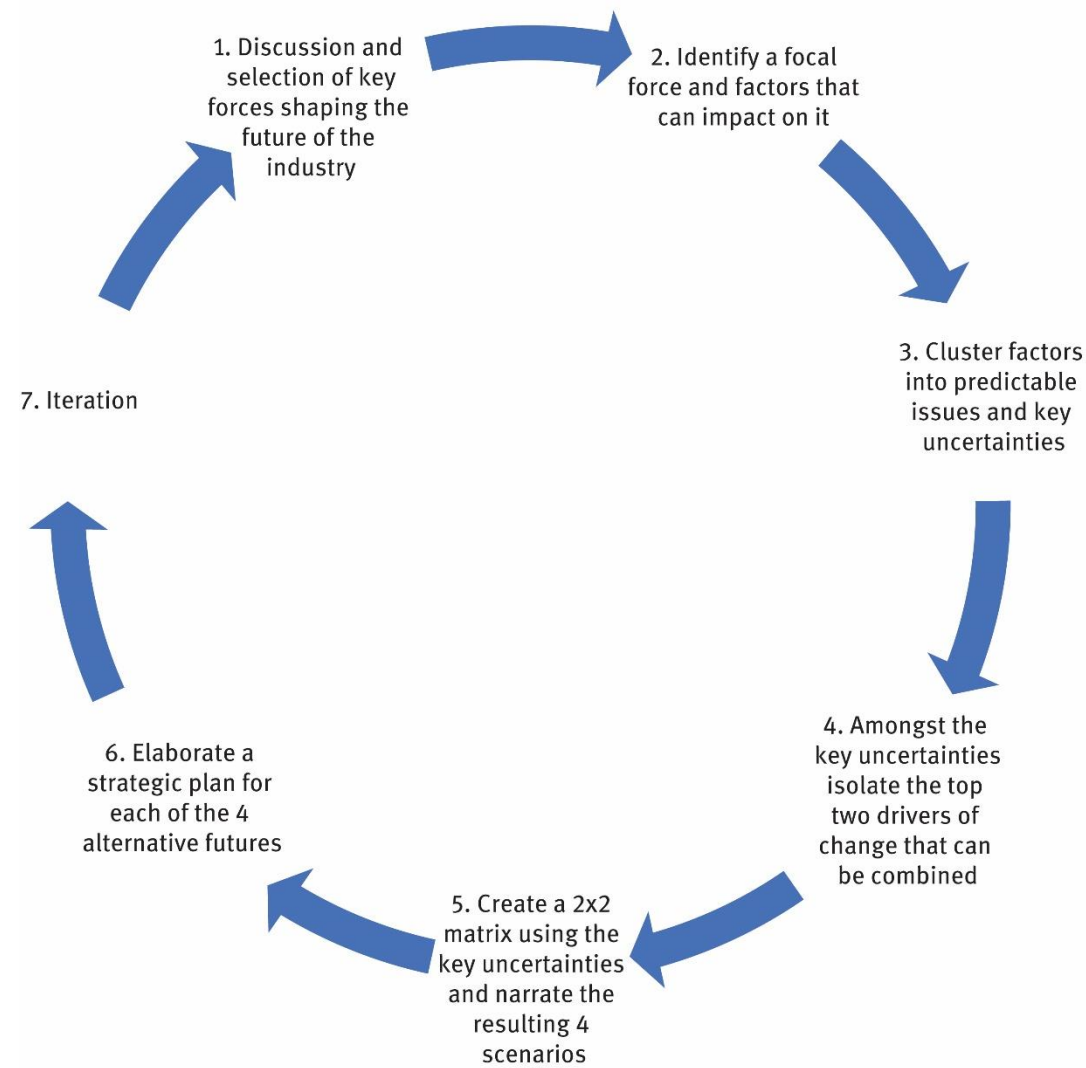


Figure 6.1: From Scenario Planning to Strategic Planning: Seven Key Steps.
Source: Compiled by authors.

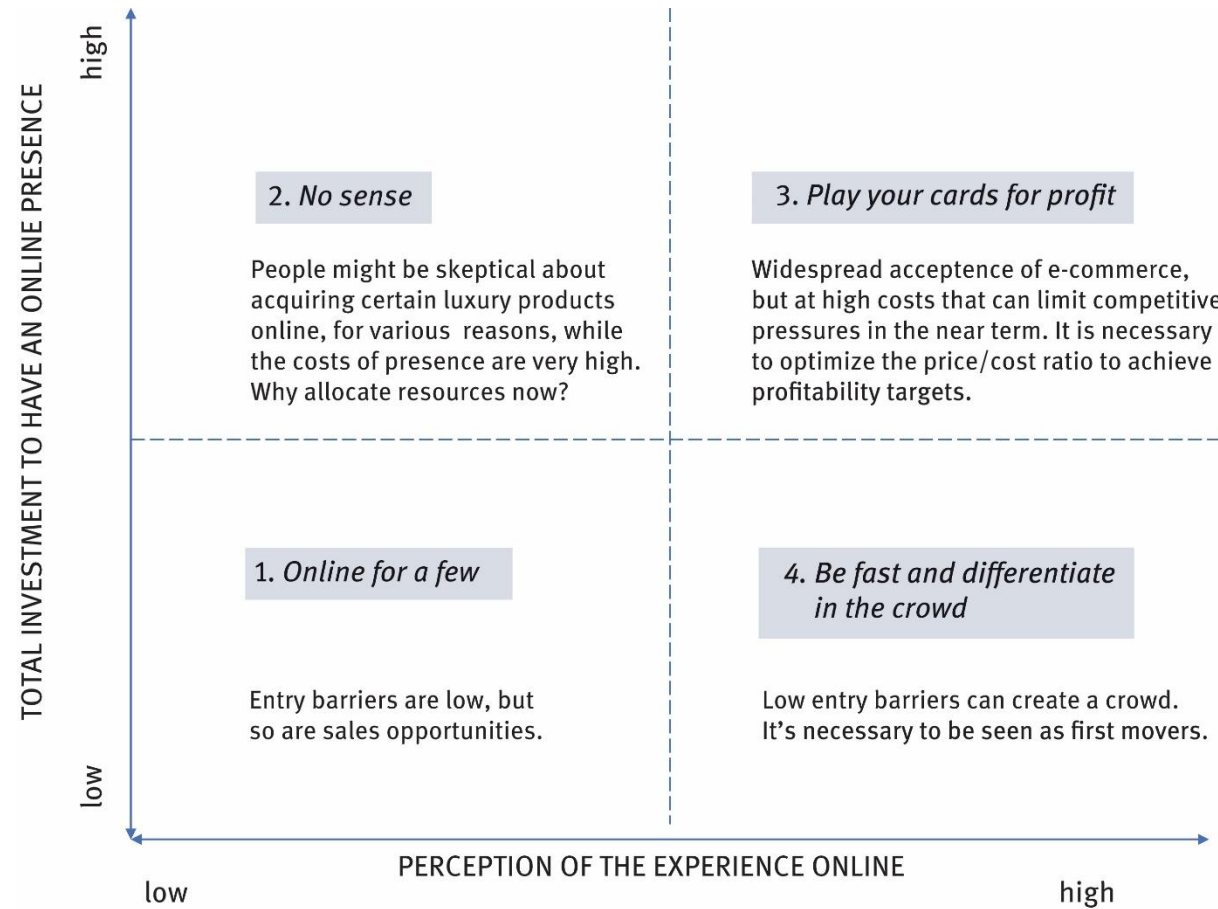


Figure 6.2: Scenario Planning: The Increase of Digital Sales.

Source: Compiled by authors.

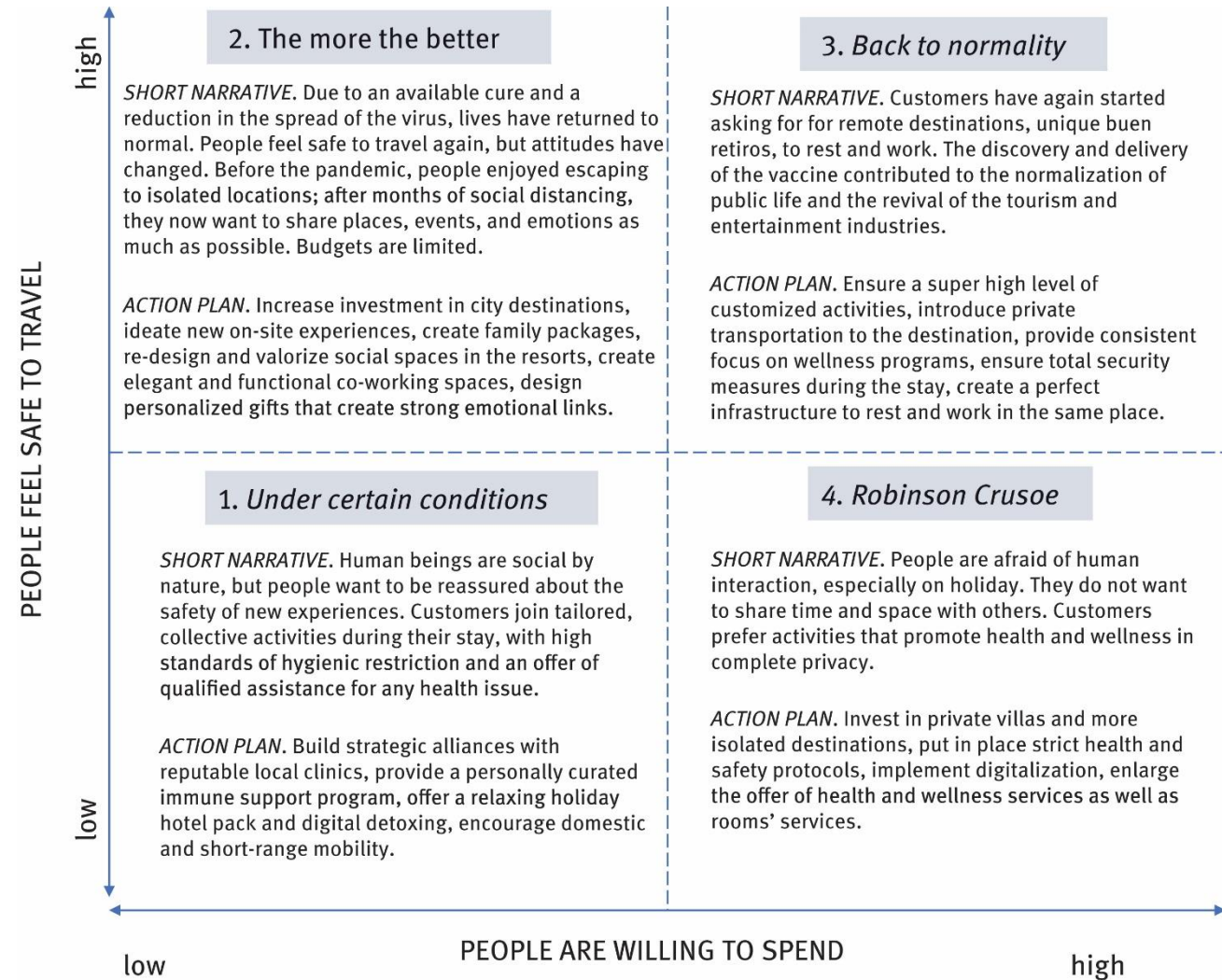


Figure 6.3: Scenario Planning: The Future of Luxury Hospitality.

Source: Compiled by authors based on team-based work done during the EMiLUX Program, SDA Bocconi.

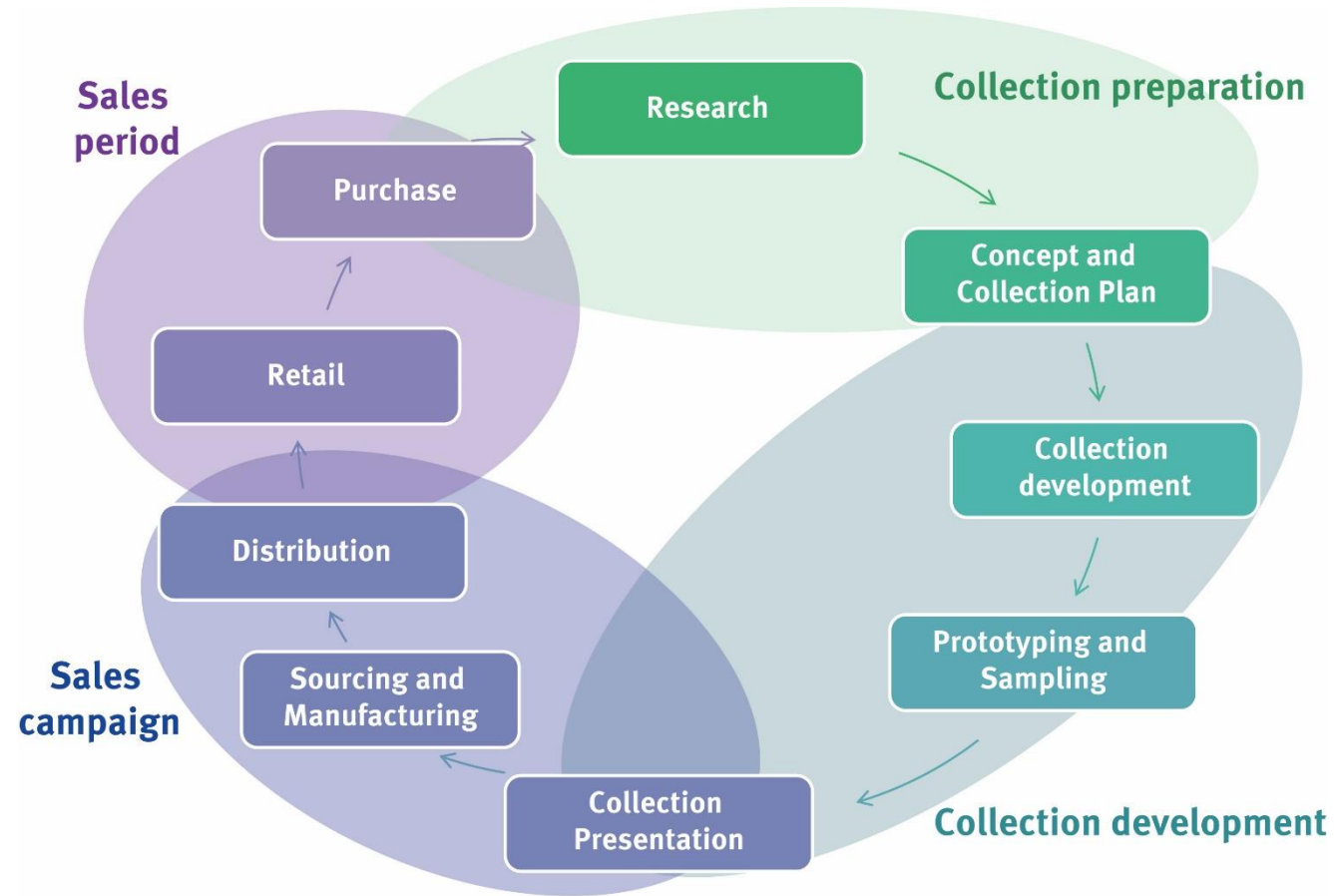


Figure 6.4: The Process of PIDL: An Overview.
Source: Compiled by authors.

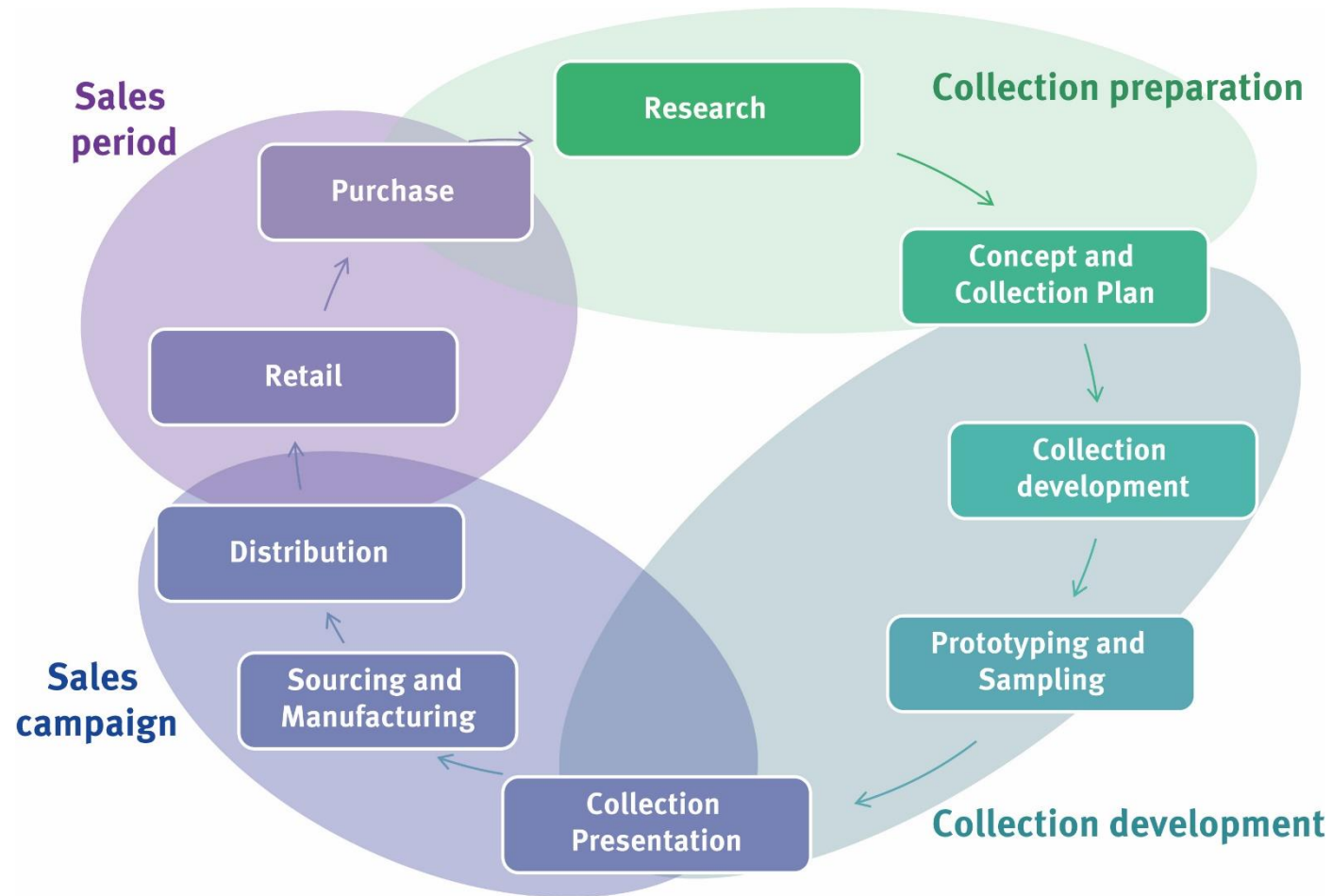


Figure 6.4: The Process of PIDL: An Overview.

Source: Compiled by authors.

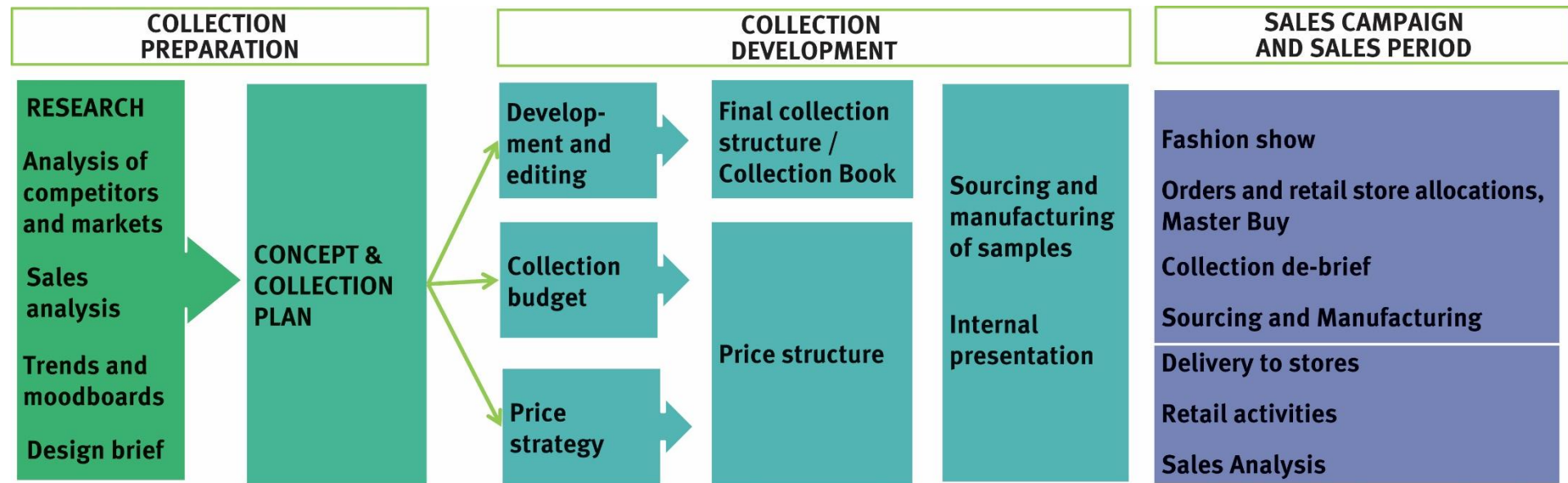


Figure 6.5: The Process of PIDL: Key Activities in Apparel and Accessories.
Source: Compiled by authors.

$$\text{Full price Sell-through rate} = \frac{\text{Units sold at Full price}}{\text{Units injected in the store}}$$

Units injected: initial stock
+ purchases

$$\text{Sell-through rate} = \frac{\text{Units sold}}{\text{Units injected in the store}}$$

$$\text{Sell-through rate at value} = \frac{\text{Gross sales}}{\text{Units injected in the store at Full price}}$$

Gross sales: before
discounts and VAT

$$\text{Average price} = \frac{\text{Gross sales}}{\text{Units sold}}$$

Gross margin: after
discounts, VAT, and COGS

COGS:
purchase cost
* units sold

$$\text{Gross margin on net sales} = \frac{\text{Gross margin}}{\text{Net sales}}$$

Net sales: after discounts and VAT

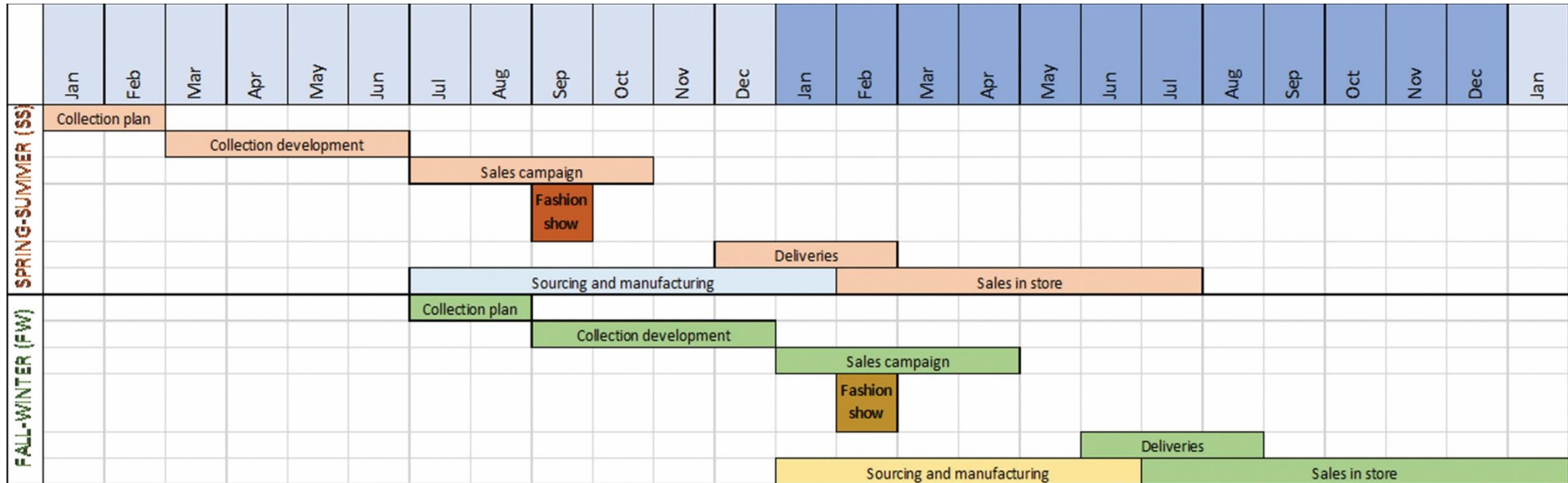


Figure 6.6: Traditional Womenswear Organization of Collections.
Source: Compiled by authors.

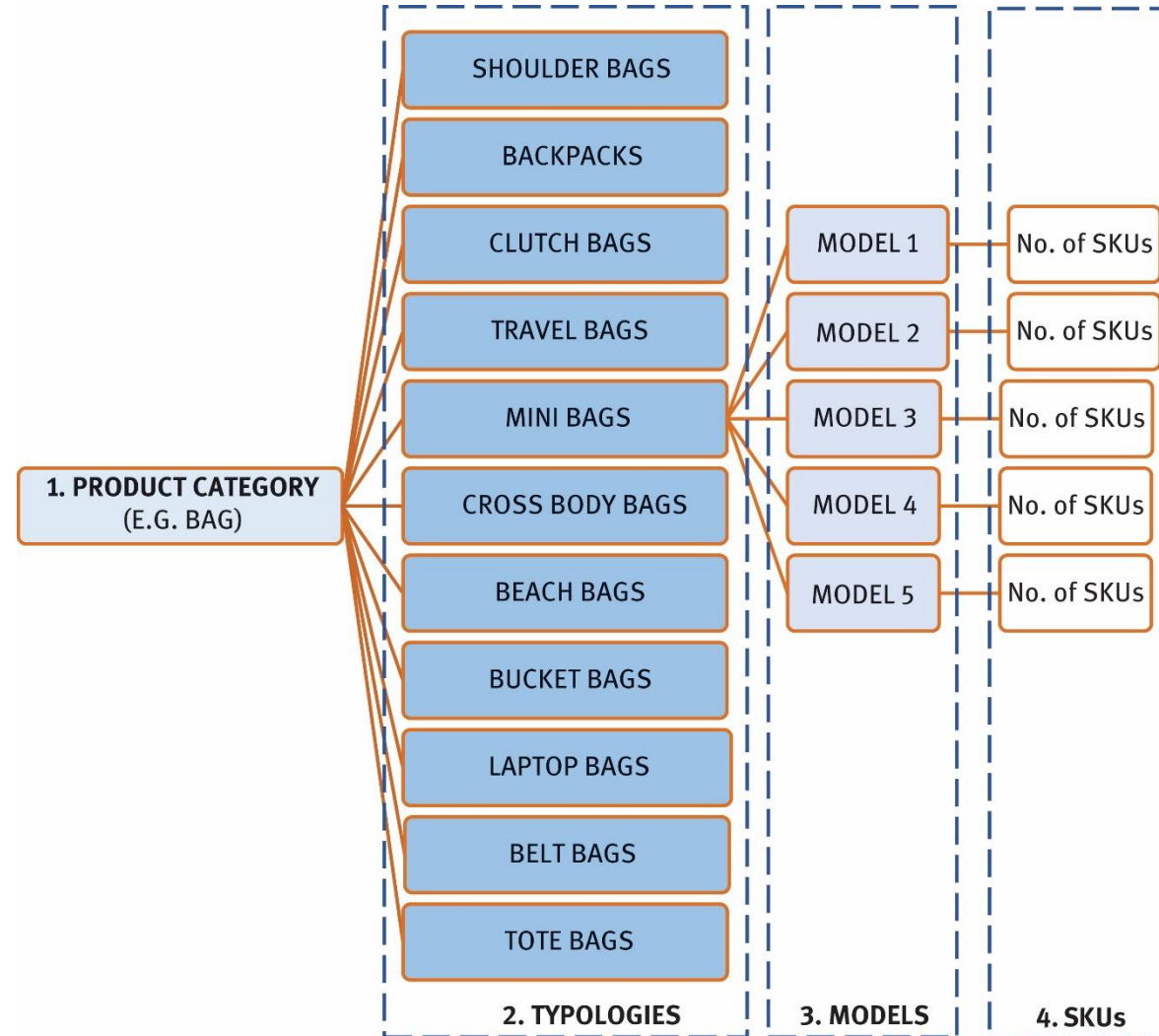


Figure 6.7: Logical Flow of Competitor Analysis.
Source: Compiled by authors.

1. MODELS

The range of jackets must be balanced between carryover and new styles. This is the SKU count.

Carryover	5
New	5
Total	10

2. CARRYOVER

We offer all bestselling models in seasonal colors to integrate with the FW collection.

3. NEW MODELS

We offer:

- 3 classical models in wool and silk, peaked lapel, double-breasted blazer within the price range €2,200–€2,500
- 1 new model in lambskin leather, fitted silhouette to offer a more sporty, but refined style, price should be in between €2,500 and €3,000

nd €1,500 to attract a younger target

4. NEW SPECIAL MODELS

2–3 new seasonal and special jackets with new buttons and fabrics in line with the rest of RTW collection and main materials to better negotiate purchasing costs and delivery time

6.8: An Example of Guidelines provided in the Design Brief for Womenswear Jackets.
Compiled by authors.

$$\text{Mark-up} = \frac{\text{Full price}}{\text{Purchase cost}}$$

$$\text{Gross margin} = \text{Full price} - \text{Purchase cost}$$

$$\% \text{ Gross margin} = \frac{\text{Gross margin}}{\text{Full price}} \quad \leftarrow \text{Or "Intake margin"}$$

$$\text{Mark-up}^* = \frac{\text{Gross margin}}{\text{Purchase cost}} \quad \leftarrow \text{Alternative version of Mark-up}$$

- (+) Planned Full price sales
- (+) Planned Markdown sales
- (+) Planned final left-overs

(=) **Inventory requirement**

- (-) Initial inventory

(=) **Open to buy**

- (-) Available replenishment
- (-) Capsule or other in-season collections

(=) **Initial Open to buy**

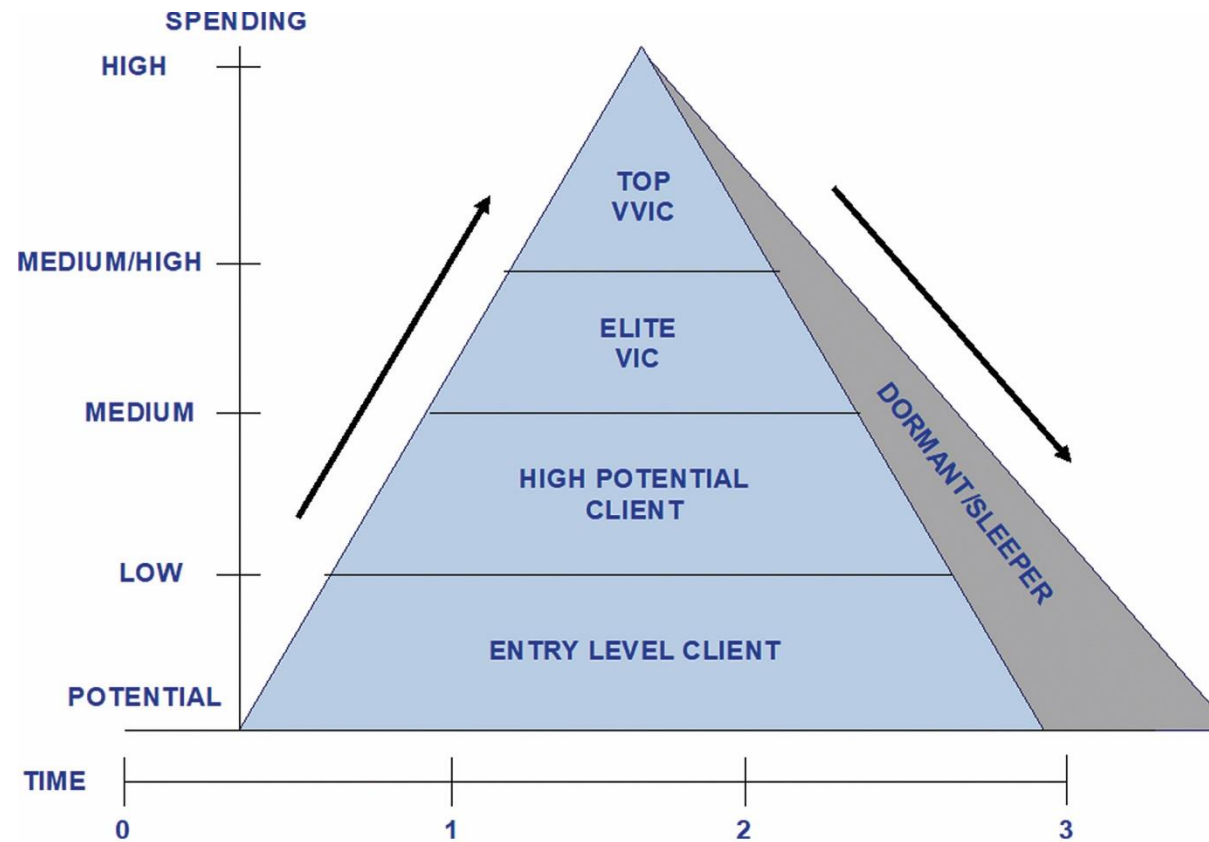


Figure 6.9: CRM Pyramid.
Source: Compiled by authors.

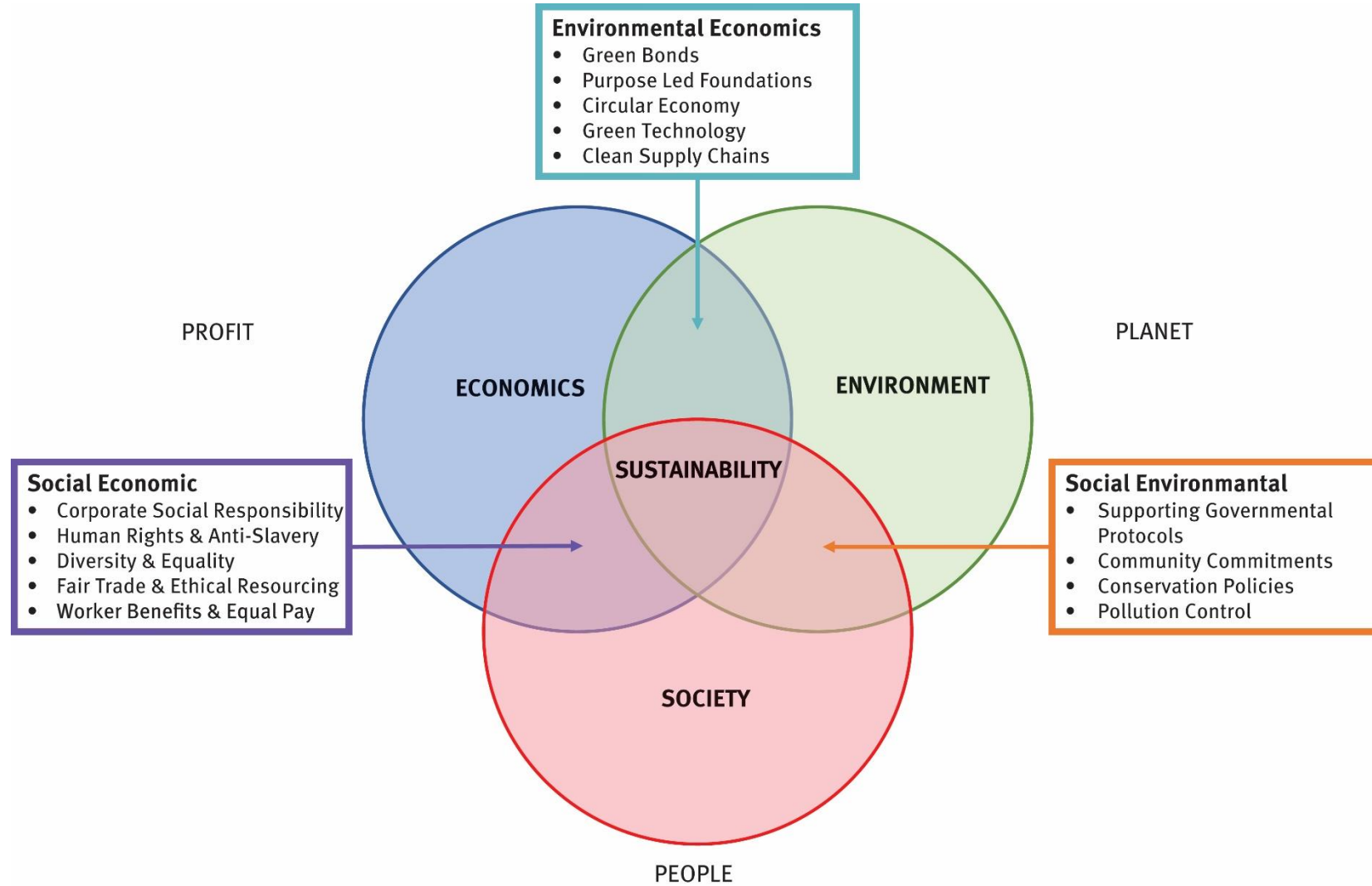


Figure 7.1: Triple Bottom Line Diagram.
Source: Compiled by authors.

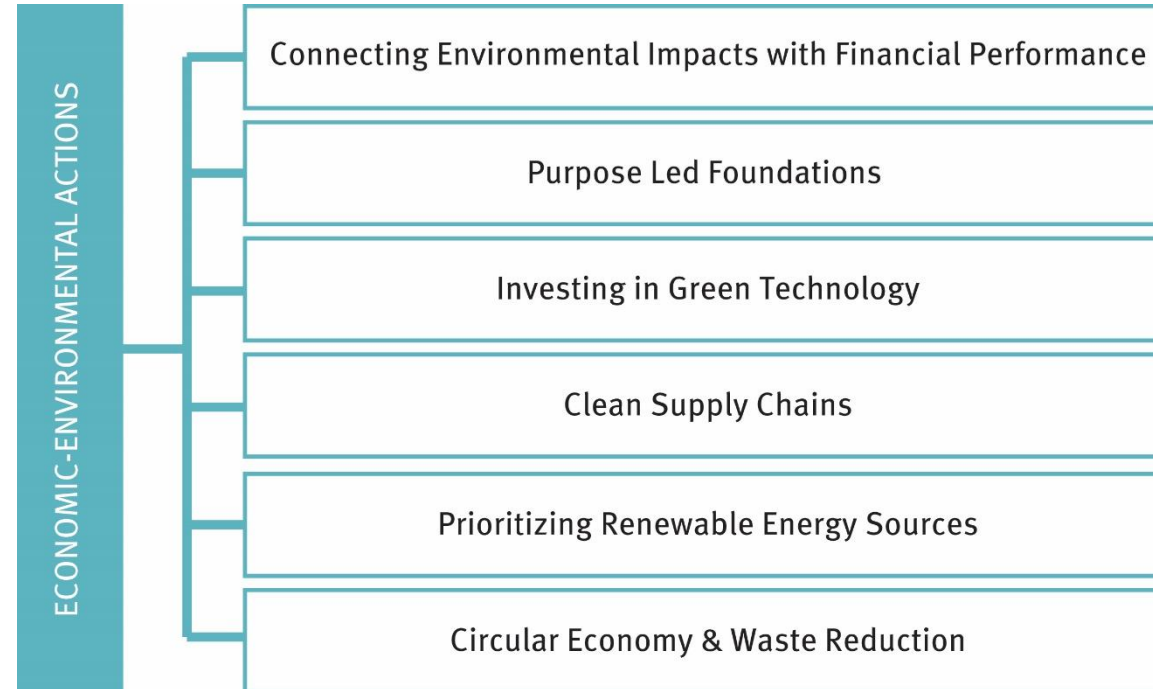


Figure 7.2: Economic and Environmental Actions.

Source: Compiled by authors.



Figure 7.3: Environmental and Social Actions.
Source: Compiled by authors.



Figure 7.4: Socio-Economic Actions.

Source: Compiled by authors.

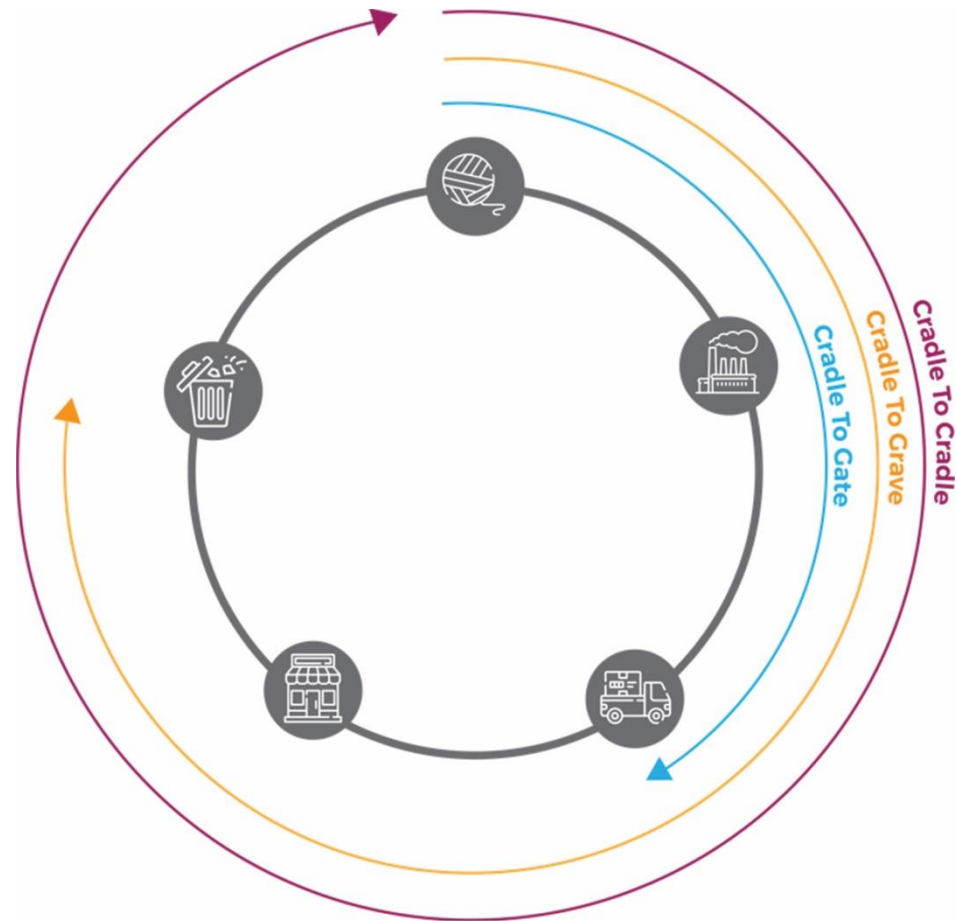


Figure 7.5: Lifecycle Assessment.
Source: Compiled by authors.

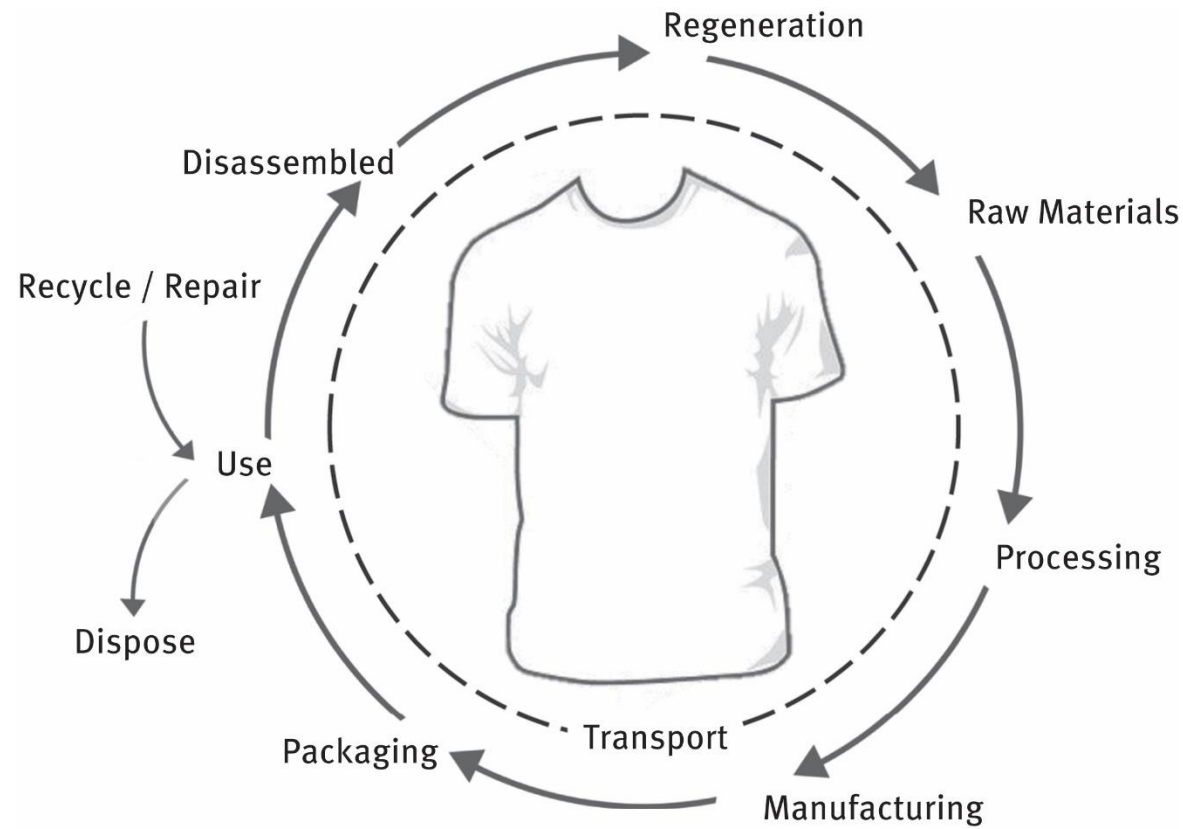


Figure 7.6: Lifecycle of a Cotton T-shirt.
Source: Compiled by authors.

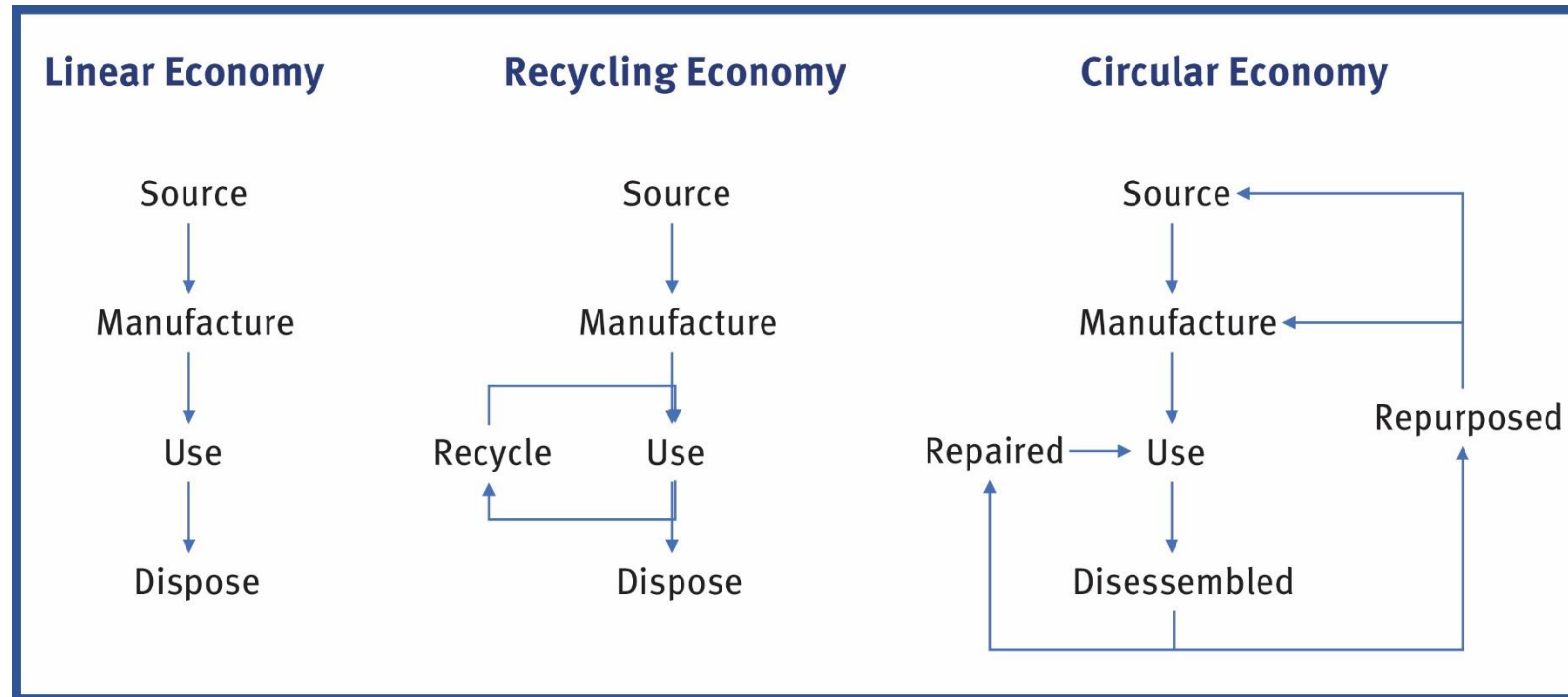


Figure 7.7: Linear Economy, Recycling Economy, and Circular Economy.
Source: Compiled by authors.

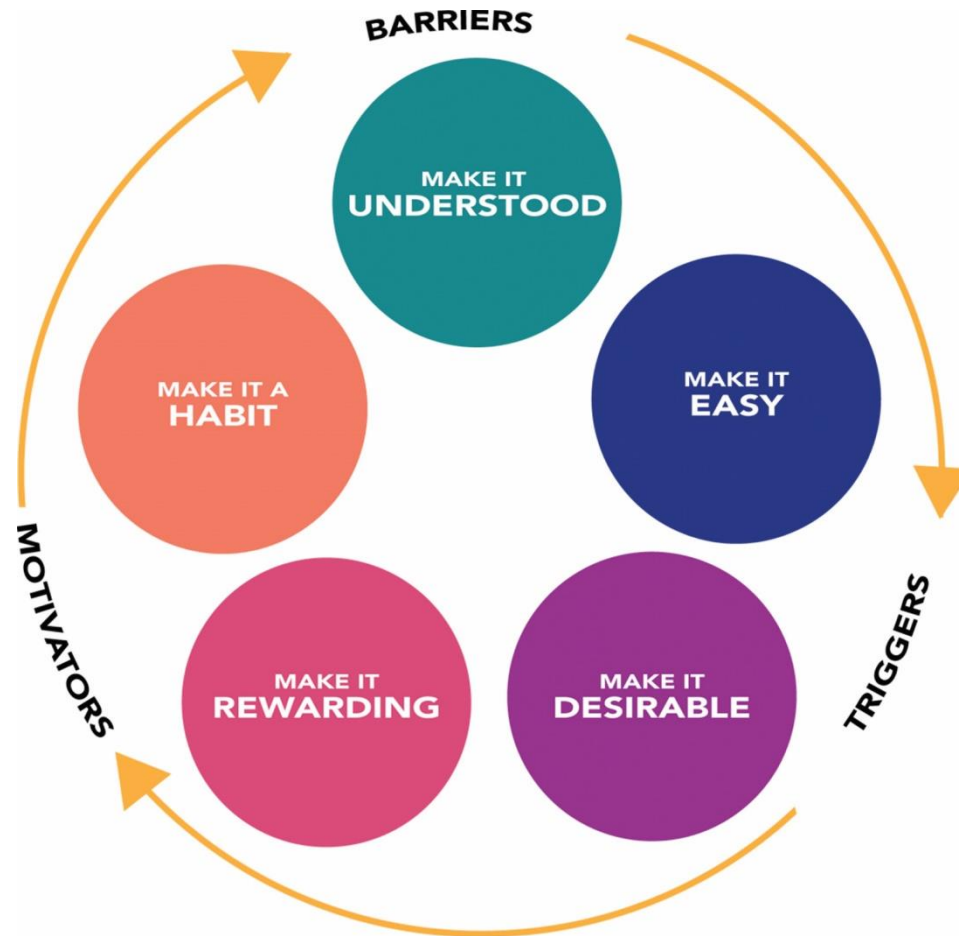


Figure 7.8: Five Levers of Change.
Source: Compiled by authors.

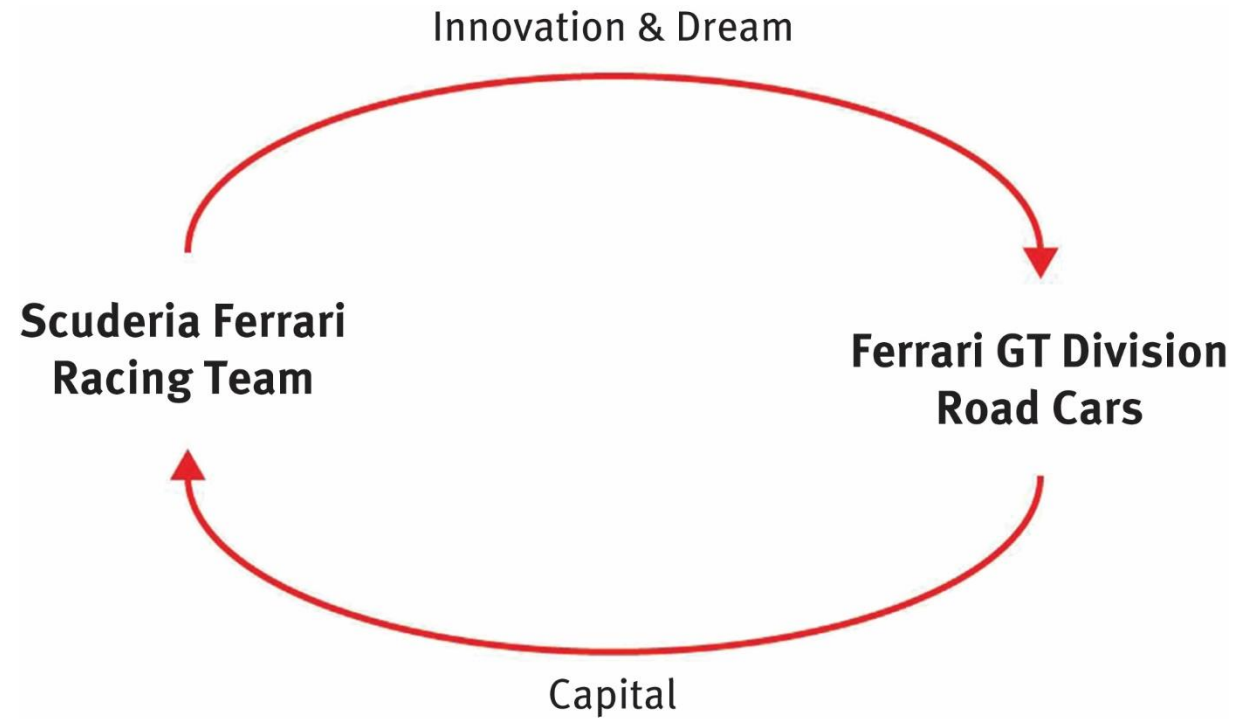


Figure 8.1: Ambidexterity in Ferrari's Business Model.
Source: Compiled by authors.

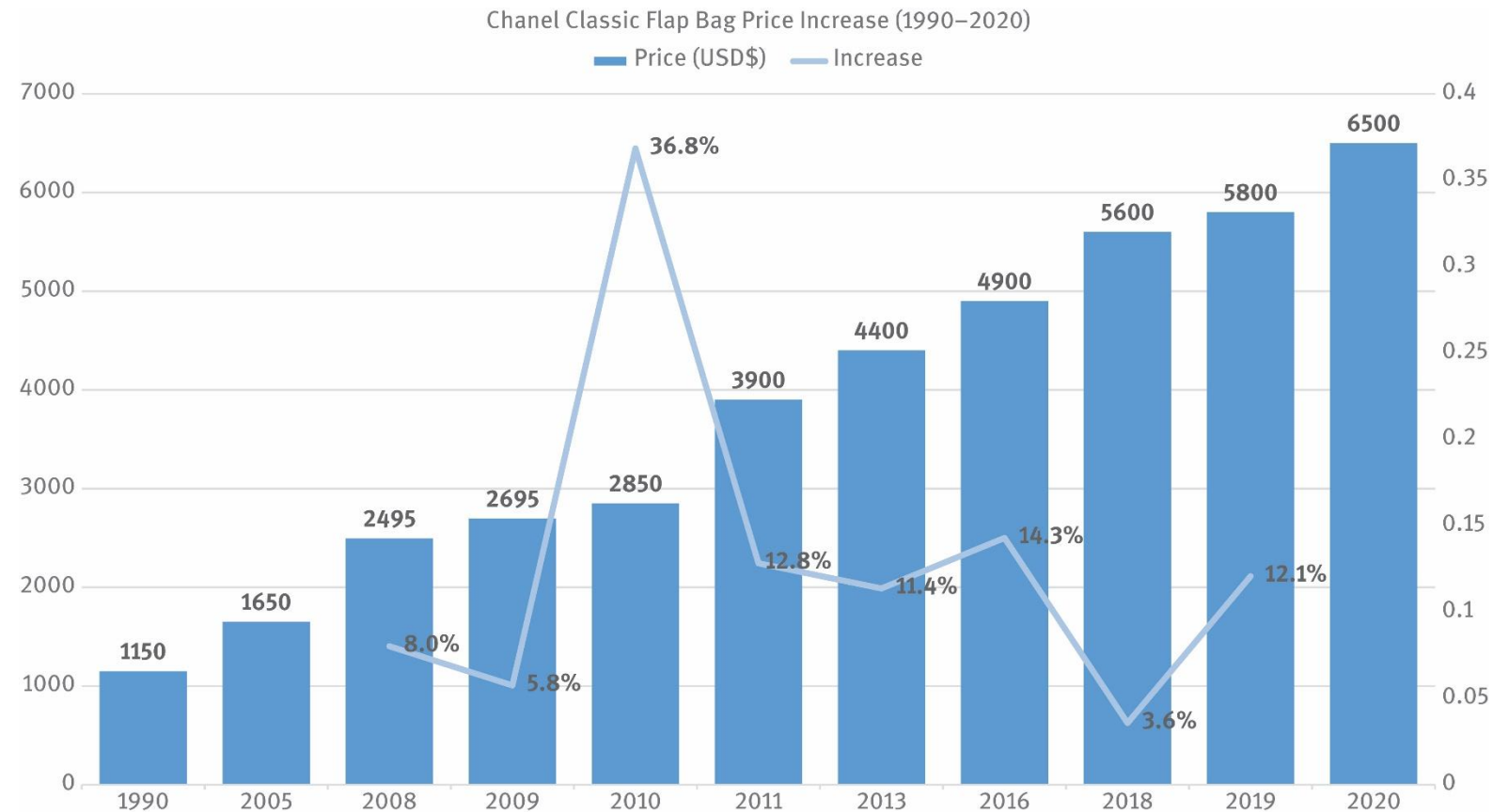


Figure 8.2: Price Increase of Chanel Classic Flap Bag from 1990–2020.

Source: Compiled by authors.

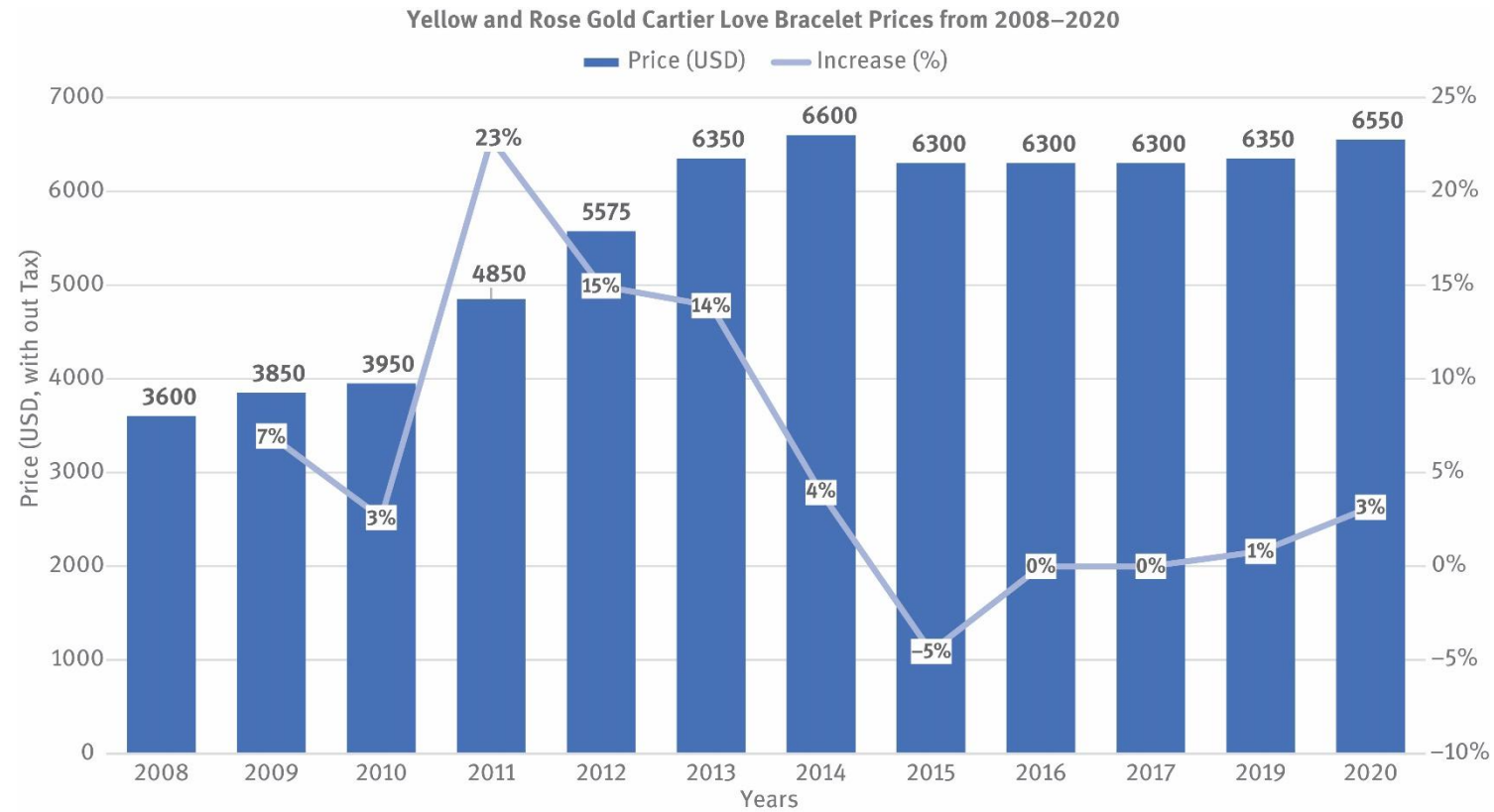
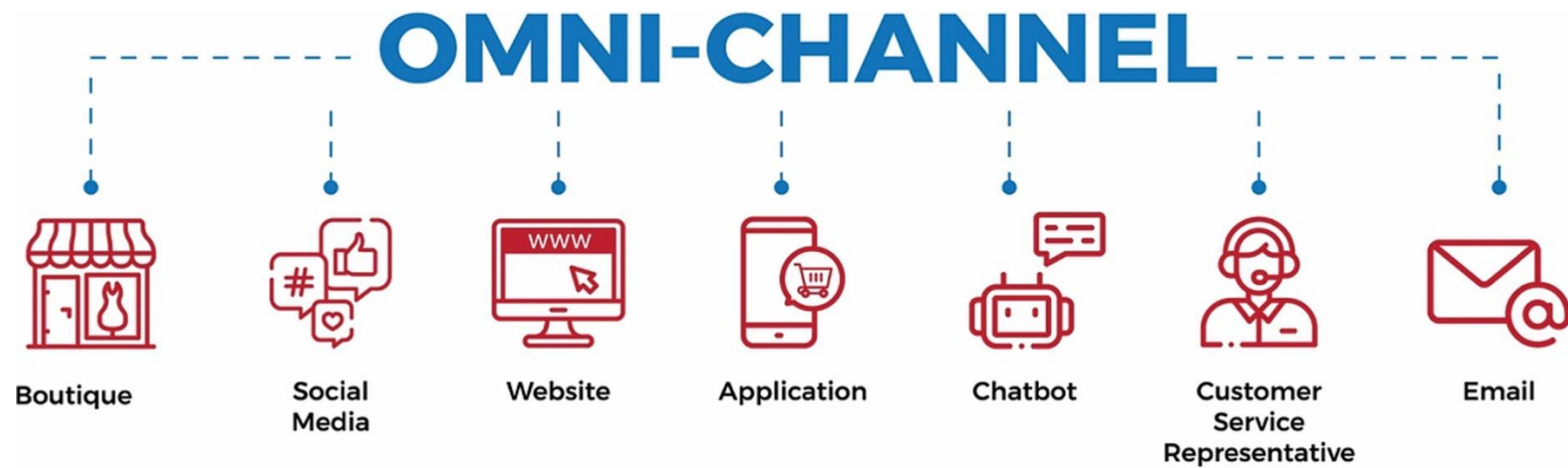


Figure 8.3: Yellow and Rose Gold Cartier Love Bracelet Prices from 2008–2020.

Source: Compiled by authors.



8.4: A True Omnichannel Ecosystem.
Compiled by authors.

Table 1.1: Creating a Conglomerate Year by Year.

	1980s	1990s	2000s
Brands incorporated (year of establishment)	1987: Creation of LVMH with the initial incorporation of Louis Vuitton (1854), Moët & Chandon (1743), Hennessy (1765) 1988: Givenchy (1952)	1993: Berluti (1895), Kenzo (1970) 1994: Guerlain (1828) 1996: Céline (1945), Loewe (1846) 1997: Marc Jacobs (1984), Sephora (1969) 1999: Thomas Pink (1984), Tag Heuer (1860)	2000: Emilio Pucci (1947) 2000: Rossimoda (1977) 2001: La Samaritaine (1870), Fendi (1925), DKNY (1984) 2010: Moynat 2011: Bulgari (1884) 2013: Loro Piana (1924), Nicholas Kirkwood (2004), J.W. Anderson (2008, minority stake) 2015: Repossi (1920) 2016: Rimowa (1989) 2017: Christian Dior (1946) 2018: Jean Patou (1912) 2019: Fenty (organic growth, JV with Rihanna), Stella McCartney (2001, JV, Stella McCartney owns the majority stake) 2020: Tiffany & Co. (1837)
Industries added	Leather goods, wine and spirits, couture and RTW	Men's shoes, leather goods, and RTW; perfume, cosmetics, and skincare; retail; watches	Jewelry, fragrances

Source: Prepared by authors from available public data.⁶

Table 1.2 (continued)

(In million euros)	2017	2018	2019
Wines and Spirits			
Revenue	5,084	5,143	5,576
% on total group revenues	12%	11%	10%
% France	6%	6%	5%
% Rest of Europe	18%	19%	18%
% USA	32%	32%	33%
% Japan	6%	6%	7%
% Rest of Asia	22%	23%	24%
% Other Markets	16%	14%	13%
Profit from recurring operations	1,558	1,629	1,729
Profit/revenue	31%	32%	31%
Operating investments	292	298	325
TOTAL GROUP REVENUES	43,232	47,459	53,844

Source: Compiled by authors from available public data.⁸

Table 1.2 (continued)

(In million euros)	2017	2018	2019
% Other Markets	16%	15%	14%
Profit from recurring operations	512	703	736
Profit/revenue	13%	17%	17%
Operating investments	269	303	296
Number of stores	405	428	457
Perfumes and Cosmetics			
Revenue	5,560	6,092	6,835
% on total group revenues	13%	13%	13%
% France	11%	11%	10%
% Rest of Europe	24%	22%	20%
% USA	17%	16%	15%
% Japan	5%	5%	5%
% Rest of Asia	30%	35%	40%
% Other Markets	13%	11%	10%
Profit from recurring operations	600	676	683
Profit/revenue	11%	11%	10%
Operating investments	286	330	378
Fashion and Leather goods			
Revenue	15,472	18,455	22,237
% on total group revenues	36%	39%	41%
% France	9%	9%	8%
% Rest of Europe	23%	23%	23%
% USA	18%	18%	18%
% Japan	11%	11%	11%
% Rest of Asia	31%	31%	31%
% Other Markets	8%	8%	9%
Profit from recurring operations	4,905	5,943	7,344
Profit/revenue	32%	32%	33%
Operating investments	563	827	1,199
Number of stores	2,002	1,852	1,769

Table 5.2: Import of furniture of top 20 Countries by Trade Value, Market Share, and CAGR (2002, 2009, 2017, 2018, 2019).

Country	Trade Value 2002	Market Share	Trade Value 2009	Market Share	Trade Value 2017	Market Share	Trade Value 2018	Market Share	Trade Value 2019	Market Share	CAGR 2002– 2009	CAGR 2009– 2019	CAGR 2002– 2019
USA	28,36,82,54,757	33%	31,68,22,72,213	23%	65,69,81,51,241	30%	70,69,01,69,326	30%	65,66,17,55,658	29%	1%	7%	5%
Germany	8,07,02,39,000	9%	13,87,70,25,253	10%	18,61,50,57,132	9%	19,54,85,70,943	8%	19,01,15,35,297	8%	7%	3%	5%
United Kingdom	5,68,17,27,998	7%	8,25,85,44,341	6%	11,17,74,69,550	5%	11,27,23,57,572	5%	11,43,61,98,248	5%	5%	3%	4%
France	4,64,33,25,945	5%	9,03,26,21,601	7%	10,56,16,93,823	5%	11,51,12,12,222	5%	11,41,78,83,351	5%	9%	2%	5%
Canada	3,62,14,53,882	4%	5,75,61,02,746	4%	7,65,84,23,370	4%	8,82,80,44,298	4%	8,71,17,03,553	4%	6%	4%	5%
Japan	4,12,35,85,516	5%	5,37,93,82,073	4%	8,77,85,71,977	4%	7,98,77,09,056	3%	8,17,73,11,466	4%	3%	4%	4%
Netherlands	2,20,93,74,154	3%	3,73,99,73,294	3%	6,08,42,00,727	3%	6,84,23,00,873	3%	7,05,07,71,084	3%	7%	6%	7%
Australia	1,00,93,27,742	1%	2,70,31,00,410	2%	4,39,15,76,665	2%	4,90,71,56,631	2%	4,61,35,19,123	2%	13%	5%	9%
Spain	1,49,18,70,312	2%	3,55,03,79,561	3%	4,29,77,30,218	2%	4,67,74,14,799	2%	4,50,65,29,960	2%	11%	2%	7%
Switzerland	1,92,63,92,449	2%	3,32,21,69,589	2%	4,04,01,19,514	2%	4,26,19,29,122	2%	4,10,73,81,062	2%	7%	2%	5%
Poland	54,65,43,000	1%	1,60,58,39,839	1%	3,11,35,90,599	1%	3,69,53,19,892	2%	3,91,31,83,554	2%	14%	8%	12%
Belgium	2,37,10,61,322	3%	3,89,67,02,025	3%	3,57,20,53,293	2%	3,72,14,84,781	2%	3,80,11,02,391	2%	6%	0%	3%
Italy	1,39,05,40,601	2%	3,03,89,49,337	2%	3,67,55,19,350	2%	3,98,64,60,584	2%	3,74,45,76,987	2%	10%	2%	6%
Austria	1,79,50,11,065	2%	3,03,57,16,209	2%	3,22,41,88,869	1%	3,49,34,59,778	2%	3,56,39,69,226	2%	7%	1%	4%
Mexico	1,37,88,39,017	2%	1,53,87,53,465	1%	3,58,25,88,661	2%	3,75,05,52,259	2%	3,54,62,24,864	2%	1%	8%	6%
Czechia	51,23,23,864	1%	1,47,06,74,037	1%	3,32,06,05,499	2%	3,56,52,13,111	2%	3,49,90,50,220	2%	14%	8%	12%
Rep. of Korea	52,54,06,995	1%	1,33,16,03,426	1%	2,99,84,91,274	1%	3,17,42,82,640	1%	3,31,49,79,234	1%	12%	9%	11%
China	36,93,50,293	0%	1,73,80,89,612	1%	3,49,76,56,978	2%	3,75,01,99,994	2%	3,30,36,69,656	1%	21%	6%	14%
Sweden	1,34,49,62,779	2%	2,19,02,30,200	2%	3,09,11,76,808	1%	3,25,14,81,150	1%	3,12,56,31,166	1%	6%	3%	5%
Norway	97,95,05,174	1%	1,98,03,75,176	1%	2,51,89,53,296	1%	2,51,52,15,179	1%	2,45,96,01,183	1%	9%	2%	6%
Slovakia	23,88,32,570	0%	80,04,25,635	1%	1,84,52,77,586	1%	2,21,90,47,414	1%	2,34,96,63,657	1%	16%	10%	14%
World	85,05,55,49,268	100%	1,36,44,85,20,334	100%	2,18,02,85,20,873	100%	2,31,96,36,94,429	100%	2,23,78,20,09,445	100%	6%	5%	6%

Source: Compiled by authors based on UN Comtrade Database, HS Classification, Codes: 9401; 9403; 9404; 9405 – <http://comtrade.un.org/db>.

Table 5.3: Revenues by Region of a Sample of Luxury Companies in 2019.

	EMEA	Americas	Japan	APAC	RoW*
Azimut Benetti	62%	3%	N/A	4%	31%
Brunello Cucinelli	45%	33%	N/A	10%	12%
Chanel	37%	18%	N/A	44%	1%
Damiani	76%	N/A	10%	9%	5%
Dolce & Gabbana	51%	16%	5%	22%	6%
Ferragamo	25%	29%	9%	37%	–
Hermès	30%	18%	13%	38%	1%
Kering Group	33%	19%	8%	34%	6%
Gucci	28%	20%	8%	38%	6%
LVMH Group	28%	24%	7%	30%	11%
Ferrari	48%	29%	N/A	23%	–
Potróna Frau	55%	12%	3%	30%	–
Richemont SA	30%	18%	8%	38%	6%
Tiffany	11%	44%	15%	28%	2%

Note: *Rest of world

Source: Compiled by authors based on publicly available data; Ferrari data refer to car shipments.⁵

Table 5.4: Davines’s Expansion in China: Pros and Cons.

PROS	CONS
Affluent local customers interested in high-end Western brands	Significant presence could require large investment
The experience of the founder, Mr.Davide Bollati, with launching and staffing local subsidiaries	Relatively low brand awareness of Davines compared to other Western companies
“Going natural” movement in the industry could help Davines and make Chinese customers receptive	Special local needs could require product adaptation (local R&D center and factory)
	Limited current local interest in product sustainability
	Barriers to entry (e.g., in China, exemption from animal testing is possible only for local producers)

Source: Compiled by authors based on corporate data, 2020 and Lojacono & Misani, 2017.*

* Lojacono G., Misani N Davines: Internationalizing a Niche, The case centre, 2017