BRAND PROFILE: MONCLER

Moncler's repositioning from skiwear to luxury shows that pulling away from the pack can have a thawing effect on brand perception.

Off piste

For athletes and spectators, success was measured in medal tallies on Sochi's snow-covered slopes at the Winter Olympic Games in Russia in February. Ski and sports brands that worked closely to develop new fabrics and designs celebrated if their athletes succeeded, or commiserated if, like Under Armour, their state-of-the art aerodynamic suits were blamed when speed skaters underperformed. Companies were keen to get their logos 'eyeballed', and to translate those into sales.

But one brand that has adopted an entirely different strategy is Moncler – while it features high-end performance fabrics and technology it has repositioned itself over the past few years as luxury fashion rather than ski or sportswear; its fans are as likely to be heading out to the opera as they are careering down black slopes. Its turnaround is mainly credited to Remo Ruffuni, who took the reins in 2003.

"When I bought the company, sales in Italy were about 95% but I pushed it to be as global as it can," he says. "The strategy is now to divide the business and therefore divide the risk, through Europe, Asia and the US."

In that time sales have increased dramatically. In late 2013 it shocked the markets not only for the size of its stock market flotation but also for its popularity; investors scrambled to buy shares and the listing ended up eight times oversubscribed. On its first day of trading on the Milan bourse, its value soared more than 40%.

Born in the Alps

Established in Grenoble in the French Alps in 1952, Moncler was launched to service those working in the cold conditions, providing warmth through bulky padded jackets and tents. The first Moncler down jacket was made in 1954 when the company supplied the technical equipment for the Italian expedition to K2, and in 1968 it became the official supplier of the



Ski suits form the backbone of Moncler's Grenoble brand.

Moncler



The autumn-winter 2014 show featured a grid of models behind a Swiss choir dressed in down-filled suits on hydraulic platforms.

Moncler

French skiing team during the winter Olympics in Grenoble.

In 1992 ownership of the Moncler brand was acquired by Italy-based sportswear manufacturer Pepper Industries, before transferring to Fin Part in 1998. This company operated in the high-end clothing sector, and Mr Ruffini, who was involved as creative director, aimed to reposition Moncler to be more in line with the group. The company admits it had an "identity crisis" in the 1990s when it "distanced itself from its longstanding heritage".

To diversify the products away from padded jackets, a spring-summer collection was launched in 2002 and the first of a number of private equity firms invested their cash. Mittel and Progressio helped the company to fund boutiques in high-end ski resorts, with the aim of attracting young, affluent skiers who would continue to wear the jackets in their home towns and spread awareness of the brand. The first women's collection, Gamme Rouge, was launched in 2006 and the first urban store was opened in 2007 in Paris. The addition of the Carlyle private equity fund in 2008 accelerated growth.

Material gain

"Numbers are very important, margin is very important, I want to create value, but on the other hand I think product is very important," says Mr Ruffini, a reflection of his position as both creative director and owner – roles that traditionally conflict. "When I bought the company, the first point of reference was technology – technology and innovation – trying to create both new and old designs with new fabrics and materials. In the 1950s the jackets weighed 800g; now we can make one at 150g."

As well as broadening product offering with lighter jackets, the company moved into knitwear and footwear, leather accessories and eyewear. It chooses its endorsements carefully: prolific US music producer and rap artist Pharrell Williams designed a range of sunglasses with the brand in 2012 while 'celebrity' fans include Matteo Renzi, the mayor of Florence. "Celebrities help a lot, they give a new perception of the brand."

Ruffini hired designers from around the world, from Italy and Japan as well as Thom Browne from the US to look after menswear collection Gamme Blue and the UK's Christopher Raeburn, who would nudge the collections towards high fashion. Its catwalk shows are often more gimmick-heavy than those of high-end fashion houses – the autumn-winter 2013 collection featured models ice-skating in New York, while previous editions have showcased roller-skating 'gorillas', trapeze artists in jungle settings and a flash mob in Grand Central Station.

However, Mr Ruffini is reluctant to describe the company as a fashion house. "If you are too into fashion you can only wear products for one season whereas with Moncler you can wear them for six, seven years."

Global expansion

In terms of growth, the company says Russia, Eastern Europe and Middle East, as well as the US, Canada, Brazil and China offer the most opportunity, but there is "no hurry" to open stores. While sales in China are have not taken off in the same way as other countries, Japan is an important market. "Japan is very strong, they've known the brand for 30 years. There is a lot of

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Moncler has gone back to its sporting roots with the sponsorship of the Italian speed skating teams.

Moncler

energy," says Mr Ruffini. However, like any company selling in Japan recently, the weakness of the yen has impacted revenue, prompting Moncler to increase prices there by 8% last year, and it plans a further 4% hike this spring.

Moncler is working towards increased efficiency in its supply chain and consolidating its wholesale distribution channel through "careful management of its clientele". "The aim is to increase targeted penetration of the Moncler product in each individual store, whilst still maintaining the brand's principle of selectiveness," it says.

The group now employs 1,200 and operates through a network of 122 mono-brand stores in 66 countries, as well as through the wholesale distribution channel. It opened nine stores last quarter, and was looking to open in 20 new locations in the coming year, including its first store in Moscow in the second quarter and two or three in the US. "We want a selective and controlled retail expansion," said Mr Ruffini.

Private equity investment has been a mixed blessing over the years. It enabled Mr Ruffini to expand and open new stores, but at the same time "in private equity, numbers are numbers" with the firms looking for revenue increases followed by a near-term exit strategy.

The company had already tried for one listing in 2010 when Carlyle decided instead to sell 45% to Eurazeo, because its bid was higher than the market potential – a move Ruffini at the time described as "a mistake". The timing for a flotation was deemed suitable again at the end of last year, and in November the group offloaded its remaining sportswear brands Henry Cotton's, Marina Yachting and Coast Weber Ahaus, as well as the license for 18CRR81 Cerruti.

By the time of the initial public offer in December, Moncler was owned by Eurazeo, CEP III Participation, Mr Ruffini, Brands Partners 2 and GoodJohn & Co. With the dramatic rise in share price on the first day of trading, Mr Ruffini's 32% stake shot up to £1.4 billion. At the end of February, Moncler posted record results: double digit growth across all regions in 2013, with sales rising 19% over 2012 to $796.9 million.

Back to its roots

While the strategy was to diversify away from skiwear over the past decade, the group's latest brand, Moncler Grenoble, goes back to its roots, featuring high-quality ski suits, gloves, fur hats and padded pants. "The history of the company helped me redesign Moncler," says Mr Ruffini. No less dramatic than its fashion counterparts Gamme Rouge and Gamme Blue, the 'catwalk' in New York in February comprised a grid of models in boxes and a choir mounted on springs singing Alpine songs to electronic music - "a thoroughly contemporary experience; an identical approach to that adopted by Moncler".

The company has also taken another surprising step back into sport: partnering the Italian Ice Sports Federation for the 2013/2014 season as the official technical supplier for the speed disciplines. It will clothe the men's and women's senior national teams for short track and speed skating for all sporting and associated events.

"It's easy to make everything with the logo, but I don't want to. I want to be consistent with the customer and with the people who work for us," explains Mr Ruffini on the diversification strategy. "The goal is just to open in new markets, new stores, improve our quality, our distribution. Talk with the customer directly and have a very good relationship with them."

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