

# The Prada Trend: Brand Building at the Intersection of Design, Art, Technology, and Retail Experience

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**Abstract** Prada is one of the most successful Italian fashion businesses with unique design aesthetics and provocative counter-mainstream spirit. It is also one of a few companies in the global luxury industry that have chosen to remain independent from mergers with multinational conglomerates, establishing and following its own strategy based on distinction and management coherence. The Prada case is an exemplary depiction of how global recognition of a luxury brand stems from a combination of a constant search for differentiation and shrewd business decisions ensuring efficiency, functionality, and resistance through time. Direct control over retail, well-delineated and

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uniform brand portfolio with quest for aesthetic and cultural relevance, transcendence of pure commerce to the world of art, technology, architecture, and focus on consumer dialogue through retail experience—all these elements help Prada become one of the most ambitious and trendsetting global luxury brands of modern days.

**Keywords** Brand building strategy · Experiential marketing · Brand innovation · Flagship stores · Prada

## INTRODUCTION

Prada is the flagship brand of Prada Group, one of a few companies in the global luxury industry not to have succumbed to the lure of binding together with luxury conglomerates such as LVMH, Richmond or Kering, making of its independence one of the cornerstones of its strategy (Bertelli, 2012). The Prada Group currently includes five distinct brands operating in luxury fashion (Prada, Miu Miu, Church's, Car Shoe) and fine foods (Marchesi, 1824) markets. The independence of the group secures to all brands a continuous and direct dialogue with the end customer, mainly through the lever of retail channel.

This case is an exemplary depiction of how global recognition of Prada as luxury brand resulted from a combination of a constant search for distinction and “anti-fashion” creative strategy with shrewd business decisions. Even in the utmost creative industries, such as luxury fashion, the brand building always needs to be supported by an appropriate business model that ensures efficiency, functionality, and resistance through time (Kapferer, 2008).

This case opens with the brief overview of the Prada Group's current structure and position, retail network, and sales figures. Further, its history will be outlined as four distinct stages corresponding to focal changes and strategic turns taken by the group. After a more detailed description of brand portfolio, the rest of the case will focus on the Prada brand, paying special attention to the role of design and innovation enabling brand building strategy. We will describe some of the tools creatively used by the brand to renew its dialogue continually with end consumers in support of brand equity, including the brand contact with the art world, the massive use of technological tools, and the management of the directly operated stores network, known as Prada Green Stores. Furthermore, we will discuss the exclusive Prada Epicenter,

hybrid flagship/museum/creative hub retail spaces created by the brand as a result of the search for differentiation, innovation, and expression of brand essence.

## COMPANY OVERVIEW

With a turnover of approximately €3.5 billion and publicly listed in Hong Kong stock exchange since 2011, the Prada Group can be considered one of the most successful Italian luxury fashion businesses. The group is headed by two CEOs: Miuccia Prada and Patrizio Bertelli. Miuccia Prada is a granddaughter of the company's founder Mario Prada and a creative and provocative spirit behind Prada's unique brand personality. Patrizio Bertelli, on the other hand, is a strategic mind steering the company in its international expansion. A former owner of a leather goods company in Tuscany, he is also Miuccia's lifelong partner in business and in personal life. Together Miuccia Prada and Patrizio Bertelli are considered one of the most influential couples in the world (Betts, 2005).

The group today consists of five brands (Prada, Miu Miu, Church's, Car Shoe & Marchesi, 1824) in leather goods, ready-to-wear and made-to-measure clothing, accessories and fragrances, restaurants, and fine food sectors. In every category, Prada Group brands are synonymous with exclusivity, sophistication, creativity, and modernity, which lead to a creation of "fashionless fashion"—as Miuccia Prada and Patrizio Bertelli themselves define it (Prada, 2015).

One of Prada's key success factors in their international expansion strategy is the ability to exert firm control over the extent and the quality of the supply and distribution networks. Referred to as "the backbone of the international expansion strategy," the group's distribution network today covers 70 countries with 605 directly operated stores (Prada, 2015). Only in the past five years the number of directly operated stores has almost doubled and considerably extended its geography (see Table 5.1), providing another proof that fashion retailers are the most international types of companies (Moore, Doherty & Doyle, 2010). All of the locations are carefully chosen in order to embody the brand personality, while the displays and interiors are created in collaboration with the most acclaimed and vanguard designers and architects in the world (Ryan, 2007). As of 2015, 86 % of Prada Group's net revenues come from directly operated stores (Prada, 2015), with the major share

**Table 5.1** Global distribution of the Prada Group directly operated stores

<i>Region</i>	<i>Year</i>	2015	2014	2013	2012	2011	2010
Italy		52	51	51	48	44	37
Europe		168	167	150	137	115	88
Middle East		20	17	16	11	2	0
Asia (excluding Japan)		184	175	157	130	115	99
Japan		73	70	72	66	65	56
Africa		1	4	3	3	0	0
North & Central America		103	99	81	61	47	39
South America		11	11	10	5	0	0
Total number of DOS		612	594	540	461	388	319

*Source:* Prada Group annual reports 2011–2015.

allocated to 372 Prada stores, followed by Miu Miu (174 stores), Church's (54 stores), and Car Shoe (five stores) in addition to 27 Prada and 10 Miu Miu franchise stores (Prada, 2015).

In order to ensure the quality of the final products, the procurement and supply network as well as the domestic production facilities of the group tend to be either company-owned or based on a long-term (and often exclusive) collaboration. Prada combines innovative technologies with craftsmanship traditions of production of its goods, often relying on the most unique made-for-Prada materials. Out of 13 company-owned production facilities, 11 are located in Italy (Arezzo, Civitanova Marche, Dolo, Fucecchio, Incisa, Levane, Montegranaro, Montone, Piancastagnaio, Scandicci, Torgiano), 1 in Great Britain (Northampton), and 1 in France (Tannerie Mégisserie Hervy), most recently acquired in October 2014. The production sites are coordinated from Terranuova Bracciolini industrial headquarters in Arezzo, Tuscany, Italy (Prada, 2015). At the same time, following an overall production delocalization trends, a large share of Prada's finished products are produced in global locations in China, Turkey, Vietnam, and Romania for cost-reducing reasons (Passariello, 2011; Tokatli, 2014). The resulting mix of global and domestic production and sourcing in the global marketplace, the quality of Prada is no longer linked exclusively to Made in Italy, but to the quality of the brand that replaces country of origin associations (Cedrola & Battaglia, 2013; Cedrola, Battaglia & Quaranta, 2015; Holt, Quelch & Taylor, 2004).

The group's turnover reached €3,551.7 million in 2014, with 85 % of the total sales coming from the directly controlled retail channel. Despite a slowdown in sales and revenue growth due to a difficult macroeconomic environment, rising global competition, general economic slowdown and some specific market challenges (especially the consequences of an “anti-extravagance campaign” in China<sup>1</sup>), the group preserves its leadership position. Overall, in the period between 2010 and 2014, the company has almost doubled its size as shown on [Table 5.2](#). More specifically, 2014 has shown a 75 % increase in total sales compared to 2010, with a significant consolidation of own retail sales channel, which used to account for a third of company's sales in 2010. European and Northern American markets remain important for the company, but they have demonstrated only moderate growth in terms of sales figures, while Far East (and especially greater China) has nearly doubled since 2010, accounting for €1.1 billion (769 million for greater China) in 2014. Brands other than Prada produce less than stellar growth results, suggesting their role in brand portfolio is not limited entirely to profit-seeking purposes.

## COMPANY HISTORY

The history of Prada Group can be divided into four phases: boutique of exclusive baggage and accessories in Milan, Italy (1913–1977); marriage of brand creativity with international expansion strategy (1977–1990s); enhancing brand through anti-commercial projects (2000s–2010s); and consolidating leadership position in business, fashion, and arts patronage (2010s–today). The four phases and milestones in the development of Prada are shown on [Fig. 5.1](#).

### *Single Focus: Boutique of Exclusive Baggage and Accessories in Milan, Italy (1913–1977)*

Prada was founded in 1913 as “Fratelli Prada” (an Italian for “Prada Brothers”) by Mario and Martino Prada and was originally conceived as a supplier of exclusive baggage and leather items to the upscale clientele. Mario was the first designer and manager of the company. In its early days, Prada had a single-minded focus to satisfy the need of nobility consumers in high-quality accessories for travels (Moore & Doyle, 2010). It probably resulted from Mario Prada's own experience and passion for travelling

Table 5.2 The Prada Group sales and revenue, 2010–2014 (€ millions)

	2014		2013		2012		2011		2010	
<b>Total Sales</b>	3,513.4		3,548.2		3,256.4		2,523.3		2,017.1	
Wholesale	532.5	15 %	551.6	16 %	592.2	18 %	558.8	22 %	589.7	29 %
Retail	2,980.9	85 %	2,996.6	84 %	2,664.2	82 %	1,964.5	78 %	1,427.4	71 %
<b>Sales by geography*</b>										
Europe	999.6	34 %	1,012	34 %	528.3	16 %	985.7	39 %	843.8	42 %
Americas	391.2	13 %	363.3	12 %	739.6	23 %	392.7	16 %	326.8	16 %
Far East	1,130.2	38 %	1,195.7	40 %	1,160.2	36 %	873	16 %	613.8	30 %
— incl. Greater	769.7	26 %	823.2	27 %	735.6	23 %	544.8	35 %	375.4	19 %
China										
Japan	364.8	12 %	338.7	11 %	293.2	9 %	256.7	22 %	220.9	11 %
Middle East	92.9	3 %	84.5	3 %	NA	NA	NA	NA	NA	NA
Others	2.2	0.1 %	2.5	0 %	51	2 %	15.2	1 %	11.8	1 %

<b>Sales by brand*</b>										
Prada	2,463.2	83 %	2,505.5	84 %	2,649.5	81 %	1,999.3	79 %	1,586.8	79 %
Miu Miu	455.0	15 %	437.5	15 %	512.8	16 %	441.1	17 %	353	18 %
Church's	49.0	2 %	42.7	1 %	68.4	2 %	59.2	2 %	53	3 %
Car Shoe	8.4	0 %	7.5	0 %	19.7	1 %	17	1 %	17.9	1 %
Other	5.3	0 %	3.4	0 %	6	0 %	6.7	0 %	6.2	0 %
<b>Sales by product*</b>										
Leather goods	1,965.6	66 %	2,090.5	70 %	1,678.4	63 %	1,426.5	57 %	1,013.9	50 %
Footwear	448.7	15 %	376.7	13 %	506.2	19 %	560.1	22 %	503.1	25 %
Ready to wear	512.3	17 %	490.6	16 %	452.9	17 %	512.6	20 %	483.6	24 %
Other	54.3	2 %	38.8	1 %	26.6	1 %	24.1	1 %	16.5	1 %
Royalties	38.3		39.1		40.8		32.3		29.6	
<b>Net revenue</b>	<b>3,551.7</b>		<b>3,587.3</b>		<b>3,297.2</b>		<b>2,555.6</b>		<b>2,046.7</b>	
Gross profit	2,550.6		2,648.6		2,376.5		1,828		1,387.9	
Net income	451.0		627.8		625.7		431.9		250.8	
EBITDA	954.3		1,143.2		1,052.5		759.3		535.9	

*Note:* \*2014 and 2013 sales data by geography, brand, and product percentages are based on total of retail sales, 2010–2012 – on total of all sales.  
*Source:* Prada Group annual reports 2011–2015. Retrieved February 11, 2016 from <http://www.pradagroup.com/cn/investors/financial-reports>



Fig. 5.1 The history of Prada Group since its inception



(“Love and fashion affairs,” 1996) and changing trends in means of transportation in the twentieth century (Grosvenor, 2015). A strategic location in prestigious Galleria Vittorio Emanuele II in the heart of Milan helped establish brand awareness and secure loyalty of Italian and European aristocrats, which resulted in Prada obtaining the warrant of “Official Supplier of the Italian Royal Household” in 1919. Since then Prada has been officially granted the right to display the royal Savoy coat of arms and figure-of-eight knots surrounding the company logo—a historical “badge of honor” that constitutes brand’s heritage.

After Mario’s death in 1952, Prada shop passed to the next generation of the Prada family, which is typical of many Italian businesses (Corbetta, 1995). However, quite untypically, it was Mario’s daughter, Luisa Prada, to take over since his son expressed no interest in running the store. At that time Prada, unlike for example Gucci, did not have a glaring brand identity and was not well known outside Italy (Moore & Doyle, 2010).

Luisa’s daughter, Miuccia Prada (born as Maria Bianchi) had no apparent interest in taking over the family business. Instead, she dedicated her young adulthood to leftist political movements, five years training as a mime artist, being a fierce feminist, and getting a PhD in political science (Felsted, 2015). However, in the end of 1970s, she made a choice to join the family business. Her vision and creativity have eventually created Prada that is known today.

*Expanding Brand Geography: Marriage of Brand Creativity  
with International Expansion Strategy (1977–1990s)*

When Miuccia Prada joined the family business, the brand’s situation was challenging: distribution was limited and highly localized, design appeared generic and unrecognizable, and the financial situation was not simple. In 1977, Miuccia Prada met Patrizio Bertelli, an owner of a leather business in Tuscany, Italy, and they signed for a partnership that would soon turn Prada into one of the most influential brands in the world. A decade later their partnership in business turned into a marriage.

During the first decade of their collaboration, the company had to undergo two strategic phases: first, search for a differentiation, and second, establish a growth platform (Moore & Doyle, 2010). As a matter of fact, these two phases were largely overlapping and

implemented simultaneously. The strategy for company distinction was found partially thanks to Miuccia's non-business background (Prada, 2015). As opposed to other luxury brands present in the market at the time, Prada opted for a simplicity and utilitarianism in its product design, logo, and communication. In 1984, a clean-line black nylon backpack was first launched and soon became a fashion icon, winning over an influential segment of connoisseur customers. Consequently, the same stylistic principle of simplicity and sophisticated sobriety guided Prada in its further growth.

Under the creative direction of Miuccia Prada and production at Patrizio Bertelli's leather factory, Prada launched its first women's footwear collection in 1979, first women's ready-to-wear clothing collection in 1988, and the first menswear, footwear, and accessories in 1993. Moreover, in 1993 Miuccia Prada ideated and launched Miu Miu brand—a youthful and avant-garde extension of her artistic vision. On a more commercial level, the company focused on the factors enabling the future growth under Patrizio Bertelli's lead: (a) wholesale agreements<sup>2</sup> in Europe and the United States with the most strategic multi-brand retail spaces and department stores, such as Saks Inc, Macy's, Neiman Marcus, Barneys, and (b) own retail network growth in Italy and abroad.

In 1983, Prada brand introduced the “Green Store”—a boutique concept characterized by clean and sleek design and particular pale green color scheme, envisioned to contrast the older-fashioned original Prada store in Milan (Prada Group, 2016). The very first “Green Store” opened in Milan in Via della Spiga, but soon it was possible to find these particular “Green Stores,” large or small, in New York and Madrid, Paris and London, etc. For Prada, the store became a powerful marketing communication channel and a space to convey brand values and personality viscerally (Irving, 2003). Moreover, directly operated stores, as opposed to other indirect forms, allow much faster and coordinated launches of new collections, monitoring of customers' feedback, and building a direct relationship with customers (Prada, 2015).

It is widely believed that it was the marriage (pun very much intended) of creativity with international business grasp that helped Prada gain its position in the fashion industry. By the end of 1990s, Prada Group became an international business with diversified brand line, wide retail geography, high brand awareness, and reputation of a trendsetter.

*Epicenters: Enhancing Brand Through Anti-Commercial  
Projects (2000s–2010s)*

From the end of 1990s to beginning of 2000s, Prada Group has attempted several unsuccessful high-profile acquisitions, including shares of Gucci and Fendi (later sold to LVMH), Helmut Lang (later sold to Japanese Link Theory Holdings), Jil Sander (later sold to British equity firm Change Capital Partners) in its quest to establish its leading position in business (Moore & Doyle, 2010). Two of the more successful acquisitions were Church's (English footwear for men) in 1999 and Car Shoe (upmarket Italian footwear) in 2001—both of them are important assets of the Prada Group up until today. However, the group soon found an alternative non-commercial route to raise awareness and secure leadership, once again rethinking its flagship brand so that it contrasts the rest of the world of luxury. After reviewing trends in global retail, Prada Group has reached a conclusion that their “Prada Green Stores” concept was not allowing for a meaningful differentiation of the brand. So the company sensed the opportunity to complement its typical store format with an atypical and unique super-sized shopping space: The Prada Epicenters. They would help Prada reclaim its position of a creative leader in luxury industry. As Miuccia Prada puts it herself in an interview with *The Financial Times* in 2003:

Becoming more famous as a brand means your customer changes. The thing is not to lose the customer and that's why we're undergoing this revolution in our shops. You have to go back, to remember what it means to be sophisticated and to keep growing [...] I like to have beautiful places in which to sell my things. I want to do my work well from every point of view. It's a very simple concept. (Irving, 2003, June 21)

Prada opens the very first Epicenter store on Broadway, New York, United States, an architectural experiment designed by acclaimed architect Rem Koolhaas in 2001. Soon after the first Epicenter, Tokyo Epicenter (by architects Jacques Herzog and Pierre de Meuron) in 2003 and Los Angeles (by Rem Koolhaas) were opened in 2004—all being phenomenal additions or even transformations of urban landscape.

The concept of Epicenters is radically different, because it merges technology, architecture, and design into an experiential space not only

for shopping, but also for a range of other services, interactive experiences, and cultural events, transcending pure commerce (Visconti & Di Giuli, 2014). Prada's approach to flagship stores design was soon copied by most of other leading fashion brands. Thanks to the Epicenters, Prada once again set itself against the luxury mainstream, marrying commercial retail with creative architecture, physical space with "immersionary experience" (Schmitt, Rogers & Vrotsos, 2003), world of luxury with the world of arts.

Despite an immeasurable success for the brand reputation, the Epicenters were a costly endeavor. The business shrewdness of Prada once again supplemented its artistic creativity by following some of the more mainstream marketing strategies, for instance, of product democratization (Moore & Doyle, 2010), even though it was a challenge for Miuccia Prada who always valued quality and exclusivity of the brand above all and tried to avoid mass marketing at all costs:

I'm always checking my stores to see if I like what I see. When selling is too easy I'm always worried. I think that there must be something wrong. It's very dangerous. When we had a belt that sold too much, we pulled it back, just as we did with the Chanel-type bag we did which was a bit of a joke but then it became known as the Prada bag. There were too many copies being made on the street. So we stopped it. (Irving, 2003, June 21)

Nevertheless, in 2000 and 2003 the company signed its eyewear licensing agreement with Italian giant in eyewear Luxottica for its Prada and Miu Miu brands. In 2003, a first Prada fragrance (Prada Exclusive Scents) was launched in partnership with the Spanish PUIG Beauty & Fashion Group, followed by the first masculine fragrance (Prada Amber Man) in 2006 and a number of other scents (Prada Amber Woman in 2004, Infusion d'Iris in 2007, Infusion d'Homme in 2008, Prada Candy in 2011, Prada Luna Rossa in 2012, *Les Infusions de Prada* and Olfactories in 2015). In 2007, LG and Prada together developed an exclusive touchscreen LG Prada smartphone. In 2008 and 2011, subsequent versions entered the market, being quite competitively priced against other smartphones.

It was a challenge for Prada to reconcile the mainstream marketing laws with its "anti-brand/anti-fashion/anti-commercial position" (Tokatli, 2014), however combination of a more democratic product offerings with very visible ground-breaking Epicenter retail space innovations

helped the company improve its financial bottom-line, without diluting the brand creative luxury reputation.

*Placeless Brand: Consolidating Leadership Position in Business, Fashion, and Arts Patronage (2010s–Today)*

Prada Group has entered the decade of 2010s as a global leader in luxury business and consequently the company strategy has been revolving around consolidating such leadership position. It continues to use art, architecture, cinema and culture projects to express the brand's core values of creativity, counter-stream sense of style, and special, temporal, and disciplinary connectivity (Visconti & Di Giuli, 2014). In 2010, Prada launched a "Prada Made in..." limited collection that featured manufacturing excellence from all over the world: traditional embroidered dresses from India, exclusive jeans from Japan, alpaca sweaters from Peru, and tartan kilts from Scotland. Each product label featured the origin of production, for instance "Prada Milano, Made in Scotland." The brand communication surrounding the collection emphasized how global physical and intellectual interconnectedness, including Prada's authenticity and creativity, transcends places of production (Tokatli, 2014; Visconti & Di Giuli, 2014). Miuccia Prada reportedly introduced this collection by saying, "Made in Italy? Who cares!" (Bumpus, 2010).

Shortly after "Prada Made in..." the company made another global statement. On June 24, 2011, Prada Group listed 20 % of its shares on the Hong Kong stock exchange, where the company was valued at €9.2 billion (Prada Group, 2016). In 2014, Prada acquired a major share of historic pastry shop Marchesi 1824 in Milan and reopened its famous pastry shop (Pasticceria Marchesi), adding a signature pale green color to the interior design. Despite global orientation, Prada preserves its connection to the Milan "magic circle"<sup>3</sup> (Dunford, 2006) and the acquisition and reopening of the meaningful historic pastry shop allowed the brand to protect its cultural "brand myth" (Holt, 2004) of connection to distinct Milanese culture of doing both business and fashion.

In the same period, Prada Group has also strengthened the role of Fondazione Prada; originally, a foundation for contemporary art exhibitions established in 1993, and in 2010s—a comprehensive think tank and operative center for the Group's corporate social responsibility

(CSR) and cultural activities. Fondazione Prada has been since involved in a range of activities including architecture, philosophy, science, design, reality television, and cinema (Fondazione Prada, 2016). Numerous films (including short and animated films and commercials) were made thanks to collaboration of Fondazione Prada with the world of cinema. In 2010, Miuccia Prada debuted as an arts director for a Verdi's *Attila* opera staged at the Metropolitan Museum of New York, United States. In 2013, she collaborated with the famous costume designer Catherine Martin for "The Great Gatsby" movie (Binkley, 2013). Additionally, the Prada Group sponsored various restorations and cultural heritage programs in the Italian cities of Bologna, Padua, Bari, and Florence.

Besides continuous growth of the new retail locations around the world (in 2015 there were 605 stores in 70 countries, 18 new opening compared to year ago, almost double, compared to 2010), Prada today invests into corporate locations and auto-celebrative venues. In 2013, a new "Prada Galleria" was opened in front of its historical location in Milan. In 2014, in collaboration with Rem Koolhaas, Prada built a Prada Transformer, a temporary exhibition space in Seoul, Korea, that incorporated different surfaces that rotated to become a stage for a movie presentation, a contemporary art exhibition, a cultural event, or a fashion display (Visconti & Di Giuli, 2014). In 2014, a Pradasphere, an exhibition exploring the universe of Prada, was opened in Hong Kong. In 2015, a new Milan venue of Fondazione Prada was opened. All in all, the Prada Group continues to strengthen its leadership position as a creative, ambitious, and trendsetting global business, yet deeply grounded in Milan culture of luxury. The following section is devoted to a detailed presentation of the five brands that make up the Prada Group's portfolio.

## BRAND PORTFOLIO STRATEGY

The strength of a brand is inextricably linked to the business model that supports it,<sup>4</sup> being the only way a firm can ensure the effective fulfillment of the needs expressed by the consumer at the time of purchase (Kapferer, 2008). Effectiveness and efficiency of the Prada Group's business model were guaranteed by the careful choices by the CEO Patrizio Bertelli, who made a number of innovations in

group's business processes—from production to distribution—and who has been able to give up the acquisition of brands such as Gucci and Helmut Lang in which Prada Group had decided to get involved in the early 1990s. The current business policy of Prada Group is firmly focused on core brands, mostly Prada and Miu Miu, with special interest in expanding to emerging markets, most notably Russia, China, and Africa (Bertelli, 2012).

The most important choice supported by Patrizio Bertelli has been to remain independent, in a period where the luxury industry is consolidating through continuous mergers and acquisitions (Lipovetsky & Roux, 2003; Kapferer & Bastien, 2009; Kapferer, 2012). Such independence is fundamental for the ability to control all of the activities undertaken by the brand, from the management of raw materials and the quality control of workmanship, to the speed with which the collections are made available to consumers through the brand distribution network in the world (Bertelli, 2012). The choice not to be incorporated into large luxury conglomerates, and the consequent choice to focus on the development of a few selected brands, can be traced back to the stability of Prada corporate culture, as stated by Patrizio Bertelli, “Although we have often had to change our plans, the way we manage the company has remained constant” (Bertelli, 2012, p. 39). It is exactly this ability to remain faithful to itself while maintaining an open outlook that allowed the Prada brand to anticipate the spirit of its time and influence on global luxury fashion tastes.

The elitism perception of Prada and Miu Miu brands is ensured by the sophisticated design, related to the artistic direction by Miuccia Prada, as well as the creation of a myth about her as an artist. The unconventional background of Miuccia Prada has contributed to enhance the myth around designer's life story and creativity, making her one of the icons in the artistic environment (Dion & Arnould, 2011). The quest for a sophisticated design can also be seen in the selection of acquired brands that are now part of the group. The next section will briefly describe the main features of each brand.

### *Prada*

The Prada brand, worn by “the Devil”<sup>5</sup> and millions of customers worldwide, is doubtlessly one of the global symbols of luxury. Despite its unconventional “anti-fashion” and “anti-luxury” design appeal, Prada is

the only Italian-owned brand ranked in Interbrand luxury list (Interbrand, 2015). The main efforts of Prada Group are devoted to the development and increase of the Prada brand value, accounting for 81.2 % of total sale revenues of the group, corresponding to €1.46 billion (from January to July 2015). Prada's avant-garde creativity is expressed through the merchandise from leather goods to ready to wear clothing, supported by group's art-related strategies and technological innovation, as well as embodied in retail locations, reaching its maximum expression in the concept of Prada Epicenters, which will be discussed in more detail later in this chapter.

### *Miu Miu*

Embracing both “*couture savoir-faire* and refined experimentalism,” Miu Miu brand, created as a space for Miuccia Prada's provocative creativity in 1993, is dichotomous to sober and minimalism style of the flagship brand Prada. Miu Miu is the second most important group's brand with net sales of €293.92 million at the end of July 2015, corresponding to 16.3 % of total revenues.

It's quite common for fashion luxury brands to create a secondary, less-expensive line to expand their business and ensure that even less wealthy customers can buy into the brand experience; think of Emporio Armani, D&G, Just Cavalli, etc. Despite apparent similarities, Miu Miu does not entirely fit into a typical secondary brand strategy. On one hand, Miu Miu targets younger clientele and tends to use more affordable materials, on the other—the prices are not necessarily lower than that of Prada, rather they are “in line with the quality of the product,” according to an interview with Bertelli (Kaiser, 2006). Miu Miu's strategy therefore is not about being Prada's “younger sister,” but a “friendly competitor” with a unique standout identity (Passariello, 2010).

### *Church's*

Church's is a historical English brand of men's shoes founded in 1873 in Northampton with a know-how based on family experience of shoe-making dating back to 1675. The handicraft brand was acquired by Prada Group in 1999 and today it corresponds to 2.1 % of total revenues or €38.38 million of net sales. The brand strategy is guided



by targeting a customer base looking for high-quality craftsmanship shows with a classic elegant design. Recently, the brand has introduced for the very first time a women's line stylistically aligned to the offer in the men's segment.

### *Car Shoe*

Car Shoe was founded in Italy in 1963 by Gianni Mostile and acquired by Prada Group in 2001. The Car Shoe moccasins are originally designed using high quality materials and handmade craftsmanship to enhance the experience of driving sports cars. The brand's target is elegant clientele with the needs of classic shoes for leisure time. With net sales of €5.52 million (as of end of July 2015), the brand corresponds to 0.3 % of total revenues of Prada Group.

### *Marchesi 1824*

In March 2014, Prada acquired 80 % of Marchesi—the pastry shop opened by Angelo Marchesi in 1824 inside an elegant eighteenth century building—with the intention of developing this high-level family operated Milanese brand (Pasticceria Marchesi, 2016). The aim of Prada Group is to transform this café into an “institution” in the city of Milan, both for locals and for tourists (Marchesi, 2016) by enhancing its communication, strengthening the contact with the consumer, and increasing the number of mono-brand shops in other emblematic locations. In September 2015, the second shop opened in another exclusive location in the “Milan magic circle” in Via Monte Napoleone, preserving the brand's long-standing tradition of excellence.

## CREATIVE BRAND BUILDING AT THE INTERSECTION OF ART, TECHNOLOGY, AND CONSUMER EXPERIENCE

With a globally renowned “fashionless fashion” reputation, Prada's brand building strategy reflects on how strategic, but somehow unconventional choices can help establish distinctive place in such a competitive industry as fashion. In addition to design and creative brand vision discussed previously, among the main tools that allowed Prada to find and occupy a peculiar place in the heads and wardrobes of influential connoisseur customers are: a close

link between arts and the brand, strategic use of technology to establish consumer-brand connection, and investment into innovative and audacious architectural projects such as Prada Epicenters.

### *Artful Brand Building*

One of the most powerful strategies embodied by the Prada brand is uniting the worlds of fashion and contemporary art. Today main luxury players, such as Chanel or Hermès, use the bond with the art in a strategic way (Weidemann & Hennings, 2013), but not all of the aspiring fashion companies are able to reach a great response from the artistic world. Contrarily, the Prada brand is very versed into the world of culture and art, thanks to Miuccia Prada and Patrizio Bertelli's genuine interest and active participation in the global visual art scene. According to Massimiliano Gioni, curator of the Trussardi Foundation and director of the New Museum in New York City as well as of the art section of the Venice Biennale, Prada can be considered one of the most active companies in the field of art. Moreover, the Italian contemporary art market would not be the same without the support of these new patrons from the fashion luxury business world (Pappalardo, 2014). For example, some internationally renowned artists like Francesco Vezzoli<sup>6</sup> would probably not enjoy the same international recognition without the support of the Prada Foundation, acted as a real institution for the support of the art. The Prada Foundation chaired by Miuccia Prada and Patrizio Bertelli was inaugurated in 1993 and has more than twenty years of experience in promotion of contemporary art. Since May 2015, the Foundation has opened a new exhibition area in Milan, in a building restored by architect Rem Koolhaas (Fondazione Prada, 2016; Ryan, 2007). The partnership with leading international architects constitutes another strength for the brand, which allowed Prada to increase the visibility of its retail outlets in the world, to create a constantly evolving brand experience space, and first-handedly narrate its brand essence to the customers (Pine & Gilmore, 1999; Vescovi & Checchinato, 2004).

### *Technology-Enhanced Brand Experience*

Another source of innovation for Prada in addition to the relationship with the contemporary art world is investments in technology. Among the most innovative projects may include the wearable computer, the

shoe phone, or the Prada laptop: all projects remained so far in a conceptual condition only (Prada, 2009). A technological project that has instead turned into reality is the Prada smartphone realized in 2007 through collaboration with LG, with which Prada has greatly contributed to the evolution of touchscreen mobile devices. The LG Prada touchscreen technology was among the first to enter the market—the same year as the iPhone. The smartphone stylishly combined functionality with avant-garde design, and reissued two successor versions in 2008 and 2011. While the very first LG Prada smartphone was sold at a price premium compared to other touchscreen devices (e.g., iPhone), the successors were priced very competitively against the rest of Android smartphones (e.g., HTC Sensation or Sony Ericsson Xperia), showing that Prada-LG collaboration started off as a “luxury-fication” of technology, but consequently moved into competing against other smartphones based on their functionality. Reducing Prada’s brand image to just a design element has not proved very successful in the longer run in such innovation-driven market as touchscreen smartphones.

Possibly the most interesting projects Prada involved with technology are related to retail experiences, with projects especially created to be included in the Epicenters. Most of the Prada technological innovations were made and designed by the architectural studio Oma, which also followed the realization of some of the conceptual retail spaces (Oma, 2016). One of the activities that was applied relates to Radio-frequency identification (RFID), or the electronic tags used for an evolved Customer Relationship Management (CRM). These cards were created to replace the bar codes inserted into every Prada labels permanently (Prada, 2009). RFID are intended to be an interface between the brand and the customer who can use them to search more information about the product by interacting directly with the staff or from home via Prada website. This technology is directly related to Prada Customer Cards for loyal customers. Through such devices the customer is immediately recognizable by the sales staff, which can thus ensure a highly customized shopping experience, by proposing the right size or the preferred colors for every single customer (Prada, 2009). At the same time the relationship is interactive as the same customer can use his/her card to create a personal virtual closet accessible online or ask for more information about a product (RFID Journal, 2002).

Other technological innovations introduced within the Epicenters are the dressing rooms, the Kiosks, and the Peep Shows. The first are innovative dressing rooms in which the customer is once again active part of the shopping experience being able to consult the inventory, control the dressing area's lighting, place orders and ask questions about the products, or even adjust the transparency of the same dressing room walls (Prada, 2009). Kiosks and Peep Shows are instead interactive spaces inside the Epicentres where the customer can directly seek the Prada website or even choose between a number of different kinds of channels as special video productions, backstage of fashion shows, videos of the store's security cameras, TV channel, home videos, and old movies (Prada, 2009).

### *Immersinary Brand Experiences: Prada Green Stores and Epicenters*

Retail spaces of fashion brands do not only sell products, they are spaces that spread the aura of the designer by ensuring a "marketing of adoration" and creating a dialogue with consumers in the space entirely dedicated to them (Dion & Arnould, 2011).

Prada's first original retail concept, Green Stores designed by the architect Roberto Baciocchi, opened in Milan in 1983. It was characterized by a particular shade of light green that has been soon recognized as "green Prada." From that moment on, Prada opened a network of Green Stores all over the world (Prada, 2009). The choice to focus on the dissemination of retail spaces primarily reflects the need to have a direct contact with the end consumer, which ensures a better control of brand image.

Such strategy, however, may involve problems for luxury companies as the increase of directly operated stores ensures the growth of brand awareness but, at the same time, undermines the perception of rarity and elitism that luxury brands must be able to preserve in the eyes of the consumers (De Barnier, Falcy & Valette-Florence, 2012; Kapferer, 2012). Prada gracefully glossed the danger of an excessive spread of its Green Stores all over the world by introducing, in addition to Green Stores, of a conceptually different retail space—the Epicenters.

There are three "official" Prada Epicenters, in New York, Los Angeles and Tokyo (Prada, 2009, 2016), but new boutique opened in 2013 in Galleria

Vittorio Emanuele II in Milan and the London store are often referred to as “other” Prada Epicenters (Visconti & Di Giuli, 2014; Oma, 2016). The Epicenters were designed by internationally acclaimed architects such as Rem Koolhaas (New York and Los Angeles), and Herzog & de Meuron (Tokyo), all winners of the Pritzker Prize (the Nobel Prize of architecture) (Fig. 5.2).



**Fig. 5.2** Prada Epicenters in Tokyo (left) and New York (bottom right), and new Prada stores at Galleria Vittorio Veneto, Milan (top right) (*Source:* Photo by Claudia Panunzio (Tokyo), Elena Cedrola (Milan), and Inna Litvinova (New York))

The very first Prada Epicenter in New York was a product of three-year research into shopping trends worldwide and was conceived as a unique flagship—dramatically different from common flagship stores of major luxury brands. This Epicenter is definitely the ultimate expression of a mix of technology, art, and architecture wanted by Prada to ensure the consumer a unique experience, as well as the first Epicenter in which most of the innovations described in the previous paragraph have been tested for the first time.

Inside it features a “wood wave that undulates from street level to the floor below, motorized hanging display cages that travel on tracks in the ceiling, and a flip-out stage for special events” (Prada, 2009, p. 432). This multi-functional wave may also host concerts, film screenings, exhibitions, and special events. Another essential element of New York Epicenter is “the wall” that covers the entire length of a block, which it is used as canvas for contemporary graphics that are changed repeatedly to modify the store atmosphere from time to time. New York Epicenter gained success immediately and remains one of the greatest exemplars of flagship stores worldwide (Prada, 2009).

The Tokyo Epicenter in prestigious Aoyama district, recognized as one of the 10th Tokyo’s best works of architecture (Rawlings, 2012), followed shortly after New York. The six-floor structure was designed to form a continuum with the surrounding space. The building is transparent and the city is constantly reflected in the glass surface with which the entire building is built. The construction of the building has also enabled the creation of the Prada Plaza—a public space at the heart of the city. The interior is characterized by elements of design and technology, such as the “snorkels,” special interfaces that transmit sounds, lights, and images (Prada, 2009, 2016).

After the success of the New York and Tokyo spaces, follow the openings of the Los Angeles Prada Epicenter located on the historic Rodeo Drive in Beverly Hills. The design is the inverse of New York as “a wave starts at street level and rises to the second floor before dropping back down again” (Prada, 2016). This building does not have a door but is widely opened to the street. The internal spaces are characterized by a resin sponge that has been specially fabricated for this retail space, while the main stairs is formed from a special material that creates the curious effect of reducing or enlarging the size of the store depending on the number of actual clients. Also, this space—as the New York Epicenter—is defined by wallpaper, which easily allows the renewal of the internal atmosphere (Prada, 2009).

The design and management of Prada Epicenters is dramatically different as their ultimate goal is to create a genuine experimental laboratory for the brand (Prada, 2009). Entertainment spaces are able to sell not only products or services but, first of all, a corporate brand image (Schmitt & Simonson, 1997). In this regard we believe that Prada Epicenters are fully included in what Kozinets and colleagues (2002) identify as themed flagship brand store, or spaces able to generate revenues from entertainment activities dedicated to brand building, instead of products and services (Kozinets et al., 2002).

## DISCUSSION AND IMPLICATION

One of a few luxury groups that are still independent, Prada has built its success thanks to high-level production standards, design-oriented and innovative, as well as effective and efficient business model oriented toward the direct contact with consumers. The brand value is built and strengthened thanks to a high share of retail locations managed directly by the group, both nationally and internationally. On the other hand, counter-mainstream innovation is guaranteed by the creative leadership by Miuccia Prada, the “myth” around her life story, and an ever-growing intimate contact of the group with the world of the visual art, in particular with that of contemporary architecture and avant-garde.

The Prada brand is not only an internationally acclaimed symbol of “fashionless fashion,” but also a case where the strategic orientation toward independence complements creative vision of uniqueness in building the brand, as we know it today.

Throughout its history, Prada—both as a brand and as a group—relied on some of the most unusual strategies for luxury brands: from using such plain material as nylon to create a fashion icon backpack in 1984, abstaining from mergers with multinational luxury giants, inventing the concept of Epicenters and other multi-functional cultural and retail spaces, challenging own strength of “Made in Italy” with provocative “Made in Worlds” campaign, to extensively collaborating with the world of arts. At the same time, besides a constant search for distinction, Prada brand has been built up on an appropriate business model that ensures efficiency, functionality, and resistance through time (Kapferer, 2008), such as wide national and international geography of directly managed retail locations, orientation at high quality of production, managerial coherence, etc. Some of the common denominators in realization of such brand strategy have been Prada’s ability to connect the world of fashion and design with other realities: visual arts, technology, and contemporary architecture.

Epicenters ultimately represent the quintessence of bringing together various brand building elements in which Prada excels. First, they resulted from a careful examination of contemporary retail trends in order to rework them into the most original retail experience for consumers including leisure activities, art works, aesthetic atmosphere, interactive technological devices etc., which allowed the brand to go against the mainstream once again. As theme brand flagship store, their purpose was envisioned to take the brand concept to an extreme level thanks to the narrative shared with consumers through various activities going beyond mere shopping.

Second, despite being a controversial investment in strictly financial terms, they served a strategic and organizational purpose of extending the network of company's directly operated stores and demonstrating—loud and clear—that the brand's intention is to remain unique and independent. In other words, budgets for flagships brand stores should be viewed rather as part of a long-term brand building strategy.

Third, they merge the world of fashion with visual arts, technology, and contemporary architecture. Besides being architectural avant-garde spaces, Epicenters create a real laboratory for generating new forms of brand interaction with the surrounding physical and cultural landscapes. In this way, the experience of the brand can be open not only to the ultimate consumer, but also to the simple observer, who can enjoy the Prada Epicenter space for a concert or a show. On the other hand, Epicenters also create an exclusive experience for their core customers of influential connoisseurs, thanks to technological innovations such as customer card linked to RFID, smart dressing rooms, kiosks, and peep rooms. Owing to constant interaction with both core consumers and transient observers, the Epicenters help Prada formulate and produce the reflection about contemporary society—the reflection that keeps feeding brand vision and creativity.

Finally, they are embodiment and extension of the idealization of Prada's brand myth, especially the aura of adoration used as a marketing lever (Dion & Arnould 2011) that surrounds the brand with its “anti-fashion” reputation.

Prada Epicenters are not the sole base of Prada's success in brand strategy, but they represent a synergy of the core values the brand believes in and cultivates throughout its brand building (Borghini et al., 2009). The merger of business strategy oriented at independence and direct control over retail, managerial coherence, well-delineated brand portfolio, with quest for aesthetic and cultural distinction, constant search for updated “anti-fashion” image by connecting to the contemporary



art scene, well-studied but unconventional use of technology, arts and architecture—all these elements blend together to build a creative, ambitious, and trendsetting global business and brand of Prada.

## NOTES

1. In 2013, the Chinese government launched a campaign to fight against corruption and lavish spending of the governmental officials on banquets, vacation, and gifts with the use of public money. This has led to a dramatic decrease in the sales of luxury items, the first negative trend for the luxury sales in decades.
2. In the late 1980s, when Prada bags, shoes, and accessories were in high demand by the customers, the most popular items were sold to retailers only together with relatively little-known women's ready-to-wear items and, later in 1990s, with secondary Miu Miu, men's and sportswear lines (Tokatli, 2014).
3. Just like with Parisian *haute couture* and Florentine leather industries, Milan's "magic circle" stands for an agglomerate of ready-to-wear industry players, who collectively build up the cultural capital in fashion. Such cultural capital is used both as an organizational asset (e.g., knowledge, human resources availability, partnership opportunities, cost containment, innovation) for the companies that come to operate in and around Milan, and as a strategic marketing leverage (e.g., image, reputation, competitive advantage) for the companies projecting their link to Milan while working with the rest of the world.
4. All the data for the brand portfolio section are referred to Interim Financial Report, 2015 from January to July 2015, as the Annual Report of Prada Group was unavailable when this case was written.
5. *The Devil Wears Prada* is a 2006 comedy-drama (among 2006's top 20 both in the United States and abroad) starring Anne Hathaway, Meryl Streep, Emily Blunt, Stanley Tucci, and others. It is a film adaptation of Lauren Weisberger's 2003 book with the same name.
6. Francesco Vezzoli (b. 1971, Brescia, Italy) studied at the Central St. Martin's School of Art in London and currently lives and works in Milan. His work has been exhibited at many institutions.

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