

AUTOMOTIVE

Ferrari fuels elevated brand extension strategy via Giorgio Armani alliance

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Ferrari is looking to elevate its apparel offerings. Image credit: Ferrari

By STAFF REPORTS

Italian automaker Ferrari is taking more control of its lifestyle extensions, looking to protect its brand equity through a more streamlined approach.

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As part of this move, the marque has entered a new long-term production partnership with Giorgio Armani Group, and it has hired a creative director with a high-fashion background to lead the design of branded apparel and accessories. By cutting back on licensing in favor of directly operated activities, Ferrari is planning to grow the share of profitability driven by its lifestyle extensions.

Focusing Ferrari

Ferrari has based its updated brand diversification strategy on customer surveys and research. Looking to have its lifestyle extensions more accurately reflect its values, the automaker is cutting back on these activities, favoring quality over quantity.

"Today, our current offerings are too stretched, are in danger of diluting our very precious brand equity," said Louis Camilleri, CEO of Ferrari, during a conference call with investors. "This business relies too heavily on licensing, with too many categories and limited control on the products that bear our brand and their distribution."

Ferrari has already pared back its licensing deals by about 20 percent. By the end of this process, the company plans to reduce its licensing partnerships by about half, either through termination or nonrenewal.

Currently, the brand works with Luxottica's Ray-Ban on eyewear ([see story](#)), and it has a licensing partnership with PortAventura on its Barcelona theme park and hotel ([see story](#)).

The automaker also expects to reduce the number of categories it operates in by 30 percent, and cut back its SKUs by half.

As part of its push to elevate the standards of its apparel and accessories, Ferrari is working with Giorgio Armani Group. A key focus of its fashion offerings will be a made in Italy positioning.

"This agreement with such a recognized and prestigious Italian luxury company underscores our ambitions to elevate the standards and quality of all our offerings," Mr. Camilleri said.

Ferrari has also appointed Rocco Iannone as its brand diversification creative director.

Mr. Iannone comes to the automaker with fashion credentials, with a fashion design degree from the Marangoni Institute in Milan. He was most recently the creative director for Pal Zileri, and Mr. Iannone was previously the head menswear designer at Giorgio Armani and a designer at Dolce & Gabbana.

For Ferrari, Mr. Iannone will be in charge of the design and image of the automaker's own and licensed apparel and accessories. He will also oversee creative content surrounding these collections.

Mr. Iannone began on Nov. 4, and reports to Nicola Boari, chief brand diversification officer at Ferrari.

Ferrari is also planning to revamp its retail presence, including its bricks and mortar store concepts and its ecommerce site powered by Yoox Net-A-Porter Group ([see story](#)).

In addition to fashion, the brand diversification strategy includes two other pillars.

An entertainment arm will be focused on engaging a younger consumer through the brand's theme parks and museums. Another angle will be esports, in an effort to get an emerging luxury consumer interested in the brand's racing heritage.

Ferrari Land

The third and final pillar is "car adjacencies," which are aimed at existing and prospective owners. One investment will be an upcoming restaurant by Massimo Bottura on Ferrari's Maranello campus, slated to open in late 2020.

A dedicated brand diversification team is overseeing the new strategy, and Ferrari has plans to open an office in Milan to house this segment of its operations.

Today, Ferrari's branded goods represent about 800 million euros, or almost \$886 million at current exchange, with a significant portion of sales going to third parties. The automaker's goal is to have its brand extensions drive about 10 percent of its profitability within the next seven to 10 years.

Earlier this year, Ferrari regained the title of the world's strongest brand, according to rankings from researcher Brand Finance.

Ferrari has managed to expand into other categories as varied as fashion and theme parks without losing its luxury positioning, and its brand value rose 27 percent year-over-year to \$8.3 billion ([see story](#)).