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What A Leadership Change At Gucci Owner Kering Signals For Luxury

With the appointment of auto industry executive Luca de Meo as CEO, luxury group Kering may head in a different strategic direction.

Luxury has always thrived on surprise — from unexpected runway silhouettes to bold marketing moves. But the appointment of Luca de Meo, CEO of Renault, to lead Kering marks a surprise of a very different kind: not aesthetic, but strategic. It's a rare cross-industry leap, and a telling sign that the luxury industry is beginning to question its most fundamental assumptions.

Kering, owner of brands such as Gucci, Saint Laurent and Balenciaga, is under pressure. The group's EBIT is expected to fall by two-thirds between 2022 and 2025, and its major brands — except Bottega Veneta — are struggling with stagnating or sharply declining sales. Gucci, the group's crown jewel, saw organic sales drop 25% in the first quarter of 2025, despite a much-publicized creative reset. Balenciaga and Alexander McQueen are also experiencing fatigue, while Saint Laurent — once a reliable performer — has lost momentum.

Kering is not the only luxury player facing turbulence, but its situation is especially delicate. Unlike LVMH, which has multiple engines of growth, or Hermès, which benefits from near-mythical brand scarcity, Kering's portfolio is more exposed. In that light, the hiring of Luca de Meo, an outsider from the automotive world, may seem like a gamble. But it might also be a necessity.

Track record in car industry

I first met de Meo when he became CEO of SEAT in 2015, a time when the Spanish automaker was struggling with its identity and purpose within the Volkswagen Group. What I saw was a leader not

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only fluent in branding and market positioning, but also capable of energizing teams with his contagious passion. He led the creation of CUPRA — an internal project initially met with skepticism — that has since become one of the most successful growth stories in the VW Group. Launched in 2018, by 2024 CUPRA was selling 248,100 vehicles, accounting for 44.5% of SEAT's total sales.

At Renault he has worked to revive emotional connection through iconic brands like the Renault 5. At the same time, he has taken bold structural decisions such as spinning out the electric and combustion engine businesses into separate operations, including the Ampere electric vehicle unit and the ICE-focused Horse joint venture with Geely. These were not cosmetic changes, but foundational moves aimed at making Renault not just profitable but future-ready.

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Equally important is what de Meo has done on sustainability. Under his leadership, Renault committed to producing the most sustainable car in Europe — the reborn electric Renault 5, built using recycled materials and powered by low-carbon batteries sourced from Europe. The company also launched a circular economy initiative around its Flins Refactory facility, turning a former assembly plant into a hub for vehicle reuse, parts recycling, and repair — a direct challenge to the linear production model. These are deep structural shifts, not surface-level branding.

But perhaps the most telling mark of his leadership is how others talk about him. Over the years, I've met many of his top executives at SEAT, and what struck me was not just their alignment with his vision, but their genuine enthusiasm to be part of that team. When he left, they were truly sad to see him go. That kind of loyalty and morale is hard to manufacture, and speaks to a culture of purpose and momentum, something many creative-led luxury houses are struggling to sustain.

A new playbook for luxury

Why bring someone like this into luxury? Because there's a growing sense that the traditional playbook — build global megabrands, expand retail, drive heat through designers and capture margins through accessories — is showing its limits. The world has changed. Consumers are more fragmented, cycles move faster and environmental pressure is building. A brand like Gucci can't just rediscover relevance; it must redefine it.

By appointing de Meo, Kering may be signaling its intent to rethink not just leadership, but legacy. An executive from outside the "maison" mindset may be more willing to ask difficult questions: Can sustainability be moved from storytelling to structural innovation? Should luxury rethink its production model? Should circularity be integrated into design from the start? Can new ecosystems — across resale, repair, or digital ownership — become part of luxury's identity rather than a threat to it?

Of course, this transition will come with tension. Kering has cultivated excellent internal talent. Many expected one of them to take the top job. Skipping over them might create frustration or signal a lack of confidence in the group's own leadership pipeline.

None of this is to suggest that an outsider CEO guarantees success — especially in a culture-heavy, intuition-driven industry like luxury. Whether bringing in an external CEO leads to better performance is a heavily debated question in management studies.

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Research on the subject offers varied conclusions: from how hiring external CEOs amplifies both the costs and the benefits of strategic change, to how firms with outside CEOs achieve greater productivity gains than those led by insiders. It all suggests that while bringing in an external CEO is inherently risky, it does seem appropriate when strategic and organizational disruption is needed.

De Meo's arrival may prove to be Kering's own "CUPRA moment"— a shock that aims not just to stabilize earnings, but to rediscover the company's purpose and redefine its identity.

By Fabrizio Ferraro, professor in the Strategic Management Department of IESE Business School and Academic Director of IESE's Institute for Sustainability Leadership.