

Michael Kors grows luxury portfolio with \$2bn Versace acquisition

By  Lauren Hartzenberg

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One year after [buying Jimmy Choo](#), US fashion company Michael Kors is acquiring iconic Italian luxury goods house Versace for \$2.1 billion.



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Michael Kors Holdings Limited's plans for the Italian brand include: growing Versace to \$2 billion in revenue globally, increasing global retail footprint from approximately 200 to 300 stores, accelerating e-commerce and omnichannel development, and expanding men's and women's accessories and footwear from 35% to 60% of revenues.

The epitome of Italian fashion luxury

"The acquisition of Versace is an important milestone for our group. Versace was founded in 1978. For over 40 years, Versace has represented the epitome of Italian fashion luxury, a testament to the brand's timeless heritage. We are excited to have Versace as part of our family of luxury brands, and we are committed to investing in its growth," said John D. Idol, chairman and chief executive officer of Michael Kors Holdings Limited.

Versace was founded by the late Gianni Versace, and is now headed up by his sister Donatella Versace, who doubles as creative director and vice president. She will continue to lead the company's creative vision following the purchase. "Donatella's iconic style is at the heart of the design aesthetic of Versace ... I am thrilled to have the opportunity to work with Donatella on Versace's next chapter of growth," commented Idol.

Versace's management team will continue to be led by chief executive officer, Jonathan Akeroyd. He and Donatella have reportedly assembled strong senior management and design teams that will continue to lead Versace into its next chapter.

"It has been more than 20 years since I took over the company along with my brother Santo and daughter Allegra. I am proud that Versace remains very strong in both fashion and modern culture," commented Donatella.

She continued: "Santo, Allegra and I recognise that this next step will allow Versace to reach its full potential. We are all



Left to right: Jonathan Akeroyd, Donatella Versace, John Idol.
Credit: Rahi Rezvani

very excited to join a group led by John Idol, whom I have always admired as a visionary as well as a strong and passionate leader. We believe that being part of this group is essential to Versace's long-term success."

Following the acquisition, Michael Kors Holdings Limited will be renamed to Capri Holdings Limited, inspired by the fabled island which has been recognised as an iconic, glamorous and luxury destination.

The makings of a US luxury conglomerate?

With its acquisition of high-end shoemaker Jimmy Choo and now Versace, Michael Kors – a label best known for its leather handbags – is steadily growing its portfolio of luxury brands. Owning an increasing share of the high-end luxury market, it's believed that the company is positioning itself to become a multinational fashion conglomerate, rivaling US competitors like PVH Corp. and Tapestry and European conglomerates.



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[CNBC reports](#) that the Versace deal marks one of the first times an American company has cracked the code of super high-end luxury fashion, typically controlled by LVMH, the owner of Guerlain and Givenchy, and Kering, the owner of Balenciaga and Yves Saint Laurent.

According to a [Business of Fashion](#) report, by buying Versace, Michael Kors will unlock some cost-saving synergies when it comes to getting better deals on real estate and media. "But the combined company has a very long way to go before approaching the scale of European conglomerates like Kering and LVMH. Michael Kors, Jimmy Choo and Versace combined brought in less revenue last year than Gucci alone did for Kering," stated the report.

The global market for personal luxury goods was estimated to be worth \$307 billion in 2017, according to recently filed registration documents for luxury marketplace Farfetch. The luxury market is expected to reach \$446 billion by 2025, according to the data.

Pushback from Versace followers

According to Michael Kors Holdings Limited, the acquisition of Versace is expected to deliver a number of benefits for the US company, including growing the group's revenues to \$8 billion in the long-term and diversifying its geographic portfolio in the Americas, Europe and Asia.

The sale of Versace marks the end of independence for one of the most prominent stand-alone fashion houses amid a wave of consolidation within the industry.

Fans of the Italian brand have taken to social media to express their disappointment in the move, with some calling it "the end of Versace".

“ VERSACE 1978-2018

Gianni, thank you for your powerful mind, ideas, passion, vision and innovation in this morbid and dark industry. Your legacy will live forever even if your brand, as you envisioned it and WANTED it, won't. King and icon of fashion. You are

Versace. pic.twitter.com/AYltcSf1tv— michelle is proud of darren 68 (@thelearnqueen) [September 25, 2018](#) ”

“ Kors buying Versace removes so much of it's appeal. Michael Kors is luxury but Versace is elegance and high-class. Clothes and accessories that speak for you. What does it become once it's owned by another entity.— la coche (@cvndynight) [September 24, 2018](#) ”

“ Gianni Versace didn't die for his ICONIC brand to be sold to some cheap & tacky designer who is the epitome of locals knowledge on designer brands & whos bags u can't even tell the difference between the fakes they sell in turkey, this is the end of Versace. I'm so disappointed <https://t.co/yRu3U6B0lk>— 7 (@cokelagerfeld) [September 24, 2018](#) ”

“ reflecting on the better days of versace pic.twitter.com/3FY0gfTPU— TO FREEDOM!!!! (@thehistoryalbum) [September 25, 2018](#) ”

“ Why is Donatella selling Versace.... to Michael Kors....

The brand about to go from high end luxury to TJ Maxx & Walmart. pic.twitter.com/kGSbkaJNq6— BabyBoy 10/5 (@Drebae_) [September 24, 2018](#) ”

“ gianni versace didn't build his empire and die for it to be bought by michael kors— (@lunatically) [September 25, 2018](#) ”

“ If Kors buys Versace get ready for the brand to turn into some duty-free cheap shit you buy at the airport for the siblings you don't like. I'm so sad— indigenous faggot of color (@UnstableOtarie) [September 24, 2018](#) ”

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