

Marco Parsiegla lays the foundation for Amouage's successful global transformation

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Marco Parsiegla, Chief Executive, Amouage

Marco Parsiegla (MP) was previously EVP of the Luxury & CPG category for Havas group. Prior to this he was VP and General Manager of Procter & Gamble's global \$3 billion fragrance company (including, among other brands, Gucci, Dolce & Gabbana and Hugo Boss).

James Stuart (JS), is the founder and Managing Director of Cameron Stuart Associates, a London-based executive search firm focused at CEO and Board level in the high quality consumer goods & service sector globally. James approached Marco in late 2018 about the transformational opportunity to become the global CEO of Amouage, a fine fragrance brand established by the Sultan of Oman in 1983 to preserve the rich perfume-making traditions of Oman.

Two years into his tenure James caught up with Marco and heard how he has led a change process that has laid strong foundations for the transformational global growth of Amouage. These are already bearing fruit, harnessing the impact of the global pandemic to accelerate change:

JS: Marco, I remember when we initially discussed the CEO role for Amouage you were first intrigued and then excited, describing Amouage as a "jewel in the desert": what did you find when you arrived and how have you gone about setting the vision and strategy for the transformation and its execution?

MP: What I found in Amouage is truly a jewel in the desert. What was then very important was to discover the new facets of the jewel: what are the new elements we want to bring to the jewels? There was not much to be changed on the product itself: the product is already radiating quality and craftsmanship. It is radiating creativity, and

there's a lot of substance to it, which is fantastic. We then had to find a stronger way to connect that jewel with the global audience out there, and that led us to really defining what our structure is to help us create the idea of a cult brand: a house that can really attract our audience and which can stand out from others.

We looked at what makes us unique, and the real point of uniqueness is that we are the one and only international perfume house emerging from Oman. If you look at the industry, more than 50% of fragrances are in one way or another connected with France. There is only one international brand connected with Oman: The House of Amouage with its key ingredients (such as the highest quality Frankincense available, and Rock Rose) emerging from Oman; that's something which is very important for us because that is the foundation we take inspiration from.

Another element is our setup, which is unique: what I found when I arrived was more like a manufacturer than a big shop. What's important for us is that we are not a chain of outsourced activities, we are in-sourcing or in-housing our key activities: we're allowing time to evolve organically so that's the second point from an operational perspective.

A third important element I found was a classical model in terms of limited paid advertising, and we made a radical shift, focusing much more on content creation. So that

goes along with the framework: there are three core pillars to the strategy. The first one for us is about international expansion and it's coming to life two years into the role quite significantly now.

The second one linked to international expansion is online presence. The two go hand in hand: building a greater state of awareness for the brand globally which is very important; and creating a deeper emotional connection with our existing clients. This is how we activate the connection: it's about much more than a product transaction: it is about buying into the values of a house and of a brand, which is very important for existing clients, and for us to reach new clients, making the brand relevant for the next generation of fine fragrance lovers.

The third key pillar is retail acceleration: accelerating retail for us entails online as well as offline. So even if you look at our eCommerce platform, it's about creating the experience in the same way as on the retail side: driving the brand identity, and really bringing it out.

JS: Next, it's about the execution: among others, on the creative side, I believe you brought in a different model from the previous in-house creative director approach: how do you see the business developing off the global platform you've been able to create in the next phase of expansion?

MP: What consumers are looking for now is a very

different form of luxury going forward: it's about the meaning of the brand, and having a brand mirroring the same values back; that's very important so in that context, we need to move from the one-directional communication which we had in the past where the brand was on a pedestal and clients were attracted to it, to have a real dialogue with our consumers and in order to do that we need to create content.

That's why to a certain extent we are actually content-obsessed now: to give you an example, before I joined, we had about 50 assets. Now when we're going to market, we have more than 500 assets, and often up to 1000 assets. That's to make sure we can have a richer bond and a richer communication with our consumers, and even more so it's about inviting the clients into the conversation.

So with our latest creations, within less than two months this approach has resulted in consumers creating more than 200 hours of content for our latest two creations globally. And what's wonderful is that content is there to stay: so it's about driving the creation of that content. That's reflected in our organisational design: so we hired Renaud (Renaud Salmon, Chief Experience Officer), not I would say solely as a "creative director", but as a Chief Experience Officer, which entails the role of a creative director, but it gives much more focus to the mutual experience side of it with our client community. So dialogue is one part, which is key, in addition to the

product and the in-store element: it's about holistically creating a universe where our clients are part of it as well.

If you look at the global organisation design, it's all about reaching the potential of the creation of this dialogue with the global community of our clients: we have done this by creating dedicated, tailored offerings for our international expansion. So we set up our office in Dubai: we see that as a springboard, not just for the Middle East, but that office is the mastermind behind the current expansion we're driving towards China, and towards the US at the same time. So organisationally, we now have clarity: the Chief Experience Officer and team are all about creating the dream and the demand. On the other hand, the Chief Sales Officer and team maximise the opportunity and the global reach, executing this in the high-quality manner of our brand to our fragrance-lovers, enabled by our in-house product supply and operations organisation and steered through our CFO and the finance organisation.

JS: How is Amouage differentiating its approach to expansion in China and the Americas?

MP: Let's look at China. In China, we're partnering with S'Young, and entering through digital, so we have our own shop on Tmall and we have plans from there to expand into bricks and mortar. We found it's the right way into the China market to start on digital and work on key opinion leaders, influencers, and perfume reviewers.

Very different is our approach in the US: our initial focus is on really ensuring top class distribution in the key department stores, and in parallel, we are working on bringing efficient fulfilment for eCommerce into the market, because to be competitive you have very short cycle times there. So the shift is towards establishing the right strategy in each market right, and then tailored content creation.

Now what is fascinating is that reducing paid advertising and going more to open-door, earned advertising: it's here to stay. So what we're seeing is our innovations are getting more traction over time: the content which was made available is still replicating itself and pays you back in a longer timeframe. You make sure you know the key competition, so if you look at the Bain Altagamma report as a good resource, we're playing in a niche segment estimated at about \$1.2 billion globally and we are number three in that segment. With our unique positioning, we have clear room to grow. We're also looking at new ways of connecting with the consumers beyond pure content as such: if you look at some of our recent creations, we are working with painters, musicians, writers, and it's all to create an artistic interpretation of the olfactory territory in which our products are playing. We need to bond with our consumers through the olfactory senses, because that's what interests our clients most.

JS: What personal leadership challenges have you dealt with on this journey as the new CEO of

Amouage?

MP: For the kind of leadership transformation I've been through there is a duality going on: very early on in the process, you don't have much more than 90 days to make that initial impact. On the one hand, you need to deeply immerse yourself in the current organisation, and in the current business, and you really need to go deep. So in my first 30 days, I visited all our shops around the world, and that was very fundamental for me. Now at the same time, you need to put your vision out: I started in June, and we were ready with the vision in November. The vision was approved in November and in December we started the roll out. What helped us was the COVID crisis because of the acceleration effect: we had everything in place and the pandemic worked as a catalyst to execute the transformation.

Looking at the journey from a personal viewpoint, I experienced a lot of changing parameters: large company to a smaller company, being based in the Western world, moving to the Middle East. With the geographical shift comes an initial disconnect from your personal network, which you need to re-establish and build in a new context. So there are a lot of challenges in such a move and what's very important is you need to find the intrinsic motivation: you need to find your inner drive in the new environment.

What is essential also is to create early wins for the organisation, and equally important you need to create

early wins for yourself to keep motivated, energised and focused on the vision and journey. People are the most important aspect here. It's about selecting the right people you want to bring into your organisation and making sure you put them in the right role so that you can start the culture change: I believe we are on our way with this. However, it's a long-term process, and will take three years to really establish the long-term change in the culture. It's easier in our Dubai office, which has outgrown itself for the second time: we are moving to a bigger office in November again. It's easier there because you have more talent joining, and you have an environment which allows you to select what you want to achieve. Then you have other offices where the environment dictates that you need to work with the people you have. You need to work one-to-one and invest in the people transition, which takes longer and a greater effort, but at the same time these people have such a deep knowledge of the history that they're very important in the transformation process.

So the one-to-one people investment is key, and as I said you need to be bold and outspoken about your vision: you have a certain time window to do this. We have used different channels: so we have town halls every month, with all our employees to make sure everybody understands where we're going: it was so crucial with COVID to communicate very early on, and it helped us move very quickly up the curve.

It's a very exciting journey at Amouage and you can see it

already in the numbers: we more than doubled the business in the first six months of 2021 versus last year, but the key number is expanding 20% percent versus 2019 in a market that contracted because of the pandemic. So that gives us good confidence that we have started the process well and now have the geographic and online channel platform to expand in the Americas and China and build on the first successes.

JS: Marco it's great to catch up: thanks and good luck with the next phase of Amouage's transformation

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