



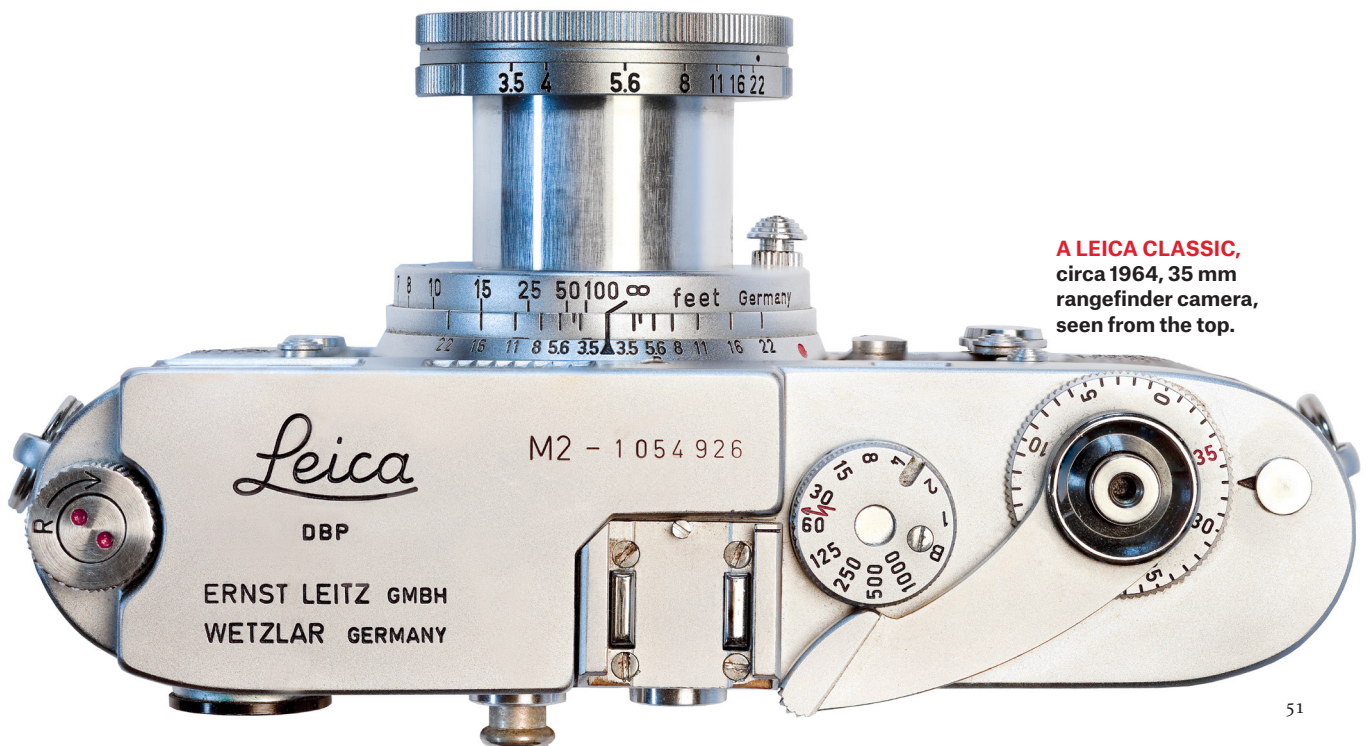
**I**N 1913, GERMAN INVENTOR AND PHOTOGRAPHER Oskar Barnack created the first prototype for a product that would revolutionize photography and set a standard for quality that remains to this day: the Leica, a compact 35-millimeter camera built for the Leitz Corporation. Publicly unveiled in 1925, the camera has since spawned four independent companies: Leica Cameras, Leica Microsystems, Leica Biosystems and Leica Geosystems.

## Leica's

At the core of that network is Leica Camera. We spoke with its CEO Matthias Harsch about the history and future of the brand and its devoted following. Still headquartered in its hometown of Wetzlar, Germany, Leica is preparing for its 100th anniversary on a broad new campus, with state-of-the-art, environmentally friendly facilities that include a 129-room hotel, a museum, photo galleries and parks, along with offices and a production plant.

# CENTURY

**CEO MATTHIAS HARSCH** talks to Brunswick's **KAROLINE VON TSCHURTSCHENTHALER** and **KEVIN HELLIKER** about the camera maker's evolution and endurance.



**A LEICA CLASSIC,** circa 1964, 35 mm rangefinder camera, seen from the top.

Harsch had previously been the CEO of German electronics business Loewe AG, coming to the CEO position at Leica in 2017. In addition to cameras, the company produces optical instruments, including binoculars and rifle scopes, and also collaborates with cell phone manufacturers on the quality of images those handheld digital devices can produce, a business that has helped dramatically expand the company's revenue over the last decade.

But its strongest emphasis is still on handmade, high-quality Leica cameras and the cultivation of its consumer network. That clear focus has helped Leica remain an aspirational product for generations. The images those cameras produce—some being made now, some as old as the brand itself—offer a living testament to the quality and endurance of the company's work, Harsch says.

**Let's start with Leica's reputation for customer loyalty. Is that driven by the company or does it happen organically?**

It's both. The kind of product we make and the photography culture, where people stick together, also factor in. We have associations around the globe where our customers organize themselves, the Leica Photo Clubs & Societies International. I've not seen that anywhere else in my life as a brand.

But the one feeds the other. Yesterday, we opened up a store in Amsterdam, and the whole community in Amsterdam and other photographers were all invited, just to meet and talk. It's a big community where people talk not just about the product. They talk photography. Our brand is situated in the middle of that—there is nobody else, really.

I'm not speaking negatively about others—the Japanese do more with technology, for instance; shorter product cycle, faster and bigger. They don't care so much about driving the community. We own 105 stores. These are more for the community too. Wherever we open a new store, people get connected.

We have the Leica Welt, which has not just the headquarters but a whole hotel with around 130 rooms and a museum, right on our campus. The association can meet there from around the world. They get full insight into the brand, the company, the production. They can find out a little bit more than others maybe about new products. So yes, we try to do what we can to help foster that community.

In 2025, we'll mark our 100-year anniversary. We had a photographer featured at an exhibition just last night who said, "It was always my dream to have a Leica camera." So you're asking really, where does that dream come from? It's a combination of

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the product, the brand, the acceptance within the community. I met a director of journalism from Le Figaro who said, "If somebody's saying to me I use Leica, I don't ask any further questions, because I know the guy knows his business."

**There must be enthusiasts out there who challenge your knowledge of Leica?**

Oh yes, absolutely, they do. There's a lot of history in the brand. Even in the stores, people will come with a camera maybe 30 years old and they want to know exactly where they can get this one screw they lost two months ago.

But we're also moving forward. Some companies with a long history lose a view of their future and stick to the old things. Sooner or later your customers are going to not step into the new journey with you. So that balance is actually our biggest challenge, to keep both alive somehow. I think we do pretty well.

**Is Leica the preferred brand of professional photographers around the world?**

That's a good question. It's not necessarily the choice for commercial work. Depending on the need, a professional photographer might choose one of the Japanese models. They maybe have a job where they have to shoot a thousand photos of furniture or cars or something. Maybe they don't need a Leica for that. But every professional who really knows the craft owns a Leica, along with their other cameras. I would say 70% of our business is consumer, people for whom photography is something more personal. If you include in that professionals who use Leica for private work, it might be even higher.

**What makes Leica stand out?**

It's about the quality, the care and the expertise that the brand represents. The manufacturing process is important, that's one thing. If you haven't been to one of our plants, you are always invited to come. Maybe Portugal, where we have one of the biggest plants, or our home in Wetzlar.

It was a big surprise to me when I saw the manufacturing for the first time. So much is handcrafted, there are so many manual processes. We don't do huge volume; you can't automate that work. You can't teach it to a machine. So the devotion of our people to quality is extremely necessary.

Second, every good optical instrument starts with an optical design. For generations, people looking for quality in that area go to Leica. We have optical designers who are third generation at Leica; developing lens designs is a very complex methodology.

If you don't have enough of these people, you don't reach that level. When our designers speak publicly, people who care about images listen to them.

So there's a certain kind of technology you need, but there's also experience and precision. I don't see cameras coming back to Leica where people say, "It's not fulfilling my quality perceptions." When it comes to hardware, the quality is outstanding.

And lastly, the retail experience is very different from other brands, even other camera stores. We have a very successful retail strategy, based around the consumer experience. You go to the Leica Store and you see these images and you see people who really know about photography. For somebody interested in spending some money because he loves photography, sooner or later he ends up in a Leica Store. They're the biggest driver of sales.

Our e-commerce business is picking up but just



**Above, a 2020 Leica S3 digital camera. Below, a 1914 prototype of the Leica, created by German inventor Oskar Barnack.**



reaches around 8% of total sales. We have stores around the world and we see the people who want to get in touch with Leica, they want to see it, they want to feel it, they want to go out and test it. Even if they start out researching our cameras online, they come into the store to hold it as the last step before they purchase it. Or the reverse, they come into the store to research and experience it and then purchase it online. In China, it's a little different; they're more willing to buy online without having visited the store. So somewhat it's cultural. Because of all that, we don't really distinguish between e-commerce and retail—it's more of an omnichannel experience.

#### **Are you worried about expertise and knowledge dying out, not being able to find those skills?**

No, not really. You do have to cultivate it, it's true. Some start with us as an apprentice. The average employee has over 25 years of loyalty to the company. There are around 1,000 people in the production area, and we have people with 40 years of experience with us. This is our heritage.

We really drive to have a lot of programs getting young people in. You have to, otherwise it will die sooner or later. If you look at luxury brands such as Hermès or all the watchmakers, it's all about craftsmanship—that's what makes things unique.

#### **Have you ever run a company so involved in historical research?**

No. I worked for Loewe AG, in television. They also celebrated 100 years this year, but the TV business has changed dramatically. For me, eight years ago, the financial point was the big challenge.

Leica is more engaged with its history—and its history is all about the images, whether they are new or 50 years old or 100 years old. The outcome of what we do every day is the images that are produced, and each photo keeps the history alive in the company. We now have more than 26 of our own in-store galleries. As a result the retail and gallery experience go hand in hand. If you go through our offices, you see these wonderful images hanging on the wall and they remind people, "Hey, that's what I work for."

#### **You mentioned optical design. People associate Leica with cameras, but its more than that. Do you want to talk a little bit about that?**

Optics is a very exciting area. We have optical products of our own, but we are also involved with the mobile phone industry. We talk about optics for smartphones, where you have computational imaging—you shoot hundreds of images and combine them into one. We are also involved in projection.

Optics is a fantastic environment for innovation. The company in 2010 had a gross revenue of \$80 million. Now it's \$600 million, surging in those years. That is a result of these kind of products. Optical devices include binoculars, rifle scopes, projection, smartphone optics and so on.

In mobile, we are more about engineering. We work with Xiaomi and have worked with Huawei for nearly 10 years now. We help the Chinese mobile producers develop the best image quality, possible where we are more the tuning guys, the engineering guys. They produce the product.

#### **The early Leica prototypes—where are they now?**

Some are still around, maybe three or four, and they are documented. One was sold for \$14 million at an auction and last week, a historical camera sold for over \$3 million. We operate our own Auction House and have a team of specialists trained and experienced in proving the authenticity of the camera. If you have one you are lucky. ♦

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