

Prada, Kering and Tod's Leaders Stake Out the Future of Luxury at Changemakers Event in Milan

Prada Group's Lorenzo Bertelli, Kering's Francesca Bellettini and Tod's Diego Della Valle shared their view on the future of fashion at the Zalando and Camera della Moda's Changemakers in Luxury Fashion event.

By MARTINO CARRERA



MILAN — Intuition and top-notch execution.

Those two ingredients were described as key in reigniting desirability for luxury and fashion at a time of market volatility and low consumer confidence.

Speaking Thursday evening at the third edition of Zalando's "Changemakers in Luxury Fashion" conference organized in partnership with Camera Nazionale della Moda Italiana here, industry executives underscored the importance of jumpstarting a new paradigm for the sector.

Luxury has a new meaning, said Claudia D'Arpizio, global head fashion luxury at consultancy Bain & Co., now encompassing any tangible or non-tangible good that "fulfills the needs of the customer, [either a need for] indulgence, belonging, investment or self-actualization."

The perimeter has changed, too. Fashion luxury companies now compete with experience providers, hospitality, food and beverage players, and even art dealers.

"I think that understanding this broader definition of luxury can provide a different meaning to the brands, [which will have to] see wherever they can expand, or wherever they can focus, and have a different horizon on the other brands," D'Arpizio said.

Should one imagine a future when Balenciaga gets into automotive? Or Prada becomes a space company?

The latter is already a reality, to some extent.

Prada has collaborated with Axiom Space, the architect of the world's first commercial space station, on NASA's lunar space suits for the Artemis III mission.

Recognized with the Changemaker Award for Innovation, Lorenzo Bertelli, Prada Group chief marketing officer and head of corporate social responsibility, attributed the move to instinct, a guiding principle at the group, he said.





"I always say that this is a company that invested more than 1 billion euros in engineering R&D in the America's Cup since the end of the '90s and when we started, we started just because my father liked sailing and had this kind of personal excitement," Bertelli said.

He was the self-proclaimed "nerd" who triggered the company to leverage engineering, tailoring and composite material knowledge into something equally unexpected and outside the traditional perimeter of fashion and luxury as the America's Cup venture.

"All those are instinctive decisions, so there is not much talk behind them, and we don't know if it's going to be successful, but what we have done more than 20 years ago now allowed us to embark on this journey. A simple, instinctive decision taken decades ago is affecting the opportunities, possibilities today, and maybe this is another instinctive decision that will bring us to nowhere, or maybe we become also a space company," he said with a chuckle.

Without necessarily going as far as outer space, luxury brands need to win back customers.

Although consumer fatigue is a reality, in part because the price-value equation is no longer deemed fair, and consumer confidence is at the "lowest level," as D'Arpizio put it, the prospects from a customer standpoint remain positive.

The industry will get to meet 300 million new luxury customers by 2035, the Gen Alpha middle class across the world, and Millennials are expected to inherit about 30 trillion euros of wealth from their Baby Boomer relatives, Bain & Co. forecast.

According to the consultancy's research, willingness to spend has not yet contracted beyond tipping point.

"In theory, from a customer standpoint, the market is there," D'Arpizio said. "I think it's more in the hands of the brands to establish this connection," she opined.

"The year 2025 will be one of big changes for many of the brands that are trying, for sure, to reignite growth across all levers — the creative, product and marketing levers — engaging the desire of the customer to reignite the love that probably now is a bit softening," she said.

Case in point, a few brands in the French group Kering's portfolio are off to new creative paths this year, with the debut collections of Demna at Gucci, Pierpaolo Piccioli at Balenciaga and Louise Trotter at Bottega Veneta coming this fall.

"Our goal is to make creativity shine and make it become a successful business," said Francesca Bellettini, Kering's deputy chief executive officer in charge of brand development. The recipient of this year's Changemaker Award for Brand Vision, she described her management style as authoritative rather than authoritarian, always prone to listening and building bridges with her teams.

"You have to understand and comprehend the pressure creative people have, and this is why it is crucial to make sure that you choose the right creative talent for a certain brand, for a certain moment. It is absolutely not true that everybody can work for every brand. Some incredible creative people are not simply right for a certain brand or for a certain brand in a certain moment," she said.

"So in the transitions and the changes that we made, that's what we looked for. We simply expanded further, [understanding] where we wanted to take [the brands] and then we appointed the people that we think are going to be the best to take the brand desirability to the level [we want]," Bellettini said.

"The most important thing in a moment of crisis is to stay true to your brand position and also to recreate desirability. Some brands don't perform because they're not desirable anymore, even if they have beautiful products in their stores. And desirability can be injected only by the creative people in our industry," she said.





Business leaders then have the task of building long-lasting relevance, she said.

As consumers shift their behavior, key fashion trends are morphing.

A white paper study presented Thursday night and put together by Boston Consulting Group with Highsnobiety highlighted a transition from aspirational fantasy to relevance, with fashion offerings that fit into consumers' real lives, and a general desire to be included in the brand's universe rather than be talked at by their favorite labels.

Fashion as an insignia of belonging is at the forefront of the conversation.

According to Bain & Co.'s D'Arpizio, self-expression is being replaced by conformity. That means the brands are challenged to answer consumers' desire "to feel unique and at the same time be part and belong to something that is bigger," she said.

"I like to feed people with an experience, with a motive that is just coming from the inner side of you," said GCDS founder and creative director Giuliano Calza, a recipient of the Changemaker Award for New Generation.

"I'm very able to get the attention of the people, but I think that's not enough. You have to leave a mark on them and make them feel like they bought something that is making them happy," he said.

He was joined onstage by fellow awardees Loris Messina and Simone Rizzo of Sunnei.

"The fashion show is not just about the collection in clothes, but it's about creating a cultural moment," Rizzo said. Reflecting on their 11-year Sunnei journey, the cofounder said that the pair has "created a bridge from Sunnei to the people, ignoring the system."

Product-centricity is also paramount, at a time when the need for transparency is growing, spurred on by customers' increased knowledge and sophistication, and focus on sustainability.

The Boston Consulting Group's study identified quality and craftsmanship as the top drivers of brand desirability, more than hype, scarcity and even cool collaborations, which didn't even make it to the ranking of the top 10 levers.

This year's recipient of the Changemaker Award for Craftsmanship, Tod's chairman Diego Della Valle offered his take, saying that it is the right time for "Italian companies to push our philosophy of handmade products. People know about this story, especially in some countries like the U.S., for example. People understand the Italian lifestyle and that the handmade [concept] is part of that lifestyle. I think today, with artificial intelligence, I think we'd better not forget about artisanal intelligence."

To this end, luxury and fashion consumers are rejecting the new-for-new's-sake cycle in favor of timeless icons, heritage designs and legacy over novelty, the Boston Consulting Group's study highlighted.

D'Arpizio associated this taste shift with a resurgence of "minimalism," which she describes not as an aesthetic attribute, but rather a more mindful consumption behavior.

"With all this uncertainty that this is growing, a lot of consumers feel detached, and feel like luxury can be linked to a negative meaning of consumerism," D'Arpizio said.

"I think that this is a topic that brands should tackle to reignite that desire that is linked to culture and to more inclusive meanings, to a purpose that is larger than just consuming and buying products that last for a short period of time," she said.

