

Big overseas brands eye SA space

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SOUTH Africa looks set to become home to several top luxury brands despite the global recession.

Spanish luxury brand Loewe, China's Shanghai Tang and Italian clothing company Loro Piana have been scouting for mall space around the country.

Matt Morley, commercial director of the Southern Africa Luxury Association, says the imminent arrival of the high-end European brands suggests those responsible for introducing them domestically have faith in the growing sophistication of the local high-net-worth consumer.

"They are not the externally oriented, status-driven brands we might typically associate with *nouveaux riches* consumers — far from it. When you buy from these stores it's predominantly an

internally directed purchase decision . . . you're buying into the brand's heritage, superlative product quality, handmade production processes, and so on."

Spanish brand Loewe, which specialises in high quality leather goods and accessories, initially looked at opening in Sandton City, but the store did not fit the requirements of the format. It is now looking elsewhere.

Shanghai Tang, the first international luxury brand to have emerged from China, is undertaking test trunk shows and organising small-scale events with select clients to test the market here.

Italian clothing company Loro Piana, which specialises in ultra-luxury cashmere and wool products, has been looking for space, as have Zara and Chanel.

Premium lifestyle brand Swarovski, which previously operated through a multi-brand distributor in South Africa, has awarded a store licence for at least one site to Spilhaus, a local top-end retailer of designer house and gift-wares. The boutique opens at the beginning of May in Sandton City.

CEO of Spilhaus Darren Levy says this is a migration of a strategy on the part of Swarovski to open mono-

brand boutiques which present Swarovski's philosophy and products in a more optimal way.

There are more than 1 500 Swarovski stores worldwide.

But Morley questions how much desire there will be for crystals in a country with such a strong heritage in diamonds.

The real challenge is for the local operator to wrest enough control from the parent company in order to market the product properly to the South African market.

"It is the local entrepreneur who has the most to lose in this situation, rather than the big overseas brand. It's the locals that need to identify an untapped demand and then, crucially, structure a licensing agreement with enough flexibility in the marketing plan to cater for the idiosyncrasies of this particular market."

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