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## Francois-Henri Pinault: The Business of Luxury

The Kering group chairman and CEO on fashion, e-commerce and the meaning of luxury

By

**ALEXANDRA WOLFE**

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**François-Henri Pinault**, the chairman and chief executive of the \$21 billion luxury group Kering, thinks the word luxury is overused. “You’re always more luxurious than someone else, and you’re always less luxurious than someone else,” says Mr. Pinault, whose company owns 22 fashion and sports brands, including Gucci, Saint Laurent, Balenciaga and Puma.

Whatever you may call it, the global market for high-end goods has slowed recently. Yet Kering is growing. Revenues in 2014 were \$10.7 billion, up 4.9% from the previous year. One of his company’s goals, he says, is to treat each brand’s creative director and CEO as entrepreneurial partners.

Mr. Pinault, 53, was recently in New York for a few days to accept the Anti-Defamation League’s International Leadership Award. Sitting in a conference room on the eighth floor of Kering’s New York office, he described how he reinvented the business his father started in 1963 as a building materials company.

Born in Rennes, France, Mr. Pinault had always been interested in his father’s work. After graduating from HEC Paris, a business school, and then completing a stint in the French military service, he joined the family business in 1987. He became chairman and CEO of Kering in 2005.

Under his father, the company was a conglomerate of different kinds of businesses that ranged from construction material to retail, all concentrated in Europe. With the business world growing more global, Mr. Pinault decided to specialize in the international market for luxury fashion, sports and lifestyle. In 2008, 55% of Kering’s revenues came from France; last year, that figure was less than 5%.

He also changed the business’s name from PPR to Kering. Based on the word “Ker,” which means “home” in Brittany, the new name intentionally sounds like “caring” in English and was meant to soften the company’s image.

Mr. Pinault says the company has also made an effort to hire more women. As of 2014, 60% of the group’s employees are women; 80% of its clientele are female.

One notable recent departure was Gucci creative director Frida Giannini, who left last year. (Kering hired a relative unknown, Alessandro Michele, to replace her.) She is among a handful of big-name fashion designers to have stepped down in recent years, including Alexander Wang of Balenciaga and Raf Simons of LVMH’s Christian Dior, leading to questions about creative burnout in the industry.

It's a difficult job, Mr. Pinault says, but he doesn't think that's a new development. "The industry is tough," he says. "The rhythm is what it is." To try to make the job of the creative director easier, he tries to pair each one with a complementary CEO who can handle the business side. "The risk is [that] the creative person is not a manager," he says.

What has changed the larger fashion world, he thinks, is e-commerce. Yet Mr. Pinault says it's difficult for a high-end brand to translate to a mass online audience. "If what you do online is perceived to be not as luxurious as what you do offline, you have a problem," he says. Most of his companies use the Web to promote brand awareness rather than to attract new customers.

One old strategy Kering brands continue to use is celebrity sponsors. Mr. Pinault says that the most successful sponsorships are based on an authentic brand connection. For example, singer Rihanna, who wore Puma sneakers growing up, has now designed some sneakers for the brand.

Mr. Pinault has become more familiar with the celebrity world through his wife, actress Salma Hayek, with whom he has an 8-year-old daughter. (He also has one child with model Linda Evangelista and two teenagers with his first wife.) He travels frequently but likes to spend as much time as he can with his family at home in Paris and London. "Trying to have a very strong family life is very important for me," he says, "and I must say my wife is a magician for that."

Lately, he's been trying to figure out how to explain the recent terrorist attacks in Paris to his children. He was at a meeting near the Bataclan Theater hours before the deadly shooting there on Nov. 13. "It's important on one side that they have to be aware," he says, but he doesn't want them to be afraid.

Beyond heightened security at retail shops and fashion shows, Mr. Pinault plans to mostly continue with business as usual after the Paris attacks. "The fashion we're doing is part of our way of life," he says. "We should be even more creative, even more consistent, to make a statement that we continue. This is the way we live, and no one will force us to live differently if it's at the expense of our freedom and our values," he says. "Luxury is a celebration of life...and we have to be an example of that."