

A woman with long, wavy brown hair is wearing a black fedora hat and a black sleeveless dress. She is holding a large, blue paper shopping bag over her shoulder. Her right hand is raised to her chin, and she is looking down and to the right. The background is a soft, out-of-focus grey.

# FASHION AND LUXURY EXPERTISE: CHALLENGES FACING THE FRENCH INDUSTRY

*2014 Study*



MAZARS IS AN INTEGRATED, INDEPENDENT INTERNATIONAL ORGANISATION SPECIALIZING IN AUDITING, CONSULTING, ACCOUNTANCY, TAX AND LEGAL SERVICES. AS AT 1 JANUARY 2014, THE GROUP HAS DIRECT OPERATIONS IN 72 COUNTRIES AND BRINGS TOGETHER THE SKILLS OF MORE THAN 13,800 PROFESSIONALS WHO GUIDE COMPANIES – MAJOR INTERNATIONAL GROUPS, SMES AND PRIVATE INVESTORS – AND PUBLIC AGENCIES THROUGH EACH STAGE IN THEIR DEVELOPMENT.

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*2014 Study*

“ *Luxury has its own logic, which cannot be reduced to any rules, referring as it does to the domain of desires and not to that of needs.* ”

LE LUXE, JEAN CASTARÈDE, 2012



# EDITORIAL



**ISABELLE MASSA,**  
Partner, Mazars | Global  
Head of Luxury



**FABIEN SERAIDARIAN**  
PhD | Senior Manager, Mazars  
Consulting Department  
Research Fellow, Ecole  
Polytechnique

The fashion and luxury industries are strategic fields for France: not only do luxury goods contribute to the country's economic activity, international influence and image, but the potential for growth remains significant, over and above any economic ups and downs.

Behind the prestigious image of the "Made in France" product, which is famous around the world, major brands – manufacturers and clients – regularly work together, not to mention the large number of companies and workshops that act as subcontractors. Each and every one of them boasts its

own expertise. It is this industrial network, with its wide variety of different actors, that has been helping to forge the "French exception" for centuries.

The industry enjoys a favourable environment, but only in part, because paradoxically, although the fashion and luxury industries are reporting strong growth rates and showing significant potential for development driven by brands and retailers that are booming abroad, the sector is under pressure and remains fragile.

The fact is that strategic choices, organisational changes and the changing environment are causing acute transformations in the different sectors' value chains: the integration, outsourcing and relocation of a portion of manufacturing is reconfiguring value chains, new practices are developing between clients and subcontractors in response to production needs, and the list goes on. These

changes make it possible to support the industry's sustained development through rapid brand expansion and promote expertise internationally. But in some cases, these transformations have led to reconfigurations of the value chains through the repositioning of the players and the creation of new production organisations that may weaken or bring about the loss of traditional expertise, despite the recognition that it enjoys.

Given the vulnerability of that expertise, is the industry under threat? It will all depend on the capacity of all the actors to mobilize and take advantage of new drivers, adopt novel models, seize opportunities and support the development of the industry's various sectors. The expertise of the fashion and luxury industries constitutes a set of intangible assets that are – and have always been – drivers of innovation; they merely need to be promoted.

# STUDY BACKGROUND & METHODOLOGY

*To boost the competitiveness of the fashion and luxury value chains, the industry strategic committee (CSF), led by the French General Directorate for Competitiveness, Industry and Services (DGCIS), has formulated multiple strategic orientations, including the "consolidation of the industrial value chain". Within this context, Mazars was commissioned by the Ministry of Industrial Recovery to conduct a study to establish an "inventory and map of expertise in the fashion and luxury goods industries", as a first step towards resolving the major challenge of ensuring the sector's durability.*

*From that perspective and with a focus on promoting French-made products, Mazars looked at the future of the industry which extends beyond that map. This study analyses the specific features of the industry's sectors, presents the drivers and, lastly, provides a long-term view in the hopes of encouraging discussions about the performance of the fashion and luxury goods industries.*

Conducted during the first half of 2013, this study is based on 52 interviews with private companies in the industry and 15 interviews with institutional actors (federations, trade unions, consortia, Chambers of Commerce and Industry, etc.).

The views expressed in this study are the author's own and do not necessarily reflect the views of the Mazars Group.

**The scope of the study concerns the personal goods market, with the exception of perfumes and cosmetics, i.e. eight different sectors:**





# *What is* **EXPERTISE ?**

Expertise corresponds to a series of practices that are the fruit of lengthy training at a workshop, supervised by a person or a group. It may be tacit or recognized by a qualification.

It involves different types of resources: people (human resources) who are capable of using equipment (material resources) and executing procedures (immaterial resources).

Expertise is born of experience and socialization within a professional environment. In other words, expertise is a dynamic process.

Although it is the heritage of long-standing traditions, expertise evolves and can even be transformed, through creativity, innovation and the use of new technologies.

The value attached to this expertise depends on companies' capacities to develop those resources in response to changing demand, and to establish their legitimacy and positioning.

# EXPERTISE, *one component of skill*

*Over and above identifying practices (expertise) within each sector, skills development also covers knowledge (theoretical, acquired through training) and behaviour (soft skills specific to each profession).*

## BEHAVIOUR | SOFT SKILLS

*Attitudes resulting from willingness, state of mind and concern for professional recognition*



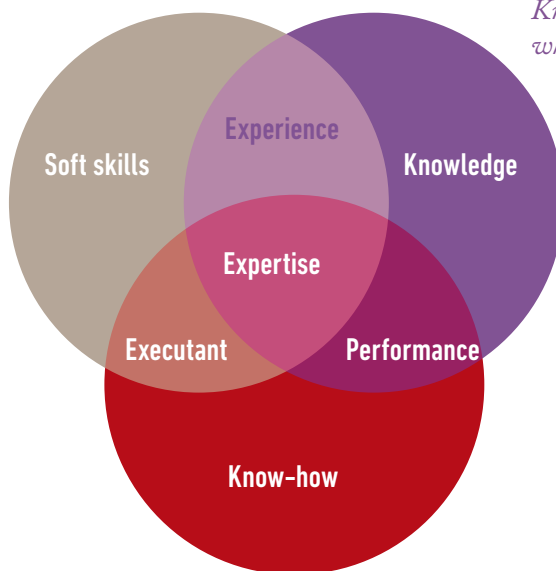
Jewellery polishers use extreme precision in their delicate work to give perfect finishes to sets of jewels.

## KNOWLEDGE | THEORETICAL KNOWLEDGE

*Knowledge set assimilated during training or while earning qualifications*



Leather goods assemblers have comprehensive knowledge of the different types of leather.



## PRACTICES | EXPERTISE

*Ability to perform specific actions, to acquire a knack and to execute highly technical processes*



French glove-makers are known for their proficiency in various manufacturing techniques (cutting, dyeing, tanning and stitching) and stand out through their ability to offer silk and cashmere linings.



**KEY  
FIGURES**  
FOR THE  
FASHION  
AND LUXURY  
INDUSTRY

*Worldwide*

**€ 212 BN**

in turnover on the global luxury market

**70%**

growth in global luxury business between 2003 and 2012

*In Europe*

**18**

of the top 25 brands on the luxury market are European

**800 000**

indirect jobs created by luxury brands in Europe

**72%**

average export rate among European luxury firms

*in France*

**N°1**

France's rank in the global luxury industry

**130**

of the 270 prestige brands around the world are French

**35%**

percentage of global fashion and luxury turnover generated by French companies (followed by 23% for the USA and 13% for Italy)

**170 000**

people directly or indirectly contributing to the manufacture of luxury items in France

*Source: Website of the Ministry of Industrial Recovery, "La filière mode et luxe", April 2013, and Comité Colbert, 2012 data*

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*Expertise in the  
luxury goods industry:  
issues common to the  
different sectors*

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1



**A**n analysis of the luxury sectors dedicated to personal products reveals a rich and diverse industry. From gloves to jewellery and apparel, each market differs in size and growth prospects: turnover, growth rate, internationalization, and so on. There is great disparity between these markets' structures. For example, although there are respectively 18 and 40 companies in glove-making and fur, there are more than 200 in leather goods, jewellery counts close to 300, and ready-to-wear and haute couture, over 1,000.

Regardless of the relative scales of the sectors, three main categories of actors have emerged: :

- Microbusinesses, whose very existence is founded on the expertise of their craftsmen;
- SMEs/intermediate sized enterprises that are active on several links in the value chain or that have significant production capacities; and ;
- large groups capable of optimizing their positioning along the different links in the chain and that have the resources to meet their markets' requirements (product portfolio, international presence, service quality, distribution networks, etc.).

Lastly, the expertise is also very specific. Beyond the movements that artisans pick up over the course of many years of experience, expertise also refers to specific situations: procuring and working raw materials, interactions between buyers and manufacturers, task scheduling, and more. As a result, the preservation of expertise, like the associated creation of value, depends on a multitude of factors, including training for artisans, apprenticeship

mechanisms, the equipment and contributions of new technologies, the organisation of workshops, the practices and relationships with stakeholders, and positioning on the value chain.

The luxury goods industry is enjoying an ongoing boom. The initiatives and operations launched by the actors launch illustrate the value chains' dynamics. In addition to the reconfigurations currently underway, the actors face multiple challenges if they want to compete internationally, such as access to resources and skill sets, production capacities, labour costs and financing needs.

The study conducted by Mazars underscores the fact that actions relating to expertise first pertain to the organisations: companies' primary concerns today are reaching critical mass, promoting job versatility in their shops and studios, rethinking job positions, optimizing processes, clarifying key tasks and activities to facilitate the transmission of expertise, and maintaining qualification levels.

But the safeguarding and development of expertise and the creation of value depend in equal parts on strategic choices and the quality of the ecosystem. Thus, companies' strategic orientations and positioning, their innovative practices and equipment (use of smart textiles, CAD tools, etc.), their financing capacities and their relationships with stakeholders (partnerships, resource pooling, and so on) all have a decisive effect on their expertise. Finally, the preservation of expertise will entail special attention to enhance the appeal of handicrafts and the support mechanisms available to designers and workshops abroad.



# *Decisive strategies and levers for expertise*





For each sector, these action levers can be prioritized, but it is also important to understand their relevance in relation to the different actors. In an effort to distinguish between the different companies by size and position along the value chain, our analysis revealed the coexistence of five models within each sector:



### **Artisan model**

Expertise that is recognized and tacit but fragile: transmission not guaranteed, limited presence on the value chain, and a high level of dependence.



### **Economic performance model**

Expertise processed in response to demand, with streamlining of relations between stakeholders.



### **Model focused on safeguarding expertise**

Expertise that is traditional and exacting (recruitment, training, etc.), with strategies that hinge on partnerships or sales/acquisitions, depending on the balance of power along the value chain.



### **"Coopetition" model**

Exceptional expertise that is promoted through relationships with direct clients down the value chain and own brands booming in France and abroad. Partnerships and cooperations pursued by direct clients and distributors.



### **Integrated, global model**

Expertise that is promoted by brands in optimized value chains on an international scale. Specification capacity with the best subcontractors.

## ***Five models linking the perpetuation of expertise and innovation***



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*How to ensure the  
perpetuation of expertise  
and promote innovation  
in the industry?*

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2



**A**side from the specific features of each sector and actor, the luxury industry as a whole has a number of shared issues with which it must contend.

1. Strategically, there are three patterns contributing to the reconfiguration of value chains:
  - specialization in certain links in the chain to promote top expertise;
  - growth of SMEs on related links, to achieve critical mass and ensure a favourable balance of power in an international environment; and
  - an integration strategy toward the start of the value chain, for secure access to expertise and resources and to be able to meet demand.
2. In operational terms, the dynamics of demand and the need to preserve expertise are overturning historical models. Actors need to pursue new, attractive organisational set-ups that will allow them to reconnect their resources and skills within an expanded framework (cooperations, partnerships, territorial footholds, and so on).
3. Lastly, the ecosystem has a decisive role to play in promoting expertise, via professional organisations. Major changes in the industry are opening up new prospects that all actors - both professional and institutional - must seize hold of by developing more collaborative approaches, reconsidering their representational roles and promoting handicrafts.

To fully understand the critical nature of expertise, three aspects can be used to evaluate the different sectors under study :

- training and the development of skill sets, to understand the quality and the very existence of existing training and apprenticeship programmes;
- the perpetuation of expertise within the company, to evaluate the capacity to maintain expertise within workshops, create on-the-job versatility and transmit that expertise; and
- the perpetuation of expertise in France, to show the impact of changes to the value chain (replacement of expertise, subcontracting, etc.).

The table below reveals high criticality linked to training issues: training and qualifications drive knowledge and are a pre-requisite to the development of expertise whose transmission entails a lengthy learning process. Aside from the difficulty of becoming proficient in the individual actions that prove a mastery of the expertise, the shortage of well-reputed training courses limits the capacity to attract talent and also weakens the value chains. To limit the risk of a breakdown in the production process, companies adapt their organisations: shop versatility, support from training bodies, use of certifications, etc. Finally, keeping expertise in France is obviously connected to the incomparable quality and reputation of French artisans, but also to the need for a local presence, the challenges of innovation and the importance of ensuring the consistency of the brand's attributes by maintaining the entire value chain in France.

# COMPARATIVE ANALYSIS OF EXPERTISE IN THE SUB-SECTORS

To support development, actors working in fashion and luxury goods need to work with the State and local governments to identify solutions to the issues of training and education.

Companies are generally able to preserve and transmit their strategic expertise, although they have significant expectations for new mechanisms.

The maintenance and development of expertise in France has not been secured for all sectors and will require the institution of a national and local political framework to guide the actors' strategic choices.

Sub-sector	Training and skills development	Perpetuation and development of expertise in companies	Perpetuation and development of expertise in France
<b>Tanning</b>	Training exists but is not aligned with expectations Lack of perceived appeal	Maintenance and development of expertise Adaptation to standards	Risk of disappearance Unfavourable ecosystem
<b>Footwear</b>	Disappearance of training	Perpetuation of expertise in companies	Proximity to direct clients Few companies
<b>Leather goods</b>	Training exists but local networks are weak	Expertise is often mastered on an individual basis	Increased production capacities Scarcity of full mastery of expertise
<b>Gloves</b>	Disappearance of training	Innovation to bring glove-making "back into the fold" of fashion At-risk professions	Mid-market segment relocating outside France Surviving thanks to haute couture
<b>Fur</b>	Training has all but disappeared	Strong innovations Expertise difficult to transmit	Risk of losing expertise (production relocations)
<b>Haute couture / RTW / apparel contractors / tailors / lingerie</b>	Training with single focus or disappearing: tailoring, corset-making, sewing, etc	Promotion through labels, haute couture and professional qualifications Transmitted in-house and via training structures	Job pools still exist but are drying up
<b>Jewellery</b>	Training is highly theoretical in nature Lengthy learning process and career management provided by companies	Perpetuated internally but certain professions are becoming endangered	Shortage of highly qualified polishers / jewel setters Shortage of level 4 personnel
<b>Watches</b>	Low staff numbers with "absorption" by Switzerland	Perpetuated in-house despite recruitment challenges	Scarcity of expertise and small number of firms Strong competition from Switzerland
<b>Eyewear</b>	No training for soldering or polishing Lengthy in-house training	Collective expertise transmitted in-house	Production / assembly / finishing activities often moved out of France

## 2.1 / STRATEGY

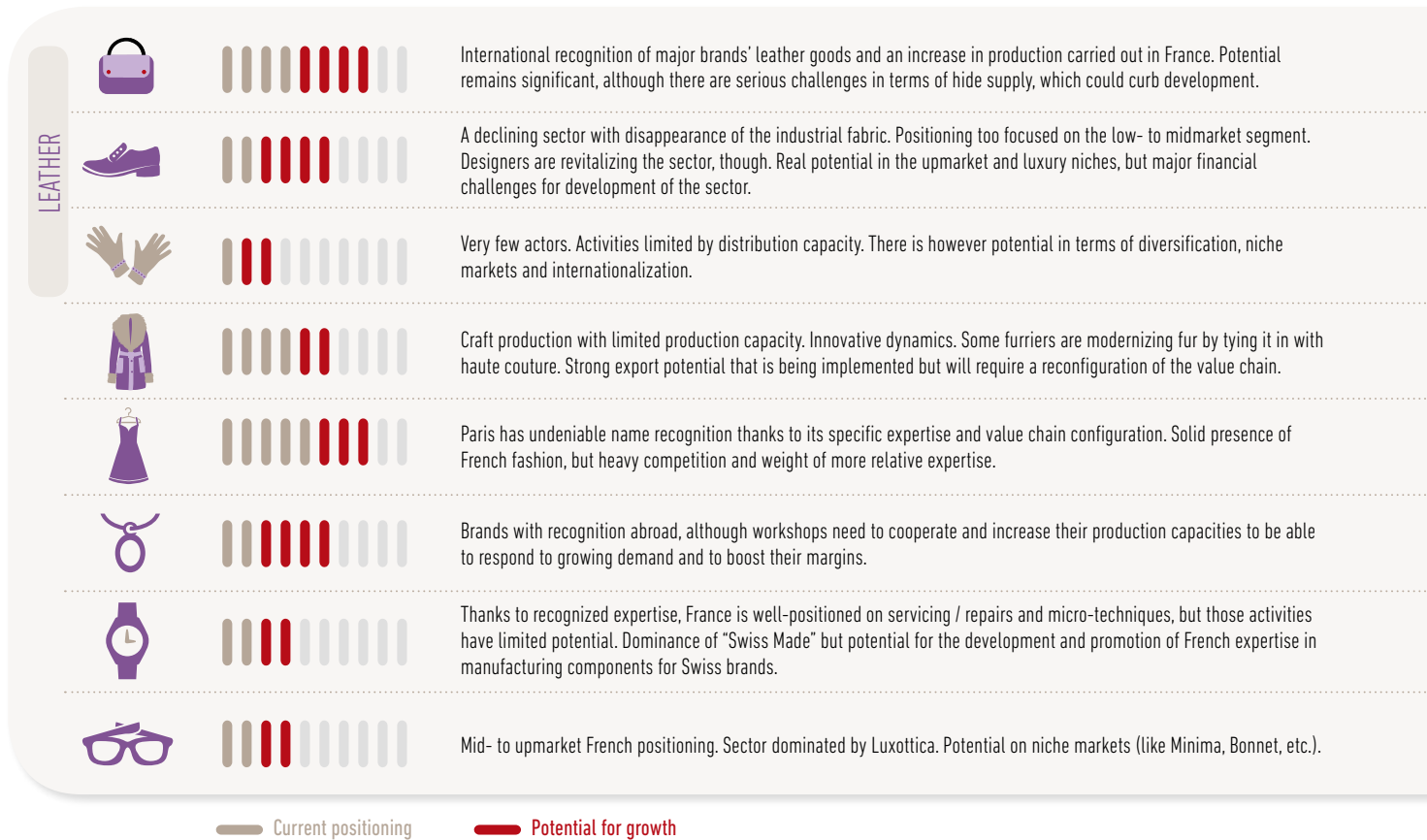
A great deal of expertise is required to create and manufacture products, expertise that is specific to each link on the value chain. In addition to the identification and characterization of expertise by sector, the perpetuation of these practices is also the result of market growth and the actors' strategic orientations.

Based on the economic data and value chain positioning of the actors interviewed for this study, the following chart assesses the potential of each sector. The current positioning is based on market size, the number of actors and the identified risk of breakdown along the value chain. Development potential is estimated on the basis of

prospects for growth and the availability and criticality of the expertise needed to develop production tools.

Because of its size, the gloves sector is fragile but has the potential for development through partnerships, international trade and diversification, which could be used to safeguard and promote its expertise. Conversely, leather goods are reporting strong growth and, even if their manufacturing sometimes involves subcontracting, the expertise is represented by many different actors in France.

### "Stratégie" Axis: Diagnostic and potential for growth



## Value chain management and security

*The fragmentation of the production process causes power imbalances between actors and, in some cases, an unfair distribution of value. This situation, which can be more or less pronounced depending on the sector under study, weakens the value chains and explains the operations and reconfigurations now under way: the purchase of tanneries to secure upstream supply sources for leather goods, the integration of SMEs with rare expertise, the creation of own brands and the development of dedicated distribution networks (retail vs wholesale).*

*These major changes to the value chain affect expertise. For example, the buyout of SMEs by large groups helps to maintain traditions, while internationalization and the development of serial production entail an increased division of labour.*

### MAIN ISSUES FOR THE INDUSTRY

- > Risks of losing expertise and of breakdowns on the value chains of certain sectors like fur, footwear, components, etc.
- > Margins in some cases considered too low, limiting subcontracting development capacities and the purchase of new equipment, combined with payment terms affecting cash flows;
- > Tensions in the supply of raw materials and components for major brands;
- > Difficulties in taking over and conveyancing companies.

### FOOD FOR THOUGHT

To stay dynamic, the industry needs to better encourage innovation and cooperation (pooling equipment, tools and skill sets) to enable young designers and new brands to position themselves on the French market and, very quickly thereafter, abroad.

- > Promotion of innovation in order to cross-connect and modernize expertise with support from networks and federations;
- > Creation of an investment fund specific to luxury goods, to help protect French brands;
- > Pooling of resources in support of subcontractors' and young designers' canvassing actions and market penetration, particularly abroad.

### NEW BEST PRACTICES: *An industry united around a strategic issue*

In August 2011, **CIPEL**, a dyer specializing in fur and globally recognized for its expertise in astrakhan and reversible products, shut its doors. Several of its furrier clients purchased the dyeing business and the fur dressings that they considered to be indispensable. The company reopened in December 2011 under the name of **Tanneries de Paris (TDP)**.

TDP, which is run by Maxime Claret, sells in France and abroad (40% exports) and employs a staff of 20.



## Promotion of dedicated financing solutions

*With the exception of the larger groups, financial issues are recurring problems for intermediate sized actors struggling to come up with the resources they need to step up their activities, invest in equipment and expand their product lines, namely via partnerships and cooperations with recognized firms and brands in the industry or by carrying out mergers and conveyances.*

*In short, financing needs pertain to both the short term – for the development of activities – and the long term – for equity financing operations.*

### MAIN ISSUES FOR THE INDUSTRY

- > Stocks of raw materials tying up a lot of cash and limiting the development of SMEs and microbusinesses (in leather goods, fur and jewellery);
- > Distribution networks that are difficult for more modestly sized companies to access (boutiques, retail corners, etc.);
- > International access that is limited by insufficient financial means and skill sets.

### FOOD FOR THOUGHT

Tools and mechanisms do exist, but there is a great deal of expectation in respect to the promotion of expertise and support for the industry's SMEs in an international environment:

- > Institution of payment guarantees for subcontractors working with young designers;
- > Design of cash management tools (factoring, reverse factoring, etc.);
- > Forward purchases of raw materials to reduce working capital needs;
- > Development of new financing sources to support the development of SMEs, microbusinesses and young designers;
- > Creation of innovative models for the transmission of assets.

*“ The subsidies available to large groups should also be made available to companies with turnover of less than €10M. ”*

### AN OPERATOR IN THE FOOTWEAR SECTOR

#### NEW BEST PRACTICES : *A seed capital fund for innovative SMEs*

Investment company, **Mode et Finance**, has acquired minority equity holdings in profitable fashion and luxury goods SMEs with strong potential for international development and turnover in excess of €500,000..

Created in November 1999, Mode et Finance has been recommended by Bpifrance (CDC Entreprises) since late 2009. Its holdings are always minority positions worth between €400,000 and €1.5 million.

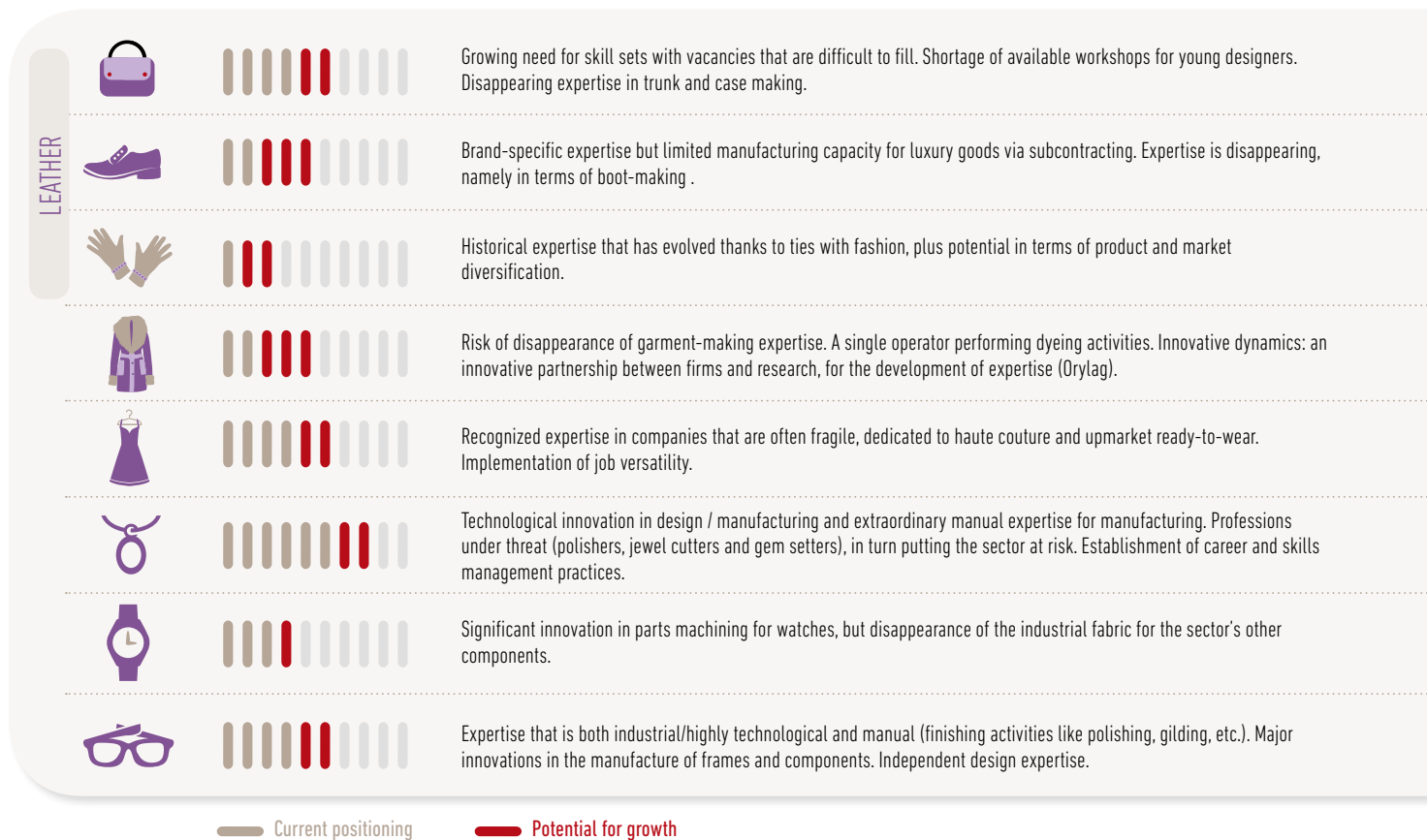
## 2.2 / ORGANISATION

Each artisan, company and firm has its own expertise and, over the years, sets up a dedicated organisation to design, purchase, collaborate and manufacture products or components.

Depending on the sector, the organisations studied either generate risks (the leading two being critical mass and available skill sets) or opportunities (expertise evolving through the use of technology) in relation to expertise.

This chart puts the different study sectors into perspective, highlighting the robustness of current organisations and the potential for the development of expertise and innovation, such as in furs and jewellery.

### Organisation Axis: Diagnostic and potential for growth



## Preparation of new models for work organisation

*The changing environment and the market's requirements are leading the actors in the different sectors to adapt their organisational structures in pursuit of critical mass, versatility in the workshops, apprenticeships and the transmission of expertise.*

*To respond to these issues, the development of cooperation through partnerships and the pooling of skill sets and equipment can help workshops to network geographically and also make it possible to offer general subcontracting packages to major brands.*

### MAIN ISSUES FOR THE INDUSTRY

- > An increased risk of the disappearance of expertise and smaller workshops ;
- > Workshop flexibility needs to be strengthened in most sectors, to meet buyer requirements ;
- > Isolation of subcontractors.

### FOOD FOR THOUGHT

- > Creation of territorial networks to promote the intangible assets represented by expertise ;
- > Promotion of collaborative organisations between more innovative peers to encourage "coopetition" (cooperation + competition) ;
- > Support for companies in bringing clarity to their expertise, so as to facilitate its transmission and development.

*“ If we do not have this versatility, we cannot meet our clients' requests. ”*

**AN OPERATOR IN THE APPAREL SECTOR**

### NEW BEST PRACTICES : *A single information counter for a territory*

**Pôle Mode** gives its network of entrepreneurs access to innovative and responsive promotional tools. Actors in the industry can consult specific monitoring results and studies, all types of regulations, and indicators from research and training centres and from public and private organisations. The Pôle Mode portal's goal is to be open to the industry, both in France and abroad.

Created in 2010 and based in Western France, Pôle Mode Ouest works to preserve, promote and transmit the expertise of fashion industry professionals. Its members are apparel contractors, brands, designers, textile manufacturers, specialists in image apparel and work apparel, as well as service companies in Western France.

## Development of resources and skills and revision of training programmes

*Maintaining and developing expertise implies the permanence of training courses (initial, ongoing and apprenticeships) to provide a base of core competencies to companies in the different sectors. Our sectorial analysis points to the disappearance and compartmentalization of training by sector.*

*Moreover, apprenticeship systems and lifelong learning are not suitable for many of the actors interviewed. Because of the dynamics of demand, skilled labour needs are not being met in certain professions (tailors, boot-makers and cutters) and sectors (leather goods, jewellery and furs).*

### MAIN ISSUES FOR THE INDUSTRY

- > Training needs to be connected to the target profiles and skill sets (technical foundations, etc.) ;
- > A shortage of qualified labour and hiring challenges ;
- > Disappearance of certain professions.

### FOOD FOR THOUGHT

To attract talent and perpetuate expertise, the industry must develop recognized training programmes offering high level qualifications. In other words, the industry requires a framework to simplify the learning process and thereby make careers more attractive, to encourage the development of skill sets and to facilitate on-the-job versatility :

- > Creation of a top-notch school or training centre for handicrafts ;
- > Institution of a mechanism to systematically fund apprentices learning critical expertise; and ;
- > Construction of a jobs observatory for the fashion and luxury goods industries ;
- > Assist companies in ensuring the smooth transmission and development of their expertise.

### NEW BEST PRACTICES : *Partnerships with schools*

**Hermès plans to open two new leather goods workshops in Franche-Comté in 2016 with the support of Ecole Boudard, an artistic leather-working school, to train its future employees.**

Founded in 1837, the world-renowned Hermès (famous for its hand-stitching, leather goods, fashion, perfumes, table arts, and more) employs more than 11,000 people worldwide and has 315 exclusive retail shops, including 203 under its direct control. Despite its international scope, Hermès remains true to its artisan expertise.

**Another example, Repetto which makes ballet flats, created its own training school in Dordogne in 2012, close to its production centre in Excideuil, giving it access to human resources trained in the leather-working professions and, in particular, the "turn-shoe" process.**

Created by Rose Petit in 1947, at the request of her son, Roland Petit, Repetto's ballet flats enjoy international success and made €60 million in turnover in 2012. .

## 2.3 / ECOSYSTEM

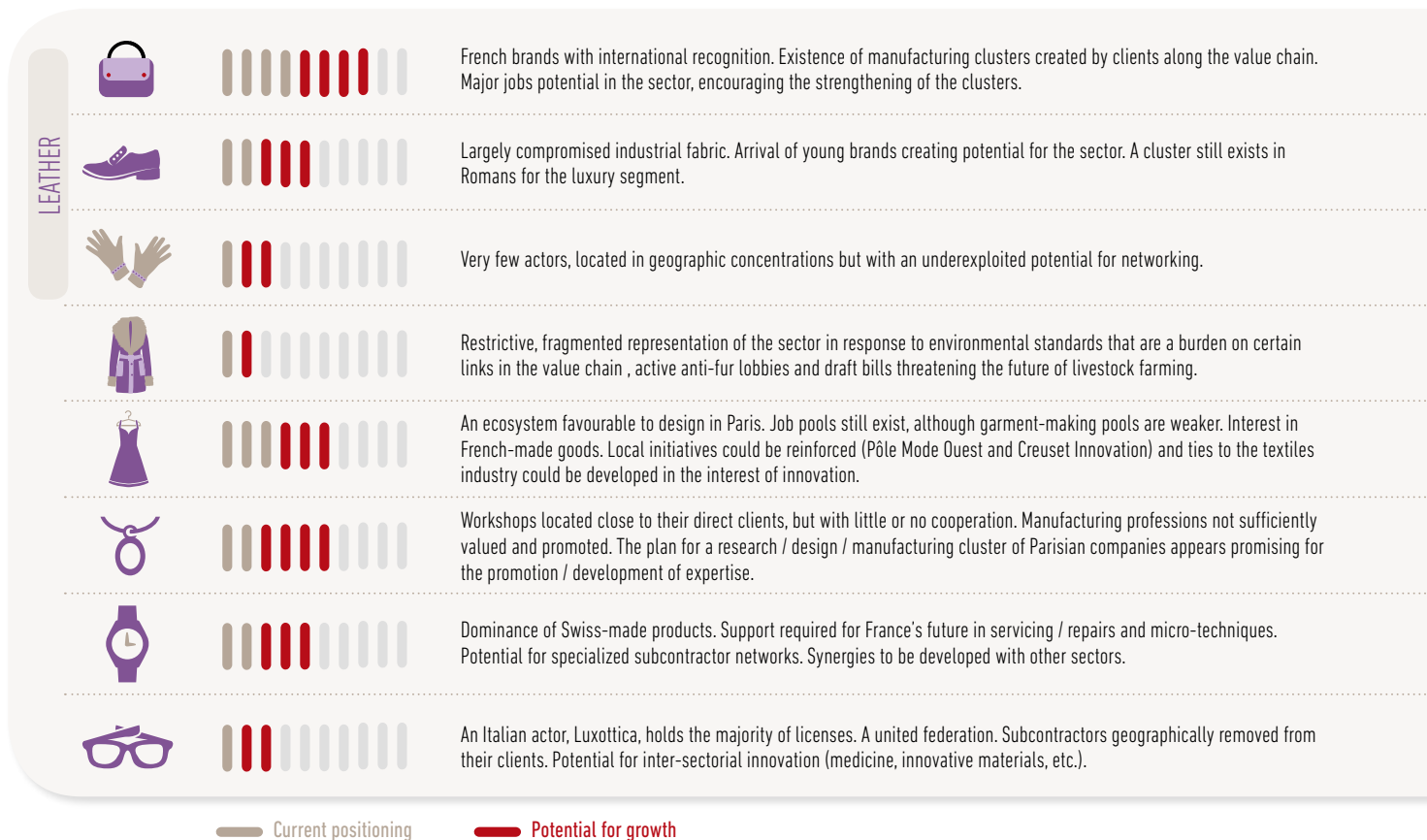
Expertise is the result of a lengthy learning process, in some cases enjoying historical local roots. Many organisations preserve a record of their expertise and act as the representatives of artisans and industry firms. But not all sectors enjoy a favourable ecosystem and structures capable of supporting actors during their development.

The different sectors are endowed with multiple structures that have traditionally leaned toward a representation

of the actors based on their link in the value chain and that offer only a poor understanding of the chain's overall performance and of the issues associated with expertise. The chart below puts the quality of the ecosystems into perspective.

Of the federations interviewed, many are now looking to adopt an operational position in the form of programmes, services and tools for their members.

### "Ecosystem" Axis: Diagnostic and potential for growth



## Simplification of the ecosystem to better represent and support its actors

*The large number of structures and the lack of clarity in the products and services offered by professional organisations reduce the impact on the fashion and luxury goods industry and its members, despite recognized initiatives and achievements, like the platform developed by Maison du Savoir-Faire.*

### MAIN ISSUES FOR THE INDUSTRY

- > Fragmented political representation in certain sectors ;
- > Substantial operational expectations from members of professional organisations.

Members of federations and professional organisations want to provide easier access to their services by simplifying their portfolio and making project support mechanisms more comprehensible. In response, the ecosystem needs to be reconfigured to create expertise and host clusters involving federations, Chambers of Commerce and Industry, the jobs office, competitive clusters, national education and the industrial fabric at large. In this context, the federations and all other stakeholders would become the industry's partners.

*“ Subcontractors do not look favourably on networking, because the mind-set is 'every man for himself' but they do not understand that, if they do not network, we are all going to disappear.”*

### FOOD FOR THOUGHT

- > Set-up of operational tools for all actors in the various sectors ;
- > Encouragement of cooperation, or even mergers, between certain organisations, in the interest of steering the different value chains.

### AN OPERATOR IN THE JEWELLERY SECTOR

#### NEW BEST PRACTICES : *Maison du Savoir-Faire et de la Création*

**The mission of La Maison du Savoir-faire et de la Création is to promote French fashion companies with unique artisanal and industrial expertise, and to then make that available to brands and designers through support and guidance tools and services.**

The Parisian firm is the only one of its kind in Europe, offering guidance to brands in developing their models, based on a variety of options: access to its premises, business meetings around the subject of expertise, management of an online sourcing directory (apparel contractors platform), and so on.



## Development of the appeal of handicrafts and promotion of expertise

*The fashion and luxury goods industries have skill sets and talents that have proved to be insufficiently promoted within companies and, more generally, in society as a whole. In every sector, companies struggle to find profiles and candidates suited to their professions (e.g. polishers).*

*Consequently, the recognition of expertise is a major issue for the industry's development and can help to boost regional appeal, as the Luxe et Excellence Association has done in Limousin, where it brought together 18 luxury goods companies.*

### MAIN ISSUES FOR THE INDUSTRY

- > Manual professions offering jobs that are unfamiliar to today's youth ;
- > Disappearance of certain professions.

### FOOD FOR THOUGHT

Firms develop their own communications about expertise but, at the national level, handicrafts still need to be promoted in order to inspire interest and attract talent.

- > Improvement of transparency in French manufacturing (Made in France, Origine France Garantie label, etc.) ;
- > Communications about French exceptionality and labels (including the EPV living heritage label) ;
- > Enhancement of the appeal of manual professions amongst young people ;
- > Use of the recognition of training and apprenticeship mechanisms to promote expertise in companies.

*“ All too often, the craft industry is devalued and used as a backup path for young people with academic problems. ”*

### AN OPERATOR IN THE APPAREL SECTOR

#### NEW BEST PRACTICES: *L'Atelier de l'Objet awarded the title of Maître d'art [Master of Art] in November 2013*

The Ministry of Culture and Communication created the Maître d'art title in 1994. It is given to craft professionals in recognition of their rare expertise, which they share with the younger generation. Since 1994, 115 Maîtres d'art have been named, including **L'Atelier de l'Objet**, a "case-maker" in Paris.

L'Atelier de l'Objet, which specializes in very fine jewellery, was created by Stéphane Bondu in 1999. L'Atelier works on both metals and gems, for all types of items (cases, jewellery, collectables, decorative objects and more), primarily very high value, one-of-a-kind pieces. L'Atelier is part of the BJOP union and has earned the EPV label.

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*Long-term outlook  
for the fashion  
and luxury goods  
industries*

---

3



**A**side from the issues and challenges related to the perpetuation of expertise, what is the long-term outlook for the sectors studied?

This study uncovered a substantial distinction between fashion and luxury goods in terms of product identity, business model, design, production and distribution (clientele, sales strategy, etc.). While most brands position themselves primarily in one or the other of these sectors, fashion houses maintain a balance

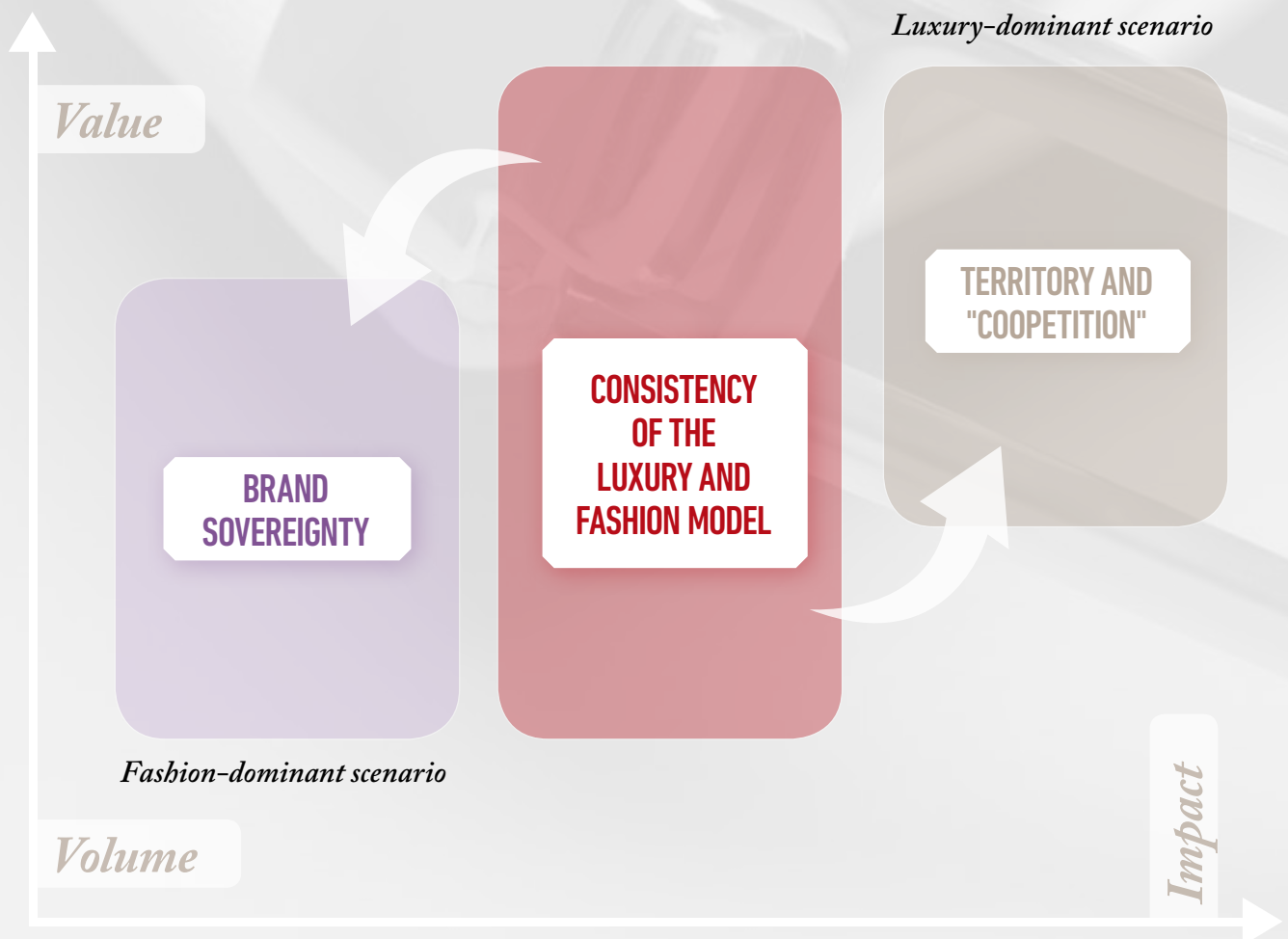
between creativity - strongly associated with the revitalization of fashion trends - and the tradition, codes and history that are characteristic of the luxury sector. A fashion oriented company "must" have a flexible, highly responsive organisation, whilst luxury orientated firms "owe it to themselves" to capitalize on their past success. The (largest) firms have managed to switch from a model based on the sale of luxury items to a mixed model comprising both luxury and fashion activities.



## 3.1 / THREE POSSIBLE EVOLUTION SCENARIOS

This last section looks at the future evolution of the fashion and luxury goods industries, with three "ideal-model" scenarios. These can be used to forecast which strategy

will be the most plausible for each sector in the long term. Positioned on a volume/value axis, these scenarios underscore the importance of expertise to each model.



Brand sovereignty

Consistency of the luxury and fashion model

Territory and "coopetition"

### BRAND SOVEREIGNTY SCENARIO

In this fashion-dominant scenario, development is drawn along by brand appeal, which takes priority over product quality and expertise. In the design phase, for example, showrooms become the norm over catwalk shows. Product lines are adapted to the different markets.



### MATURE SCENARIO FOR THE LUXURY AND FASHION MODEL

In this scenario, the industry's development is still driven by large groups. The sustainability of the industry and its expertise in France is ensured by the promotion of healthy practices: codes of good conduct, a fair distribution of added value along the value chain, guidance provided to subcontractors by direct clients.



### TERRITORY AND "COOPETITION" SCENARIO

In this luxury-dominated scenario, subcontractors offer differentiation in their service portfolios, in their technological specializations or in their organisational expertise, inciting clients to make use of their services and to invite them into a network.



## 3.2 / POSITIONING OF THE EIGHT STUDY SECTORS

Based on the actors interviewed for this study, we have positioned the different sectors in relation to these three forward-looking development scenarios.

### FOOTWEAR



Women's footwear, with its close ties to haute couture and the catwalk, is dominated by the luxury and fashion scenario.

Men's footwear promotes expertise through bespoke creations and so is orientated toward the "territory and cooperation scenario".

### LEATHER GOODS



This sector is divided between a "sovereign brand scenario" and "territory and cooperation".

The dominant trend is one of the major brands driving the market thanks to specific models and sizeable production volumes. A second trend pertains to young designers who place the emphasis on expertise and who offer "authentic, personal" products.

### GLOVES



Despite the preservation of expertise at companies that are developing synergies with haute couture and upmarket ready-to-wear, the glove-making sector's territorial roots are being shaken. It has become a niche market in France, and a fashion and luxury product, with glove production in France being positioned solely on the upmarket/luxury segment.

### FUR



Actors involved in fur have managed to reconcile fur with fashion and haute couture, after a decline in demand that began in the 1980s.

Direct clients of furriers are innovating, combining materials and working in conjunction with haute couture, resulting in strong growth in exports.

For the time being, expertise is being preserved in direct clients' smaller workshops, as well as amongst the few subcontractors still operating in France.

### APPAREL



Brands, which are fuelled in particular by trends and the image of haute couture and the catwalk, are becoming the crucial source of interest in ready-to-wear products.

### JEWELLERY



There are two simultaneous patterns:

- > major brands established on Place Vendôme in Paris, with an international influence backed by a network of subcontractors with exceptional expertise; and ;
- > fashion-orientated products, most of which are not made in France.



Brand sovereignty

Luxury and fashion

Territory and "coopetition"

## WATCHES

French watchmakers specialize in component manufacturing (micro-techniques) and in servicing and repairs. The dominance of Swiss watch brands leaves little room for French brands.

## EYEWEAR

Purchases in this segment are based first and foremost on the label. Luxottica, the global leader, gambled on a licensing strategy that appears to have borne fruit, especially for sunglasses.

Expertise appears to be secondary in this domain.

Within this context, French actors are positioning themselves in niche and bespoke markets. New brands and the upmarket segment are focusing on exports and, amongst the major brands, on subcontracting.



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*Annexe: analysis of  
the eight study sectors*

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**F**rance, the birthplace of fashion and luxury, has immeasurable top expertise inherited from a tradition that has successfully combined creativity with innovation. Throughout our many meetings and tours, actors in fashion and luxury clearly displayed the attention that they devote to their expertise. This latter makes a great contribution toward the development and

reputation of big-name luxury goods brands abroad and to the excellence of French-made products.

The value chain is presented here by sector, to differentiate between its different links, activities and expertise and to position its actors and describe the major transformations currently under way.





# Footwear

## KEY FIGURES



French market

**€889 M**  
IN TURNOVER  
IN 2012<sup>1</sup>

(-3,7% FROM 2011)



International market

**€2 BN**  
IN TURNOVER  
IN 2012

(+ 15% FROM 2011)



Jobs<sup>1</sup>

**5,477**



**83**

companies  
and some 20  
boot-makers<sup>1</sup>



**€2 BN**  
IN EXPORTS IN 2012

## POSITIONING

Men's upmarket

## TRAINING, SKILLS DEVELOPMENT AND PRESERVATION OF EXPERTISE

- The manufacture of footwear entails the use of historical - mainly manual - expertise with a very high degree of technicality and complexity
- Training options are decreasing - even disappearing - particularly for the now rare professions of boot-maker, last-maker, cutter and laster (the CTC is the only training body left for this sector)
- Expertise is transmitted through on-the-job learning or the creation of schools (e.g. Repetto)
- The trend is to expand on each person's expertise, to increase their versatility

1. Source: Website of the Fédération Française de la Chaussure [French Footwear Federation], "Le monde de la chaussure - Chiffres clés", 2012 data.

## IMPORTANT POINTS

Major risk of losing expertise in France in the short term.

At-risk professions: cutters, boot-makers and French suppliers (heels, lasts, etc.).

## CHALLENGES

- The sector's conversion to upmarket is not yet complete
- The very weakened industrial fabric of today limits production capacities; the network of luxury subcontractors in France is disappearing into Italy
- The shortage of qualified artisans engenders training and hiring problems
- The professions of cutter, boot-maker and certain French suppliers (of heels, lasts, etc.) are gradually disappearing
- Young designers are having trouble coming up with seed money

## OPPORTUNITIES

- The emergence of new brands and young designers is revitalizing French manufacturing
- There is significant development potential in the luxury/upmarket segment, especially internationally (market up 15% between 2011 and 2012)
- Boot-makers are shifting toward haute couture

## TERRITORIAL ROOTS

Geographic ties are weakening although there is still a large concentration of workshops in the Loire Valley and in Romans, in the Vosges and in Brittany.

*“ To be fully trained in this domain requires 10 years of experience.”*

AN OPERATOR IN THE FOOTWEAR SECTOR

*“ An advanced school for this manual work is indispensable. I am certain that there are young people out there who would be interested, but the problem is that there are no more manufacturers in France. ”*

AN OPERATOR IN THE FOOTWEAR SECTOR



# Leather goods

## KEY FIGURES



French market

**€1.8**  
IN TURNOVER  
IN 2010<sup>1</sup>

(+ 13,6% FROM 2009)



International market

**90%** OF TURNOVER  
FROM EXPORTS  
FRANCE WAS THE 3RD LARGEST  
EXPORTER IN 2010<sup>2</sup>

(+ 21% BETWEEN 2010 AND 2011)



Jobs<sup>3</sup>

**17,889**



companies<sup>3</sup>

## POSITIONING

Luxury upmarket

## TRAINING, SKILLS DEVELOPMENT AND PRESERVATION OF EXPERTISE

- The French leather goods sector is dependent on manual - often individual - expertise involving a lengthy learning process
- Training is available, but some programmes have disappeared (e.g. case making and trunk making)
- Companies like Hermès, Louis Vuitton and others are developing their own schools to guarantee the transmission of their expertise

1. 2010/2011 data, "La filière cuir française et ses partenaires", presentation at the 8th Carrefour des Industries du Cuir on 8 June 2012 (pp. 17-19), Yves Morin, Director General of the Leather Technical Centre (CTC)

2. Report on export patterns, CNC, 2010 data

3. Forthac/Textiles-Fashion-Leathers Department at Opcalia, 2012 data



## IMPORTANT POINTS

Massive training in the leather-working professions is necessary in order to bring production back to France.  
At-risk professions: case making and trunk making.

## CHALLENGES

- Pressure related to the procurement of raw materials (calfskin and exotic hides) is pushing direct buyers to go further up the value chain (acquiring tanneries and livestock farms)
- The sector's expansion and growing demand among buyers are giving rise to significant needs for skill sets and to major recruitment actions
- Small companies and young designers are having problems growing and emerging (seed money, distribution networks, export support, etc.)

## OPPORTUNITIES

- The leather goods sector is growing dramatically in terms of upmarket and luxury products, which is conducive to the creation of new workshops
- The wild popularity of French-made products means strong potential for development abroad
- New brands are emerging alongside the big names

## TERRITORIAL ROOTS

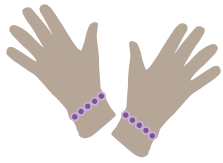
The main centres of leather goods production and job creation are concentrated in Central and Western France.

*“ The goal is to breathe new life into expertise that has existed since the 19th century, through a modern reinterpretation”*

AN OPERATOR IN THE LEATHER GOODS SECTOR

*“ I have clients abroad but I never have the time to develop my export market. There is tremendous potential internationally. Our manpower is relatively expensive because we only produce in small series.”*

AN OPERATOR IN THE LEATHER GOODS SECTOR



# Gloves

## KEY FIGURES



**€50 M**  
IN TURNOVER  
IN 2012<sup>1</sup>



Glove-makers in France<sup>1</sup>

**20**

## POSITIONING

A niche market positioned in the upmarket and luxury segment and that is in the process of diversifying (haute couture, falconry, suits, etc.)

## TRAINING, SKILLS DEVELOPMENT AND PRESERVATION OF EXPERTISE

- Glove-making requires exceptional, high quality expertise - chiefly manual
- The learning process is long and complex, making the transmission of expertise a challenge
- In parallel, training programmes to become a glover are disappearing
- Hiring for certain professions like cutters and clothiers is becoming difficult

1. "Livre Blanc de la filière cuir" March 2012 Edition

### IMPORTANT POINTS:

The preservation of expert expertise is in danger, due to a critical shortage of workers and training programmes.  
At-risk professions: cutters and clothiers.

### CHALLENGES

- Glove-making is a niche market that, faced with falling demand, relies on cooperation with haute couture and a handful of other related sectors to survive
- The proportion of labour costs, out of the total production cost, is very high and has led to the relocation of a portion of manufacturing sites
- The industrial fabric is gradually disappearing

### OPPORTUNITIES

- The sector shows a strong innovative side: in the face of falling demand, firms have responded by opting to either diversify their activities (bespoke, falconry gauntlets, suits and more) or rethink the classic glove by combining different materials, working in cooperation with haute couture and designers
- Synergies with other sectors (like leather goods) are giving new life to the sector
- Glove companies tend to expand internationally

### TERRITORIAL ROOTS

Glove-makers are present around Millau (Midi-Pyrenees), Saint-Junien (Limousin) and Grenoble, although their territorial roots are flagging.

*“ The problem is that we have trouble finding workers. We need to rethink everything [...]. Today, regions have expertise but no training. We need craft trainers but there aren't any.”*

AN OPERATOR IN THE GLOVES SECTOR

*“ Glove-making is extremely technical. A classic glove takes 2 hours to make, and some 8 hours for a more complicated pair.”*

AN OPERATOR IN THE GLOVES SECTOR



# Fur

## KEY FIGURES



French  
market

**€326 M**  
IN TURNOVER  
IN 2011<sup>1</sup>



International  
market

**GLOBAL MARKET IN FULL  
EXPANSION**  
(FUR WAS USED IN 70% OF THE  
LATEST FASHION SHOWS).



Job<sup>2</sup>

**1,200**  
IN FRANCE

## POSITIONING

Luxury and fashion,  
proximity to haute  
couture

## TRAINING, SKILLS DEVELOPMENT AND PRESERVATION OF EXPERTISE

- Fur is still a craft production, with recognized expertise in creation/design plus innovation (mixing materials, colours, etc.)
- The size of the actors and the craft-based model are a challenge to the transmission of expertise, and training in garment-making is only provided at vocational secondary schools
- The profession's appeal and job opportunities are shrinking

1. French Federation of Furriers

2. "Association La Fourrure Française"

## IMPORTANT POINTS:

Risk of disappearance of the expertise for fur garment-making.  
At-risk professions: garment-making and livestock farming.

## CHALLENGES

- Furriers are focused on creation, design and innovation, but subcontract out the majority of their production, a portion of which is in France. Garment-makers are therefore subject to substantial foreign competition
- Most subcontractors are small in size (employing a staff of 1 to 5 people) and isolated, with limited production capacities
- The sector's seasonal fluctuations prevent modest sized companies from spreading their business out evenly year-round, which in turn affects their subcontractors
- The risk of disappearance of livestock farming and garment-making from metropolitan France is all too real, despite the fact that they are a guarantee of responsiveness and quality for their buyers
- Cash flow problems related to the financing of inventory are magnified by pressure on the price of hides (90% of which come from China)
- Additionally, French actors are suffering from significant regulatory constraints as well as anti-fur lobbying that is still very vocal

## OPPORTUNITIES

- Despite the decline in demand witnessed in the 1990s and the resistance still felt from certain organisations, the sector has managed to reconcile fur with fashion
- The fur sector has shown great innovative potential for creative/design expertise and its ability to adapt and manufacture new materials (synergies with knitwear, Orylag, etc.)
- It also enjoys strong export potential

## TERRITORIAL ROOTS

The main actors operate out of Paris and Lyon, although livestock farmers are scattered across the country.

*“ We have enormous difficulty hiring qualified personnel. There is no longer any organized training, so we recruit via the network.”*

AN OPERATOR IN THE FUR SECTOR

*“ Our great strength is the fact that we have developed a research and development tool that brings creative types together with technical experts to make creative inspirations a reality by blending different materials.”*

AN OPERATOR IN THE FUR SECTOR



# Apparel

## KEY FIGURES

 French Market  
IS DIVIDED INTO FOUR CATEGORIES OF ACTORS:

READY-TO-WEAR COMPANIES AND HAUTE COUTURE FASHION HOUSES: :

MORE THAN **3,000** RTW COMPANIES  
MAKING, **€5 BN<sup>1</sup>** IN TURNOVER  
**50%** OF WHICH THROUGH EXPORTS

TEXTILES MANUFACTURERS

FROM **50** TO **80** COMPANIES<sup>2</sup>

APPAREL CONTRACTOR FIRMS

**200** COMPANIES ACCOUNTING FOR **€450M**  
IN TURNOVER<sup>3</sup>

## POSITIONING

The production of ready-to-wear has repositioned itself in the upmarket / luxury segment

## TRAINING, SKILLS DEVELOPMENT AND PRESERVATION OF EXPERTISE

- The expertise of ready-to-wear (RTW) companies mainly pertains to design. There are many training courses but these do not have the prestige of international schools like Parsons and the Saint Martin School
- The expertise of apparel contractors is the fruit of practices shared by a group within workshops but in some cases remains individual, like for stitching and dressmaking. Experienced personnel and training courses are becoming rare, so apparel contractors face a challenge relating to the (long and costly) process of transmitting expertise
- Textiles manufacturers possess historical but weak expertise. And luxury textiles finishers (pleaters, plumassiers, etc.), similar to artisans, have expert manual and individual expertise

1. Article in "Les Echos" – 19/02/13 – "Le PAP chute en France mais avance à l'export".

2. Interview with the "Fédération de la Couture".

3. Article in "Nouvel Observateur" – 09/04/13 – "Retour à meilleure fortune pour les façonniers du luxe"



## IMPORTANT POINTS:

The transmission of expertise is a priority.

At-risk professions: machinists, seamstresses, tailors and corset-makers.

## CHALLENGES

- French garment-making remains a fragile sector: apparel contractors are faced with the issue of modernizing and innovating in response to the requirements of their direct clients, while still protecting their margins
- Young designers have little in the way of financial means to gain access to French manufacturing expertise
- The creation/design profession primarily attracts young people to fashion design, which offers few job opportunities, to the detriment of model-making/pattern-making, in which demand is high
- The multitude of sectorial representatives no longer seems to align with the economic reality and clouds the industry's visibility

## OPPORTUNITIES

- The wild popularity of French-made products is a vector for growth, and Paris remains the world fashion capital (despite increased competition from New York, London, Milan, etc.) thanks to its major brand names
- Young designers and new concepts are appearing, showcasing the value of products made in France
- Many clusters (like Mode Grand Ouest, Creuset Innovation, etc.) and consortia are bringing new dynamics to the sector, even if cooperation between these structures remains limited
- Exports sustain the industry and represent strong development potential for subcontractors and direct clients

## TERRITORIAL ROOTS

Local roots remain strong, and many clusters are participating in regional development (Vosges, Lyon and Calais). Apparel contractors have a greater presence in the Loire Valley and Ile-de-France. Lace and embroidery have their stronghold in the North, knitwear in Champagne-Ardenne, cotton in Lorraine, and silk finishing in Rhône-Alpes, while design remains concentrated in Paris.

*“ If we are not successful in transmitting our expertise, we will all be shutting our doors in 10 years.”*

AN OPERATOR IN THE APPAREL SECTOR

*“ I think we are going to be shifting toward platform-based systems in an effort to resist pressures.”*

AN OPERATOR IN THE APPAREL SECTOR



# Jewellery

## KEY FIGURES



French  
Market

**€1.7 BN**  
IN TURNOVER<sup>1</sup>



International  
market

EXPORTS RISING DRAMATICALLY :  
**+24% BETWEEN 2011  
AND 2012<sup>1</sup>**



Jobs<sup>1</sup>

**12,200**  
(+ 1% IN 2012)

## POSITIONING

The market is dominated by brands that belong to four large groups that work closely with highly specialized jewellery manufacturers and designers, small-scale artisans.

## TRAINING, SKILLS DEVELOPMENT AND PRESERVATION OF EXPERTISE

- Jewellery stands out for its high level of expertise in fine jewels and its modernization of production, which has become semi-industrial in the upmarket segment
- Experienced professionals are sought by both workshops and firms. The transmission of expertise is weakened by high staff turnover levels
- Processing and manufacturing expertise is under threat: artisans trained in the professions of gem cutter, jewel setter and polisher are becoming increasingly rare
- At the same time, trainer recruitment has also become difficult
- Many family companies are having trouble passing on expertise

1. Fédération nationale Horlogers, Bijoutiers, Joailliers, Orfèvres (HBJOP)

## IMPORTANT POINTS

Some expertise (processing and manufacturing), whose very lengthy learning process essentially takes place in the workshops, is weakened at present. At-risk professions: polishers and jewel setters.

## CHALLENGES

- The value chain is weakened by the shortage of personnel in certain professions and by production capacities that are too limited to respond to growth in demand
- The stringent requirements of direct clients (after the 2008-2009 crisis) have led to the necessary transformation of the structures of modest sized subcontractors
- Workshops unable to implement the right structure are at risk of seeing their margins decrease
- SMEs and microbusinesses are feeling pressure in terms of their cash flows, to finance their inventory of raw materials. This pattern is amplified by the volatility of the prices of metals and diamonds. The financial fragility of small companies creates a risk to the preservation of their rare expertise, particularly in fine jewellery
- Manufacturing subcontractors are highly specialized and isolated. It has become necessary for them to group together and develop partnerships to ensure the preservation and further development of their expertise

## OPPORTUNITIES

- The field of jewellery boasts extraordinary manual expertise in design and manufacturing (which has incorporated technological innovation (CAD) in remarkable ways)
- French brands have international recognition, and the sector has strong prospects for growth abroad
- Workshops are now modernizing and can bank on their strong networking potential

## TERRITORIAL ROOTS

A geographic stronghold in Ile-de-France, located close to direct buyers. Lyon and its surrounding areas of Franche-Comté and Rhône-Alpes specialize in jewel setting and manufacturing but are isolated due to a long-standing lack of cooperation and dialogue between the workshops.

*“ Today, it is easy to find recent graduates, but experienced personnel are getting poached from workshops.”*

AN OPERATOR IN THE JEWELLERY SECTOR

*“ Subcontractors are hyper-specialized and do not group together, which creates difficulty for their direct clients.”*

AN OPERATOR IN THE JEWELLERY SECTOR



# Watches

## KEY FIGURES



French Market

**€1.4 BN**  
IN TURNOVER  
IN 2012<sup>1</sup>



International market

EXPORTS RISING DRAMATICALLY:  
**+22% BETWEEN 2011  
AND 2012<sup>1</sup>**



Jobs<sup>1</sup>

**3,700**  
INCLUDING **1,900**  
IN FRANCHE COMTÉ

## POSITIONING

The market comprises the Swiss giant, Swatch Group, other large groups (like Richemont and LVMH), the occasional independent French manufacturer and a handful of subcontractors. The French market has focused on servicing and repairs and on the manufacture of components.

## TRAINING, SKILLS DEVELOPMENT AND PRESERVATION OF EXPERTISE

- French watch-making expertise focuses on micro-techniques and servicing and repairs, while creative expertise has been incorporated by direct clients, and the components manufacturing expertise (glass, hands, winders, cases and faces) that was historically rooted in the Jura Basin, is now disappearing
- Training courses abound but essentially cover design and are not sufficiently oriented toward clockwork technologies, manufacturing or assembly. These courses have a solid reputation but enrolment numbers appear insufficient to meet demand, and skill sets are often poached by Switzerland, which offers better pay
- As a result, the sector has had problems hiring qualified personnel

1. Comité Francéclat

## IMPORTANT POINTS:

Qualified personnel and talent are immigrating to Switzerland due to the Jura Basin's lack of appeal.

## **CHALLENGES**

- The distribution model is undergoing a profound transformation, with the major brands opening their own boutiques, thereby reducing the place of multi-brand shops and access to emerging companies
- The landlocked location of the Franche-Comté region does not help to boost its appeal or to inspire the loyalty of qualified personnel and talent, for whom Switzerland exerts more charm
- The shrinking of subcontractor margins is inciting them to relocate their manufacturing and assembly activities, further weakening the value chain
- The actors consider the sector's representativeness to be too fragmented

## **OPPORTUNITIES**

- The sector's hyper-specialization in servicing and repairs and in micro-techniques, as well as its performance in terms of innovation and research & development, represent avenues for growth in French watch-making
- French companies adopt attractive organisational forms (with versatility, promotion, development, etc.) and management strategies (career prospects, etc.)
- The Lux et Tech network, just like the Pôle Microtechnique, gives evidence of new dynamics in the country

## **TERRITORIAL ROOTS**

There are strong local roots with close to 60% of French companies located in Franche-Comté, whereas the Parisian region specializes in design. Significant personnel numbers have been observed migrating from France to Switzerland (30-60% of French manpower in the field currently works for Swiss watch companies).

*“ I am sickened to see that expertise developed over the course of centuries [in components manufacturing] might be lost! ”*

AN OPERATOR IN THE WATCH-MAKING SECTOR

*“ France is central to the management of servicing and repairs throughout Europe.”*

AN OPERATOR IN THE WATCH-MAKING SECTOR



# Eyewear

## KEY FIGURES



**€4,7 BN<sup>1</sup>**  
IN TURNOVER IN 2012 WITH  
**13 MILLIONS** PAIRS SOLD



RETAILERS  
IN 2012<sup>2</sup>



Jobs<sup>2</sup>  
**3 500**  
AT **70**  
COMPANIES

## POSITIONING

Two coexisting markets: optics (vision products) and sunglasses. French brands are positioned in the mid- to upmarket segment, with some actors focusing on high added value niche markets.

## TRAINING, SKILLS DEVELOPMENT AND PRESERVATION OF EXPERTISE

- The highly technological expertise in this domain is chiefly industrial. The manual stages primarily pertain to finishing work: polishing, lacquering, gilding, etc.
- Training, especially on certain techniques (soldering and polishing), is becoming scarce
- Collective expertise is shared within companies, but in many cases, manufacturing, assembly and finishing work has been relocated outside France
- Companies located close to Switzerland have trouble attracting manpower and retaining their qualified personnel

1. "UFC Que choisir" - Study  
2. GIFO



### IMPORTANT POINTS:

The major challenge relates to the appeal of the skill sets in the field.  
At-risk professions: polishers and solderers.

### CHALLENGES

- Italian company Luxottica remains the worldwide leader (namely thanks to its licenses for sunglass frames), limiting the potential for growth
- A portion of the industrial subcontracting fabric, particularly for components (hinges, nose pads, etc.), is disappearing, compelling French companies to import them
- Affordable mass-produced products are manufactured outside Europe (particularly in China), creating a lack of transparency as to product origin
- Despite their geographic proximity, the actors collaborate little and communicate poorly concerning their expertise. This secrecy limits the appeal of the eyewear professions
- Regulatory constraints on vision products (REACH standards, proportion of medical expenses refunded, etc.) are a burden on French actors. Additionally, the proposed bill on mutual insurance companies could further affect consumption levels due to less expensive products manufactured outside France

### OPPORTUNITIES

- French companies stand out for their high quality products or position themselves with upmarket/luxury products targeting a niche market and involving the application of top expertise
- The design and manufacturing of frames and components (glasses arms, etc.) have incorporated major technological innovations
- The industry has the potential for synergies with other sectors (namely watch-making) and inter-sector innovative potential (medicine, innovative materials, etc.)

### TERRITORIAL ROOTS

The eyewear industry is heavily concentrated in the Jura (52% of companies) and Ain regions for manufacturing, and in Ile-de-France for design.

*“ There are no schools, so we are obliged to train them ourselves and to hire people at minimum wage.”*

AN OPERATOR IN THE EYEWEAR SECTOR

*“ Surface treatments are preferred so as to obtain the "Made in France" label, because that stage is sufficient.”*

AN OPERATOR IN THE EYEWEAR SECTOR

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# *Conclusion*

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4





**I**n our quest to identify all the expertise of the luxury goods industry, we encountered passionate actors who did us the courtesy of sharing with us their passion for their professions. Contrary to preconceptions, expertise is not just inherited from generations of artisans and entrepreneurs concerned with transmitting their art, but is also reinvented each day in an ever more demanding environment. Historically rooted in specific areas and a driver of the "Made in France" label, expertise, if not monopolized by luxury, is now inseparable from this strategic, economically dynamic global industry. Moreover, expertise is crucial to the industry.

Attempting to map out expertise and identify the public policies that should be promoted and the strategies and actions that could preserve the different sectors of the luxury goods industry, could be considered a challenge, as elusive as luxury seems to be: *"Luxury has its own logic, which cannot be reduced to any rules, referring as it does to the domain of desires and not to that of needs"* (Le Luxe, Jean Castarède, 2012).

The analysis conducted by Mazars was based on a choice: it builds on a management framework to comprehend the impact on expertise of strategic decisions, organisational changes and the quality of the environment.

In each sector studied, the perpetuation of expertise was assessed using three sets of criteria:

**1. Training and skills development (existence of apprenticeships, expertise sharing courses, recruitment, etc.)**

Expertise cannot be reduced to qualifications, although our analysis shows that the shortage of well-reputed establishments to attract and train the next generations of artisans and entrepreneurs has given rise to a major risk with regard to the sustainability of the luxury goods industry, in view of the years of learning required to master an

art. Luxury goods firms understand this and are developing their own in-house training centres.

**2. The capacity to promote expertise within the company (workshop organisation, labels, etc.):**

Expertise creates tremendous value when it is strategic for the company: this is what differentiates fashion from luxury goods. But looking beyond that, the promotion of expertise is dependent on the capacity to organize production. Of the models studied, the most successful actors are endowed with expert expertise but are also capable of developing versatility in their workshops and cooperation, so as to become a key player and meet their direct clients' demands.

**3. The presence of expertise on a national scale (scarcity and specific features of expertise along the value chain, and so on):**

The preservation of expertise is reliant on a dynamic ecosystem. Local roots boost territorial appeal and enable encounters with artisans that could be conducive to hybridization and the development of new expertise. Federations and professional organisations need to continue to evolve and change their positions: increasingly working alongside actors in the industry, they have a decisive role to play in supporting internationalization, introducing new technical and intermediation skills, and also sharing expertise.

Outside the management prism and economic outlooks, luxury is a sociological and psychological concept that is both social and personal. There are many now describing the new frontiers of luxury: relations with the art world, the importance of experience and service, the development of ethical luxury, and the list goes on. Within this context, the future looks bright for creativity and the development of expertise.

The coexistence of a number of models and the industry's self-created defense systems are evidence of its potential.





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Mazars is present in 5 continents.

## CONTACTS

### Mazars

#### **Isabelle Massa**

Partner and Global Head of Luxury

Tel. : +33 1 49 97 63 86

isabelle.massa@mazars.fr

#### **Jérôme Huber**

Partner and Head of Luxury, France

Tel. : +33 1 49 97 64 42

jerome.huber@mazars.fr

#### **Fabien Seraidarian**

PhD | Senior Manager | Consulting Department | Research

Fellow, Ecole Polytechnique

Tel. : +33 1 49 97 60 59

fabien.seraidarian@mazars.fr

61, rue Henri Regnault

92075 Paris-La Défense

Tel. : +33 1 49 97 60 00

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