

Zegna keeps it in the family to expand its retail empire

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Fine fabrics ... Zegna is one of the largest buyers of merino wool in the world.

Despite establishing 560 stores in 100 years, Zegna shows no signs of slowing, writes Georgina Safe.

In 1910, Ermenegildo Zegna founded a small company in the isolated town of Trivero, in the Biella region in the northern Italian Alps.

Following the example of his grandfather Michelangelo, a watchmaker who made his foray into the wool business with four looms, Ermenegildo established a mill to make fine cloth for Italian tailors.

Today there are more than 560 Ermenegildo Zegna stores selling luxury clothing by the leading Italian fashion house in more than 80 countries around the world, and last year Zegna celebrated its 100th anniversary with total group revenues in 2010 reaching €963 million. But the company's chairman, Paolo Zegna, is equally proud of the fact that despite a century of growth and innovation, Zegna remains a family-owned business with the same values of quality and

respect for its workers that were his grandfather Ermenegildo's guiding principles.

"[Ermenegildo] was a very serious man but somebody who, as a child, you could trust," Paolo says. "He is somebody who, for us, has always been an example to follow, who we have learned a great feeling from and respect for what he had done from scratch. The vision he'd always shown in whatever he was doing is always an example and a leading point today."

The company is now run by three fourth-generation family members: along with Paolo (whose full title is Count Paolo Zegna di Monterubello), Gildo Zegna is its chief executive and Anna Zegna is image director.

Paolo has just arrived in Australia from China, where Zegna last week celebrated 20 years in the Chinese fashion market with a series of exhibitions and fashion shows in Beijing's Art Today Museum.

Zegna was the first luxury label to open a mono-brand store in China in 1991 and now has a presence there in 37 cities through 82 points of sale. According to Paolo, there have been advantages to maintaining the tradition of a family-owned company. "If we were not family-owned, we wouldn't have been able to decide 20 years ago to start in China," he says. "The stock market would not have understood it and would not have thought that could be the right thing to do. But being a family business, it's something we carefully looked into and studied, then around the table we decided to move on it.

"This is exactly the sort of advantage a family company has: you can have a long-term vision and make decisions for what you believe they can bring back to the company."

China is the most obvious example of an aggressive growth strategy in recent years that now sees Zegna's exports divided equally between Europe, the Americas and Asia, and a revenue growth of 21 per cent in 2010 compared with 2009.

Zegna acquired the womenswear label Agnona in 1999 as part of a diversification strategy that also

included setting up a joint venture with the Salvatore Ferragamo Group to develop Ermenegildo Zegna footwear and leather goods. Last year, Zegna also embarked on a partnership with Swiss watchmaker Girard-Perregaux, to produce Zegna timepieces.

"If a company doesn't move forward, if it doesn't aggressively and constantly innovate, it's soon going to become a dead company with many other companies overtaking it in the global competition," Paolo says.

The biggest challenge the company has faced in recent years was the global recession. The sharp decline in demand for formal suiting hit Zegna twice - as a textile producer and a manufacturer.

"At the peak of the crisis, everyone started to pay attention to their expenses and it's quite well known that in the fashion world what stops first is formalwear for men," Paolo says. "People have several suits so they tend to say the suit of last year still suits me this year, so the two sectors that suffered the most were textiles and formalwear, one being the supplier of the other." As the economy slowly began to pick up, the company noticed a greater demand for casualwear over formal suiting and adjusted tack.

"[The customer] was buying a sport blouson or a cashmere jumper, something new for a more relaxed attitude," he says.

Zegna put greater effort into less-formal clothing through its Upper Casual collection of refined sportswear, the Zegna Sport collection, and the more fashion-conscious Z Zegna collection, while maintaining the premium allure of its handmade Couture collection, its traditional Italian Sartoria range as well as its Su Misura (made-to-measure) service.

All are available in Zegna's new 330-square-metre Sydney flagship store in Westfield Sydney, which Paolo will officially open with a cocktail party tonight.

Designed by Milanese architecture firm Beretta Associati, the double-storey premises also includes a "luxury room" for VIP clients with an in-house tailor in line with a renewed focus on service globally to combat the retail downturn.

"Service today is an element that is very strong," Paolo says. "People today have less time and are

more demanding. Every centimetre of the shop and every single word the shop assistant says has to transmit the history, the goals and the values of the company."

Australian wool has long played an important role in the goals and values of Zegna, which is one of the largest buyers of ultra-fine merino wool in the world. "Australia is a country we feel very strongly about," Paolo says. "We have come to Australia generation after generation for many, many years to buy wool, as we must secure the best quality of raw materials."

In 1963, the company introduced the Ermenegildo Zegna Perpetual Trophy in Australia in conjunction with the Australian Superfine Merino Wool Growers' Association, and in 2002 launched the Vellus Aureum (Golden Fleece) Trophy for wool that is 13.9 micron or finer.

Yesterday, Paolo presented that prize to the Hundy family from Windradeen farm in NSW, who won with a 10.5 micron ultra-soft fleece.

Paolo says the Vellus Aureum and the Perpetual trophies are "a recognition of the [wool] growers, the respect for their hard work and the quality of what they do that we find in our finished products. It's part of our DNA and our story and it's part of our future."

Read more:

<http://www.smh.com.au/lifestyle/fashion/zegna-keeps-it-in-the-family-to-expand-its-retail-empire-20110921-1klbu.html#ixzz1YdtZm11r>