

Style and substance

by [Ed Attwood](#) on Friday, 07 May 2010



Footwear designer par excellence Christian Louboutin is tying up with the Chalhoub Group to take on the Middle East. But is 2010 the right time to breach this market?

Impoverished journalists should never tell their better halves that they are interviewing both the general manager of Christian Louboutin and the head of perhaps the Middle East's largest retail family. It leads to uncomfortably unrealistic expectations of free shoes, free handbags and free parties, followed by lengthy periods of recrimination, silence, and yet more recrimination. Sadly, the designer that holds the gentler half of the world's population in the palm of his hand is not in the business of handing out his creations gratis, and with frenzied consumers paying out hand over fist for them, that's probably an astute financial move.

So why is Louboutin's right-hand man visiting Dubai? Alexis Mourot is — naturally — impeccably dressed, and together with Patrick Chalhoub, CEO of the Chalhoub Group, they form an imposing team. Then again, fronting an assault on the Middle East's retail market during this recession requires both an exceptional brand and regional experience by the bucketload. Quite simply, Louboutin has chosen 2010 to be the year in which the number of stores he runs worldwide nearly doubles.

"We have flourished pretty well for a number of years in the US, and that market has contributed to a large portion of our success," points out Mourot. "In fact, that sector took up so much of our growth that we didn't have an opportunity to look at other markets."

Lucky Mr Louboutin, you might say, but all that is going to change this year. From nineteen stores worldwide at the end of 2009, Mourot says, by December this year, Christian Louboutin will have opened 32 locations, including a joint venture in the notoriously tricky Japanese market. Getting to grips with Japan is certainly not for the faint-hearted; for a long time, the Asian giant was second only to the US in terms of demand, but a McKinsey report last year earmarked the country as just about the only major market worldwide that was seeing luxury sales sink. But Japan isn't the only neighbourhood where Louboutin is pushing its brand hard. The Middle East will make up over a third of the new stores opening this year, reflecting the still-increasing importance of the region as a luxury retail destination.

"We opened one store in January at the Al Khayat Mall in Jeddah, with the second to come in Beirut in June," says Mourot. "There will be a third in Dubai's Mall of the Emirates in September, and a last one in Riyadh in either November or December."

None of these locations are new territory for the redoubtable Chalhoub, who waltzed into Arabian Business' Power List for the first time this year at number 89. Luxury retail runs in the blood of the Chalhoub family, which opened its first boutique in Damascus way back in 1955. Together with his brother and co-CEO Anthony, Patrick now presides over an empire of more than 371 stores and 60 companies, mixing own-brand expertise with a penchant for bringing some of the world's most famed fashion houses to the region. But will all that be enough to make the Louboutin partnership a success in the teeth of a severe downturn in the retail sector?

"This is absolutely the best time to launch a partnership of this stature," insists Chalhoub. "You have to invest in difficult periods, and it's so easy when the wave is at its highest. When the foundation is healthy, it's not a question of time, it's a question of having the right partner, and having enough visibility to do what we want to do in the region."

Chalhoub is certainly bullish when it comes to the Dubai retail sector, which saw figures slewed dramatically by the opening of the gargantuan Dubai Mall last year.

"That extra five million square feet in Dubai Mall meant another 20 percent of retail leasable area added to the market in one go," the CEO explains. "When you have a stable platform, and there's an increase of that nature, your other locations are immediately going to get hurt. So like-for-like, yes we were hit, but that's because another 1,200 stores arrived in a market that was already flooded."

But the executive certainly seems to be rolling with the punches. As in other industries, there has been a definite feeling that the retail game has changed forever.

“We have been spoilt by the fact that there has been between ten and 30 percent expansion in the market before 2008,” Chalhoub muses. “And when there is no more expansion people start to talk about a crisis — but in reality, sales in Dubai weren’t that bad. 2009 wasn’t worse than 2008, and sales were relatively stable, plus or minus two percent.”

The CEO seems patently aware of the new reality that is facing retailers, especially in Dubai, but also thinks that as other regional sectors have not expanded so quickly, neither have they dropped off so rapidly, either. By comparison, the sector in Abu Dhabi grew by between three and six percent last year – figures that are generally matched in Saudi Arabia. Given the now well-known constraints on the retail sector in the UAE capital in terms of the lack of leasable area, Chalhoub and Mourot are reticent to put a date on a potential store there.

“I don’t know about Abu Dhabi yet — it’s important for us to open firstly in Dubai and afterwards in Abu Dhabi,” the Louboutin general manager says. “But we are in no hurry. It’s important for us to have a strong plan, and if we don’t think we are ready, we won’t do it.”

In fact, both partners are quick to scotch the notion that opening stores in a location is simply a question of putting a flag down. “Opening four stores is like opening four houses,” indicates Chalhoub. “It’s a real commitment, and you really want to give it this warm expert feeling that is totally aligned with the brand identity and values, which will really please your customers.”

The plan is to replicate the success story in other markets by ensuring that every store is a unique concept. “Everything comes from Christian’s mind, so it’s a bit different,” observes Mourot. “That’s the beauty of it. Christian feels the store and the region — he loves the Middle East and comes here quite a lot. So, for example, our Beirut store will have a different feel, a different spirit, a different environment to our locations in Saudi Arabia. This is why it’s so exciting.”

In emphasising the unique, Mourot is also happy to point to the way in which the Christian Louboutin brand attempts to raise its profile.

“We don’t advertise — we never have,” the general manager shrugs. “We communicate far better via press editorial and through our website.” He may well have a point there. Even for a non-fashionista, the Louboutin website is a curious beast.

Part pop culture art, part blog from the man himself, it’s quite a skilled and disarming way of offering a highly personalised and controlled image of a designer that many consider to be an icon. After all, it’s not every man who wakes up to find 180 young ladies turn up to his studio to try out for a dancing audition, as Louboutin details merrily on his March blog.

And while Mourot is reticent about what targets Louboutin has set for the Middle East in cash terms, which currently provides less than two percent of global revenues, Chalhoub is instantly more forthcoming, in an exchange that reveals a lot about this partnership. While Louboutin provides the creativity and tries to provide an entirely unique product, the Chalhoub Group attempts to shape that brand message from a regional and, yes, commercial perspective.

“When a brand is at maturity level, I would say the Middle East should represent between four and seven percent of the global business, but then it depends on how fast you go elsewhere, for example,” Chalhoub states. “That kind of ambition short to mid term is reasonable in a company that is quite fast-growing anyway.”

After asking a question about pricing, and whether the products will be cheaper or more expensive in the Gulf than elsewhere, this journalist will admit to feeling a little foolish; after all, Louboutin customers aren’t necessarily the type to fret too highly about the price tag.

“We will not fight about pricing simply to be cheaper or to be more expensive,” Chalhoub explains. “When you speak about customers, the issue of price only comes up when the service or the choice is poor — it’s then that the price comes into play.”

So for legions of female Louboutin lovers in the Middle East, 2010 could be a bumper year. Husbands can also look forward to a prolonged period of distress for their wallets, but from the bonhomie surrounding Chalhoub and Mourot, it’s unlikely that either of them will mind that too much.

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