



THE FASHION BUSINESS
Drapers

What now for the Lagerfeld labels?

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Drapers analyses how the Chanel, Fendi and Karl Lagerfeld brands will fill the void left by their legendary designer.

Karl Lagerfeld leaves behind a huge legacy that will be hard to replace in the fashion world he worked in for 65 years.

He also leaves three distinct fashion brands – Chanel, Fendi and Karl Lagerfeld – without a creative director and iconic figurehead.

In the luxury sector, where paying respect to the brand's history and DNA is as important as presenting something new every season, finding the balance between creating the next evolution of the brand and keeping loyal followers happy will not be easy. In recent years the luxury sector has endured erratic changes to creative directors who have overhauled store designs, reworked logos and even attempted to take the Yves out of Saint Laurent. However, the successors of Chanel and Fendi seem poised for a gentler approach.

On the day of Lagerfeld's death, Chanel announced Virginie Viard as the new creative director of the historic fashion house – an appointment that has met with a largely positive response from the industry.

Viard worked alongside Lagerfeld for more than 30 years, having started her career as an intern at Chanel in 1985, and was described by the designer as “my right hand, and my left hand”.

“I think the appointment of Virginie Viard shows continuity, it gives credit where it's due and it's probably something that had been thought through a while ago,” says Caroline Pill, vice-president at headhunter Kirk Palmer Associates. “It feels like it's very measured. It's a beautiful symbol.”



Designer whirlwind

Designer brands have been plagued by a high turnover of creative directors in recent years: Raf Simons lasted just 16 months at Calvin Klein before leaving in December, while Bouchra Jarrar and Olivier Lapidus were at Lanvin for less than a year before Bruno Sialelli took the reins last month.

Emily Gordon-Smith, director of consumer trends at Stylus, believes that is unlikely to happen to happen at Chanel: “The appointment of Virginie Viard as creative director is a smart move and keeps the brand’s heritage in safe hands. It’s also certainly typical of the family-owned business to do this.

“If you think about the way Gucci also appointed internally with Alessandro Michele, and Sarah Burton at Alexander McQueen, it’s a strategy that can prove commercially sound. Let’s face it, the trend for appointing big-name designers who swap and change between houses, can be quite hit and miss, and certainly hasn’t worked for all luxury brands.”

Financial muscle

Lagerfeld also left Chanel in a strong financial state. While the company is famously quiet about its earnings, it released sales figures for the first time in its history last June, showing it generated \$9.6bn (£7.5bn) in 2017. The figures place it as one of the biggest luxury fashion houses in the world.

“I can’t even describe how he changed Chanel from being quite an old lady’s brand to now being one of the true global luxury brands,” comments Jamie Powell, director at the British House and former global brand director at Burberry.

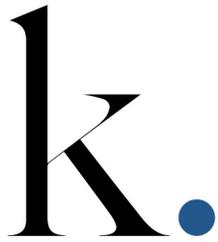
“They’re very private as a business goes. A lot of the business strategy isn’t communicated because Karl’s been there for so long – it’s been so stable, they don’t need to talk about it. “I’m sure there will be changes. However, I think they’ll do it at their own pace, whenever they decide.”

Fendi future

Chanel was undoubtedly Lagerfeld’s most significant role and change is likely to be calmer and more reserved to preserve his outstanding contribution to the fashion house.

A question mark still remains over a successor at Fendi, the LVMH-owned Italian brand Lagerfeld joined in 1965. Although he became as much a part of the Fendi family as Silvia Venturini Fendi, who oversees the creative direction of menswear, kids and accessories at the brand, his presence there is less acknowledged by the public than it was at Chanel.

Pill remarks: “Fendi is a different story because Fendi has less of Karl’s stamp and it has transformed quite a bit over the last few years. It has been modernised, so I think there’s a lot



of options there. It was less symbolic than Chanel, so I think people will accept it more. I wouldn't be surprised if they're looking outside the brand for a new creative director."

Although LVMH does not break down results for individual brands, analysts at wealth manager Bernstein have estimated Fendi generated €1.17bn (£896m) in 2017.

In February last year, LVMH announced it was moving former Dior Homme chairman and CEO Serge Brunschwig to become Fendi's new CEO and chairman.

Gordon-Smith believes that with these two key changes at the top of the brand there may be a shake-up of the business: "Fendi is known for its luxury furs and leathers, but there is a massive opportunity there to engage with a new audience. There's certainly potential to replicate the kind of change that we've seen at similarly traditional houses such as Loewe bringing in someone like Jonathan Anderson, which has broadened the appeal of the brand and introduced a new, more youthful aesthetic."

Succession plan

However, some assert that Lagerfeld is likely to have had a succession plan in place that will ensure the continuity of his vision.

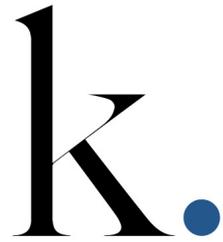
Luca Solca, senior research analyst, luxury goods at Bernstein, says: "I believe Chanel and Fendi were already set on their specific and unique trajectories. Partially because of the great work of Lagerfeld, and partially because of the leaders and creative talent in these respective houses."

Lily Ajdan, director of Profile boutique in Brighton, which stocks Fendi, adds: "We've been stocking this brand for more than 20 years, and it didn't go up and down like Gucci did. They kept it successful and I think it's going to stay the same. Fendi comes to my store, and it disappears. I'm sure they know what they are doing. Lagerfeld was such a perfectionist, there's no way he didn't leave a plan."

Lagerfeld legacy

Karl Lagerfeld's own eponymous label, which he launched in 1984, is less of a household name and may face more of a struggle without its namesake, industry sources suggest.

The brand has been owned by private equity group Apax Partners since 2006 and underwent a relaunch in 2012. It currently operates 95 stores globally, including a UK flagship on Regent Street.



The G-III Apparel Group currently owns the licence to operate the brand in the US, where it made revenue of \$80m (£61m) in 2017.

“I thought when Karl Lagerfeld relaunched, ‘Wow – this is going to be huge,’” says retail veteran Andrew Jennings. “I thought it was going to be the next Michael Kors, but it wasn’t. It’s in a less strong position than the other brands he leaves behind.”

Pill believes there is a stronger likelihood of a change in strategy: “The brand Karl Lagerfeld wasn’t necessarily representative of his aesthetic, so it could very well go into more of a lifestyle brand. It could change direction.”

The brand sells merchandise items featuring a cartoon figure of Lagerfeld, as well as Choupette – the designer’s cat – keyrings and black leather fingerless gloves, and is certain to benefit in the short term as fans seek to pay homage to him.

Justine Mills, co-founder of luxury boutique Cricket in Liverpool, says: “It’s like when a pop singer dies, there’s a massive rush to play their music. I’m sure in the short term there’ll be a lot of interest around all the brands he was connected with.

She concludes: “Karl was so forward-looking, even as an 85-year-old he was still relevant. I think it is important for a brand to always be forward thinking. We’ve seen a lot of changeover of designers lately but as long as there’s a clear message and that message is translated right throughout the team, it works.”