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The Variety and the Evolution of Business Models and Organizational Forms in the Italian Fashion Industry

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Thousands of Italian companies are involved in vertical chains involving textiles and apparel and shoes and leather goods, respectively. These industries have varied business and company models, partly linked to their fragmentation in product categories, prices, customers, channels, and styles. In both domestic and global markets, international competition and the evolution of customers forced those companies to redesign strategies and organizational structures to maintain and reinforce the success attained in the 1980s. We describe the variables of greatest importance in explaining diversity: core businesses and segments, brand portfolio, degree of vertical integration and expertise, internationalization, design, ownership, and growth. We use these variables to analyze strategic models for the twenty-two most important (by revenue) Italian fashion groups and discuss their evolution. Identifying strategic models in fashion/luxury is not easy; competing companies/groups differ in many ways, including differences related to country of origin, even in a continuously globalizing industry.

We can identify business models in the fashion/luxury sector by adopting a brand perspective: luxury, designer, premium, and fast retailers.[1] This

[1] Erica Corbellini and Stefania Saviolo, *Managing Fashion and Luxury Companies* (Milan, 2009).

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approach, however, does not capture the variety of fashion/luxury companies in the emerging and dominant organizational types in Italy and other important markets.[2] In this essay, we aim to outline the variety of fashion/luxury companies and to detail the evolution and current status of the most important Italian fashion businesses.

How did Italian fashion/luxury companies evolve during the last thirty years? What are the most common configurations of strategic and structural features in fashion/luxury producers? Which growth patterns are most common? Are particular business models superior in facing the strong competition in this arena? We focus on the clothing, accessories, leather goods, and footwear industries, which are directly related to fashion/luxury dynamics and seasonality.[3] We analyze brands that are well known to the final customer.[4]

Identifying Business Models in Fashion/Luxury

Taking into consideration all variables that could be used to classify fashion/luxury groups, we chose to analyze those related to group structure and corporate strategies: core businesses and core segments; brand portfolio; degree of vertical integration and core competencies; internationalization; design; ownership; and growth.

Core businesses and core segments

Today the majority of fashion/luxury groups are present in many industries: clothing (including all sub-industries, such as sportswear, underwear, and so forth), shoes, leather goods, eyewear, perfumes, cosmetics, furniture, home collections, watches and jewelry, and hotels/restaurants/spas. For this reason they are termed multi-business. Some large specialized companies (mono-businesses) still remain: they operate in sub-industries such as underwear, beachwear, and hosiery. It is not always easy to find information about revenues by product category

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[2] See Marie Laure Djelic and Antti Ainamo, "The Co-evolution of New Organization Forms in the Fashion Industry: A Historical and Comparative Study of France, Italy and the USA," *Organization Science* 10 (Sept.-Oct. 1999): 622-37; and Diana Crane and Laura Bovone, "Approaches to Material Culture: The Sociology of Fashion and Clothing," *Poetics* 34 (2006): 319-33.

[3] For an interesting analysis of different approaches to defining fashion and luxury concepts, see Corbellini and Saviolo, *Managing Fashion and Luxury Companies*.

[4] We focus on the twenty-two most important Italian fashion companies listed by Pambianco in *Pambianco Week* 8 (14 April 2008): [4-6]. We consider only those companies that are structured as groups, rather than the entire pipeline: these companies manage foreign branches, stores, warehouses, laboratories, and specialized facilities; they buy other companies.

(not to mention margins and earnings). When available, however, those data provide strong signals about the group's situation; in spite of brand extensions and brand acquisitions, the core business for fashion and luxury groups is often that of their original industry.

The same problems arise when considering core segments (for each business, considering market price-ranges). Information about revenues per line/collection (different lines/collections are targeted to different segments) is difficult to achieve; in general what really matters is the perceived position of the brand. Ferragamo, Gucci, and Tod's are high-end examples in the footwear and leather goods industries. For Armani, Valentino, and Versace, high-end clothing is still their core business.

For fashion groups, the original industries can be clothing, leather goods, shoes, and accessories, all of which we consider to be related. Those that differ in the role of creativity, rhythm of innovation and seasonality, core competencies, and key success factors as connected industries include cosmetics, eyewear, hotels, and so on.

Brand portfolio

Fashion/luxury groups may be monobrand or multi-brand (even if product categories and collections are always more than one). Monobrand situations can refer to "unique" brands, or brands whose brand endorsements are designed to address specific lines/collections to different or new consumer targets (maintaining the same imprinting). Multi-brand groups operate different brands, owned (created internally or bought) and under license. Licenses can be relevant in the brand portfolio and are very common in the industry. The case of a "unique" brand is the rule for luxury products (such as Bulgari, Cartier, Dior, Hermès, and Louis Vuitton). In fashion, line and brand extensions often result from an articulation of brands under the same "family" brand (brand endorsement). This is the case for Armani (Armani Privè, GA, A Le Collezioni, EA, AX, AJ, and Home), Max Mara, and Versace (Versace Uomo e Donna, Versace Sport, Versace Jeans, Versace Collection).

In general this approach is more common in designer houses (the so-called *maisons*), where maintaining the signature is crucial. In contrast, "industrial/retailer" groups have often grown in different segments, creating new "labels." In the Benetton group, the most important brand is United Colors of Benetton, followed by 012, Sisley, Playlife, and Killerloop. Max Mara is an interesting example; where segments are related to the Max Mara world, we have new labels that hark back to the Max Mara label (Marella, Max & Co, Sportmax). When the idea is to reach different targets (and/or to increase the penetration of the market, but avoid mass distribution), the label is not invoked: Marina Rinaldi, Pennyblack, and Persona.

The multi-brand group can be classified by considering the number of brands and the way they have been added (through licenses, internal creation, or acquisition). The weight of single brands should be considered. There are not well-defined rules, even for listed companies; we consider a multi-brand to be a group in which at least three brands each account for at least 10 percent of total revenue.

The crucial feature is the strategic intent behind the acquisition. Multi-brand groups are created mainly to acquire know-how (Aeffe bought Calzaturificio Pollini to gain market share and competency in shoes and leather goods), to increase market presence with a proposal targeted to different specific segments (Gucci bought Bottega Veneta and Sergio Rossi to reach customers in the same high-end segment, but with a different stylistic identity), and to work on synergies that recognize the need for financial support (Mariella Burani Fashion Group [MFBG] grew first in leather goods, acquiring some bridge brands, then grouped and listed under Antichi Pellettieri, and then repeated this acquisition strategy with four jewelry brands).

There are situations in which a multi-brand strategy is multilevel: in 2009, Gucci Group (owned by PPR [formerly Pinault-Printemps-Redoute] group) is a group of eight brands: Gucci (65.3 percent on total revenues), Bottega Veneta (11.9 percent), YSL (7.8 percent), Alexander McQueen, Balenciaga, Boucheron, Sergio Rossi, Stella McCartney (together, 15 percent). The same is true of the Mariella Burani Fashion Group.

Degree of vertical integration and competencies

In fashion companies, core competencies are related to the industries and value chain activities where they operate. The stronger know-how is often rooted in the business and activities where the companies started: designer houses were focused on creativity and clothing; industrial companies on industrializing and manufacturing (and managing suppliers); retailers in distributing and logistics. All of them have developed new competencies and learned new businesses, integrating new activities through time, at different paces.[5] For instance, investment in retailing (undertaken by virtually all fashion groups) has created the need for new managerial roles related not only to these new activities, but also to coordinating them within design, manufacturing, and delivery processes. For fashion/luxury companies, brand management is a crucial activity in which all types of groups necessarily invest, even if they take different approaches. Distribution is related to vertical integration and know-how. Fashion companies distribute their collections through a mix of channels, direct and indirect, because markets differ and companies

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[5] Celine Abecassis-Moedas, "Integrating Design and Retail in the Clothing Value Chain," *International Journal of Operations and Production Manage-ment* 26, no. 4 (2006): 412-28.

need focused approaches.[6] From this point of view, fashion companies are classified, in general, as wholesale- or retail-oriented, considering the weights of sales gained through different channels.

Internationalization

Internationalization can obviously be considered from the point of view of sales, but also includes the international sourcing of raw materials, manufacturing processes, and finished goods (where fashion company activities are limited). Although there are common trends, the relative weights of international sourcing and international sales, the countries in which they are carried out, and the approaches they take create distinct differences among fashion companies.

Design

Fashion companies' long-term success is based on a combination of stylistic, entrepreneurial, and managerial competencies.[7] All of these competencies are essential to building and sustaining a long-term competitive advantage, but not all fashion industry actors possess them all. Designers are the main source of stylistic competencies; from their point of view, they have several potential ways to combine their competencies with those of others.[8]

To distinguish well-known and emerging designers from younger ones, as well as internal from external design, we consider the creative possibilities seen in Table 1. In the designer-owned company, some renowned designers, whose names are associated with a *griffe* (signature), directly control some of the companies that develop their collections (for example, Armani, Dolce & Gabbana, and Versace). Most of these designers have found a family member with the complementary competencies required (for example, Santo Versace).

Some brand-owning industrial companies hire a team of designers (for example, Max Mara) or rely on freelance designers to sustain the stylistic

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[6] For a classification of fashion channels, see Corbellini and Saviolo, *Managing Fashion and Luxury Companies*.

[7] Pietro Mazzola, "I processi di industrializzazione della creatività" [Processes of Industrialization of Creativity], in *Le imprese basate sulla creatività artistica* [Creativity Based Companies], ed. Santa La Rocca and Pietro Mazzola (Milan, 1991).

[8] Davide Ravasi and Paola Varacca Capello, "Il rapporto stile-industria nell'abbigliamento formale donna di fascia alta" [The Relation between Style and Commerce in the High-End Formal Womenswear Industry], *Economia & Management* 5 (Oct. 2002): 59-75.

identity of the brand (or combine the two solutions). Usually, these firms compete at lower price levels than *griffes*. Internal teams offer better

TABLE 1

Options for Creativity

	Internal	External
Well-known designers	*Maison* relying on licensing (licensor) and designer-owned company Art directorship for *maison* without the founder designer or brand-owning industrial company	Brand-owning industrial company relying on licenses (licensee)
Younger designers	Brand-owning industrial company relying on internal design team	Brand-owning industrial company relying on freelancers

coordination with other functions; the process of product design and development is under their direct control and it is easier to achieve coherence with the brand identity. This choice may result in poorer innovation and poorer contact with the market, however. When there are freelancers, innovation and flexibility are facilitated, but coordinating among functions and the control of product design and development processes can be more difficult. Companies also risk losing their stylistic identity.

Maisons that have lost their founder designer, as well as other brand-owning companies, hire renowned designers as “art directors” (for example, Gucci and Tom Ford, Chanel and Karl Lagerfeld, Dior and John Galliano) in order to build or rebuild a distinctive stylistic identity. Thanks to their creativity, these art directors support the *griffe* without the founder designer and/or contribute to the renewal of a brand; however, it is not always easy to find the right designer.

Many well-known designers rely on licensees, not only to produce, but also to develop, their collections. In Italy, several large licensees have played a fundamental role in the success of Italian and foreign designers such as Armani, Ferré, Gaultier, Moschino, Ozbek, Ungaro, and Valentino. On start-up, designers acquire a range of competencies and services with low investments (search and selection of materials, industrialization, specific manufacturing competencies, management of the selling process, and market and trade analysis). It is not always easy to launch and consolidate such partnerships, but they are still frequently used for growing businesses that require different resources (such as cosmetics, eyewear, furniture and home collections, and perfumes). Licenses can be closed, so it is necessary to have a portfolio of brands for companies whose revenues are strongly dependent on them.

Ownership

Ownership is crucial to strategic objectives. Although Italian fashion companies are mainly privately owned (by a family, or the family of the designer or entrepreneur), new owners are appearing on the scene—namely, private equity funds and multi-brand groups. Families are still present in these groups, but banks and/or financial institutions own equity shares. Few Italian groups are listed on the stock exchange, although in 2009 some were ready to go public.[9]

Growth

The three main mechanisms for growth are acquisitions, internal growth, and partnerships. Fashion and luxury groups often pursue internal growth, hiring managers with experience from elsewhere within the industry to take advantage of their specific know-how; this solution is often preferred when new businesses are related to the existing ones. External growth, through acquisitions and partnerships, is preferred when investing in businesses other than the core business. Partnerships are created through license agreements and joint ventures, not only for international outsourcing and distribution, but also to build stronger relationships in related and connected businesses (see Appendix 1).

The variables discussed here are important in describing fashion companies in all their variety. Strategic choices in brands and businesses can be used to describe the evolution of fashion companies; they are more obvious and there is more information available about them. To analyze this situation we refer to brands, segments (price ranges), and the origins of groups.

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[9] *Pambianco Week*, 4 (2008), published the list of the first twenty Italian companies ready to go public considering brand awareness, growth, EBIDTA, size, distribution, leverage, age of the entrepreneur, and price positioning. The 20 groups are: Dolce & Gabbana, Only the Brave (Diesel), Liu.Jo, Armani, Prada, Geo Spirit, Staff International, Ermenegildo Zegna, Pomellato, Max Mara, Loro Piana, Fashion Box (Replay), Dama (Paul & Shark), Ferragamo, Carpisa, Brioni, Luisa Spagnoli, Etro, Calzedonia, and Yamamay. At present only Aeffe, Antichi Pellettieri, Basicnet, Benetton, Csp Int. Ind. Calze (Golden Lady), Geox, IT Holding, MBFG, Piquadro, Stefanel, and Tod’s are listed on the stock exchange (excluding textile companies).

Italian Companies and Groups in the 1980s and Paths of Evolution

In the 1980s, three main business models operated in fashion/luxury industries:

- *maisons;*
- industrial companies that were working toward building powerful brands;
- industrial brands growing as licensees for well-known or emerging designers.

Fashion designers such as Armani, Dolce & Gabbana, Moschino, Valentino, and Versace were beginning their success stories, which originated in clothing in the PAP (Prêt-à-Porter/Ready to Wear) segment, thanks to the presence of industrial companies such as Aeffe, Gruppo Finanziario Tessile [GFT], and Itierre. These industrial companies were able to support the development and manufacturing of their collections, as well as to distribute their products in fast-growing markets in Europe, the United States, and Japan.

There were also industrial groups working mainly on their own brands. Some of them originated in the textile industry (for example, Loro Piana, Marzotto, Miroglio, and Zegna), but quickly entered the clothing business. Others were growing in the clothing industry, and, in the case of the largest, creating direct contact with customers through investment in stores that were either directly managed or franchised (Benetton, Max Mara, and Stefanel).[10]

Relevant changes in the late twentieth and early twenty-first centuries have included brand-extension processes; acquisitions and the birth of Italian multi-brand, multi-business groups; and vertical integration and direct control of value chain activities. The first two strategies are described in Table 2, comparing fashion companies' options. Becoming multi-brand has been more urgent for some than for others; they moved vertically and then undertook brand extension. For other fashion companies, growth through brand extension has been the stronger driver (see Appendices 2, 3, and 4).[11] Vertical integration has been a common trend for most fashion companies.

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[10] There were also many other smaller companies, trying to build a brand by focusing on special segments such as underwear (La Perla) and children's wear (Simonetta).

[11] Giorgio Armani followed a direct path, starting from A, then B, then C. Gucci started with A and reached, through time, F. Tod's followed a different strategy, starting from A, and then D and E.

TABLE 2

Fashion Companies' Evolution

	Original Business (Clothing, LG, Shoes)	**Related Businesses** (Clothing, LG, Shoes)	**Connected Businesses** (Eyewear, Home, Fragrances, Jewelry)
One Brand One Brand Endorsed Brands	A: Line extension new segments	B: Brand extension	C: Brand extension
New Brand	D: Multi-brand strategy	E. Multi-brand/Multi-business strategy	F: Multi-brand/Multi-business strategy

Some *maisons* (once licensors for all lines/collections) have integrated different activities and businesses. Their main reasons were to acquire the value and margin of the licensees, control distribution and get closer to the customers, and prevent "leaking" information about new collections. They faced problems related to the management of new activities, finding financial resources, and keeping the level of fixed costs under control. Industrial groups have maintained the control and management of design, industrialization and manufacturing, integrating downstream in retail; brand extension has followed through strong partnerships or acquisitions.

The Situation in the Early Twenty-First Century

The early twenty-first century situation is described in Table 3, which includes brand portfolio and price segments, together with the origin of the group, (fashion houses and industrial groups) with manufacturing (and commercial) background. The multi-business dimension is also relevant; however, all competitors have brand extensions, even if they carried them out in different ways, so we highlight the brand dimension (and exceptions).

In fact, the reality is not so well defined, but single groups should be recognized in evaluating the weight of different brands (owned and under license). Many companies offer a wide range of products that should be located in different price segments. For this reason, and also because detailed information on revenues is not available, we define two main competitive arenas: high end and bridge/mass.[12]

TABLE 3
The 22 Most Important Italian Groups

Brand Portfolio/Price Segments, and Origin	**Monobrand**	**Multi-brand** (owned and on license)
HC, PAP, Diffusion, Designers	Armani, Dolce & Gabbana, Versace	Pure fashion houses: Valentino Fashion Group Industry-backed designers: Aeffe, MBFG, Prada
HC, PAP, Diffusion, Premium	Ferragamo, Loro Piana, Zegna	Gucci, Diesel, IT Holding, Max Mara, Miroglio, Tod's
Bridge/Mass	Geox[a], Reply	Benetton, Calzedonia, Golden Lady, Sixty[b]

Source: Pambianco Week 8 (14 April 2008): [4-6].
[a]Started 1998.
[b]Started 1989.

Luxury brands, in general, compete and generate revenues in product categories other than clothing; they are vertically integrated in both retail and manufacturing.[13] They are listed on the stock exchange (Bulgari, Hermès), privately owned (Chanel), or part of multi-brand–multi-business groups (LVMH, PPR). Not many Italian brands belong to this category.

Designer groups have developed from small *maisons* to integrated groups (Armani, Dolce & Gabbana, Versace); some of them are still relying on licensing (for example, Cavalli), or they have been acquired by financial or industrial groups: Ferrè (IT Holding), Moschino (AEFFE), and Valentino (first by GFT, then by Marzotto, becoming Valentino Fashion Group [VFG] with Hugo Boss, then PERMIRA). The families of the

[12] In clothing there is worldwide-recognized price segmentation: HC (Haute Couture), PAP or RTW (Prêt-à-Porter/Ready to Wear), Diffusion, Bridge, and Mass.

[13] Corbellini and Saviolo, *Managing Fashion and Luxury Companies*.

designer-founders manage Aeffe, MBFG, and Prada, but they have, from the beginning, been industry-backed.

Premium brands are heterogeneous.[14] They have industrial and commercial know-how. They grew through vertical integration (networks of different partners, acquisitions, and internal growth). One can see an evolution: from industrial medium companies (also licensees for designers) to: monobrand/multi-business (Ferragamo, Loro Piana, Zegna) and multi-brand/multi-business (Gucci, Diesel, IT Holding, Max Mara, Miroglio, Tod's).

Multibrand multi-business groups are profoundly different. Some have grown mainly through acquisitions of existing companies; for others the growth was internal, launching new brands. Aeffe, MBFG, and Prada are not in the designer groups because industrial facilities have been involved from their beginnings. They have different ownership and different options with designers.

The mass segment is the fashion retailers' territory (the most important are H&M, Inditex-Zara, and Mango). The strategy of these international competitors can be summarized as follows: deliver new, fashionable merchandise to large, welcoming stores at a convenient price. The Italian groups in this segment are slightly different. They operate in higher price segments (at least when they have more than one brand), rather than in the general mass market. They have industrial backgrounds and, in general, are vertically integrated in value chain activities (design, industrialization, and manufacturing).

Conclusions

In our opinion, the evolution of fashion companies during the last few decades of the twentieth century has resulted in increased variety. Even following common paths, companies have differed in pace, intensity, and the articulation characterizing their strategic choices in vertical integration, brand extension, and brand acquisition. In addition, in Italy the multi-brand model is widespread, although there are clear differences in the number of brands, ownership, and strategies.

There are advantages and disadvantages related to multi-brand–multi-business groups. The advantages are in financial resources, management, worldwide distribution and production, experience and bargaining power with suppliers, distributors, and the media, well-balanced portfolios of brands (both established and new), different pitches for the same customer type, and brand-management know-how. Disadvantages include a lack of managers (because of too many projects), bargaining power that can be used to reduce costs, but not to get better

[14] Ibid.

suppliers, the risk of brand flattening, and difficulties in finding the right approach for each brand.[15]

It would be interesting to analyze the financial and economic performance of all these groups, to evaluate the existence of a superior model. However, despite the obvious (such as the faster growth of companies involved in acquisitions and retailing), we think that the lasting success of fashion/luxury companies is related to a coherent mix of strategic elements and choices. There are no simple answers; success cannot be directly related to either a multi-brand or a monobrand model.

[15] Rossella Cappetta, Enzo Perrone, and Anna Ponti, "Competizione economica e competizione simbolica nel Fashion System" [Economic and Symbolic Competition in the Fashion System], *Economia & Management* 2 (March-April 2003): 73-88; Stefania Saviolo, "Servono alla moda italiana i gruppi multibusiness e multibrand?" [Are Multibrand Multi-Business Groups Necessary for Italian Fashion?], ibid., 69-72.

APPENDIX 1

Ermenegildo Zegna Main Data and Timeline

Ermenegildo Zegna Main Data	
Establishment	1910
Revenues 2007	843,000,000€
Brands	Ermenegildo Zegna, ZZegna, Zegna Sport
Licenses	Dunhill, Versace, Gucci, YSL, Tom Ford, Piombo
JV	VeZe (Versace), Trimil (Armani), Zefer (Ferragamo), Sharmoon
Distribution 2007	609 Total stores 201 owned 384 franchising 24 outlets
Markets	64 countries
Manufacturing	Vertical integration from textile to clothing,
Ownership	Zegna family
Timeline	
1889	Michelangelo Zegna starts a little textile business
1910	Ermenegildo Zegna launches the brand and builds the wool mill (2nd gen.)
1960	Angelo and Aldo Zegna start working (3rd gen.); they start manufacturing offshore and start PAP man collections
1963	The brand begins to internationalize (Spain)
1968	First Italian production facility (men's overcoats and trousers)
1972	Zegna starts the tailoring service
1975	First U.S. shop (NY)
1977	First Asian shop (Tokyo, Japan)
1980	First monobrand store (Paris), followed by Milan (1985)
1990	The 4th generation starts working, expanding into retail development, and they start brand extension

1999	Zegna acquires Lanerie Agnona (WW)
2000	Ermenegildo Zegna foundation has been set up
1990s-2000s	Brand extension is operated into several categories, such as leather goods, shoes, fragrances (2003), eyewear (2004-licence to De Rigo), underwear (2006-licence to Perofil)

APPENDIX 2

Giorgio Armani Main Data and Timeline

Giorgio Armani Main Data	
Establishment	1975
Revenues 2007	1.600 mln/€
Brands	Armani Privé, Giorgio Armani, Armani Collezioni, Emporio Armani, Armani Jeans, Armani Junior, Armani Exchange, Armani Casa
Licenses	L'Oreal (cosmetics), Luxottica (eyewear), Dada (kitchens), Samsung (TV)
JV	EMAAR Hotels & Resorts
Distribution 2007	Monobrand: Giorgio Armani (75), Armani Collezioni (7), Emporio Armani (150), Armani Jeans (15), Armani Exchange (71), Armani Casa (17 directly owned; 40 multi-brand)
Markets	WW
Businesses	Apparel, accessories, underwear, swimwear, eyewear, watches, fragrances, cosmetics, jewelry, home interior
Ownership	100% Giorgio Armani
Timeline	
1975	Giorgio Armani and Sergio Galeotti founded Giorgio Armani S.p.A., ready-to-wear for men and women
1978	Licensing agreement with GFT
1970s	Giorgio Armani launches several lines: Giorgio Armani Black Label, underwear and swimwear collection, accessories, Armani Le Collezioni (menswear) and Mani (womenswear) diffusion lines for United States and Canada
1979	Armani enters the U.S. market
1981	First Armani shop (Milan)
1980s	Emporio Armani and Armani Jeans launched; include fragrances and eyewear collection
1989	Production integration (Simint SpA)
1991	Armani Exchange brand created

2000	Armani Home collection launched
2000s	Armani enter the hospitality and real estate industries (with EMAAR Hotels & Resorts)

APPENDIX 3

Gucci Group Main Data and Timeline

Gucci Group Main Data	
Establishment	1921
Revenues 2007	2,175 mln/€
	Leather Goods 51%; RTW 17%, shoes 15%; watches 4%; jewels 5%; others 8%
	Gucci 65%; Bottega Veneta 12%; YSL 8%; other 15%
Brands	Gucci, Boucheron, YSL, Bottega Veneta, Sergio Rossi, Stella McCartney, Alexander McQueen
Licenses	NA
JV	Zegna
Distribution 2007	560 DOS
Markets	WW
	Europe 40%; United States 19%; Japan 16%; Asia 23%; RoW 2%
Businesses	PAP, leather goods, accessories, jewelry, watches
Ownership	PPR group
Timeline	
1921	Guccio Gucci opens his first leather goods shop in Florence. Rome's shop follows (1938), selling luggage, handbags, gloves, shoes
1940	Bamboo bag is created
1953	Gucci opens NY store. Guccio dies, his sons manage the company and expand overseas
1960s	Gucci enters Asian market (Japan, HK) and launches the double G logo
1972	First cobranded car: AMC Hornet Gucci
1982	Gucci is listed and Maurizio Gucci (3rd generation) became the leader

Late 1970s-1980s	A strong financial (tax evasion) and commercial crisis (mainly due to a new collection GAC – Gucci Accessories Collection sold at a low price positioning) leads to the change in the ownership structure. Gucci is acquired by Investcorp
Early 1990s	Gucci close to the bankruptcy
1994	Turnaround occurs when De Sole (new CEO) and Tom Ford (creative director) enter the company. Investcorp sells its stakes (1995)
1999	Gucci acquires Sanofi Beautè, owner of YSL, Sergio Rossi PPR acquires 40% of Gucci
2000	Gucci buys Boucheron and Alexander McQueen
2001	Signs partnership with Stella McCartney; acquires Bottega Veneta and Balenciaga

APPENDIX 4

Tod's Main Data and Timeline

Tod's Main Data	
Establishment	1900
Revenues 2007	657 Mln/€ (53% Tod's, 30% Hogan, 14% Fay, 2% Roger Vivier, 1% Others) (65% Shoes, 21% Leather Goods, 14% Others)
Brands	Tod's, Hogan, Fay
Licenses	Roger Vivier (Roger Vivier is owned by Della Valle family), Derek Lam
JV	N.A.
Distribution 2007	125 Dos 62 franchising stores
Markets	WW
Businesses	Apparel, Leather Goods And Accessories, Shoes
Ownership	Diego Della Valle (61%) And Milan Se

Timeline	
1900	Filippo Della Valle creates a small laboratory for producing shoes
1970s	Diego Della Valle Enters the Business
1980s	Della Valle Creates Hogan and Fay Brands
1990s	First Tod's Women Bag Collection; Fay launches Childrenwear; Hogan starts Childrenwear and Leather Goods
1993	First Fay Women's collection
2003	Fay Accessories lines launched
2007	Roger Vivier and Derek Lam licenses set up