

**H U G O B O S S**

## **Asia Pacific Strategy**

Dr. Gerrit Rützel, President & CEO Asia Pacific

November 8, 2011

## About me

- Born 29 January 1974 in Fulda, Germany
- Education
  - 1993 – 1998 European Business School, Oestrich Winkel (Dipl.Kfm.)
  - 1998 – 2001 Johann-Wolfgang-Goethe University, Frankfurt (PhD)
- Professional background
  - 2001-2008 HUGO BOSS AG
    - 2001-2002 Country Specialist Spain/Scandinavia
    - 2003-2005 Head of Business Development
    - 2005-2006 Brand Director HUGO
    - 2006-2008 Director International Sales
  - 2006-2008 Managing Director HUGO BOSS International Markets, Switzerland
  - 2009-2010 Managing Director HUGO BOSS HUGO BOSS do Brazil, HUGO BOSS Mexico and HUGO BOSS Miami (Showroom)
  - since 2011 President & CEO Asia Pacific



## AGENDA

**INTRODUCTION**

**HUGO BOSS IN ASIA PACIFIC**

**REVIEW OF REGIONAL STRATEGY**

**SUMMARY AND OUTLOOK**

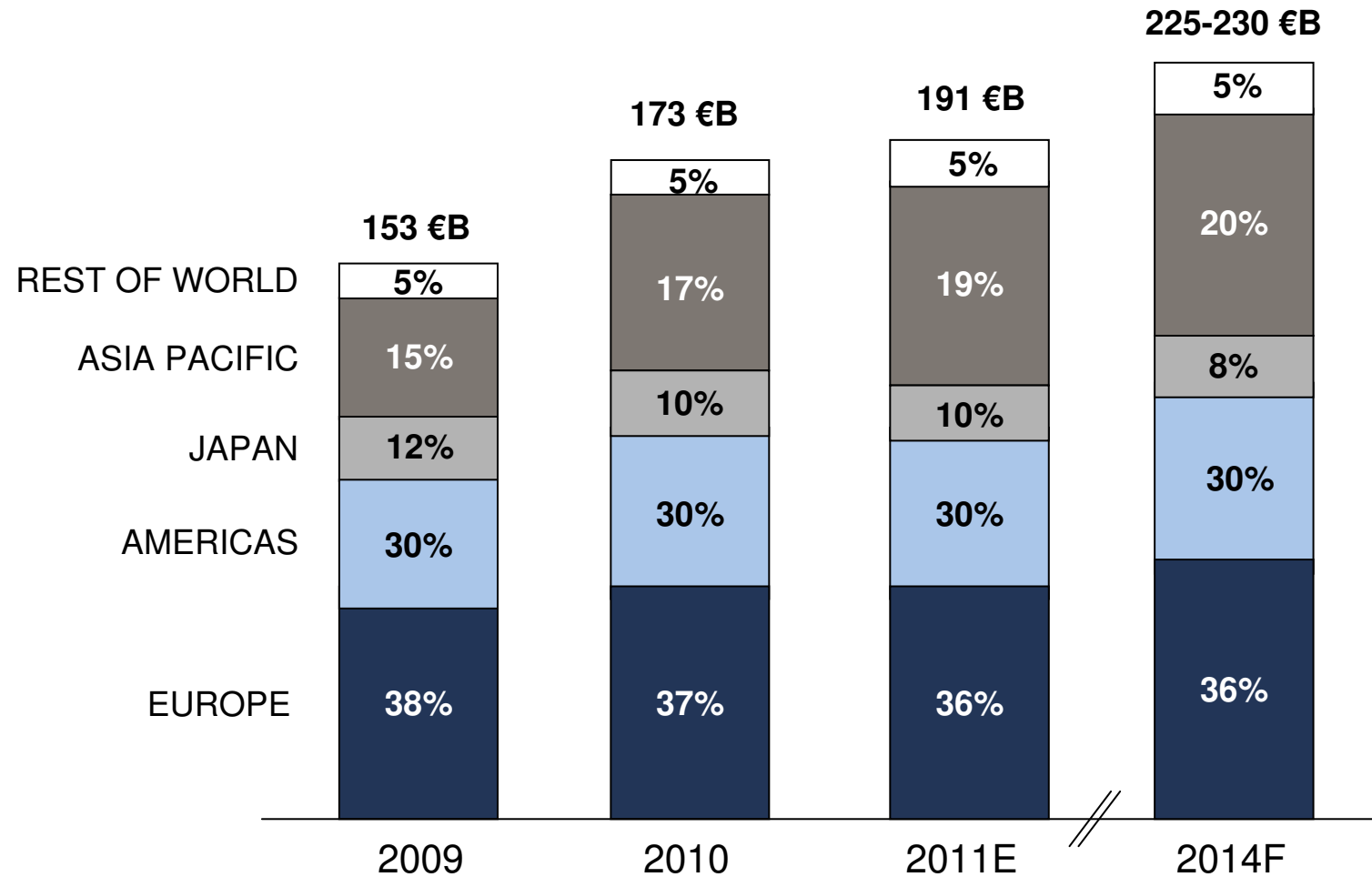
## Asia Pacific to remain engine of global growth



- Asia Pacific GDP growth expected to remain strong at 6-7% for 2011 / 2012\*
- China clearly being the “powerhouse” within the region
- Japan on its way to recovery
- Other Asian countries developing fast
- Luxury brands strongly increasing their footprint (especially in Greater China)

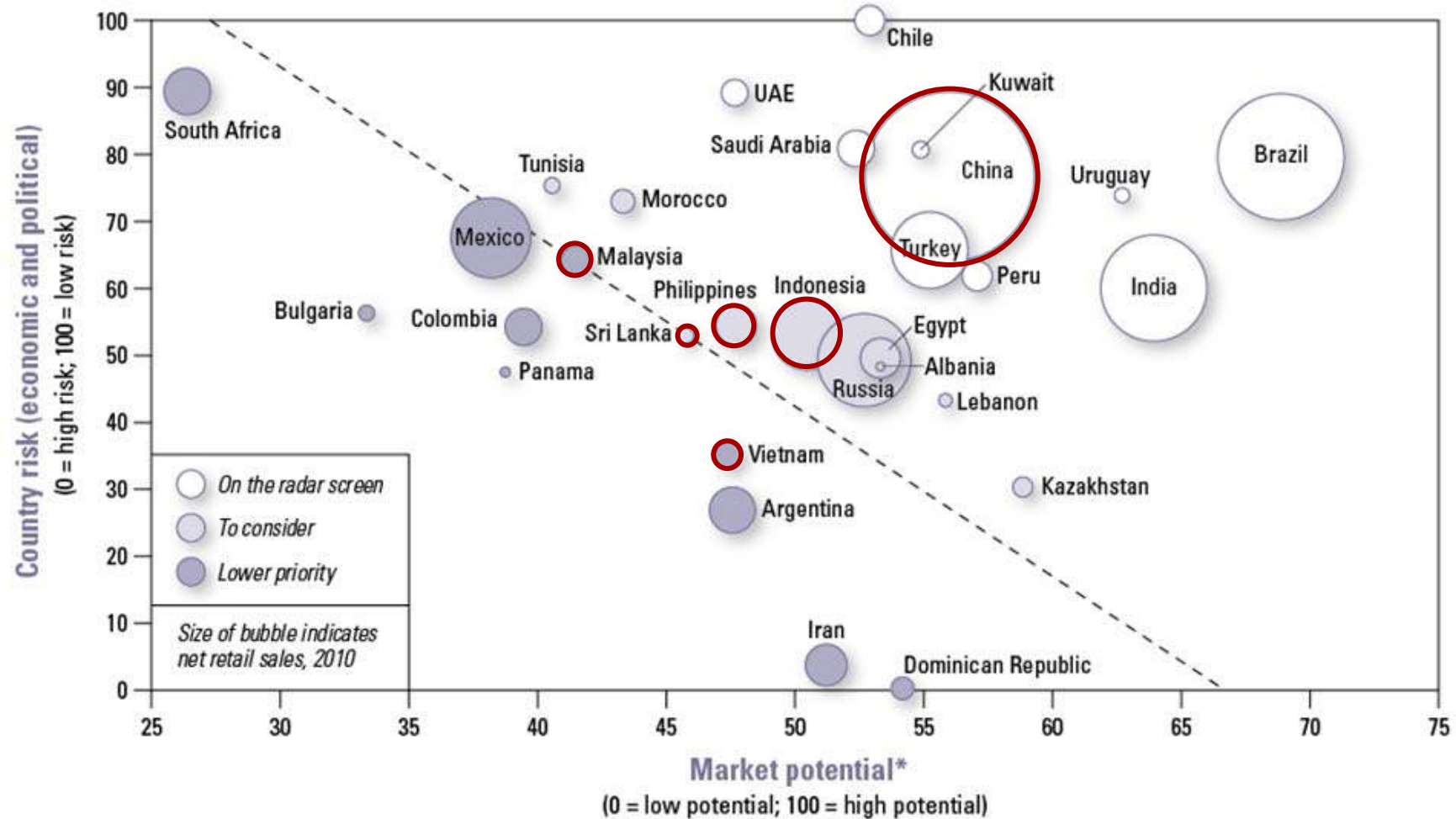
\* Source: IMF

## Asia Pacific expected to continuously increase its luxury share



Source: Fondazione Altagamma // Bain & Company, October 2011 - Regional split for 2009 and 2014F based on May 2011 study

# GLOBAL OPPORTUNITIES – Asia Pacific countries with high growth potential



\* Based on weighted score of market attractiveness, market saturation and time pressure of top 30 countries

Source: A.T. Keamey analysis

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## HUGO BOSS in Asia Pacific today



~1,350

EMPLOYEES



14

COUNTRIES



>430

POINTS OF SALE



179

RETAIL  
POS



>250

WHOLESALE  
POS



>120

WHOLESALE PARTNERS

## HUGO BOSS in Asia Pacific today – Organizational set-up

### **HONG KONG**

Asia Pacific Headquarter / Showroom

### **CHINA, Shanghai**

Local subsidiary

### **CHINA, Beijing**

Local press office

### **CHINA, Guangzhou**

Local sourcing office

### **JAPAN, Tokyo**

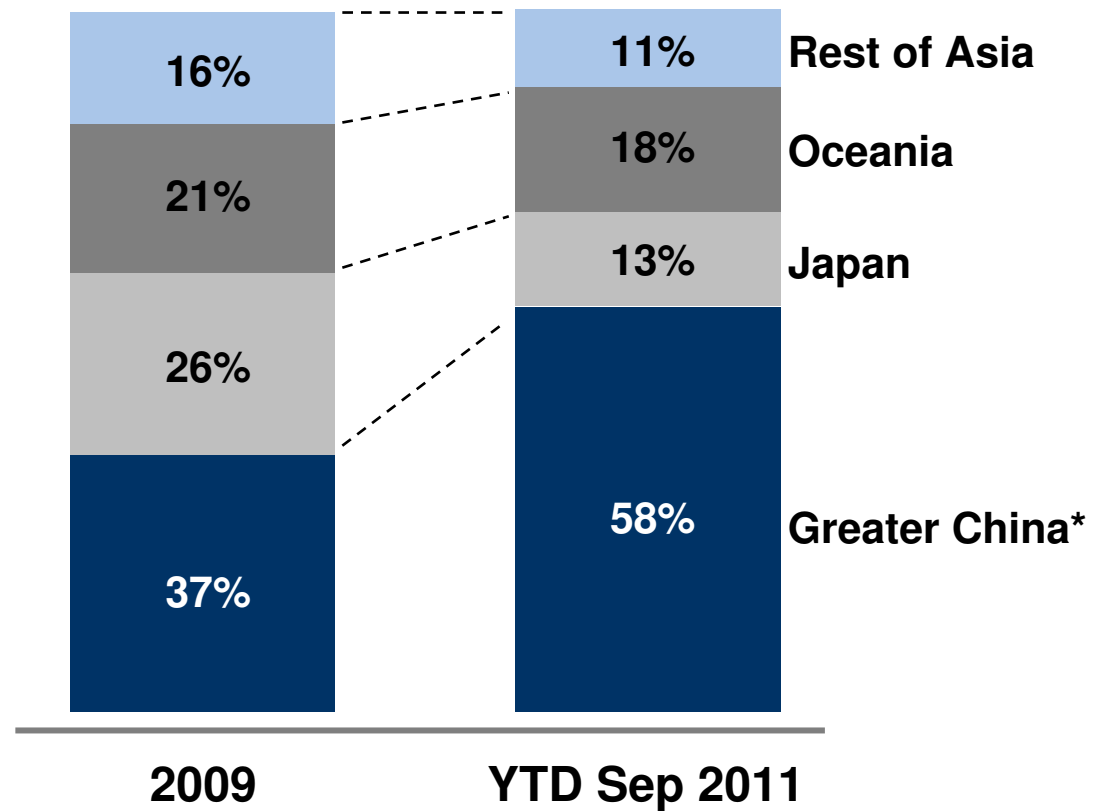
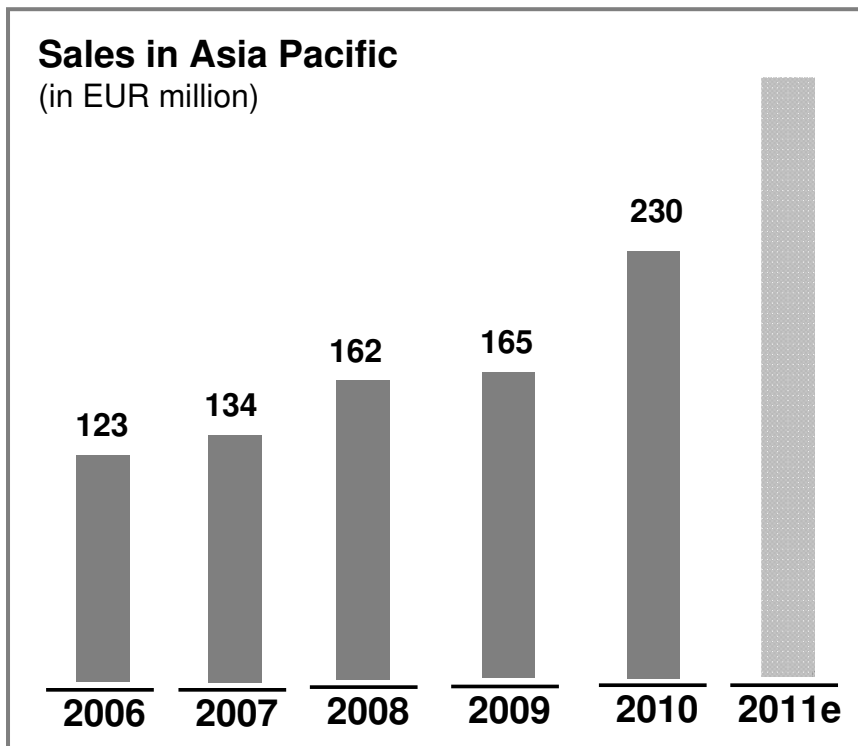
Local subsidiary

### **AUSTRALIA, Melbourne**

Local subsidiary / Showroom



## Greater China most important contributor to sales growth in Asia



\* Greater China = Mainland China plus Hong Kong and Macau

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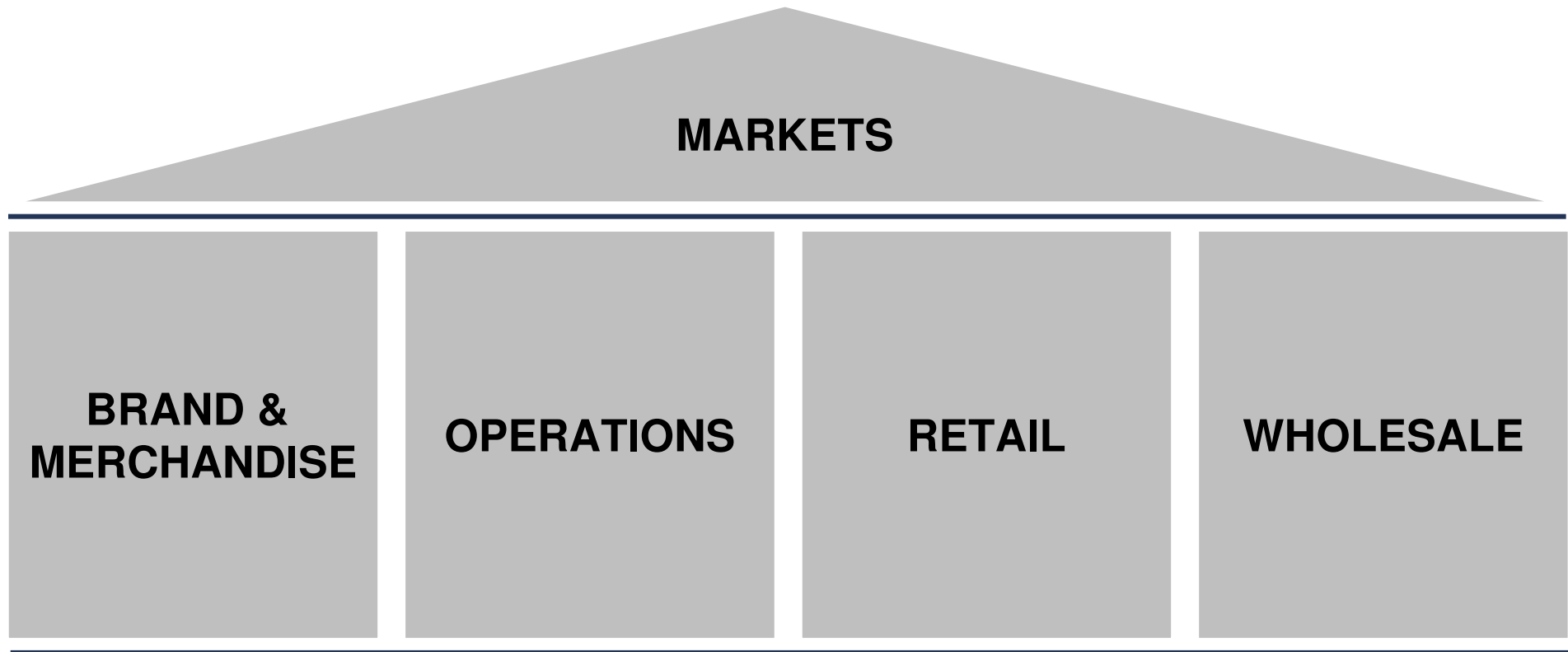
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## Key value drivers for the years to come



## BRAND & MERCHANDISE – Key strategic initiatives

- Strengthen luxury brand perception and demonstrate product competence
- Generate strong growth in BOSS Selection
- Shoes & accessories and womenswear as important categories for growth and image building
- Expand formalwear segment (offer made-to-measure)
- Set-up regional merchandise structure
- Exploit potential of region-specific product offering



## HUGO BOSS ranks amongst the best fashion labels in China

Rank	2007	2011
1	Giorgio Armani	Giorgio Armani
2	Louis Vuitton	Burberry
3	Dunhill	<b>Hugo Boss</b>
4	Versace	Versace
5	Hermes	Ports
6	Ports	Chanel
7	<b>Hugo Boss</b>	Louis Vuitton
8	Montblanc	Dior
9	Gucci	Givenchy
10	Prada	Gucci



- Continue to upgrade brand positioning and recognition through
  - flagship stores
  - intensifying editorial coverage
  - hosting retail events
  - strong online media presence
  - sport and art sponsorship activities
  - running major fashion shows

## Strengthen luxury brand perception – Flagship stores





## Strengthen luxury brand perception – Retail events



## Strengthen luxury brand perception – Editorial coverage



## Strengthen luxury brand perception – Online / social media

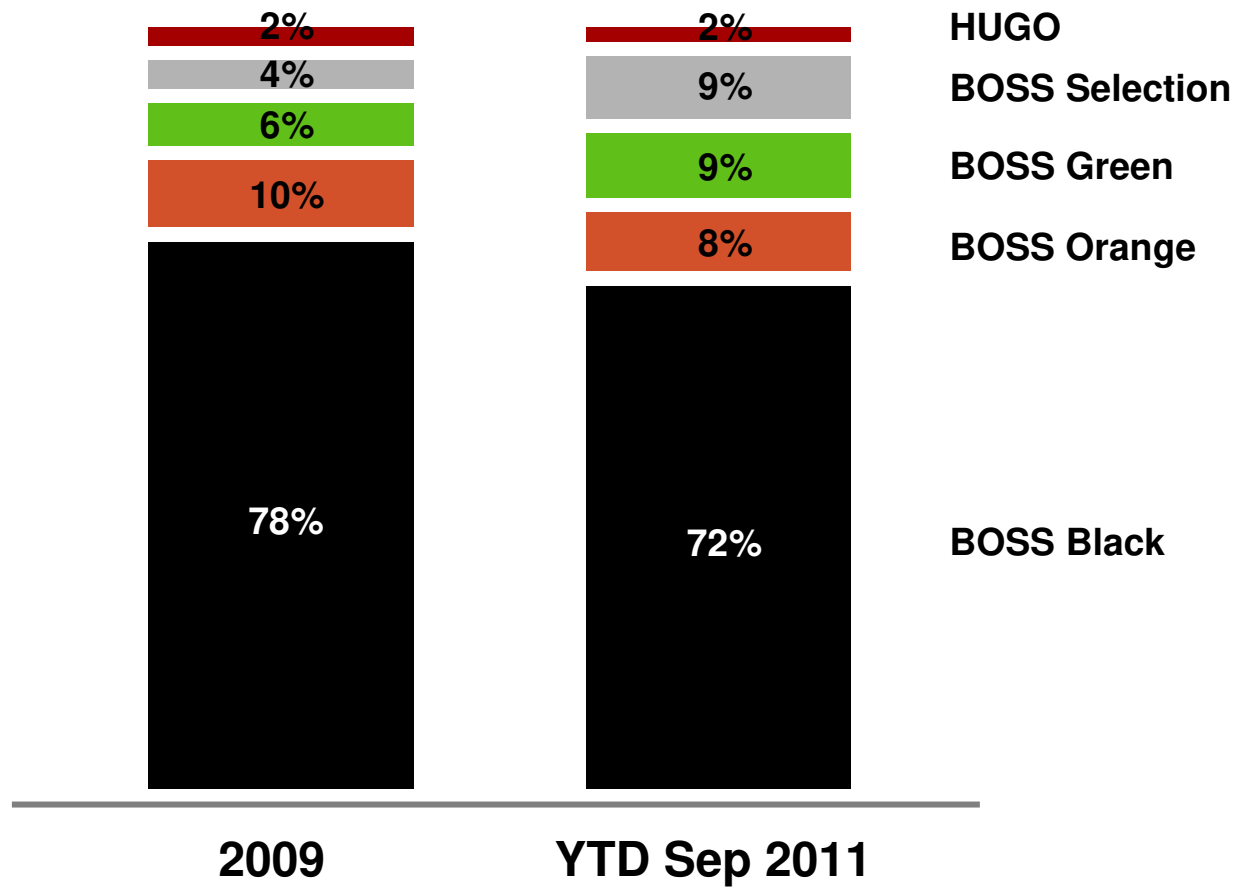


## Strengthen luxury brand perception – Sport sponsorship



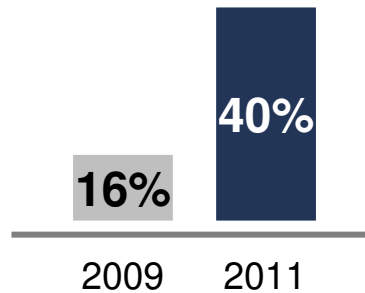
## BOSS Black is the strongest brand with BOSS Selection continuously increasing its share

Revenue split by brand / line



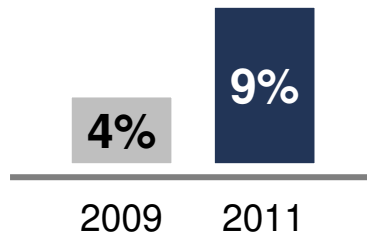
## Luxury positioning of BOSS Selection generates strong growth

BOSS Selection Asia Pacific in % of  
BOSS Selection HUGO BOSS Group Sales

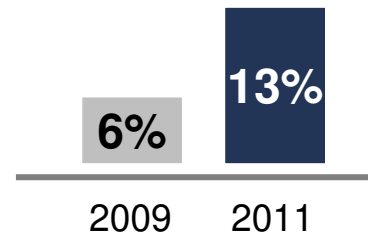


BOSS Selection in % of sales of

Asia Pacific

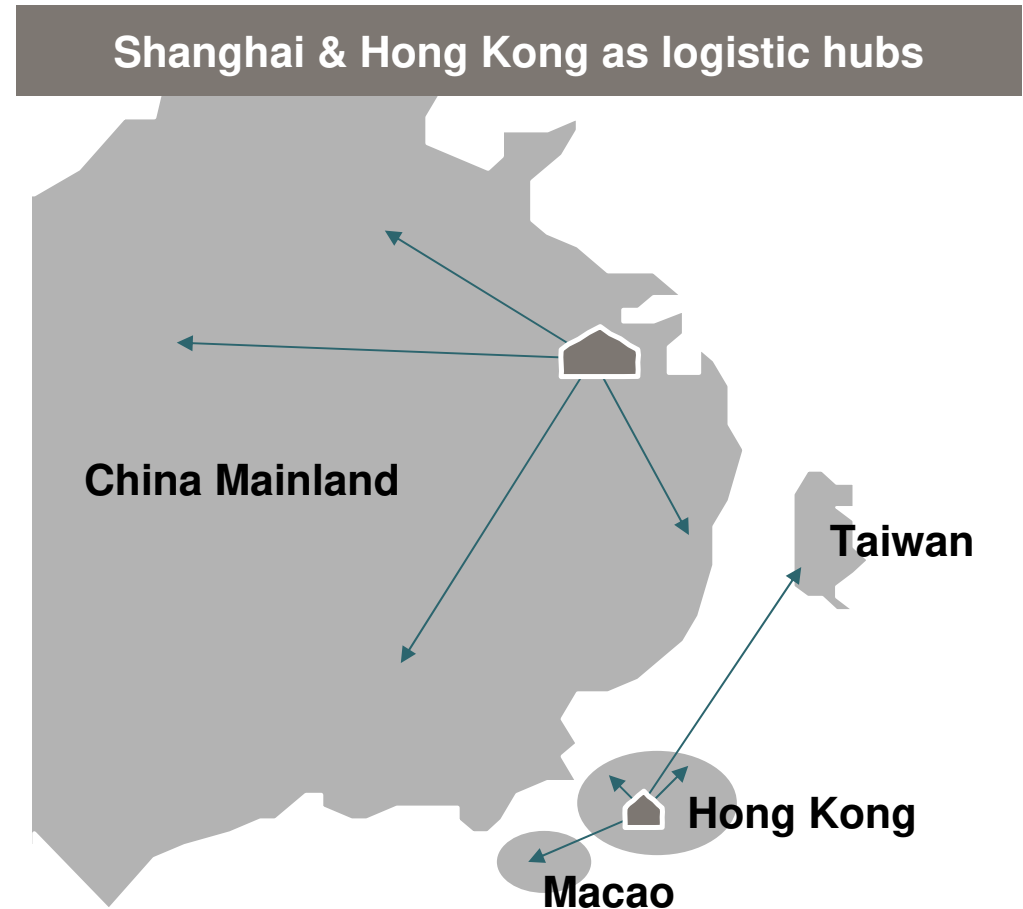


China

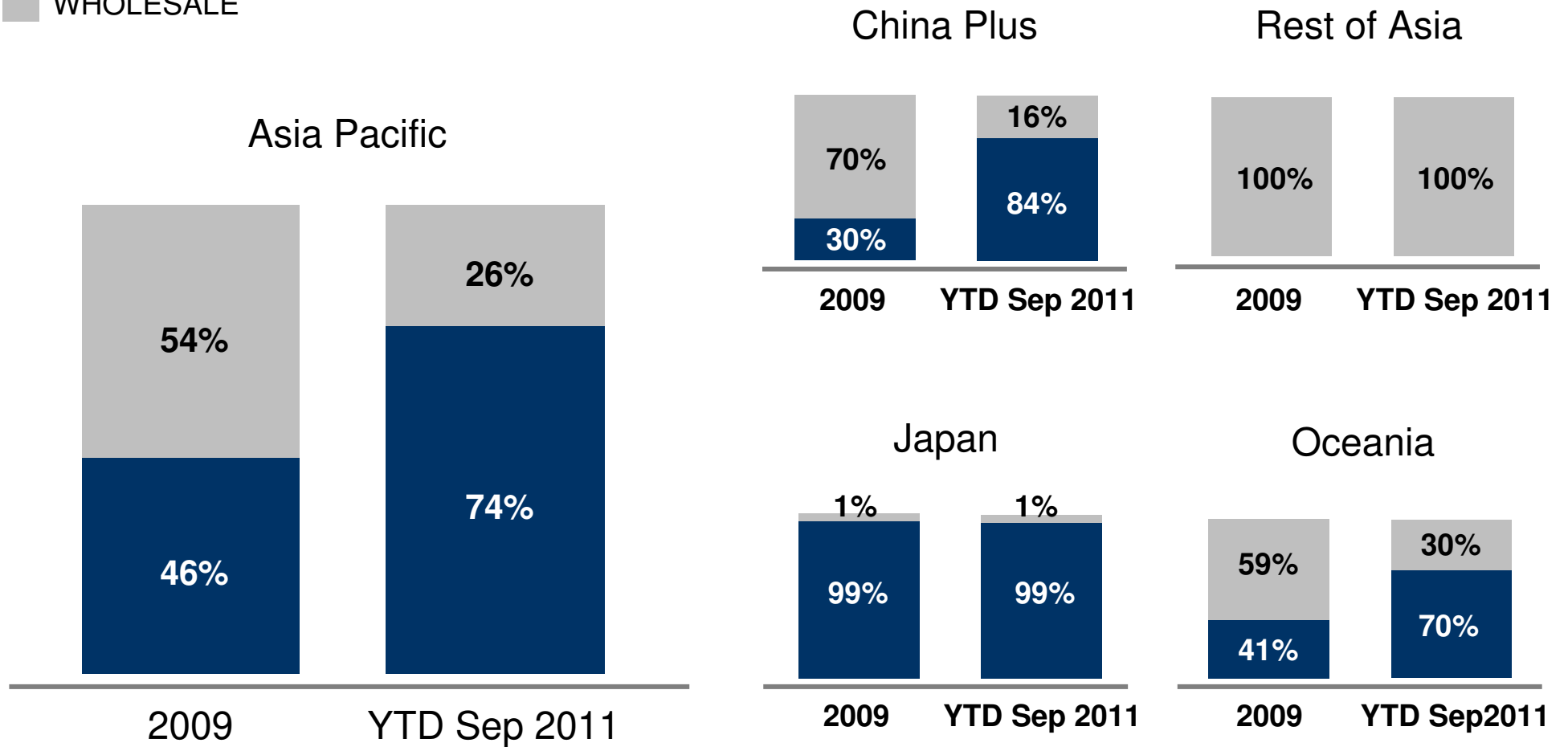
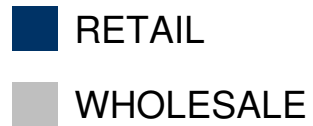


## OPERATIONS – Key strategic initiatives

- Support regional growth through improved warehouse network for Greater China
- Gain market share through increased speed to market and faster replenishment
- Generate cost efficiencies
- Warehouse structure fundamental for major D.R.I.V.E. initiatives
- Adjust IT set-up to cater for future growth



## SALES CHANNEL – Continuously increasing share of retail sales





## RETAIL – key strategic initiatives

- Open flagship stores in key cities
- Continue strong expansion in 2<sup>nd</sup> and 3<sup>rd</sup> tier cities in China
- Strive for retail excellence
- Improve CRM measures
- Built e-commerce presence in China



## **Early market presence and DOS network leaves HUGO BOSS strongly distributed in Greater China**

- 93 POS from own retail activities
- Successful Joint Venture integration in 2010
- Franchise partner ImagineX (China) takeover in 2011 / 2012
- Franchise partner Chieh Ger (Taiwan) takeover in 2012
- Further retail store expansion of ~20 stores planned annually
- Major flagship store openings in Beijing and Shanghai to showcase brand portfolio

Own retail including Joint Venture and outlets

## RETAIL – New store openings China in 2010 / 2011



CHINA, SHANGHAI, GRAND GATEWAY



CHINA, SHENYANG, L'AVENUE



CHINA, CHANGCHUN, CHARTER TIMES



CHINA, CHENGDU, YANLORD

## WHOLESALE – key strategic initiatives

- Selectively grow wholesale business especially outside Greater China (incl. new market entries, e.g. Vietnam)
- Strong focus on important POS as well as key customer growth (e.g. Indonesia)
- Travel Retail as major growth driver
- Support wholesale partners with new collection cycle
- Take over franchise operations at an appropriate stage



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## Summary and Outlook

Asian Pacific to remain  
important **growth region**

Key marketing  
activities drive  
**luxury brand  
perception**

Strategic initiatives  
in logistics and IT  
secure  
**operational  
excellence**

Continued **retail  
expansion** to  
ensure sustainable  
profitable growth

Selective  
**wholesale  
expansion** to  
increase market  
presence

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HUGO BOSS

# QUESTIONS & ANSWERS

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