

Unit 3

Strategy



Reading

- Vocabulary: **Strategy**
- Language: **Future forms**
- Career skills: **Short presentations**
- Writing: **Email agreeing to give a presentation**

1 What do you already know about Giorgio Armani? Make notes under the following headings. Then read the article on the opposite page and add further information to the notes.

current sectors of activity	proposed new sector	advantages of this strategy	risks of this strategy
<i>haute couture</i>			
<i>everyday clothes</i>			

2 Look at the article again. Seven other designers are mentioned. Who are they? Make notes on their activities.

designer	activities
1 <i>Donatella Versace</i>	<i>Designed a hotel in Australia</i>
2	
3	
4	
5	
6	
7	

3 Match the pairs from the article.

- | | |
|---------------|-------------|
| 1 fashion | a venture |
| 2 head | b designer |
| 3 brand | c cycle |
| 4 joint | d goods |
| 5 property | e campaign |
| 6 economic | f developer |
| 7 luxury | g office |
| 8 advertising | h dilution |

The Economist

Business

Breaking into new markets

Should luxury goods firms go into the hotel business?

GIORGIO ARMANI is already one of the most diversified brands in fashion. As well as haute couture and everyday clothes, Mr Armani and his firm create scent, cosmetics, spectacles, watches and accessories. Customers can purchase Armani furniture, flowers, chocolate, sweets, jam and even marmalade. There are Armani cafés and restaurants in Paris, New York, London and other cities. An Armani night club recently opened in Milan. Now Giorgio is branching out still further. On February 22nd his firm announced a \$1 billion hotel venture with Dubai's Emaar Properties, the Middle East's largest property developers. Mr Armani will be in charge of the design for ten new hotels and four luxury resorts, to be built in the next six to eight years.

Armani's is the boldest move so far by a luxury goods company into the hotel business. But it is by no means the first. In September 2000, a hotel designed by Donatella Versace opened on Australia's Gold Coast. In February 2001, Bulgari, an Italian jeweller, confirmed a joint venture with Ritz-Carlton to build six or seven hotels and one or two resorts. Salvatore Ferragamo, an Italian shoemaker, has designed four hotels in Florence.

But in the first half of last year, both the fashion and travel industries were doing badly as travel and luxury follow

the same economic cycle. So does it make sense for designers of luxury goods to go into the travel business? Armani and Bulgari would say yes. Mr Armani considers hotels a logical extension of his aim of promoting his brand in all walks of life. (So can Armani toilet paper be far behind?) Rita Clifton, Chairman of the consultancy Interbrand, says that this strategy can work. A strong product, strong images and a strong experience, such as staying at a fashion designer's hotel, can combine to make a super-strong brand, claims Ms Clifton. To fit the firm's luxurious image, Bulgari says that its hotels must be as upmarket as it is possible to be. Because small is considered more exclusive, Armani and Bulgari plan to launch mostly smallish five-star hotels. Armani's Dubai hotel, due to open in 2007, will be an exception, however, with 250 rooms. Bulgari's Milan hotel will have no more than 60 rooms.

Losing control of their brand is the biggest risk for luxury firms expanding abroad or venturing into a new line of business. Over the years, Pierre Cardin, Yves St Laurent and Christian Dior have each lost their good names by giving out licences all over the world to firms that did not deliver the appropriate quality. Calvin Klein's current problems are related to the company's loss of control of the distribution of its products in

many countries.

But designers' hotels can generate positive publicity. Even if Bulgari's hotels turn out not to make any money, the venture could be seen as an expensive yet effective advertising campaign.

Mr Armani's hotel plans are more ambitious and the danger of brand dilution much greater. Armani says that the management company for its hotel venture will have its head office in Milan rather than Dubai and that Mr Armani will be fully in charge of design. So far Mr Armani has managed to control his brand tightly despite being involved in many different businesses. Hotels, however, are a bigger challenge than flowers and marmalade.



Writing

You have been asked to give a presentation at a local business forum on 3 July about strategic planning. Write an email (40–50 words) to Mr Jacobs, head of the forum:

- agreeing to give the presentation
- giving the title of your presentation
- saying what equipment you need.

Then compare your answer with the suggested answer on page 00.



Listening 1 T5

1 Put the words in the correct order to make presentations phrases. Then listen to an extract from the presentation about strategic planning and tick the phrases that you hear.

- 1 to like I'd finally you remind that
Finally, I'd like to remind you that

- 2 start talk I before my just to I'd thank like

- 3 my brings this me to next point

- 4 found have hope I you my useful comments

- 5 any have if you questions be I'll to happy them answer the at end

- 6 this can slide on next you see

2 Now look at the audioscript on page 81. Find words with similar meanings.

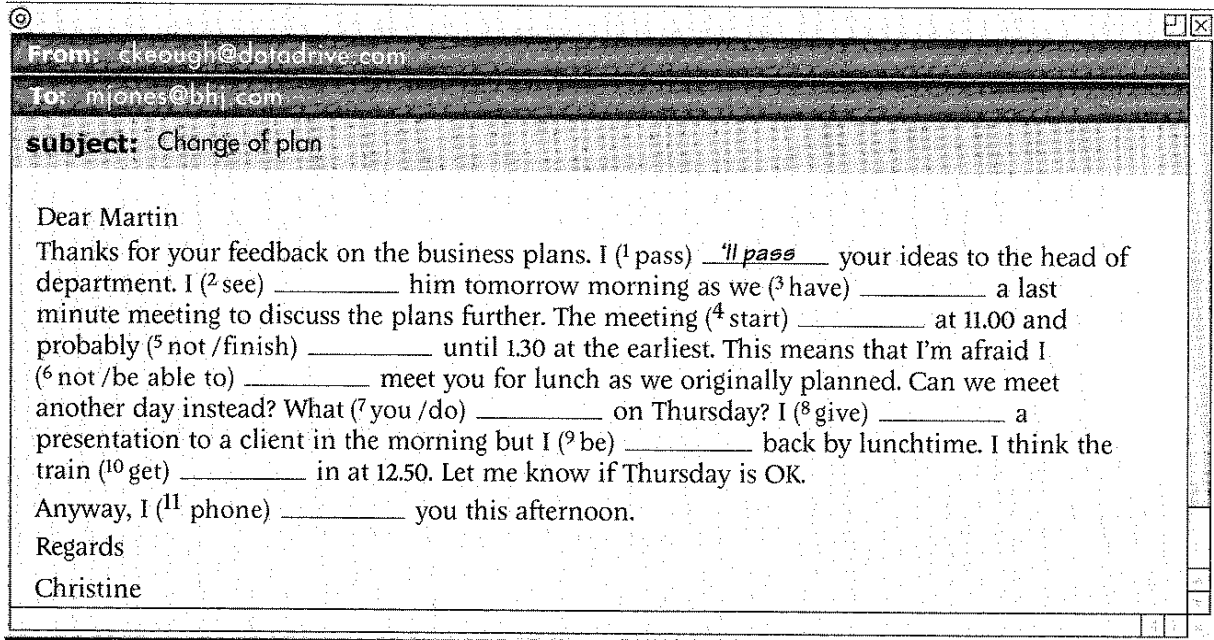
- | | |
|---------------------------|-----------------------|
| 1 goals <u>objectives</u> | 6 allows _____ |
| 2 possible _____ | 7 possibilities _____ |
| 3 expansion _____ | 8 vital _____ |
| 4 dangers _____ | 9 successful _____ |
| 5 evaluation _____ | 10 rivals _____ |

Language check

1 Underline the correct future forms in italics.

- 1 The department *'s going to allocate* / *allocates* more resources to the project than intended in future.
- 2 We *hold* / *'re holding* a strategy meeting next Wednesday.
- 3 I *'ll be* / *'m going to be* happy to answer any questions later.
- 4 The company *will meet* / *is meeting* all its objectives by spring.
- 5 Sorry, I can't talk now. I *'ll call* / *call* you back later.
- 6 The next plane *will leave* / *leaves* at 11.03.
- 7 I *begin* / *'m going to begin* my talk by looking at successful strategies.
- 8 What *will you do* / *are you doing* tomorrow evening?
- 9 Looking at the high level of demand, we *aren't going to have* / *aren't having* enough resources.
- 10 Let me move on now and I *come* / *'ll come* back to that point later.

2 Read the email about arranging a meeting. Complete the email with the correct future form of the verbs in brackets.



Vocabulary

1 Match each of the following nouns with one set of verbs.

resources a strategy customers an opportunity an objective

- 1 develop a strategy
- design _____
- 2 identify _____
- take _____
- 3 set _____
- achieve _____
- 4 allocate _____
- provide _____
- 5 attract _____
- draw in _____