

Cartier made its first sale to Emperor Napoleon's cousin – its product line remains small but it is a giant among luxury goods firms

ANGELO PISTOIA

A company in a class of its own

INTERVIEW

ALAIN-DOMINIQUE PERRIN

ALAIN-Dominique Perrin, chairman of luxury goods company Cartier International, is a man who comes straight to the point. In his stylish Paris office off the Champs-Élysées, he says that in the 25 years he has been with the company he has "helped to make it a luxury giant".

Cartier International, best known for its prestigious watches, glamorous jewellery and cigarette lighters, is 100 per cent owned by Vendôme Luxury Group and makes up 70 per cent of the group – which has been listed on the London and Luxembourg stock exchanges since October 1993.

In turn, 70 per cent of Vendôme is controlled by Swiss parent company Richmond. The remaining 30 per cent is listed on Swiss stock exchanges. In 1988 Cartier International acquired a major stake in jewellers and watchmakers Baume et Mercier and Piaget, which became Holding PBM International, headed by Perrin.

Perrin, 51, is not exaggerating the role he has played in the changes which Cartier International has undergone. The most important of these include its recent restructuring within the Vendôme Luxury Group, and the transformation in the 1970s from

what he describes as a "family-like company, famous for its rich clientele in three or four stores around the world, into a leading multinational luxury business".

With a keen eye on brand identity Perrin developed a new marketing concept for the company called Les Must de Cartier in 1973, based on a new distribution system rather than new product lines. Instead of distributing products to Cartier shops only, production was increased to supply specialist shops selling watches, pens, lighters, perfumes and top department stores through a strong wholesale network.

Growth shows that it was a successful strategy. "Our turnover jumped from \$8m in 1970 to over \$1bn in 1992," says Perrin. He maintains that Les Must de Cartier and its distribution network has made Cartier International number one in its category, relegating its competitor Tiffany to second place. It has 160 shops worldwide, 4,000 retailers selling Cartier

goods, and 5,000 retail perfume outlets. Wholesale, based on Le Must de Cartier brand, represents 60 per cent of business compared to 40 per cent retail activity.

A breakdown of Cartier products divides Cartier International sales into 48 per cent watches, 25 per cent jewellery, ten per cent leather goods, ten per cent lighters, pens, scarves and glasses, and seven per cent perfume.

Cartier International's end-of-year figures are not released independently but grouped under Vendôme Luxury Group results. Consolidated turnover for the six months to September 1983 was Sfr1,169m (\$830m); operating profit Sfr201m; and after-tax profit was Sfr186m. This compares with 1992's turnover of Sfr1,168m and after-tax profits of Sfr160m.

Despite the recession, which has taken a toll on most luxury goods firms, Perrin believes Cartier has not been hit by it, although he concedes that the 1990s are more difficult than the 1980s. Cartier's market share is 50 per cent in Europe, 22 per cent in North and South America, 22 per cent in Asia, and six per cent in the Middle East and Africa. The company also has some developing activity in China, Russia,

Poland and India. Products are mainly manufactured in Europe. Cartier has factories in France, Switzerland and Italy. The exception is a leather factory in Mexico which produces goods for South America.

One of the major problems that has faced Cartier has been the fake products market where imitation Cartier watches, lighters and leather goods are sold for a fraction of the retail price on street

corners from Hong Kong to Italy. New Gatt regulations are making it more difficult to fake goods, and customs and police authorities are helping to stop the practice.

Perrin says that the firm has even gained publicity through setting up international exhibitions on the art of the fake – from Mona Lisa lookalikes to imitation Cartier and Chanel products.

But as the fake market loses its edge a "grey trading"

market is springing up. This involves a licenced Cartier retailer selling Cartier goods to a trader who is not licensed. However, new EU laws on illicit trading allow companies to clamp down on retailers who buy unofficial brands or sell to unrecognised traders. Over the past three years Cartier has stopped grey trading at 1,300 retailers.

Perrin foresees that Cartier International will maintain its strong identity, its

product lines and increase its markets. He points out that with an almost 150-year-history of luxury goods "Cartier has become an institution".

Maison Cartier was set up by Louis-François Cartier in 1847, starting its business in style by making its first sale to Emperor Napoleon's cousin Princess Mathilde. Clients from the Rockefeller, Fords and Vanderbilts to the Duke and Duchess of Windsor and Elizabeth Taylor have

followed, commissioning extravagant and outstanding jewellery. "Right now we are developing a new series of products but we are not diversifying – we aim to keep our identity," says Perrin.

Strong on company image, Perrin has also played a key part in setting up the Cartier Museum of Contemporary Art in Paris, where Cartier products and contemporary art exhibitions are displayed.

Ruth Sullivan



Recognition gained: 'Cartier has become an institution' says its straight-talking chairman, Alain Dominique Perrin

BIOGRAPHY

- 1847:** Maison Cartier set up by Louis-François Cartier
- 1902:** Cartier opens in London
- 1907:** Cartier opens in New York
- 1936:** Cartier opens in Monte Carlo
- 1942:** Death of Louis-François Cartier
- 1973:** Creation of Les Must de Cartier and new distribution network
- 1979:** Creation of Cartier Monde to group together Cartier Paris, Cartier London and Cartier New York
- 1981:** Merger of Cartier SA (French subsidiary) with Must de Cartier SA
- 1988:** Cartier acquires majority stake in Baume et Mercier and Piaget
- 1993:** Cartier International becomes 100 per cent controlled by new holding company Vendôme Luxury Group which is listed on the London and Luxembourg stock exchanges