

DEFINING Luxury

Baccarat's Transition



An Interview with Michael J. Belleveau,
President and Chief Executive Officer, Baccarat

EDITORS' NOTE Michael Belleveau assumed his current post in May 2006, before which he held the position of Vice President of Wholesale. Prior to joining Baccarat, he spent 15 years in the Swiss watch business, having held increasingly responsible sales and general management positions with Cartier, Swiss Army Brands Inc., Bulgari, and Raymond Weil. Belleveau earned his BS in Administration from the University of New Hampshire in 1978.



Michael J. Belleveau

COMPANY BRIEF Founded in 1764 and based in the French village of the same name, Baccarat (www.baccarat.com) has long been one of the world's finest designers, manufacturers, and purveyors of handcrafted crystal, with past patrons having included King Louis XVIII, Tsar Nicholas II, Presidents Theodore Roosevelt and Franklin Delano Roosevelt, and countless European royalty, among others. In 1948, the publicly-owned company launched its New York-headquartered U.S. subsidiary, which now operates 12 freestanding boutiques across America, in addition to selling through prestigious retailers and upscale corporate and designer clientele.

Are you happy with the status of the Baccarat brand in North America?

The good news is that the brand name itself is pristine. It's 244 years old and well respected, the quality is unsurpassed, and it inspires a feeling of confidence and a sense of heritage among our clients. However, we have not worked hard enough to educate consumers regarding the product offering and the different categories we offer. So we have undertaken a communication and respectful education process intended to impart this information to potential clients. We are transitioning from having been the world's finest crystal maker to positioning ourselves as a global luxury brand. This requires disciplined development of new product categories over time, as we have begun to do with jewelry and lighting, and the creation of products that will enhance our core assortment and make sense to our clients.

Are all the product offerings focused on the same clientele?

The market opportunities differ by product segment. With lighting, we try to attract professional designers, architects, and developers who

are working for a well-heeled client or on interesting, upscale commercial projects. Jewelry allows us to invite a new and different consumer into our boutiques and through our wholesale partners' doors. Our decorative and tabletop business, which tends to attract a mature client, must become more about enhancing clients' daily lives than about pure function. In our shops, we are creating an atmosphere that allows customers to experience an attainable dream through the highly creative way in which our products are presented.

Is there a focus on corporate or executive gifts?

This business is challenging for a luxury crystal maker, since corporate clients are focused on electronics, clothing, sporting goods, and vacations these days. However, we have now begun to approach this opportunity more assertively than before, as we are not capturing our rightful market share today.

Is it important that product offering and messaging are consistent on a global basis, or do you look at it regionally?

All luxury brands must behave rather consistently worldwide. If we touch consumers differently from one market to the next, we create brand confusion. So all elements of the marketing mix must feel the same to the client regardless of how he or she touches the brand.

Do you foresee any changes in your distribution channels in North America?

We look at our business in two segments: We have a wholesale side where we do business with partners such as Neiman Marcus, Bloomingdale's, and a long list of fine specialty stores, and then we have our Baccarat boutique network, which consists of 12 locations across the country. There is a shift in play within the wholesale business, which calls for us to adjust to the slow disappearance of the traditional tabletop or china shop. As this occurs, we are focusing increasingly on retailers that view our collections as part of interior fashion and design, luxury gifting, or the very top end of bridal registry. Lighting and decorative items stand out within our distribution network more than ever before.

Is it difficult to differentiate yourself and show what makes your brand unique?

Differentiation, to a certain extent, is about identifying areas of inherent strength and executing a strategy properly. We target areas of

differentiation where our core competencies and strong consumer permission to expand converge. For instance, our unique ability to use vibrantly colored crystal married with precious metal in our jewelry, or the fact that we have the right product and available market niche in the world of luxury chandeliers are examples of this.

Will the Internet be strictly informational, or does it drive sales?

Baccarat.com is commerce enabled, and we are happy with the early results. We have not invited our wholesale partners to sell our brand on their Web sites, but Web commerce is certainly an area of current study. We would be foolish to ignore the fact that the consumer has anointed the Internet as a valid way to shop. We must figure out the most appropriate way to participate in the phenomenon.

How do you educate and train your salespeople on the history of this brand?

We have extensive archives of brand, product, and historical information that have been reduced to PowerPoint on CD so it can be committed to memory. Importantly, we are planning to begin sending more key staff to the Baccarat factory to witness the magic of product creation firsthand.

How challenging is it to budget your time?

We're a relatively small company. My role is to work with the home office to craft a worldwide strategy, interpret the strategy for the U.S. market, and make sure this is clear and actionable among all the top managers. My approach from there is to behave less as the boss and very much as the facilitator, and often the servant, to my people. I have found that the way to move from strategy to action and on to execution is to provide a gentle push and clear the path for the journey ahead. Add to this e-mail plus commuting, and my day is spoken for.

Is this an industry you knew you wanted to be involved in early on?

I began my career working for an old New England silver company called Towle Silversmiths. Frankly, I never thought I would come back after 15 years in the watch industry. But the fact that Baccarat is one of the few remaining international luxury brands with a significant untapped potential is keeping me very interested. Our future potential is even more compelling than our rich history. ●

Baccarat's iconic Zenith black crystal chandelier by Philippe Starck