

LUXURY IN THE MIDDLE EAST AND BEYOND: CULTIVATING COLLABORATION AND CREATIVITY

Announcer 00:00

Please welcome the panel on "Luxury in the Middle East and Beyond: Cultivating Collaboration and Creativity," moderated by Stephanie Phair, senior advisor, L Catterton, chair, Invisible Dynamics.

Stephanie Phair 00:40

Hello. Good afternoon, everyone. So now for something a little different, a shot of adrenaline in the afternoon, we're going to talk about the fashion and luxury industries, and you all know them as consumers. And sure, we know the glitz and the glamor and the runway shows and the iconic imagery—but behind that, we're going to spend a little bit of time talking about the industry, which is a big, complex, interconnected, global industry. The personal luxury goods industry is \$360 billion. It's a large employer, and it's one that punches above its weight at the center of the cultural conversation, bringing together the creative industries, whether it's art or film media or broader cultural pillars such as sports. So you know, witness the 10 year sponsorship of Formula 1 by LVMH, which will be in full view this weekend in Abu Dhabi, or in this very hotel in the in the St. Regis, the Sotheby's auction, which is, you know, hoping to capitalize on the influx of shoppers here this weekend. So it's an industry that has gone through almost 20 years of uninterrupted growth, but it is now facing a cyclical downturn and some deep structural issues resulting in flat to negative growth. So it's an interesting time to have this conversation. And just to scene set a little bit because I don't assume that everybody knows the industry inside out, but just similar, or perhaps different, to some of the industries that you know, there are a couple of sort of major issues, supply chain issues and tariffs. Of course, you will know that for creatively, for the big fashion houses,

there's been a real creative lull in the industry, which needs a reset. And you've heard about real shift in creative directors. There have been some big business model shocks, actually, whether it's a huge drop in wholesale, which is one of the important channels in the industry, big challenges in e-commerce, a total shift in the media landscape, which we can talk about. There's been a huge drop in demand from growth engine markets such as China—that's hit the industry hard. Generational shifts—many of you, perhaps, attended the previous panel on youth culture, so you know that'll intersect here. What does it mean for luxury? And then at a consumer level, broken trust. The prices have gone up a lot. You've probably noticed that, and there's a bit of an erosion of trust vis-a-vis the brands and the consumer at the luxury level, where they've seen the prices go up, but not necessarily the quality. But I'm not just going to be a Debbie Downer and talk about the issues. There's actually some really positive areas of growth in categories, jewelry, fragrances, eyewear, for example. So, you know, there's probably a theme there—accessories and sort of adjacent categories—but also from a geographic perspective, the Middle East, and that is really exciting, and I think that's why we're all here. And specifically luxury in the Middle East is going through a really, really interesting time, which we will dig in some more today. So talking and starting about growth specifically—and, you know, I've got a really illustrious panel here who will introduce themselves as they go, but it really is the best sort of representation of the industry, and you'll see why, it's a pretty complete picture of it. But starting with you, Michael, so it's amazing to see that the Middle East is a bright spot amidst this luxury downturn, and the Chalhoub Group has been building a luxury presence in the Middle East for 70 years. So you've witnessed the evolution of luxury in this market—not you personally, but your family over the generations. And so it'd be really interesting to hear from you, you know, what have you seen in this evolution over the years? How has the Middle East customer and the market approached luxury versus perhaps other markets, and what are the drivers between the current optimism and dynamism in the market now?

Michael Chalhoub 04:55

Yeah, thanks. Thanks, Stephanie, and thanks for the question. Thanks for having me here today. It's an interesting evolution that's been happening over the last, I mean, 70 years. If we take the lifetime of the Chalhoub Group, yes. Obviously, we've had a customer that has very much evolved through time, but we've also had brands that, you know, have had a very different perspective on things and on the Middle East. If I start with the customer today, you know, we encounter a customer that is young, digital, savvy, trendy, and that doesn't just take on the trends, but that sets the trends herself. And I think this is really, really important, because in the past, we had probably brands that would listen to what their HQs were giving them as global instructions and repeating it from one region to the other. But especially for the Middle East—which was a region that represented maybe five or 6 percent of their turnover—and so for them, it was just a way to, you know, push their marketing content, push their products to a customer that was going to follow them wherever they went because those big brands had a global appeal in their name itself. And I think today, things are changing. The customers are really, you know, seeking after experiences. They're looking at, you know, putting together a more localized content, both in terms of marketing and—I know I have some marketing experts on my left—but also in terms of product we now co-create with the brands. A lot of the the capsule collections and the products themselves, the marketing calendar itself, is co-created to make sure that all of these special moments are recognized and and well catered to. And more importantly, I think what's really you know differentiating now is that you have a customer that is part of the conversation. And the brand is here to listen to the customer, to be able to, you know, have an imprint on its content, have an imprint on its product creation. And today, we're

definitely in a region that is a little bit different from the rest of the world, because you have a world that is in a bit of a lull, like you were saying, and we're in an industry that has been in a slight downturn for the last 6 to 12 months. But we're in a region that has now been in the eye of the cyclone, because we are one of the only fast growing regions. And across different categories, we're growing at either low double digit or high single digit growth, which is fantastic, you know, in an industry which has been at zero percent at best. So now the brands are really, really attentive to what the region's about. Obviously, they find some of our regional customers, not just in the Middle East, but also in London, in Paris, in New York, in Milan, in some of the global capitals. So they're really, really attentive to our young, trendy, digital, savvy customer. And the Middle East itself has become a real point of attention with infrastructure growth. So we're looking at eight new malls in the next three years between UAE and Saudi Arabia, which is incredible because it redistributes that fashion and luxury ecosystem completely. We have brands that are more local as well. So, you know, we now look at collaborations between global brands and local brands, and I'm sure we'll touch upon that a little bit later. And you have a positive outlook that is not just for the present, but for the long term future. And so you have brands that are more attentive to to the Middle Eastern landscape, that want to invest more, and that create that virtuous circle where you know they're creating content for a local population, and they're creating more demand and more customers for their brands—and so we're in the middle of that, you know, virtuous cycle, which has been fantastic for our industry and for our region.

Stephanie Phair 09:55

No, and you can feel the energy actually when you're here, but I think what you're saying is true—that the luxury industry was very much a push model. You push the message and hope that people pick it up, and now it's very much push pull, and the Middle East exemplifies that with that new generation. I mean, just a quick follow on from that. It's interesting in the audience, we have Chloe Reuter, who's an expert in sort of emerging markets in China which, and we all know her, and so it's interesting to understand, sort of China was such a growth market for luxury, and it grew in a certain way. Possibly the Middle East is following, that path, but also doing it quite differently, right? Maybe it's that generational shift.

Michael Chalhoub 10:38

I think we've we've learned from some of the challenges that you've experienced. At the same time, you know, there's a lot of positive trends that are being reproduced from China. So one aspect of this is the localization of content, and I think that's that's great because what it creates is a little bit more enthusiasm for all of these global brands, and so this creates more demand, which is both organic and inorganic, and that's fantastic to have. But at the same time, I think that, you know, we're slowly ramping up in ways that we try not to experience cannibalization too much. So last year—no, sorry—this year, in February, we opened a new mall in Riyadh with a bunch of different partners, and what we noticed is when that new mall opened, the sales of the surrounding malls weren't going down, and so that's fantastic, because you see that there's more demand and not any cannibalization from other stores elsewhere in the city. And that's because our shoppers were used to going elsewhere to shop in Milan and Paris and London, and now they're shopping more at home, because they find their ecosystem—they're finding an environment that is a good environment for them to shop. And notwithstanding the fact that we live in a very safe and

secure zone where people feel that they can shop for luxury and shop for fashion, you know, without thinking twice of the safety on the street, and they can exhibit their pieces of jewelry or watches or whatever that might be in front of the population itself.

Stephanie Phair 12:37

No, it's great. So let's take a different tack, the sort of public and government side turning to you, Princess Noura. You are credited for driving the vision behind the fashion pillar for Saudi Arabia's 2030 vision, and a part of that was building up local brands with programs such as Saudi 100. You know, from my point of view, it's so exciting to see because I was the former chair of the British Fashion Council, and we spent so much time trying to get government support for fashion when oftentimes government doesn't take fashion as an industry as seriously as it should. But that wasn't necessarily the case in Saudi. So tell us how this came to light. What were your biggest challenges? How did you think about the ecosystem?

Her Highness Princess Noura bint Faisal Al Saud 13:23

Yeah, no, definitely. I mean, thank you everyone for being here and for listening. So from my side, I think, as an entrepreneur, and I come from private sector, and I never, ever thought I would work for the public sector. I decided to—I was living in Japan and I used to do a lot of cultural exchange between the Middle East and Asia. And when Vision 2030 was announced, I decided to move back to Saudi. And I just wanted to do something to at least raise attention—or create awareness around fashion. Fashion is a major contributor to gross domestic product in most parts of the world. So how can Saudi play a role in that? So I decided to do something very—let's say, a lot of people would not do that, but I decided to do it—as an entrepreneur, I took a risk, and I did the first Fashion Week in 2018 back when, you know, infrastructure was not there yet. A lot of challenges—I mean, how to get people, how to get the models in, how to do all of that. But it happened, and it was a success with all the challenges. And the purpose was to create that awareness that we do have local brands. So it was a mixture between international brands and local brands. And I wanted to highlight that we do have brands, but they're mostly, let's say, from the creative standpoint, and what we need to look at is the full value chain. So after that, I, you know, spoke to—at the time, there was the cultural authority. There was no Ministry of Culture back in 2018 and I remember having conversations about, you know, we just need to look at it, not from an events point of view or just a retail point of view, but how are we going to support local, you know, creatives, local designers, etc, to build sustainable businesses when it comes to fashion. So from that, you know, I was appointed the person to lead the fashion commission. So we created the strategy, we launched programs and initiatives. And the whole point was to mentor these talents, but also provide them with an infrastructure and policies that would support them throughout the full value chain. So we're talking about manufacturing, prototyping, everything they would need, right? So you still do need to train people. You don't have that caliber in Saudi. You don't have these competences here in Saudi. You have the talent, but you don't have the ecosystem that would support it. So that's the purpose of the fashion commission, and that's what we intended to do. And I was there till 2022 and then decided to go back to the private sector. I missed it so much, and I wanted to contribute to that growth from the private sector point of view.

Stephanie Phair 15:58

And we'll talk about that in a bit. You're doing some very interesting things.

Michael Chalhoub 16:01

And can I add that the Fashion Week in Riyadh is, you know, by and large, the best in the region. So, and I say that from a very objective third party, and we participate in the other fashion weeks around the region, but also in the Riyadh Fashion Week, but that collaboration that you have between private-public sector, between local-international designers, is unprecedented.

Stephanie Phair 16:29

Well, I think that governments realize that fashion is sort of a big attraction to bring lots of industries and different parts of of a business ecosystem together. It's so culturally—and so speaking about that on the media. Let me turn to you, Thomas—Condé Nast. So Condé Nast has taken back its license here, so it's signaled its focus on investing in the Middle East. You were the first employee for Condé Nast in the region, and you've been instrumental in building the business and basically revenue from advertisers. So I think looking at it from a sort of marketing and advertising angle, these brands that are spending their money put allocating marketing dollars to, you know, the amazing Condé Nast titles, from Vogue to GQ to AD, what are they seeing as a reason to allocate marketing dollars here? What's their angle on this spend here?

Thomas Khoury 17:28

So yeah, so you have actually—so it's a kind of two buckets for the for the question. So, first of all, why are they doing that? So—they want to be kind of accoladed to what's happening in the region—in terms of the affluent consumer and the high net worth individuals. As we know very well that UAE and Saudi Arabia now have a very high plethora of high-net-worth individuals. One of top in the world, and they invest much in fashion and beauty, in leather, good and travel, what have you. So they want to target those kind of audiences in the Middle East. Plus they want to target the Millennials and the Gen Zers, and now they're focusing on the Gen Alphas. And what's coming next is Gen Beta, which is, we don't know how it's gonna handle them, yeah, but what's most important is this part of the world happens to have the youngest population ever. So almost 60 percent of population is less than 60—less than 25—for years of age, and they are highly connected. They are digital first, mobile first, social first. So they consume content like never before. We try to adapt how they consume content. They are brand conscious and culturally influential, so they want to understand more, and we can no longer force things. It's not like a one way kind of communication. So this is why they are advertising on our platforms. Now what's equally interesting is, from maybe an economical point of view, the Middle East has changed, and the GCC countries specifically are now part of—maybe punching above their weight when it comes to the economic cycle in terms of growth and development. And this is given the government is supporting and investing in infrastructure, and technology, and tourism, and culture. So what brand doesn't want to be part of that

kind of conversation? Plus, you have high investment per capita for people who are living here, especially investing in, you know, luxury and spending and luxury growth investment to justify what we do for a living. And they want to be part of premium environment. I'm not here to promote Condé Nast, but we do provide a brand safe environment for brands, premium storytelling, high quality, and we do support the global halo effect. So this is the time for this part of the world. It's no longer a peripheral market. It's driving the conversation, and I think this is why they're advertising with us and with the rest of the publishers.

Stephanie Phair 20:32

Yes, you know, and it's very exciting, because at a time when there's a lot of talk about legacy media, it's probably a really good place to start to see that change of how media is adapting to a whole new generation. And you're probably leading the way for Condé Nast in many ways here.

Thomas Khoury 20:48

Absolutely. So I wouldn't say, to be fair, "leading the way." We're a 117 year old company, right? We are going into a kind of ongoing transformation, and we do utilize AI a lot. I don't want to, you know, change the course of discussion for now.

Stephanie Phair 21:03

We'll get to AI. We have to.

Thomas Khoury 21:05

Yeah, but I believe what's important is for us to make sure that the content that we create is first and foremost relevant, contextually, to the region and to the audience, so we don't become tone deaf and, most importantly, accessible for them to consume it the way they want it, at any time you want it. It's no longer a one way conversation, and this is how we're trying to learn because they're faster than us—especially now, Gen Alpha, the future leaders. We're trying to understand how they how they want to consume media.

Stephanie Phair 21:41

So the interesting part, well, it's interesting and very much parallels between what you're all saying. And, you know, a theme is that generational shift. There's been a lot from from all three of you. And so actually, our fourth panelist, it's a good opportunity to move on to partnerships. And actually the luxury industry is all about partnerships, sometimes ones that you don't see formally in the background, sometimes very,

very visible. And actually the theme for Milken is partnerships and in a way, we've got all elements of the industry, from media to brands to distribution to commerce, and we've got sort of new generational digital with Gstaad Guy. And so touching on partnerships with you—you know they're coming fast and furious at you now, I'm sure, you're probably fending them off. But it maybe wasn't the case all along. You know, you're very well known for your relationship with brands such as Loro Piana, but you started off by almost poking fun at the very customer that Loro Piana talks to. So how did you build your business? And if you don't, I mean, you must know Gstaad Guy, if you don't follow him immediately, you will learn a lot about the industry. But how did you build your business? How did you get brands on side? What was that journey building new media?

Gstaad Guy 23:09

Thank you so much for the question and for the praise. I don't think I was part of building new media. I'm just a passenger on this train, but I appreciate the love. I started Gstaad Guy seven years ago now, so it's actually been a few years. And when I started off, as you said, I was just trying to have fun and poke fun at this world, the customer, which, as you all know, by hanging out here and hanging out at Sotheby's next door, it's often a customer that you can laugh with or even laugh at, because there's a lot of a lot of ridiculous things happening, and no one was really uncovering that on social media. So I decided to uncover that and turn up the dial of absurdity a little bit and talk about the ways that these people consume—and when I say these people, they are these high-net-worth individuals that we've referred to, which are usually a very small proportion of customers for a business, but about 5 percent of these high net worth—5 percent of the company's consumers, the luxury business consumers—that happen to be high net worth people—often drive over 50 percent of sales. So they, by no means, can be neglected or reduced to the number of people they are, because they're incredibly powerful and they're incredibly difficult to market to. They're hard to reach, and they're usually quite savvy on "Okay, I'm being sold something here, and it's not a genuine thing, so let me walk away." But something that never really feels like a sale or a pitch is humor, and I accidentally started marketing to this subset of people by poking fun at the ways they consume. And people who weren't fully relating to the content, but we're about 80 percent there would see a Gstaad Guy skit and think, oh my god, if I do this last 20 percent then I'll be the guy he's referring to. Because if you're bullying up, no matter what you're saying, it's ultimately praise, because it's up, right? So people actually want to be there, no matter how they get there.

Stephanie Phair 25:18

Psychology.

Gstaad Guy 25:19

Yeah. So Loro Piana is a great case study and a brand I love and work with deeply. And in my first couple of videos, I was talking about Loro Piana items, and I was talking about a gilet and it was quickly selling out in their stores, and they noticed, and we started to talk. But I was the first creator that they that they worked with. And I think at the end of the day, businesses like numbers, and if people can help a business

and keep it authentic, of course, and be true to the business's values, the business will naturally test that out and grow in that direction. So I think that's ultimately why businesses have gone down this path of new media and influence and social media, because it converts quite well. This region in particular, has that growing very quickly because that 5 percent of these businesses, these ultra high-net-worth people, are being serviced really well here, both as consumers but also as operators and citizens. The management and the senior leadership in this region has made it very attractive to live here for safety, for the business environment, and also when it comes to consumption. So it's no surprise that the numbers are doing great compared to other markets. It may not be that many people at a top line, but I mean, just walk next door to Sotheby's see how these people are spending you'll understand why it's doing so well.

Stephanie Phair 26:58

Yeah, no, you've done an amazing job of towing that fine line between having the brands on side and talking about their customer but, since nothing will get out of this room, tell us what are some of the most ridiculous things you've seen from the customer. Give us a few stories.

Gstaad Guy 27:15

The most ridiculous thing I've seen from a customer. I mean, honestly, it's—I think it's all quite ridiculous. I think the most ridiculous is probably not acknowledging the ridicule. I think when people just take the whole thing so seriously and they really think that luxury is no longer a luxury, but actually a necessity, that's when the whole thing is broken. Thankfully, most people have some level of self-awareness and they understand, "Okay, I'm getting this nice thing, and it's a trivial nice thing, so whatever."

Michael Chalhoub 27:15

Gives us something—

Stephanie Phair 27:53

It's the it's the nuance of the industry. It's big business, big employers, serious numbers, but it's also beautiful and nice and you can't take it. We used to have with our teams, a line—a T-shirt if things got really serious, "Hey, it's PR, not ER," right? So—well, you'll have to tell us more stories in a bit. Michael, coming back to you. So, you know, an opportunity to tell us a little bit more about the Chalhoub Group. And speaking of partnerships, you've had a very long standing partnership with the LVMH group, among other groups and brands. And partnerships, as we said, in general is important, but maybe particularly in this market, relationships and partnerships—what do you think has been at the core of your success building these partnerships, and for maybe people in the room that are looking to enter into this market through partnerships, what are some of the lessons learned? How would you approach it? You know, what are your sort of top tips?

Michael Chalhoub 28:56

Yeah, thanks. Thanks a lot for asking. Firstly, I mean, because you were mentioning the LVMH group, it brings me to the partnership that we have, which is a very strong one, but which actually started before the LVMH group was formed, right? Because we've been partners to Louis Vuitton since 1982 and that's a few years before Louis Vuitton was part of that, you know, big group, and then, you know, afterwards, I know that, you know, the trust was renewed to our group to go ahead and re partner up for another 25 years, because those are how our partnerships are generally done. There are long standing partnerships that are based on a lot of trust and, you know, a lot of care and long term vision. So we're very lucky to have been, you know, in such partnerships, but it's true that you always have to renew those partnerships and renew the added value that you bring to your partners, and renew partnerships with different brands, different customers. And so for us, it's really been about being a partner to the brands, being a partner to the customers, but not just because, at the end of the day, we were also partners with the mall developers in putting together a journey for a luxury customer that perhaps didn't have what she was looking for years ago. So it was, it was hard to take example on other, you know, use cases that are both regional and luxury at the same time. And you know, even when I look at, you know, this panel, we're a panel that are all, you know, partners in ways or in others. So with her highness, we've partnered up on a variety of different events. But also we've, we've helped with the Saudi 100 brands, because we have this incubator called the fashion lab that we launched, and that, you know, are looking at finding the five best entrepreneurs, fashion entrepreneurs, that are working from the region, for the region with Thomas, we've worked on a variety of his publications, but also a variety of his events—I think, the last one of which was just two weeks ago, right? So, you know, the reality is, in this market, more than anywhere we need, you know, partnerships to make things move forward. And I think—

Stephanie Phair 31:45

We've partnered—

Michael Chalhoub 31:46

Yes, we've partnered through—

Stephanie Phair 31:47

Time to partner with Gstaad Guy.

Michael Chalhoub 31:49

Yes, absolutely.

Stephanie Phair 31:51

Lots to be done there.

Michael Chalhoub 31:52

Absolutely. And, I mean, we've obviously partnered through brands that we've been representing in common, but at the end of the day, those partnerships, are what is going to make a difference, and especially when you look at, you know, the public sector spending, and you know how the private sector needs to, you know, keep up with, you know, what the public sector is putting in place—there needs to be a two way conversation, and that's really, really important here more than anywhere. And so thankfully, we've been here to listen to some of our biggest and best partners. We've been here to advise based on our, you know, years and years and decades of history in this region, and give the tips and the feedback that you know those brands and those—you know—media partners and event partners are looking for. And I think that that two way conversation is what you know brings us a little bit—differentiates us, I would say, from the rest of the world, because we can have that, that luxury of being close to the governments, being close to the developers, being close to the brands and being close to the customers at the same time, while always keeping the customers at the heart of everything we do.

Stephanie Phair 33:17

Yeah, no, it's a huge, huge value add. It's no longer about just owning and operating stores. It's really all the rest of it. And actually, we'll touch on this as well. But for instance, as luxury demand has moved towards experiences, you know, you've had to deliver that change for your brand partner. And we'll talk about that, Princess Noura, but just briefly, Michael on that experiences where spend is going towards that. How have you adapted for for some of your partner brands?

Michael Chalhoub 33:47

Yeah, I mean, it goes back to what I was saying previously, before we used to have product brands, right? So the brands were selling incredible products that—you know, were often selling like hotcakes, because also they didn't have, you know, much competition. And today the competition is huge. And so the big difference is being made on the experience, the in-store experience, but also the out of store experience. You know, whether you're online or whether you're offline, whether you've bought from that brand, or whether you've not bought from that brand. I think those experiences are what make the real difference. And our customers are more and more willing to spend for an experience and for a way of being treated than just for a product that could be, you know, relatively copyable or easy to find so—

Stephanie Phair 34:40

It's not sufficient.

Michael Chalhoub 34:41

No, it's not sufficient anymore.

Stephanie Phair 34:43

anymore.

Stephanie Phair 34:44

Princess Noura, you mentioned earlier you've now moved back into the private sector and your entrepreneurial background, and you've just announced that you've taken on the CEO role of JL in partnership with J. Lindeberg and his daughter, Blue. So tell us a little bit about the brand, the decision to base the brand in Riyadh, you know, very much a strategic decision. And how do you see the brand as almost that manifestation? You've talked a lot in the past about sort of bridging cultures through fashion. Are you sort of playing that out in your brand?

Her Highness Princess Noura bint Faisal Al Saud 35:22

That's a very good question. So for Johan, I mean, he moved to Saudi as of a year and a half ago, two years, and then we met, and you know, he really wanted to bring his brand to Saudi and position it from Saudi to the world. So as a Saudi brand, he's done a collab with adidas before. So the brand, it has traction in the past, but now how to position it from Saudi but also how to make sure that we are, let's say, providing a good benchmark, let's say, or a case study for other Saudi brands, that in order to do a brand, there's the creative side and then there's the business side. You can't create a brand just by being a designer. You need to have the business side that would support the growth of that brand. So this is where we come in. He handles the creative side. And I mean, he's done it before with Diesel and his own brand, J. Lindeberg, and then Black Denim from New York. And then now together, we're doing the JL, and then just making sure that, you know, everything is moving to Saudi, repositioning the brand from Saudi. We have rebranded. We have redone everything, and we're excited for our launch, hopefully in quarter one of next year. And the purpose is to really create something unique and different from Saudi, also, as I said, to provide a good case study and benchmark, but also to mentor. Because for me, it's always been about mentoring. I wanted to make sure that the creatives have an opportunity also to potentially work at the brand, maybe potentially learn from Johan and his team, and then get that experience where then they

could in, let's say, 5, 6-7 years, do their own brands. And this is something that we've talked about before. You graduate from school, you've learned how to, you know, how to become a designer. You've taken all the skills you have it as a talent. But then if you don't apply it and you don't practice it, how would you learn to grow your, you know, your talent. You need to learn from people that have had experience in the past. So JL is a progressive luxury brand, and it's very much on the resort lifestyle where so it's something that you can wear from day to night. We have it starts with women, and then we gradually go into menswear, but it has a golf twist. But when I say golf twist, it doesn't mean that we're a sports brand. No, we're not a sports brand. We are a luxury brand that wants to make sure that people are comfortable also while they wear their pieces. And it's a lifestyle, and that's what we're trying to build community experiences.

Stephanie Phair 37:58

I was going to ask you, you were saying this morning about this community hub.

Her Highness Princess Noura bint Faisal Al Saud 38:02

Exactly, and then also building a community. And how do you do that? You do that through the brand, but you also do that through, I mean, hospitality. So part of our strategy is to also have branded real estate, so that our community can have a place, and that's where they would come and and create and be together. And you know, that's how you target the Gen z's. And what is it? Gen alpha? So this is, this is the the purpose of the brand. It's a community brand more than everything.

Stephanie Phair 38:35

So you're really putting into practice. You sort of created the strategy, the schools, the ecosystem in a public and now you're actually saying, well, all of this learning I'm putting into practice.

Her Highness Princess Noura bint Faisal Al Saud 38:45

Exactly.

Stephanie Phair 38:46

Hopefully will employ and create that ecosystem which is exciting.

Her Highness Princess Noura bint Faisal Al Saud 38:50

Exactly.

Stephanie Phair 38:52

And not an empty marketing promise.

Her Highness Princess Noura bint Faisal Al Saud 38:55

Exactly.

Stephanie Phair 38:56

And just as a follow on, I think you know this is a topic unto itself, but just you mentioned that sustainability was an aspect of JL, and it's a tough topic in that there's a lot of talk about it. What do you see as your actual practical showing of that.

Stephanie Phair 39:04

Well, we look forward to seeing the brand in q1. So everyone—JL. So I guess we've really talked about, you know, luxury in the Middle East, but also how the Middle East is not just sort of taking the inputs from the global luxury market, but is actually redefining them and making them their own, and really leading in many aspects, partly generationally, because such a young customer is here. So Thomas and then Gstaad Guy, both of you, Thomas, going to you briefly. You know you've recently hosted the Vogue business Global Summit, the Middle East edition. And that is about highlighting local talent, local voices, local points of view, and and putting them in context for the wider industry. Give us some some color on that. Give us some stories and as you referred to, this is why advertisers want to come so what are they finding in those stories?

Her Highness Princess Noura bint Faisal Al Saud 39:23

So going of that for me, sustainability has many fronts, right? Sustainability can be with the fabric you use, in how you produce, in how you do your business. So for JL it we're basically, we believe in sustainability. When it comes to our strategy, we do not have hundreds and hundreds of designs. We're strategy—our strategy is item based. We don't produce a lot. We're, you know, making sure that we're also very careful when it comes to production, we do low minimums. We're also have the strategy of item strategy, which means that we launch, for example, a certain item today, then maybe in a couple of weeks, you have a different color that comes in it. But we're not over producing. And this is very important to us, because we're looking at this industry, and we're seeing everything that's happening, and we want to make sure that our business implements that. And funny enough, you know, I think we've also touched upon this

before, but for me, when we say sustainability, we really act upon it. And I feel like we've also encountered a lot of people in the industry that say, we're all for sustainability. We use, you know, we want a brand that has a different story and unique story, and is focusing on sustainability. But then when it comes to apply it, they don't. They ask you, how many volumes are you producing? I just told you our strategy. So again, so it's one thing to say something, it's another thing to apply it. So I just want to make sure that where, when we say sustainability, really apply it—mean it across all your strategies

Thomas Khoury 40:45

So, I mean, I just want to start by thanking Michael and the Chalhoub Group for supporting us with this. It is not about, you know, bringing Vogue Business Global Summit for the first time ever, the Middle East only. It's about, you know, pushing authentic storytelling, because in today's world with our children, we have a lot of exposure on non authentic content. So I don't want to say the conversation, but I believe that it's about time for the region to start surfacing on a global level. We have an amazing culture, and each country on its own, it's 19 countries—the Middle East—is unique. There are a lot of talent, a lot of creative people, and it's our duty, all of us together, be it the regulators, you know, the brand owners, the big companies and the publishers, to surface the local talent, not only on a regional level, but global level—Support them with their stories, so the world knows about what they're doing, because the potential is massive. Maybe to get to give a bit of context here, or a bit of color narrative, we have pushed lot of artists, filmmakers, designers, and what have you. If I want to name few, I'm not—maybe going to be upset because I'm not naming them. You know, Nadine Kanso, who is amazing jeweler, jewelry designer. Her brand is Bil Arabi, which means 'in Arabic'. You have Dima Ayad as a fashion designer. You have Mariam Yehia, who's Mrs. Keepa. So what we're trying to do is we're trying to provide the the launch pad in terms of content and amplifying it globally, and it's resonating well with the young audience on a global level. So yeah.

Stephanie Phair 43:49

The authenticity, and you, you all talked about that localization, which is so important in a world that becomes a bit samey with the algorithms. It's so important. Gstaad Guy, you know, you, what you've built is a media brand and and you've, you know, you've done it quickly, in seven years—and even in seven years, there's been a big shift in the media landscape. But also, as we've talked in the in the luxury landscape—and you have no you've had to say a lot about this evolution of luxury. What—from your point of view—have knowing that customer, that 5 percent or top 1 percent that shops, and then seeing how the brands are reacting—What do you think is at the core of this downturn, and what do you think the opportunity is? What do brands have to do differently based on your experience and what you're seeing, and they should listen.

Gstaad Guy 44:39

Thanks. I think brands have to be more aware of how knowledgeable the consumer is, particularly the consumers spending lots on their goods, they care about what they're buying, and they're going to do the

research anyway. So the knowledge is very important, and I think the brands may as well be part of that storytelling, and should work with messengers of that knowledge to make sure that the consumer is fully aware of what's happening behind the scenes with their goods, because the consumer will figure it out regardless. I think one thing that is changing every—was changing every year, and now it's every few months—It's people's attention spans which makes it actually more difficult to be a part of that transfer of knowledge. I think people's attention spans half every year. Now we're at about somewhere between five and 10 seconds before people move on, even during a video they might enjoy. So I think that's going to be a challenge, but in moments where people actually have to opt in to attention, we can see in this room, I think people are opting in, and they're not scrolling to the next thing. So it's actually there's hope there. I think people can opt in to knowledge. I have that story for you, by the way.

Stephanie Phair 45:45

Oh, go on.

Gstaad Guy 45:50

I don't know if it's a story, if it's cautionary, but we'll people decide for themselves? I think at these events, it's like the best way for me to get video inspiration. And I think it's totally fine to be like a walking business card. You know, because you have to do, what you have to do—people are here raising money, doing what they're doing. So they shake hands and they say what they do. But something which is quite unique to this conference and the next there are Sotheby's. They're not just walking business cards. They're also like walking Amex bills. They're like telling people what they're spending their money on, where their homes are, where their boats are, where. And I think that is unnecessary. That's my cautionary—I would say it's 'à la poubelle'.

Stephanie Phair 46:52

Amazing. Well, it's been such a pleasure. I've enjoyed this so much. Thomas, Gstaad Guy, Michael, Princess Noura, thank you so much for giving us your time, for sharing your experience, for being so you know, complimentary in all of your different perspectives. Hopefully it's given the audience a sense of the luxury industry and how we are all very collaborative. So thank you so much.

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