Catwalk

The Hotel Intercontinental in Paris, July 1990

Backstage at Christian Lacroix's *haute couture* fashion show, Christy Turlington, the beautiful top model, strips off her clothes. Like the other girls changing around her, she is a tall, graceful creature with long legs, a skinny back, tiny waist and small pert breasts. Her short cropped hair only adds to the almost androgynous effect. She stands for a moment wearing nothing except for a pair of lacy green cami-knickers, and a photographer who has been watching her intently ever since she walked into the room cocks his camera and crouches with his apparatus at the ready. Alerted by the tell-tale click, Turlington's dresser runs to her aid. 'No photos until she is dressed,' she tells him firmly.

On the other side of the proscenium arch, the camera crews cluster around the personalities in the audience. At the top of the catwalk sits an exhausted-looking Anna Wintour – the editor of American Vogue – her pretty but pale face fringed by bobbed black hair, and half hidden by her dark glasses. She laughs indulgently at the endless stream of gossip which is whispered in her ear by the American Vogue creative director, André Leon Talley, a huge, jovial, coloured man whose face is also concealed by his wrap-around sunglasses. Nearby sit two striking, blonde women in smart haute couture dresses. One of them is Ivana Trump, the most high-profile American buyer at the Paris collections. She is locked in conversation with a friend, another sophisticated blonde who could almost be her twin sister.

But the jetset women in their bright, eye-catching couture outfits do not monopolize all the front-row seats. Sprinkled around the salon are businessmen, accountants and financiers in pinstripe suits. These are the so-called 'Dream Merchants', men who have realized the potential to make money out of glamorous French designer names. They are the fashion equivalent of the movie moguls of yesteryear, and their high profile in Paris matches the celebrity status given to the owners of the film studios in Hollywood.

The most celebrated Dream Merchant of all is Bernard Arnault, and when he walks into the salon he is immediately lit up by the camera crews' spotlights. He is a handsome, youthful man with black hair tinged with grey, and a pensive, owl-like face. This is the man who has been nicknamed the Emperor of Fashion because he runs so many fashion houses. He controls Christian Dior and Givenchy as well as Christian Lacroix. He also runs the other brands which come under the umbrella of Möet Hennessy Louis Vuitton, the luxury goods conglomerate whose market capitalization of Fr40 billion (£3.6 billion) during the recent battle for control of the company made it the largest company on the French Bourse.* Among LVMH's brands are Moët & Chandon, Dom Pérignon, Veuve Clicquot, Henriot, Mercier, Ruinart and Canard-Duchêne champagnes; Hennessy and Hine cognacs; Christian Dior and Givenchy perfumes; Givenchy haute couture; Loewe leather goods and Louis Vuitton luggage.

It was the LVMH Affair which established Bernard Arnault as a household name. What started off as a run-of-the-mill business story was transformed into a fully-fledged soap opera, which was every bit as glossy and as titillating as the fictional *Dallas* and *Dynasty*. The drama had all the right ingredients. It consisted of a heady cocktail of boardroom intrigue and business rivalry, combined with money and glamour. In the eyes of the press, Arnault appeared to play the J. R. Ewing role to perfection, being

^{*} Many of the financial details in this book are expressed in French francs (Fr). Readers who like to think in terms of pounds sterling can divide the figures in French francs by ten to obtain the approximate equivalent in sterling.

quite content to turn on his erstwhile allies in order to seize power. However, while this interpretation made good copy, it did not give a fair picture of Arnault; the public relations (PR) campaigns waged against him played a significant part in giving him a ruthless reputation.

The fashion editors and executives in the audience look at Arnault with particular interest. To them he is an alien, a financier who has bought his way into the luxury goods sector. They know all about his stockmarket raids and his MBA-style management techniques, which have revolutionized the way fashion companies are run. He is known to be more at home talking about money than about hemlines and padded shoulders.

Arnault himself is savouring the moment. Following his hard-earned victory in the LVMH Affair, he is now entitled to parade his spoils in front of the public to commemorate his triumph; this is one of the functions of the Lacroix show and of the Dior and Givenchy shows, which are to happen later in the week. It is the first time since his April 1990 coronation as the unchallenged head of LVMH that he has appeared in public at the collections for each of his three *baute couture* fashion companies.

With only ten minutes to go before the show is due to start, Christian Lacroix's partner and press director, Jean-Jacques Picart, presses the panic button. He is a small, neat man, and his cheeky short haircut, his brightly coloured braces and his round-rimmed, tortoiseshell glasses make him look like a mischievous schoolboy. But Picart's appearance is deceptive; he is one of the most respected PR operators in the world of fashion. 'Start collecting all the girls from the corridors,' he shouts to his assistant, and hurries upstairs to the make-up room.

In the make-up room, Picart finds a scene which is a cross between a hairdresser's salon and an upmarket bordello. There are half-naked girls everywhere powdering their faces, having their hair done and painting each other's fingernails. One girl is having a neck massage. Another girl, one of the older models, looks like a beached whale. She has passed out on the floor and is in the process of being revived by a friend with a bottle of Evian. A tiny, white, fluffy dog jumps over the recumbent girl and hides under the make-up table. Its owner, one of the long-limbed

black models, squeals with delight and rushes past on her hands and knees, anxious to rescue it before it is skewered on one of the other model's high heels. Picart stands speechless in the middle of this mayhem, wondering if he will ever be able to start the show on time. Then he claps his hands to attract the girls' attention and starts shooing the models who are ready down to the changing room. 'Let's go, let's go,' he says over and again. 'As soon as you are ready, go down and Christian [Lacroix] will check you. If you need any alterations he will see to it. Let's go,' he says one more time, only stopping when his assistant comes in to tell him that two models have not even arrived at the hotel. Picart groans and rushes out to chase up their agents.

In spite of the instructions to hurry, the experienced girls know that it will take a good half-hour before the show will start. So Katoucha, the outspoken black model from Senegal, does not move when Picart comes in. She is still dressed in her everyday black T-shirt and denim shorts; she puts her incredibly long black legs up onto the make-up table, and defiantly blows cigarette smoke at her reflection in the mirror. Meanwhile, the hairdresser puts the finishing touches to her hair. The other girls follow Katoucha's example. For many, she is the ultimate role model. She is part heroine, part teacher and part ringleader of the cabine rebels. She has been known to turn up late for fashion shows, and for a time, Picart refused to hire her when she overstepped the mark at a Lacroix collection. On another occasion she redeemed herself by insisting on modelling Lacroix's clothes two days after having her appendix removed in hospital. She is thought to be one of the best 'walkers' in the business.

Another black model, called Khadija, sits beside Katoucha in the make-up room. She is the sultry, smouldering girl with the slow-moving African walk who was discovered by Yves Saint Laurent in Kenya. She makes the other girls envious when she mentions the fact that she has just made love to her boyfriend.

'I do enjoy sex in the afternoon,' she purrs.

'I can't agree with you until next week,' sighs Shoshana, the Italian-looking girl from New York with enormous almond-shaped eyes and a strong Roman nose. 'That's when I'm going home.' It is only when Picart returns still mouthing 'Let's go'

that Shoshana shows any sign of being in a rush. 'I've been trying to get some help,' she shrieks back at him, 'but no one wants to do my bloody hair.'

Further along the make-up table an Indian girl called Gurmit laughs hysterically at Shoshana's predicament. Gurmit made her name for exposing her breasts while modelling for Yves Saint Laurent, but she is now wondering if she will be able to perform for Lacroix. 'I wish I hadn't drunk so much,' she tells her friend. Gurmit does not normally drink, and she made the mistake of trying out some sake just before turning up for the show. Her friend runs out to fetch her a cup of black coffee.

Another Lacroix regular is Marpessa, a Dutch girl with an upturned ski-slope of a nose, and a provocative, pouting mouth. The dark shadows under her eyes disappear once she has applied her make-up. In her time she has been regarded as one of the top models, almost in the same class as Christy Turlington. She is now in her mid-twenties, and as such counts as one of the modelling veterans. The other girls in the make-up room leave her alone while she makes up her face. Some are frightened of her; they resent the way she hogs the limelight on the catwalk. Others are put off by her world-weary 'been there and done that' attitude. However, they listen eagerly to her stories when she deigns to talk to them. 'When I started modelling, the men used to queue up outside the cabine door waiting to ask us out for dinner,' she tells the younger models. 'But I'm not interested in old men like that,' she says, pointing at the fifty-year-old man who has come backstage to see his model girlfriend.

Downstairs in the changing room, models as thin as prize greyhounds step into their first outfits. Some of them are even thinner than normal; they diet for the *baute couture* shows and put on weight for the ready-to-wear shows which take place three months later. They are all between 1.76 and 1.78 metres tall, and weigh between fifty and fifty-seven kilos. By the end of the week they will have lost a further two or three kilos. In the rush to fit up to twenty shows into one week, together with a sufficient amount of beauty sleep, they do not have time to eat proper meals.

As soon as the models are ready, they go up to Lacroix for his

approval, and pirouette in front of him so that he can see their clothes from all sides. He is a tall man with a broad, sensitive face, deep-set eyes and thick eyebrows which compensate for his slicked-back, receding hairline. Notwithstanding his reputation for outrageous designs, he is soberly dressed. He walks around tensely in a brown suit lit up by his black- and yellow-striped shirt and tie, and the brown- and yellow-spotted handkerchief which explodes out of his top pocket. He runs his hand sensuously down each model's Madame Pompadour piled-up hair-do before making final adjustments to her clothes. After he has finished, the dressers dive in and start rubbing dust removers – which look like paint rollers – up and down the model's clothes. In some cases the dresses look a little loose on the bosom, so a plastic breast cup is slipped in to pad out the model's vital statistics.

All around the room photographers are flashing their cameras at the stars. As soon as a girl knows that she is being filmed, she stops behaving naturally and starts posing and pouting and showing her best profile. When Christy Turlington sees that for once no one is looking at her, she quickly starts twirling around behind the girls who are being photographed. She is soon surrounded by admirers with cameras clicking. No one notices the new girl standing alone in the corner of the room.

Then the music starts up, and the show begins a full forty-five minutes late. First down the catwalk is Marie Seznec, the silverhaired, pleasantly-rounded girl who has become the Lacroix trademark. She is wearing a black, shiny mackintosh which is unlikely to result in many sales after the show. Customers are less keen on paying the high haute couture prices for clothes which cannot be worn at balls and parties. Lacroix is well aware that some of his clothes may not sell. All couturiers produce such clothes and they are known in the business as 'Trafalgars' because they could end up being disasters. Couturiers have to carry on producing them, however, if they want to please the fashion press. The journalists tend to go for impossible-to-wear Trafalgar clothes, which are appreciated as works of art, rather than for the more practical evening wear which is popular with the haute couture clients.

In some cases the model has to transform a humdrum dress

into a show-stopper. There is no one who is more adept at this than Marpessa. If she reaches the end of the catwalk without having elicited any reaction from the audience, she will not meekly return to the dressing room with her tail between her legs. Instead she will wheel around again and again, returning several times to the end of the catwalk until she has milked the last burst of applause. Only then will she walk back down the catwalk.

There is an art to showing a dress. Some girls, like Katoucha, merely walk briskly down the catwalk as if they are out on a shopping expedition. This style of modelling helps the audience concentrate on the dress rather than on the girl who is wearing it. Other girls prefer a more dramatic approach. The Indian Gurmit is apt to come to an abrupt halt half-way down the catwalk, where she will stand for what seems like an eternity with her hands on her hips, while giving what appears to be the glad eye to the photographers at the back of the salon. Then she will walk back down the catwalk waving a scarf over her head like a cowboy lassooing a steer. It is an effective technique, which often leads to photographs of dresses worn by Gurmit appearing in the fashion press.

Christy Turlington slips into a sexier, more seductive gear. She walks slowly and self-confidently down the catwalk like a film star making an entrance into a crowded room, allowing everyone to feast their eyes on her exquisite form. At each step she positively thrusts her pelvis forward, narrows her eyes until they are smoky slits and fixes the fashion editors in the front row at the end of the catwalk with her severest glare. It is a performance designed to take the photographers' breath away; sure enough, it is her off-the-shoulder satin dress with a slit up the front which features in many of the glossy magazines following the show. It is also fated to become the most popular dress in the collection. Five women queue up after the show to buy the dress which will transform them into Turlington look-alikes. Turlington's act is not dreamed up by Lacroix. He does not believe in telling his models how to show his clothes. If a girl asks how she should walk she is told to act normally, as if she were wearing the dress to a party.

While Turlington is being applauded on the catwalk, the other girls, infected by the show's success, start dancing together behind the scenes. Katoucha skips around the *cabine* drunk with excitement, kissing the dressers and the other models. Only Lacroix retains his serious expression as he sends out the next girl on her headline-seeking mission.

At the end of the show Lacroix himself walks down the catwalk with Marie Seznec, who is wearing a £40,000 wedding dress. Pandemonium breaks loose. Bernard Arnault leaps up from his chair and rushes down the catwalk to pound his favourite designer on the back. Arnault is followed by Anna Wintour, and by hordes of fashion designers and buyers anxious to shake Lacroix by the hand.

Arnault's Rivals

Later on in the week, the men whom Arnault fought in the battle for LVMH sit through their own companies' fashion shows. At Lanvin, the septuagenarian Henry Racamier is presiding over the collection alongside guest of honour Inès de la Fressange, the controversial ex-muse of Chanel designer Karl Lagerfeld. Racamier is a tall, erect man whose craggy, angular face, square jaw and greased-back hair give him the appearance of a rakish businessman from the 1930s. The hard contours of his face are softened by his propensity to smile. In fact, he looks so happy and carefree that it is hard to register that it is barely three months since he and his wife's family, the Vuittons, were forced to retire from their family luggage company, Louis Vuitton, by Bernard Arnault.

Racamier is another man who has become a household name in Paris as a result of the LVMH Affair. During the long-running soap opera, he played the part of the underdog 'good guy' who stood up for his rights when he was attacked. Although the popular conception is that he only lost the battle for the company when he was hit below the belt by Arnault, and that he walked out of the company with a metaphorical dagger embedded in his back, in fact the saga was not as clear-cut as he liked to suggest. The question of who was in the right and who was in the wrong

was clouded by the fact that Racamier was a brilliant communicator; there was no one who could match him when it came to setting up a PR campaign, and this was one factor which contributed to his side of the story being accepted by the press. The real reason why he lost the battle was that he had not fully come to terms with the new world of takeovers. He spent too much time and energy running his business and preserving his own good name, rather than concentrating on the less popular task of building up a financial arsenal which would have enabled him to take control of the company. However, he escaped with his reputation intact. He is still regarded as one of the best managers in Paris when it comes to nurturing a luxury designer name and optimizing its profitability.

Although Racamier lost the battle for LVMH, he has the aura of a conqueror. 'Isn't he incredible; he looks half his age,' mutter his supporters at the Lanvin collection. The reason for his vitality is apparent: he has fallen on his feet. He and his financial backers bought the ailing Lanvin company for approximately Fr500 million at the beginning of 1990, just when it appeared that he might lose the fight for LVMH. At the time, it was thought that Racamier and his backers had paid too much for Lanvin. It had barely broken even in 1989, and the January 1990 haute couture collection by the new in-house designer, Claude Montana, had proved to be a flop in the eyes of the fashion press. But Racamier had backed his judgment that Lanvin could be revived. It was still a powerful name on the street, and he believed that it could become as profitable as Dior and Yves Saint Laurent if it was properly managed.

By the end of the week Racamier's belief in Lanvin was already paying dividends. Montana's space-age *haute couture* was adored by the critics, and he was awarded the Golden Thimble for having shown the best collection in Paris. It was another sign that when it came to backing undervalued luxury names, Racamier was a man with a golden touch.

Prospects are not so rosy at the Pierre Balmain collection. Alain Chevalier, who was chairman of LVMH before Bernard Arnault took control of the company, sits at the top of the Balmain

catwalk beside Madame Rocard, the wife of the French Prime Minister. Chevalier looks like a cosmopolitan diplomat with his deep tan, his bald head and his immaculate, dark blue suit. His long, thin artistic fingers and his slightly dreamy expression give one the impression that here is a man of culture who has somehow wound up in the superficial world of *baute couture*.

Unlike Arnault and Racamier, Chevalier's star waned as a result of the LVMH Affair. He was a businessman of the old school, who had been overtaken by events. Throughout the 1970s and the first half of the 1980s he was generally accepted as being one of the best managers in France, who had established Moët-Hennessy as the major force in the French luxury goods sector. In those days many of the leading French industrialists were men like Chevalier whose education and training qualified them for a career in politics or as a top-ranking civil servant. They were the intellectual elite who were hired by rich shareholders for their intelligence and their political contacts. However, during the late 1980s when takeover mania arrived in France, the concept of a professional manager became outdated. The gentlemanly Chevaliers of this world were defenceless when it came to coping with skilled American-style takeover merchants such as Arnault. Unlike Racamier, Chevalier had no family money or stake in the business, and he became an early casualty of Arnault's rise to power.

Following his resignation from LVMH, Chevalier and his backers bought Balmain in 1989. Press reports stated that they had paid approximately Fr550 million, an amount considered excessive for a company which had sales of approximately Fr120 million and no profits. However, the real problem with the company was that in contrast to Racamier's Lanvin, Balmain did not have a good reputation on the street. Chevalier had bought himself into a difficult situation. He had to revive the company's luxury image before he could consider optimizing its profits. It was a risky venture, especially when Chevalier's limited funds were taken into account.

Chevalier does not appear to enjoy the Balmain show. He shifts around in his seat; he takes off his glasses and puts them

on again. He does not join in the applause, and spends much of the show sitting with his head in his hands. His problem is that he has decided that his 55-year-old designer, Erik Mortensen, has to be replaced by a younger, and fresher, newcomer. Although he has informed Mortensen before the show, he has yet to announce the news to the public. Each time Mortensen's clothes are applauded, Chevalier winces internally. A successful collection by Mortensen will make Chevalier's forthcoming announcement that much more difficult. At the end of the show Chevalier heaves a sigh of relief; for the moment his ordeal is over.

The Men in Suits

The arrival of the men in suits beside the catwalk was just one indication that businessmen had been pouring money into French luxury goods companies during the 1980s. Their interest in the sector had been aroused by a dramatic increase in the luxury companies' profits, caused by the sudden demand for luxury goods all around the world. A new era of wealth and ostentation had arrived, replacing the austerity of the 1970s. Those who had made it during the Thatcher–Reagan years did not believe in keeping their success a secret; they liked to flaunt their wealth by driving around in Porsches, and by ringing through million-dollar deals on their portable telephones. And they also developed a taste for clearly labelled designer products from France.

The growth in sales of French luxury goods would have been far less spectacular if it had not been for their popularity in the Far East, and above all in Japan. The Japanese like their gifts to be rare and expensive, which played into the hands of French manufacturers. Louis Vuitton luggage and handbags were among the most sought-after items. The reason for this was that Louis Vuitton had become famous for covering its canvas products with its distinctive 'LV' logo. If an item like this was presented as a gift, it was immediately identifiable as a sophisticated and valuable present. There was also another reason why Louis Vuitton was so successful in Japan. The young unmarried women there have plenty of spare money compared with their counterparts in

the United States and in Europe. They benefit from what is known as the 'snapping turtle syndrome'; they tend to live at home until they are married, which is comparable with the turtle's habit of clinging on and refusing to budge. As a result they do not have to spend their earnings on mortgages or groceries, and they can devote every yen to pampering themselves on luxury goods such as Louis Vuitton handbags.

Henry Racamier's success in increasing the profits of the Louis Vuitton label had played a significant part in attracting other businessmen to the luxury goods sector. The Louis Vuitton story became generally accepted within the industry as an object lesson in how to make the most of a luxury brand. The secret of Racamier's success was remarkably simple in theory. When he took over the company during the late 1970s, he had been quick to appreciate that the biggest margin for a luxury product was made by the retailer rather than by the manufacturer. So he set about making his company vertically integrated, setting up Vuittoncontrolled shops all around the world. It was a winning formula, which was eventually copied by many of his competitors. In 1977 Louis Vuitton had sales of Fr70 million. By 1989, sales had risen to Fr4.6 billion and its income from operations amounted to Fr1.95 billion, which meant that the company's margin was a staggering 40 per cent at a time when other luxury companies typically had equivalent margins of 15-25 per cent. It was the possibility of earning this large profit margin which appealed to the businessman who was looking for a good return on his investment.

In spite of all the growth possibilities, some luxury companies were not taking advantage of the upsurge in the demand for their goods. This was often because the men and women who ran them were not able to raise the finance to optimize the exploitation of their label. It costs millions of pounds to launch a perfume, or to set up a network of shops all around the world; until Henry Racamier showed the way, the owners of luxury companies usually sold their products outside France through franchises. This was a safer way of making money, since it was the franchisee and not the owner of the label who would put up the money for the shop and the stock. However, it also resulted in a low profit

margin for the owner of the label, who did not receive the retailer's margin.

This was where the businessmen came in. They could provide the finance which was necessary to develop the brand in the same way as Louis Vuitton. They could also provide some professional business expertise, which was missing from many luxury companies. Some of the labels were still being run by the original entrepreneurs or designers who had invented the brand, or by their heirs. These people were often creators, who were not necessarily equipped to handle the logistics of setting up a multinational business. The fact that many of them had started their careers in luxury goods just after the Second World War also meant that there was an age factor to contend with. Sixty-year-old men and women without heirs were only too willing to listen to generous offers from rich businessmen.

There was another major reason why businessmen wanted to invest in luxury goods companies. Ownership of a well-known label opened up a world full of beautiful women and glamour to men who had spent much of their lives dealing with accountants or bankers. Yet that was only part of the story. These companies are so prestigious that they automatically give the owner access to the rich and powerful. When the 35-year-old Arnault bought Christian Dior, he was buying his way into the confidence of jetsetters and world leaders such as Jackie Onassis, the Trumps, the Pompidous and Princess Caroline of Monaco. Even Presidents returned his phone calls.

The businessmen who invested in the luxury goods sector included bankers such as Edmond de Rothschild, whose bank, Compagnie Financière Edmond de Rothschild, took substantial stakes in Jacques Fath and Carven, and Midland Bank, who bought a stake in Lanvin. Léon Bresler, the chief executive of Midland Bank's French division, was put in to turn it around. Less than a year later Midland Bank sold its stake to Racamier and his backers, making a reported profit of approximately £15 million in the process. Another financial institution, Financière Truffaut, bought a 25 per cent stake in Kenzo, the French-based Japanese designer label. Although Kenzo stated that the arrival of this new shareholder did not directly help its day-to-day

business, it admitted that being linked with such an important institution improved its image in the eyes of the business community and the banks. In other words, if it ever needed to borrow extra money or to raise extra finance, its relationship with Financière Truffaut could only help. Financière Truffaut quickly saw that it had made a good investment when Kenzo was able to launch a perfume in 1989 which helped it to boost sales by 38 per cent to £48 million and profits by almost 50 per cent to £3.7 million.

This was the upside of the arrival on the scene of the Dream Merchants. However, there was also a downside. The appearance of financiers and accountants in the boardroom sometimes led to damaging culture clashes between them and the creative staff. The most infamous culture clash in the fashion business took place at Courrèges. André Courrèges was the French designer who had created a sensation at the 1965 collections when he dressed his models in miniskirts and calf-length white boots. But when he ran into financial difficulties his company ended up being controlled by Itokin, the ready-to-wear specialist in Japan. Although Itokin initially agreed that it would support the lossmaking haute couture division, with a view to enhancing the image of the Courrèges brand, it was never fully committed; when losses became too high in 1985, it simply decided to cut the haute couture budget so that it could concentrate on the Courrèges ready-to-wear. This prompted André Courrèges to go on strike, and as a result Courrèges lost its baute couture status. A legal battle ensued, with André Courrèges claiming that Itokin had broken its word to him and the French government to carry on the haute couture activity. Eventually, André Courrèges publicly criticized Itokin for the way it had humiliated him. 'It was my personal Pearl Harbor,' he announced in Paris Match.²

The French fashion community was aghast at what Itokin had done. It was flying in the face of the accepted manner of handling a luxury brand. Most fashion companies use *haute couture* as a loss leader which enhances the image of the designer name. They recoup their *haute couture* losses from the sale under the same name of other products such as perfumes or ready-to-wear

clothes. Itokin was regarded as an outsider, run by businessmen who were taking a misconceived, short-term view of the brand. It was against this background of mistrust of financiers and businessmen that Bernard Arnault began to buy his way into the luxury goods sector.