

# THE LAST FRONTIER OF **ITALIAN LUXURY**: CONQUERING THE **ASEAN** MARKET

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While the 'old' Europe is recovering from the last financial crisis at a snail's pace, consumption levels and GDP in the ASEAN zone are soaring. The number of affluent people is also going up, and so is so-called 'conspicuous consumption'. As a matter of fact, when it comes to high-end and luxury commodities, Italy is one of the leading countries. So how are Italian luxury producers positioned in the race for the conquest of the ASEAN market?



in collaboration with



\* *The Economist*,  
Re-drawing the ASEAN  
map: How companies  
are crafting new  
strategies in South-east  
Asia, November 2014.

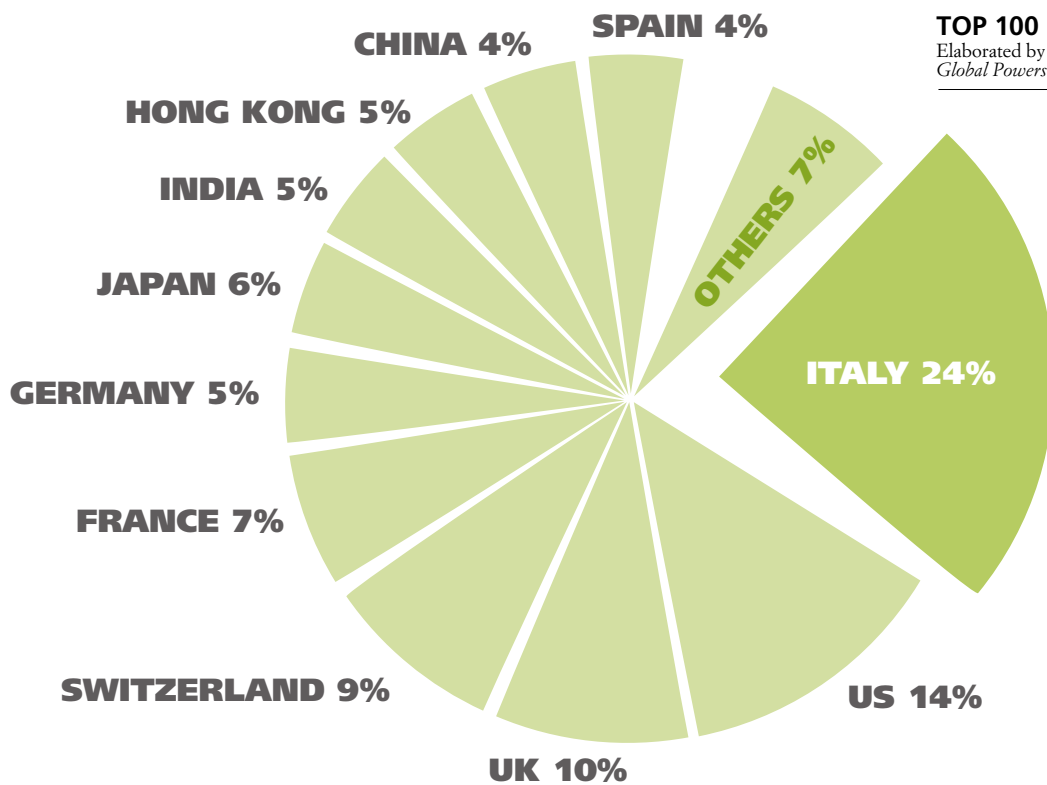
While it is true that Southeast Asian consumers are going through an increasing cultural contamination that influences and homogenizes their aesthetics and their desires,\* the region cannot yet be considered a monolithic block when it comes to consumption behaviours. Moreover, despite the multiple efforts of the ASEAN Economic Community to integrate the ten markets, substantial discrepancies remain, and European companies new to this market are learning this the hard way. Southeast Asia is a multifaceted region with multiple languages, alphabets and cultures but also regulatory systems and ways of doing business.

Market heterogeneity is even more accentuated in the world of luxury. Attentive customization and a personalized touch are fundamental elements of the luxury experience. Most of the top producers and distributors need to adopt customized approaches to their wealthy clients, as the intimate relationship that evolves between the consumer and the luxury brand\*\* requires. And Southeast Asia is no exception.

Italian companies are typically smaller than their European and American counterparts, but they are greater in number. Among the top 100 global luxury brands, 24 are Italian,\*\*\* which is an outstanding result. It is equal to the number from the United States and the United Kingdom combined. This feature leaves Italian firms well positioned in the race to conquer such a diverse market in terms of expectations and approaches to luxury.

\*\* Kip Becker, Jung Wan Lee, Helena M. Nobre, *The Concept of Luxury Brands and the Relationship between Consumer and Luxury Brands*, *Journal of Asian Finance, Economics and Business* Vol 5 No 3 (2018) 51-63.

\*\*\* Deloitte Touche, *Global Powers of Luxury Goods*, 2019. (The top 100 are now 99, as the American Tiffany has been absorbed by the French group LVMH in November 2019).



Through a desk review, we tried to estimate the presence of the top 100 global luxury companies in ASEAN countries. We located and counted the stores, branches and offices in each of the ten ASEAN countries. Over 60% of companies have branches or stores in at least one ASEAN country, mostly in Singapore, while a third are also present in Thailand and Malaysia, and one in four in Indonesia as well.

Below are the results of the review in detail.

COUNTRY OF ORIGIN	NUMBER OF COMPANIES ON THE TOP 100	NUMBER OF COMPANIES IN 2+ ASEAN	NUMBER OF COMPANIES IN 4+ ASEAN	NUMBER OF COMPANIES IN 7+ ASEAN COUNTRIES
<b>ITALY</b>	<b>24</b>	<b>15</b>	<b>8</b>	<b>1</b>
<b>US</b>	<b>14</b>	<b>6</b>	<b>5</b>	<b>0</b>
<b>UK</b>	<b>10</b>	<b>5</b>	<b>2</b>	<b>0</b>
<b>SWITZERLAND</b>	<b>9</b>	<b>8</b>	<b>6</b>	<b>3</b>
<b>FRANCE</b>	<b>7</b>	<b>3</b>	<b>1</b>	<b>0</b>
<b>JAPAN</b>	<b>6</b>	<b>3</b>	<b>1</b>	<b>1</b>

*Elaborated by the author*

As we can see from the table, Italy is performing well. 62.5% of the top Italian luxury firms are represented in at least two ASEAN countries. Proportionately, Swiss companies have the largest representation, with eight out of nine companies having branches in ASEAN countries. Only five companies are found in seven or more countries; these include Ermenegildo Zegna.

But while clothing, footwear and accessories are the kings in terms of size and number of companies, this expensive market is truly cross-sectoral, and it includes automotive, house furniture, food and beverage, cosmetics, jewellery, hospitality and many other sectors. The Lion family has produced and installed high-quality doors and windows since 1897 and now specializes in high-technology solutions. After some commercial contacts with China, Enrico, the youngest of the Lion family, felt that the time was right to expand the business, and in 2012 he moved to Singapore. Today, Falegnameria Lion ('carpentry Lion') operates in at least five Asian countries, and Enrico has no doubt that, after India, ASEAN countries are the most promising market for his business, particularly Cambodia and also Myanmar, where he has just opened his second showroom.

I asked him to give me a definition of luxury. The key, he says, 'is to understand the idea of your client and make it real'. But what are the challenges of working with Southeast Asian luxury clients for a traditional Italian family business? According to Enrico, the first obstacle is cultural: despite having solid financial resources, Southeast Asian clients often have difficulty understanding why a customized, high-tech Italian-made smart door cannot be compared to some cheaper Asian (read 'Chinese') version. Secondly, concepts such as perfection, energy efficiency and 'pay more – last longer', a matter of course in Europe, are not so familiar in Southeast Asia.

Is being Italian an advantage? Certainly it is, Enrico assures me. The so-called country-of-origin factor is still a great source of added value for Italian products. 'Made in Italy' is synonymous with excellence, impeccable aesthetics and top materials. What is needed, he stresses, is a cultural change. And the role of the luxury entrepreneur is to walk the Southeast Asian clients through the world of luxury and its features.

'If you do your homework properly,' he says, 'they will be forever loyal to your brand.'



Below are the 24 Italian luxury companies listed in the 2019 global ranking compiled by Deloitte.

RANKING	COMPANY	SECTOR	LUXURY GOODS SALES US\$m	GLOBAL RANKING
1	Luxottica Group SpA	Eyewear	10,322	5
2	Prada Group	Clothing and footwear	3,445	21
3	Giorgio Armani SpA	Clothing and footwear	2,683	26
4	Max Mara Fashion Group Srl	Clothing and footwear	1,784	31
5	OTB SpA	Clothing and footwear	1,713	33
6	Salvatore Ferragamo	Clothing and footwear	1,556	36
7	Dolce & Gabbana	Clothing and footwear	1,515	39
8	Valentino SpA	Clothing and footwear	1,380	41
9	Ermenegildo Zegna Holditalia SpA	Clothing and footwear	1,369	43
10	Mondler SpA	Clothing and footwear	1,345	44
11	Safilo Group SpA	Eyewear	1,180	46
12	Tod's SpA	Clothing and footwear	1,108	48
13	Gianni Versace SpA	Clothing and footwear	760	55
14	Furla SpA	Bags and accessories	574	61
15	Brunello Cucinelli SpA	multiple luxury goods	570	62
16	Marcolin Group	Eyewear	529	68
17	De Rigo SpA	Eyewear	483	70
18	Euroitalia Srl	Cosmetics and fragrances	402	77
19	UluJo SpA	multiple luxury goods	388	81
20	Aeffe	multiple luxury goods	357	82
21	Gefin SpA	Clothing and footwear	338	83
22	TWINSET-Simona Barbieri SpA	Clothing and footwear	287	86
23	Fashion Box SpA	Clothing and footwear	262	91
24	Giuseppe Zanotti SpA	multiple luxury goods	232	96

Elaborated by the author from Deloitte Global, *Global Powers of Luxury Goods*, 2019.

## THE AUTHOR

**Luca Sartorelli** has worked for the UN and INGOs in Asia, Africa and South America, managing both humanitarian and development programs. He is currently based in Myanmar with Cardno, a global provider of integrated infrastructure, environmental and social professional services. His academic background includes a Master of Arts in Public Policy and a Master's Degree in Sociology with a specialization in Land and Environment.