

## The Future of Luxury in Africa: Trade Not Aid



*Suzy Menkes in conversation with Jean Paul Gaultier*

### **Luxury Society details the key insights from the International Herald Tribune's 2012 luxury conference, examining the promise of Africa**

Luxury brands and the promise of Africa was undoubtedly an ambitious theme for the International Herald Tribune's 2012 luxury conference. The clichéd heady glamour of the luxury industry felt seemingly at odds with the world's similarly clichéd ideas about Africa.

But it evolved to become a genuinely eye-opening event, delving far beyond the statistical promise of Africa and explaining – in many cases first hand – how luxury brands can work with, and benefit from, a powerful emerging middle class and a skilled workforce of artisan producers.

“Africa has immaculate craftsmanship, which lends itself to luxury” explained Kim Jones, director of menswear at Louis Vuitton. “When it comes to craftsmanship, there isn’t much Africans feel they can learn from the West” echoed Uché Okonkwo.

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*“Africa has immaculate craftsmanship, which lends itself to luxury”*

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### **57 Countries, 57 Markets**

Of constant correction throughout the event, was the reference to Africa as one unified economy. Numerous speakers reminded the audience of the need to view each individual country as a separate market, each in various stages of economic development, with varying levels of infrastructure and affluence.

Lagos, Nigeria, was continuously discussed as an increasingly important hub for fashion and design, as well as a potential shopping hub for luxury retail. It emerged that Nigerians represent Selfridge’s fifth biggest consumer segment by geography, and Zegna will be the first brand to open locally in 2013.

Many luxury brand executives were pressed as to why they had not opened in sub-Saharan Africa, in a bid to cater to Africa’s increasingly powerful middle class. In short, they cited a lack of infrastructure, a lack of local knowledge and a conviction that many wealthy Africans enjoy travelling to buy luxury goods.

Vogue Italia’s Franca Sozzani disagreed, arguing that local economic development cannot be encouraged if luxury brands do not cater to local demand, and therefore ‘force’ African shoppers to purchase luxury goods overseas.

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### **Trade Not Aid**

“Business in Africa should be about creating work, not pity,” declared Simone Cipriani, the first of many speakers to reiterate the idea that charity and aid has proven counterproductive to sustainable economic development.

Through the UN’s Ethical Fashion Initiative at the International Trade Center – overseen by Mr. Cipriani – Stella McCartney, Sass & Bide and Vivienne Westwood are creating luxury fashion and leather goods in the slums of Africa & Haiti. Though admittedly, it makes up a small percentage of production.

“We created a business model – a system to organize employment and therefore give dignity to people,” Mr. Cipriani explained to Suzy Menkes. “Another kind of fashion is possible, bringing social and environmental sensibility.”

“A focus on producing the highest quality products ensures consumers return, demand becomes stable, business can grow, profits can be made,” he continued at the 2012 event. Proclaiming to the crowd he had a workforce assembled, ready to fill orders, on an industrial scale.

“It’s not about projects in Africa, it’s about products made in Africa, brands that celebrate Africa” echoed Andrew Hunt, founder of Aduna, which hopes to harnesses the power of Africa’s natural resources to bring premium natural beauty products to the world. “Trade not aid, aid to trade,” concluded PPR sustainability chief, Jochen Zeitz.

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### **The Promise of Africa**

“Africa is home to 1/6th of the global population,” explained Alexandre Ricard, CEO of Pernod Ricard. “Of the ten fastest world economies, African countries account for seven.” Indeed, 70% of Africa’s population is under 40 years old, and is estimated to wield \$1.4 trillion in spending power by 2020, according to Uché Okonkwo.

The fragrance business is already booming according to P&G Prestige, armed with perfume licenses for Gucci and Dolce & Gabbana. President Joanne Crews revealed that Africa is growing at a rate of 25% when it comes to perfume, and estimated that the continent will achieve \$100 million in distributor sales in the coming 7-10 years.

Pernod Ricard has opened subsidiaries in Namibia, Kenya and Angola, with Ghana to follow. They have also opened an innovation centre in Johannesburg. Perhaps unsurprisingly, CEO Alexandre Ricard was one of the only executives to clearly detail key barriers to entry, based on personal experience, which luxury brands will face when entering various African markets.

Mr. Ricard cited talent, bureaucracy and a lack of regional infrastructure as key challenges in the launch of various subsidiaries, strongly reiterating that everything in Africa takes time. Guillaume de Seynes, managing director of Hermès, conceded the French leather goods manufacturer had not yet found a suitable partner to bring retail to Africa, but was confident this will change in the near future.

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*“Talent, bureaucracy and a lack of regional infrastructure remain key barriers to entry”*

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The event left no doubt that the luxury industry must wake up to the promise of Africa. Whether it be catering to wealthy African travellers in key global cities, serving an emerging Middle Class locally or leveraging outstanding craftsmanship in a socially responsible – and economically attractive – way. Suzy Menkes was able to prove that real opportunity exists in Africa, as its economies continue to sustain growth, whilst the West falls deeper into recession.

“The future is Africa, not China,” deadpanned Bono, co-founder of fashion brand EDUN, which is jointly owned by LVMH. “Ask the Chinese, they are all moving to Africa,” he laughed, and the room laughed along with him. But perhaps there was something quite telling in his gaff, as the BRICs move into various stages of maturity, a new wave of emerging markets will come.

And if the 2012 IHT Luxury Conference was anything to go by, a good deal of these markets will come from the African continent.