Dunhill CEO Andrew Maag on right-sizing to rebuild

By Godfrey Deeny - 13 July 2018

One of the abiding mysteries in luxury is the far greater ability of Paris-based brands to outperform their venerable, respected and often very classy London rivals. A much-admired UK label, Dunhill has laboured through the past decade with changing designers, management teams and a general lack of focus. That era, however, suddenly appears to be very much over.

After a bout of right-sizing, and two well received runway shows – the last of which, was probably the best-cut example of tailoring on the Paris menswear catwalks in June – Dunhill looks to be heading back to good health - and maybe ending the red ink.

We caught up with Dunhill’s CEO Andrew Maag in the Hotel Crillon for an insight on how he plans to return Dunhill to profitable ways in a busy few years.

This September, Maag will move Dunhill to brand new world headquarters on North Audley St in Mayfair, and has just opened five stores, like Ocean Center in Hong Kong, with a Dubai Mall space scheduled for August 24 and Tokyo on August 29. Suddenly, the mood looks brighter than one of Dunhill’s famed lacquered platinum lighters.

Though born as Alfred Dunhill, everyone calls it Dunhill, a label easily spotted by its long tail on the D and L, which came into use in 1937. Dunhill is part of luxury conglomerate Richemont’s ‘Other’ group of fashion and accessories brands encompassing eight names; Chloe, Azzedine Alaia, high end golf label Peter Millar, gunsmith Purdey, Montblanc, and the Milan luxury leather goods marque Serapian, which it acquired recently four months ago. Its final luxury house, Sulka, “is resting; though we keep the trademark alive, by a small amount of production,” concedes Maag.

Last year, Geneva-based Richemont, which is controlled by the wealthy South African Rupert family, posted a 3% increase in annual turnover to 10.979 billion euros; however Other Goods suffered a 10% decline to 497 million euros, “impacted by a number of one-time items in both prior and year under review,” according the annual report of the world’s third-largest luxury giant. And, more painfully, Other suffered a whopping 65 million operating loss. That said, Richemont’s 2017 operating result did accelerate 15% to 1.926 billion euros, so one imagines the Ruperts remain somewhat happy campers.

Richemont’s very success with its stable of “hard luxury” watch and jewellery stars - which includes Cartier, Van Cleefs & Arpels, IWC, Jaeger-LeCoultre, Panerai and Vacheron Constantin - accounting for 80% of global sales, remains in stark contrast to its “soft” fashion and leather labels.

He blames Dunhill’s past problems on “expanding aggressively but in hindsight inappropriately, into the wrong stores.”

Essentially, half of Dunhill business in menswear and half in non-apparel – from leather and that word again “hard” meaning cufflinks, pens, lighters, to soft – scarves and ties. Historically, Dunhill’s most iconic product is probably its famed vertical-line lighter, though fewer people smoke nowadays, meaning fewer points of sale, and the difficulty that flammability means you cannot really ship lighters over the internet easily.
“We do make beautiful lighters and we are very proud of them. But there are some issues,” concedes Maag.

Though quintessentially British, Maag took Dunhill out of London to stage its runway shows. “We tried to show in London and nobody comes! Especially the Americans. London always got the tail end of the travel schedule and the tail end of the budget. So, it was always tough to build momentum. We debated Milan or Paris? And in the end, we realized that the audience was here [in Paris], and that we can all take the Eurostar,” laughed the CEO.

RETAILING

Maag has taken some tough decisions: radically reducing the retail footprint.

“At one stage, we had well over Dunhill 200 stores, so we did a big sweep closing Tier 2 and 3 city stores in China; exiting third-party parties who were representing the brand inappropriately. We were old and tired. There were absolutely huge convulsions, but the reset buttons had to be pushed. Now we are growing again and that is exciting,” he smiles, noting that this year Dunhill took over a former Brioni space in Galeries Lafayette.

Maag’s other major move was bringing in creative director Mark Weston, a fellow alumni of Burberry.

“I actually brought him to Burberry too!” laughs Maag, who joined himself Burberry in the early Noughties, after cutting his teeth in America at Limited Brands, Banana Republic and Donna Karan where he worked with Angela Ahrendts and Christopher Bailey, subsequently CEO and creative director of Burberry, when that once-sleeping UK brand fought its way into the world’s luxury Top 10 list.

A New York University Psych major and French minor, who later studied languages and literature at the Sorbonne, Maag is very much based in London, though permanently on the move. His next long-haul: off to Japan with Weston to a refreshed Ginza store; adding another floor; a cool bar; and upstairs restaurant. But don’t expect a Dunhill Hotel anytime soon.

“Lots of people ask us to do restaurants etc, but the lifestyle that we want to do is in the clothes, bags and shoes. That’s the biggest change you will see – everyone knew us for tailoring and working bags. But we have really expanded the casual outerwear, which is what Dunhill started with in 1905. Alfred Dunhill himself opened with two stores on Conduit Street in 1905, because automobiles were the new craze. And they weren’t covered so he made greatcoats, and hats and C-gloves. That’s applicable to what we are doing today; puffers and pea coats and duffels in a luxury space!”

HEADQUARTERS

He has radical plans to overhaul Dunhill headquarters. “Because there are no offices, no assigned seating, all open space docking stations, people will be very fluid,” he promises.

Things are more traditional at retail. In London, Dunhill also operates Bourdon House, the plush Georgian mansion the Duke of Westminster’s WW1 residence, where the aristocrat once wooed Coco Chanel; and today boasts a bespoke tailoring service, cellar bar, barber and screening room.

He is close to signing a lease for new stores in Manhattan, where Dunhill shuttered its Madison store at a rockier moment. And the brand sells in over a score of US department stores including Neiman Marcus, Saks and Nordstrom’s, even if overall wholesale is just 20% of turnover. Though, again, Maag wants to revamp retail to something brighter and more experiential.
DUNHILL DNA

“We don’t want that post-war, fuddy-duddy British concept, like that show Downton Abbey,” he sniffs.

Trying to be “British and masculine and relevant,” the house has radically changed its tailoring with far more separates and jeans, “an item we sell in the hundreds on Mr Porter. We are up 120% year on year in Mr Porter,” enthuses Maag.

For three years, Dunhill was helmed by Kim Jones, before he left in 2011 for Louis Vuitton. “That was another time and space,” insists Maag, while admitting that post-Jones, a studio team created the design, “which was tough.”

“Mark Weston started with me in April 2017, and we started on floor sets on September 1, a brand-new delivery for that month. A 360-approach, we shot the set, it went in ads, in social media, in windows and we trained everyone how to handle it. Then, two months later, we had another one. We did six in the first year, and now we will do eight. It gives a reason to go into our stores and on Dunhill.com. You need that newness!”

On the Paris runway, Weston showed an impressive series of hip yet grown-up fashion: six-button, double-breasted jackets with broad lapels; elongated trousers; long-lapel wrap-around casual jacket. All cool yet very flattering.

“When I first hired Mark I said we not doing show, but there was a point of inflection when we realized that to compete with our peers, and to be up against them,” he explains, stressing that contemporary men frequently watch shows online and then go to department stores with their mobile phones demanding specific runway looks.

“Men didn’t used to do that!” he practically shouts.

Dunhill also works closely with Google Analytics to strengthen Dunhill’s “most important store, our website.”

In a digital-first approach – a team huddles every Monday morning at noon. Maag has installed localized digital teams in Japan and China building the site in the local languages.

“We used to translate but that was terrible. Locals hate that as they don’t feel you are talking to them. So, localization has taken Japan way up the charts digitally, from zero to hero. In percentage of sales, it is still in single figures, but 100% up from last year, and growing that way this year. In our store count, digital used to be 32. It is number nine this year, and it will be number one next year. It’s flying!” he enthuses.

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