

Making the Customer an Ambassador

An Interview with Daniel Lalonde, President and Chief Executive Officer, LVMH Watch & Jewelry North America, Springfield, New Jersey



Daniel Lalonde

EDITORS' NOTE

Prior to assuming his present posts in March 2002, Daniel Lalonde served as chief operating officer of Nespresso (a Swiss operating unit of Nestlé) and previously as president of New York-based Nespresso, Inc. Before that time, he was a

strategy consultant to companies in the wines-and-spirits and luxury-goods sectors, as well as managing director, retail, of Häagen-Dazs Europe. Lalonde holds an M.B.A. from INSEAD in Paris.

COMPANY BRIEF *Headquartered in Paris, LVMH Moët Hennessy Louis Vuitton SA (Nasdaq: LVMHY) is a luxury-goods conglomerate, whose stable of brands includes watches and jewelry (TAG Heuer, Christian Dior, Zenith, Chaumet, Ebel, OMAS), as well as champagnes, wines, and cognacs (Dom Pérignon, Hennessy, Hine, Moët & Chandon, Veuve Clicquot); perfumes (Christian Dior, Givenchy, Guerlain); and fashions and leather goods (Christian Lacroix, Donna Karan, Givenchy, Kenzo, Louis Vuitton). In 2002, LVMH reported total sales of €12.7 billion and net income of €556 million.*

At a time when many luxury brands are taking a wait-and-see attitude, at TAG Heuer you're investing heavily in marketing. What makes you feel that it's the right time for aggressive investments, and are you optimistic about growth in the current market?

We're very optimistic about the growth potential of TAG Heuer in North America and globally. In North America, we enjoyed double-digit growth last year, and in the first seven months of this year, we've experienced solid growth in our business, as measured by sell-through, which is the indication that really matters at the end of the day. So we're very positive about this year's

results so far, and look forward to a bright future.

We're heavily investing simply because we believe all the elements of the brand have finally crystallized at this time. We now have a world-class management team, as well as the best lineup of ambassadors – in particular, Tiger Woods, who joined our roster last fall. We strongly believe in the heritage of TAG Heuer, which goes back to 1860; its core values – prestige, performance, and precision; and its strong market positioning. It is the reference in sport watches and timekeeping technology. This is the time for us to take a jump ahead of the competition. Others may be slowing down right now, but we're gaining market share.

Can you discuss the current range of LVMH's watch and jewelry offerings? And are you happy with the awareness you've been able to build for the individual brands?

The brands in our portfolio have their own unique and distinct positioning. For example, TAG Heuer is the reference in luxury sports watches, Dior is the cutting-edge fashion watch, and OMAS is the quintessential fine writing instrument. They all have strong brand recognition that we developed with long-term objectives in mind, consistent with the heritage and the positioning of the brands.

TAG Heuer is one brand for which customer service always seems to be a major focus. How important is it to maintain relationships with clients post purchase?

We think it's critical to engage in a long-lasting personal relationship with each customer, and to invest as much in the "post-purchase" as in the "pre-purchase" phase. We believe that if people find the experience of purchasing TAG Heuer timepieces gratifying, and are excited about the performance of the product itself and the service provided, not only will they buy more watches, but they will also become "passionate" TAG Heuer ambassadors. We encourage active relationships with each consumer through programs that get them actively involved with the brand, by granting them privi-

leges and by providing the best customer care.

How do you define the target customers for TAG Heuer? How broad have those markets become today?

We prefer to define our customers, or markets, not in terms of demographics, but instead by a certain mindset. TAG Heuer's market is quite broad, as it attracts people with competitive personalities who aim to succeed in all aspects of life: discerning individuals who like fine things, but are, at the same time, more concerned about achievement than status. TAG Heuer's core values – prestige, performance, and precision – define the brand, the product, and the way we communicate to our audience. Our advertising slogan "What are you made of?" is meant not only to challenge our target audience, but also to speak to the ability of certain individuals to distinguish themselves by their emotional will to win. It's relevant to everyone who has a winning attitude and who shares TAG Heuer's values.

Can you discuss Dior's collection of timepieces?

Christian Dior Montres is very much focused on marketing and communicating to individuals who consider themselves fashion forward and embrace fashion trends in their early stages. As such, our primary target is the Dior customer base. The Dior watch collection, because it's created by couture designers John Galiano and Victoire de Castellane, reflects the themes and trends of Christian Dior couture. Along these lines, it's very likely that a woman who buys a \$1,000 handbag or a \$10,000 gown will also purchase a Dior timepiece.

How hard is it to turn off the business and get away from it all?

Well, for me it's impossible; I'm constantly thinking about new ideas to grow our business, even when I'm away from it physically, either traveling to the Orient, climbing mountains, jogging, or diving. I'm very passionate about our business, I have a lot of fun, and I never turn it off. ●

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