



Mindset Reset Vision Monday Summit

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March 17, 2010

A Return to Luxury

Luxury is rebounding...it was the first segment to feel the economic downturn, and now the first to return

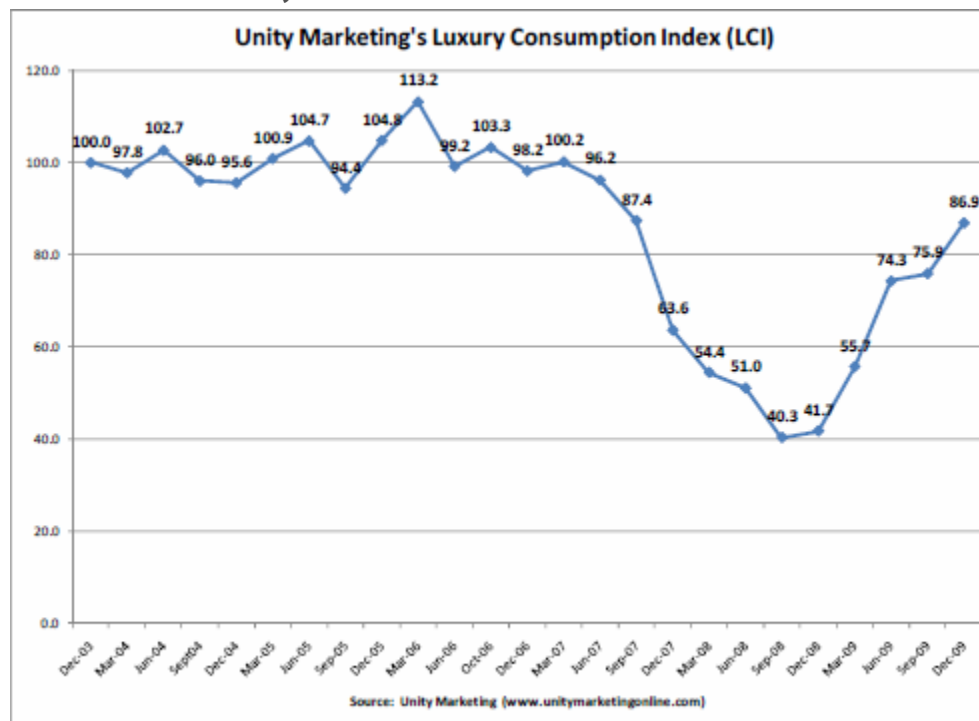


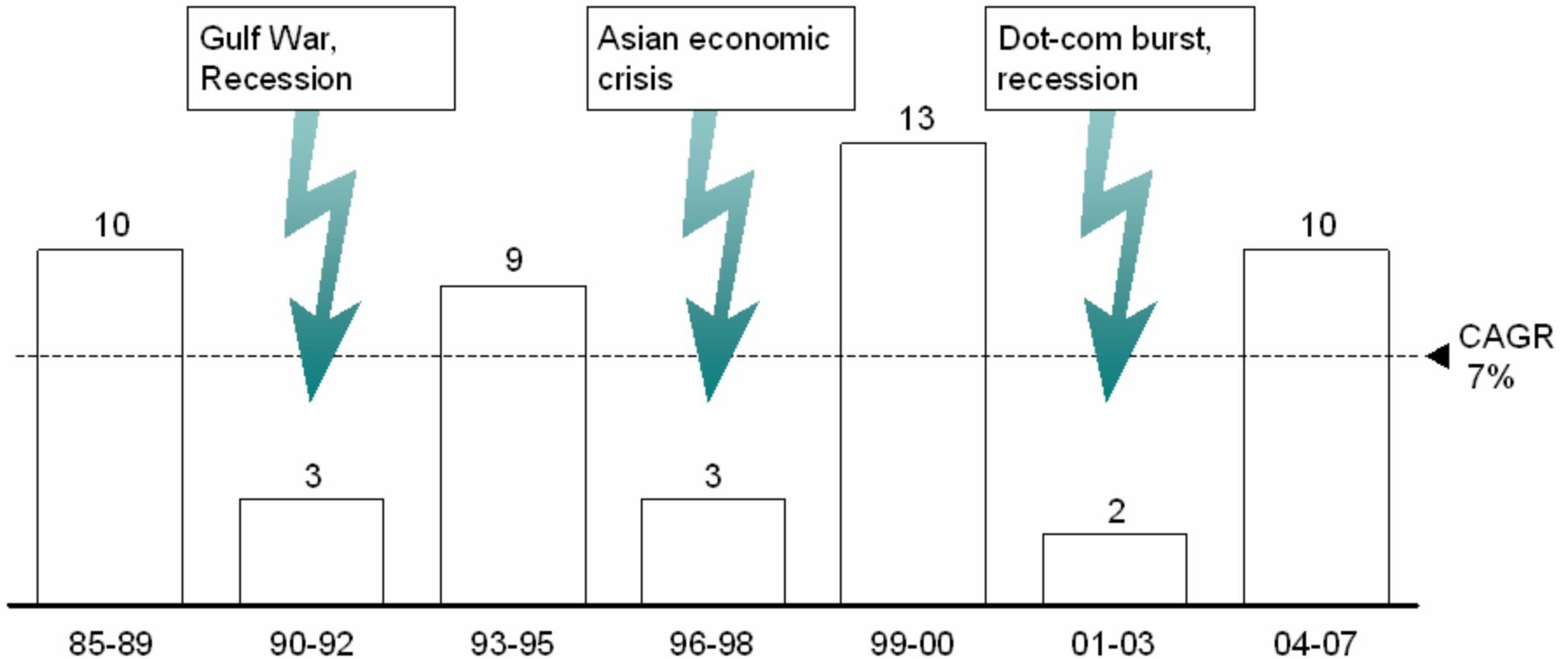
Figure 1: Luxury Consumption Index

"...affluents spent about 50 percent more on luxury clothing and apparel, fashion accessories, travel and spa, beauty and massage services in the fourth quarter as compared to third quarter."

- Pam Danziger, Unity Marketing Luxury Tracking Study, January 28, 2010

A Return to Luxury

History tells us to expect long term growth to continue



- Long-term growth of luxury has been strong from 1985 to 2007
- Luxury market has fluctuated with economic recessions but has recovered quickly
- Even during recessions, the global luxury market has maintained moderate positive growth

A Return to Luxury



We see the change all around us

Crystals at City Center, Las Vegas

The largest private development in American history is seeing success

Premium Department stores (Neiman Marcus, Nordstrom, Saks)
+11% COMP in January 2010

Source: Redbook Sata (Jan 2010)

Luxottica's Luxury Division, ILORI and Optical Shop of Aspen
Strong growth YTD



**What is prompting spending in the
Luxury & Premium sector today**



What formats are working & Why

What is prompting spending today

Authenticity and Added Value

Innovation

Building Relationships

Market Differentiation

What is prompting spending today

Authenticity and Added Value through

INNOVATION

What is prompting spending today

Authenticity and Added Value: **Innovation**

A DISTINCT “CURATED” POINT OF VIEW

It's all about Fashion

Evolve assortments based on customer psychographics

Luxury Division - less is more assortment

Sunglass Hut - polarized is the standard



What is prompting spending today

Authenticity and Added Value: Innovation

EXPERIENCE

“As people age they focus more on the experiences, the benefits, the feelings that come from the luxury lifestyle...”

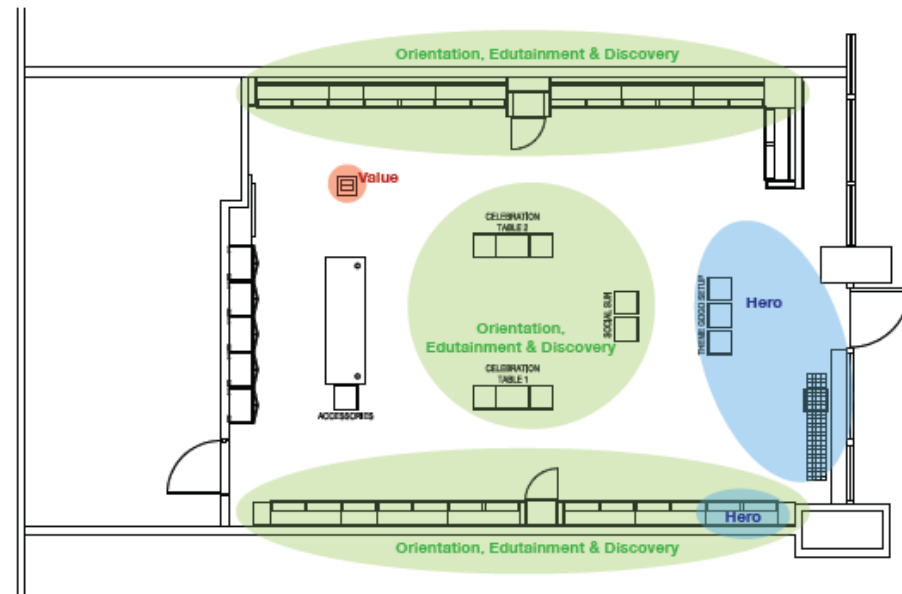
– JP Morgan’s Europe Equity Research (1/15/2010)

360 approach to marketing

Multiple touch points in store

Sunglass Huts “social sun” kiosks

Oakley Custom Program



What is prompting spending today

Authenticity and Added Value: **Innovation**

PRODUCT

“The luxury category had been overselling the sizzle and forgetting about the steak”

– Lucian James, founder of the strategic consultancy Agenda Inc. (WWD 2/2/2010)

Authentic quality - craftsmanship and detail

Technology with tangible benefits

lenses: polarized, gradients, mirror coatings

frames: materials, details

Brand heritage reinvented – substance, long term value



What is prompting spending today

Authenticity and Added Value: **Innovation**

CURATION

EXPERIENCE

PRODUCT

What is prompting spending today

Authenticity and Added Value through

BUILDING RELATIONSHIPS

What is prompting spending today

Authenticity and Added Value: Relationships

STORY TELLING

Inspire the Consumer

Opportunity to reinforce your unique point of view on what makes a brand or style special



“Edutainment”- knowledge is power, clients are hungry for information

Heightened by social media and e-commerce

Sunglasshut.com – 1 in 5 customers research online

ILORI web site monthly trend reports – most downloaded feature

What is prompting spending today

Authenticity and Added Value: Relationships

GIVING BACK

Connect with the community, locally and globally

The future: Consumers 18 and under are “...shaping up to be the most socially and politically conscious generation since the Sixties”

– Larry Rosen, author of “Rewired: Understanding the iGeneration and the way they learn”
(WWD 1/26/2010)

Examples:

Luxury Group’s: Trade in, Trade up initiative

Oakley’s Lance Armstrong “LiveStrong” collection

Revo’s eco-friendly message leveraging “green”



What is prompting spending today

Authenticity and Added Value: Relationships

GRACIOUS CUSTOMER SERVICE

It's the little things

Consistency is key

Training is critical – develop category experts with authentic passion

Clienteling gives a personal touch

What is prompting spending today

Authenticity and Added Value: **Relationship**

STORY TELLING

GIVING BACK

CUSTOMER SERVICE

What is prompting spending today

Authenticity and Added Value through

MARKET DIFFERENTIATION

What is prompting spending today

Authenticity and Added Value: **Differentiation in Mix**

DEMOCRATIC PRICING

The “Hourglass” strategy offers high couture and entry price product



Don't under-estimate the top of the hour glass

High income consumers are recovering quicker

Luxury Division frames sold over \$900 have risen nine-fold YTD

Two “Pyramid of Diamond” exclusive (\$20,000+) sold in Feb

Protect the Aspirational consumer



They are still waiting it out

Eyewear's strength is entry segment to owning a designer brand or look

What is prompting spending today

Authenticity and Added Value: **Differentiation**

SEGMENTATION

Balance diversity between and within collections

Overall Portfolio

Gender

Price point

Wardrobing



What is prompting spending today

Authenticity and Added Value: **Differentiation**

EXCLUSIVE PRODUCT

Developed specifically for your market

Opportunity to capture “white space” opportunities

Reinforces point of view

Heightens Story Telling

** Watch Out: limited or exclusive is not enough
Product has to be special and right for your market



What is prompting spending today

Authenticity and Added Value: **Differentiation**

PRICING

SEGMENTATION

EXCLUSIVITY

What is prompting spending today

Authenticity and Added Value

Innovation

Building Relationships

Market Differentiation

What Formats are Working Well and Why

On-line (Why: innovation)

- According to How the Affluent Luxury Consumer Uses the Internet and Social Media: Affluent's use of social shopping rose from only 7 percent participation in 2007 to 33 percent in 2010.

Managed Vision Care (Why: building relationships)

Premium, between uber-luxury and mass (Why: differentiation in pricing)



Promotional

Outlets – effective exit strategy

fast moving cadence (segmentation)

Private Sales – on line, or limited time in store (relationship)

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THANK YOU