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Luxury Fashion After Slowdown: A Comparative Analysis of Prada and Gucci's Strategic Divergence

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Introduction

The global luxury fashion industry, previously driven by seemingly continuous growth, has recently entered a phase of deceleration and uncertainty. The post-COVID-19 pandemic slowdown represents a significant turning point following years of aggressive expansion and digital-driven accessibility.

This thesis explores the slowdown of the global luxury fashion industry, pointing to the reasons for such deceleration not only as a consequence of the COVID-19 pandemic, but as an outcome of more profound, pre-pandemic socio-cultural, environmental, and technological trends. While the pandemic provided the trigger, it did not initiate the changes, but worked as a magnifying glass of the evolving consumer expectations and hastened digital disruption already underway.

The overall aim is to shed some light on the driving forces behind the diverging performance of luxury fashion brands during the recent years, going beyond the surface points and uncover the deeper forces reshaping the future of luxury fashion, by examining the evolutionary interdependence between shifting values among consumers, rising expectations of sustainability and ethical transparency, and the disruptive potential of digital technologies.

Necessarily, not all luxury brands are navigating this new landscape with equal success, and the performance of each fashion house varies greatly from one another, underlining the need for strategic adaptability and alignment with contemporary values.

Two emblematic Italian houses, Gucci and Prada, illustrate wonderfully such divergence wonderfully. In the face of an industry-wide downturn, Prada has managed to withstand the trend with continuous growth, whereas Gucci's momentum has faltered.

These starkly different trajectories of Prada and Gucci in a challenging market beg an important question about why one brand thrives as the other struggles, given that both are confronting the same macro-environmental shifts. This thesis addresses that question directly.

The research question is centered on understanding what accounts for the different performance of Gucci and Prada in the current industry slowdown, given that the pandemic effects are not the principal differentiators. This question targets the core of the issue by trying to understand why and how two globally recognized Maisons have charted such diverging paths under similar market conditions.

In order to answer this question, the thesis sets the following research objectives: (1) to critically analyze and contrast Gucci and Prada's strategic decisions and corporate reaction to the recent market conditions; (2) to compare the respective cultural and aesthetic positioning of each brand, encompassing their marketing narratives, creative directions, and engagement with social trends, to understand how each brand connects (or disconnects) the evolving consumer market; and (3) to assess the role of brand equity and consumer sentiment in driving outcomes for both houses, with particular reference to generational considerations and shifting values. Through such comparative analysis, the objective is to unveil how the choice-making of each company in areas such as brand management, innovation, and value proposition has translated into their current performance, hence explaining the diverging trajectories.

This Thesis utilizes a mixed-methods, comparative approach based on both qualitative and quantitative analysis. Firstly, an academic literature review in luxury brand management, consumer behavior, and strategic marketing provides a theoretical context. Key concepts such as brand exclusivity, innovation adoption, and cultural compatibility are drawn from academic reviews to frame the analysis. Secondly, the study incorporates industry-specific research to obtain present market information, including leading consulting firms and market reports. Examples are Bain & Company's annual luxury industry reports, the McKinsey "State of Fashion" series, Deloitte's luxury consumer surveys, and similar publications, which shed light on macro trends. These well-established industry sources provided quantitative data and expert commentary on today's slowdown, basing the foundation of the thesis on current real-world facts. Adding to that, the study includes a primary research component in the form of a self-administered consumer survey, which sought to quantify existing brand perceptions and preferences across different age groups. Respondents were asked what came to mind about each brand, their intent to purchase in the short term, and if factors such as social media exposure influenced how and why they perceived Gucci differently from Prada. The resulting data set furnished a numerical measure of consumer attitudes and behavior patterns, offering empirical support to the comparative discussion. By balancing qualitative literature and industry case study findings with quantitative published reports and original survey evidence, the methodology offers a well-rounded analysis. This allows the thesis to explore the two brands' comparison on multiple levels: from macro-level strategy and brand culture, to micro-level consumer perception.

This thesis is organized into four chapters, each addressing distinct parts of the research problem, all building toward a comprehensive comparison of the two brands in the context of the slowdown.

The first chapter aims to provide a broad overview of the luxury fashion industry and its evolution in the current slowdown context. It examines the main players' historical trajectories and the external forces behind the deceleration, focusing on the key driving trends in the industry.

The second chapter offers a focused background of the two companies, tracing their heritage and identity. It summarizes both corporate profiles and reviews their performances leading to the slowdown.

The third chapter of the thesis delves into the comparative analysis of their corporate strategies, examining their business models, organizational decisions, and competitive strategies. The chapter analyzes how each company's leadership and corporate structure influence agility.

The fourth chapter investigates the brand positioning and marketing strategies, with emphasis on cultural and aesthetic dimensions. It compares the creative directions and brand image decisions of the two houses over the last decade. This chapter aims to shed light on how each brand's cultural positioning aligns with evolving taste and value in the industry.

In conclusion, this paper aims to deliver a holistic understanding of the luxury fashion industry's current slowdown and to explain why Gucci and Prada, with comparable global prestige, are experiencing this period so differently.

1. The Luxury Fashion Industry: A Changing Landscape

Every industry cyclically faces periods of downturns, where prices fall sharply and demand decreases drastically, followed by rising and flourishing periods. It is a matter of Industry evolution and is critical for the improvement and adaptation to the new standards of society: Introduction, growth, maturity, and decline.

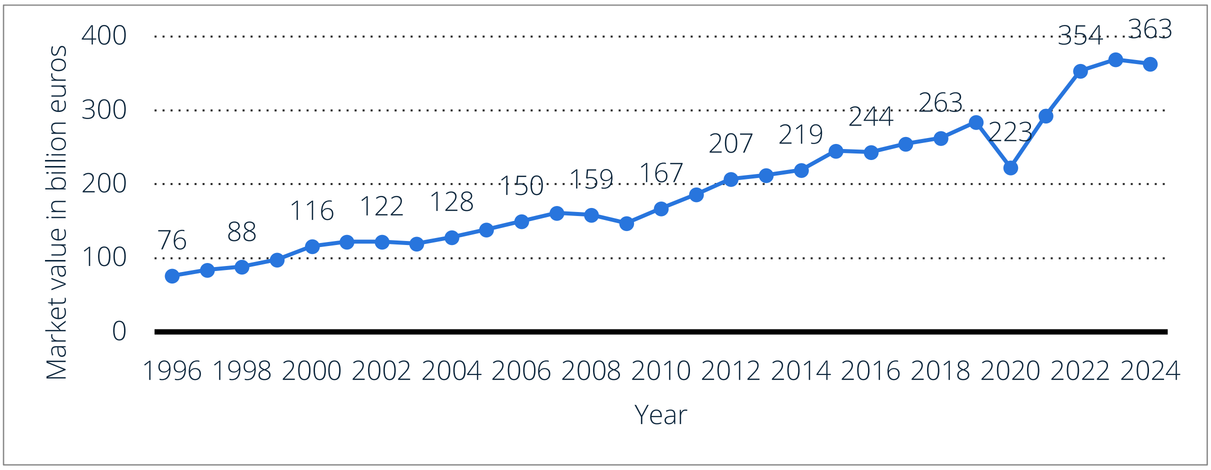
The luxury fashion industry, once characterized by seemingly endless growth, is now facing an era of uncertainty and deceleration following the COVID-19 pandemic (D'Arpizio et al., 2025). This slowdown marks a significant turning point after years of aggressive global expansion, premiumization strategies, and increasing accessibility driven by digitalization. Once buoyed by emerging markets, booming tourism, and strong consumer appetite for status-driven purchases, the industry is now confronted with a new set of macroeconomic, cultural, and environmental challenges.

1.1 Luxury slowdown – set up

Before the pandemic, the Luxury fashion Houses flourished, experiencing ten years of uninterrupted growth and a strong enlargement of their consumer base and revenue. From *Luxury report 2024: Rebuilding the foundations of luxury*, Bain & Company (D'Arpizio, Levato, Steiner, & de Montgolfier, 2025), we can derive the general set up pre-pandmic: in the years between 1996 and 2019, the CAGR was steady at 6%, with the only exception of the financial crisis of 2007-2009 (Bain & Company, 2024). Major players like LVMH group (with Louis Vuitton and Dior as headlines), Hermes, and Kering group (Gucci and Yves Saint Laurant) adapted to the consumer trends, leveraging on User Generated Content (UGC) and social media to attract a younger audience, a striking example being the idolatry of the Hermes' Birkin due to TikTok influence. The growth was further amplified by the Chinese consumer segment, which grew uncontrollably, accounting for over one-fourth of the global luxury spending.

The Pandemic abruptly disrupted this trajectory in the first years following the Pandemic blowout, where the Market value of Personal Luxury goods dipped from € 284 billion to € 223 billion, as shown in *Figure 1 – value of the personal luxury goods market worldwide*. Closing shop and the need for e-commerce shifted completely the habitual path that led to luxury fashion purchases, once based on the experience in the boutique rather than the piece of clothing itself. China's recovery from the Pandemic has been the most troublesome; if before it was one of the primary luxury growth engines, it has shown a (expected in some ways) deceleration, first of all due to the size of the market, which at one point is deemed to decelerate, but also due to the spending patterns of the habitants, strongly wounded by the pandemic. Chinese customers were indeed strongly pointed toward overseas purchases. As depicted in *Figure 2 - Geographic breakdown for Chinese luxury goods spending*, accounting for circa 60% of their overall spending, which where clearly limited in the COVID period and severely limited in the first years after. Besides the distribution and logistics standpoint, the Pandemic also created strong supply-chain bottlenecks to the global fashion ecosystem, which some are still to be recovered.

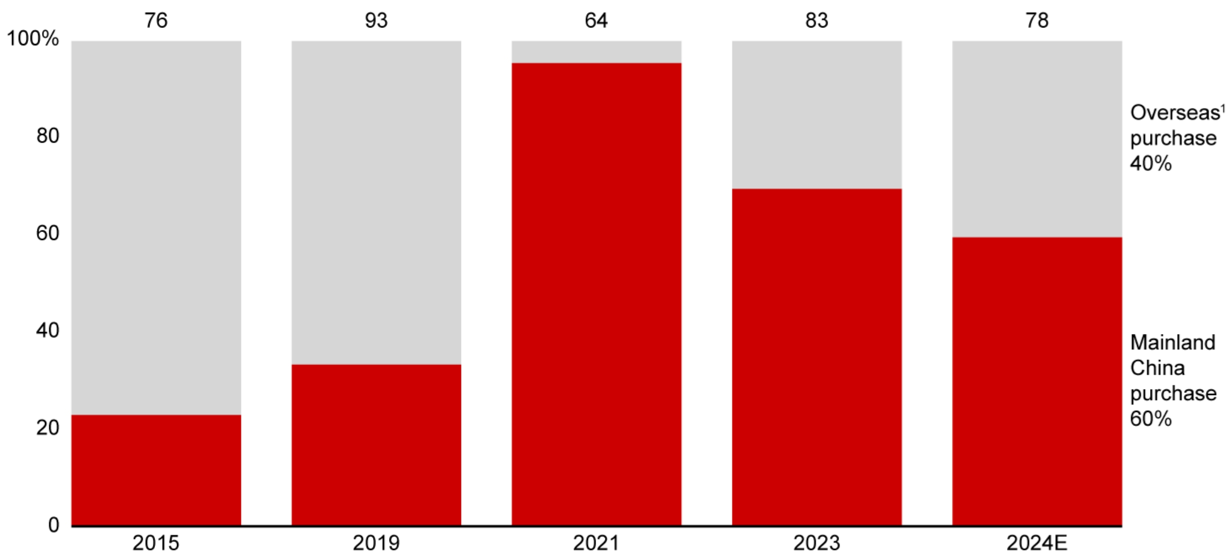
Figure 1 - Value of the personal luxury goods market worldwide



Source: Bain & Company. (January 18, 2025). Value of the personal luxury goods market worldwide from 1996 to 2024 (in billion euros) [Graph]. In Statista. Retrieved April 25, 2025, from https://www.statista.com/statistics/266503/value-of-the-personal-luxury-goods-market-worldwide/

In macroeconomics, the term "recovery effect" refers to a rebound of growth following a period of recession and significant instability (Investopedia, 2025). Because of the low baseline after a downturn, the subsequent uplift appears exceptionally strong. This surge is often driven by renewed consumer confidence, increased demand, and spending when the economy stabilizes. For the Luxury fashion industry, this dynamic was particularly evident in the aftermath of the COVID-19 crisis. The sector experienced two years of robust expansion with peaks of approximately 23% growth in Market value in 2021 and of 17% in 2022. This growth was not only the result of the so-called "revenge spending" but also due to the consumer's eagerness to resume their pre-pandemic habits, but also the reopening of key retail markets and global tourism.

Figure 2 - Geographic breakdown for Chinese luxury goods spending



Source: Lannes, B., Xing, W., & Gu, E. (2025, January 21). *2024 China luxury goods market: Navigating turbulent waters*. Bain & Company [Figure 4]. https://www.bain.cn/pdfs/202501210851509057.pdf

The current slowdown marks the first time in 15 years, excluding global recessions, when the personal luxury sector is seeing actual contraction. Predictions indicate a *"2% decline in 2024 based on current exchange rates and a zero rate of 0% based on constant exchange rates"* (D'Arpizio *et al.*, 2025), trends that have been acutely felt by nearly all the leading fashion brands. This dip comes due to various convergent pressures like inflationary pressure, residual worldwide supply chain shocks, and altered consumer purchase behaviors (D'Arpizio *et al.*, 2025).

Despite luxury's historical resilience, these headwinds underscore the importance of strategic agility and robust brand management to maintain competitiveness during this period of subdued growth.

While traditional expectations are on the optimistic side, painting the current slowdown as a temporary legacy of the global pandemic, closer examination shows there is a more fundamental and systemic issue, as identified by several sources, such as The Guardian (Tapper, Fazackerley, & Thorpe, 2025) and The World Bank (Rosenberg, 2023). The underlying issue, not only in the luxury industry but among all the sectors hit by the slowdown, was not forged by the health crisis but rather revealed and amplified by it, stemming from profound cultural, technological, and societal shifts already underway.

The current deceleration in the luxury fashion market is indeed not just a short-term phenomenon tied to the economic cycle of industries, but a deeper structural transition, of which the COVID-19 pandemic was a catalyst.

After years of expansion, cities, retail markets, and e-commerce platforms have become oversaturated. The rapid brand expansion in the pandemic recovery period created grave concerns regarding the dilution of big luxury brands: The once-rare flagship store, typically limited to a single location in major cities, has multiplied significantly. For instance, LVMH increased its directly operated stores (DOS) from 4,900 in 2019 (LVMH, 2019) to 6,307 in 2024 (LVMH, 2024), contributing to the erosion of the exclusivity that once defined luxury fashion.

Social and cultural forces have further complicated the slowdown, particularly through the rapidly evolving preferences of younger consumers, from millennials to Gen Z. These cohorts seek personalization, immediacy, and cultural relevance, often valuing innovation over tradition. In response, many luxury brands have adopted fast-paced release cycles, dropped limited collections, and even launched diffusion or sub-brands to make their products more accessible to broader audiences. However, this strategy, while commercially effective in the short term, has diluted brand exclusivity and strained the very identity that made luxury desirable in the first place (Kapferer & Valette-Florence, 2018). The no-label quiet luxury trend, which used to be preferred only by a limited and hyper-wealthy fragment of the consumers, has slowly taken hold and disrupted many of the logo-maniac oligarchy in luxury fashion, compelling them to rethink their sales strategies.

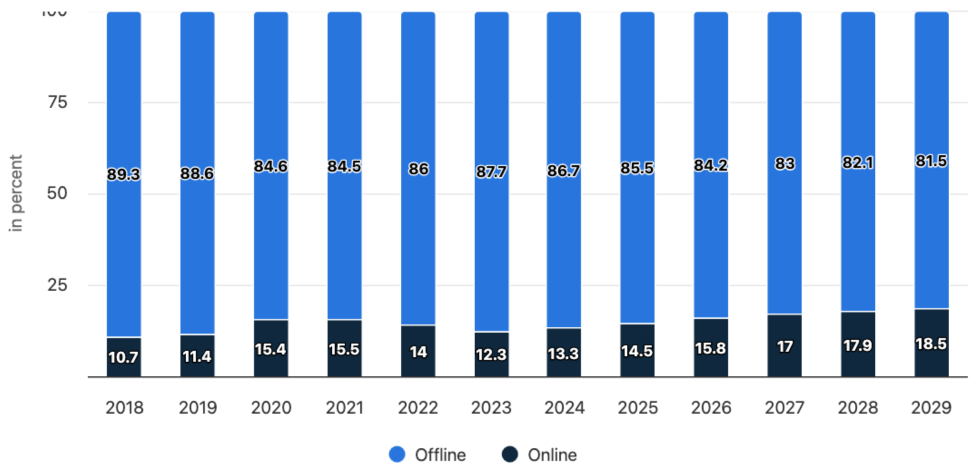
1.1.1 Overlook of the Post-Pandemic scenario

The luxury fashion sector initially experienced a sharp contraction in early 2020. Subsequent quarters, however, saw a cautious recovery, partly due to government stimulus measures and pent-up consumer demand. Consumers who had accumulated savings during lockdowns reentered the market as restrictions loosened, pushing the overall luxury spending toward pre-pandemic levels.

From a macroeconomic perspective, the reassessment of forces brought up by the Pandemic sheds light on three key points of analysis for the understanding of the current trends: Global recovery, Digital acceleration, and Sustainability and ethical concerns. The differences in culture and consumer base became evident; markets such as China rebounded a faster rates, meanwhile, Europe and parts of the Americas faced more complicated rebounds, with cautious re-opening, which deeply impacted their tourist-based consumer base. After years of decentralization and transnational strategies, many brands began shifting their investments to local clientele by adopting region-specific retail strategies and marketing campaigns.

Online channels and e-commerce saw a surge in first-time shoppers and existing clients becoming the main retail platform. In 2020 the share of online revenue with respect to offline increased by almost 15%, as shown in *Figure 3 – Luxury apparel – online revenue share*.

Figure 3 – Luxury apparel – online revenue share worldwide



Source: Statista. (2025). Luxury Fashion - Worldwide. Statista. https://www.statista.com/outlook/cmo/luxury-goods/luxury-fashion/worldwide

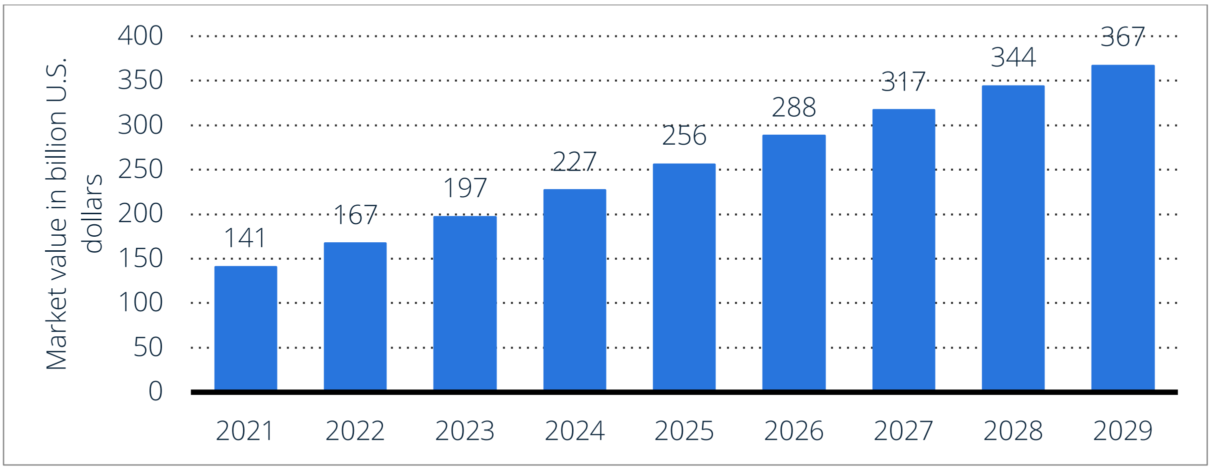
Many fashion houses adapted promptly to this shift, already anticipated by previous years' trends, by implementing virtual runways and NFTs.

NFT – or non-fungible tokens – are "*unique digital identifiers that are recorded on a blockchain and are used to certify ownership and authenticity. It cannot be copied, substituted, or subdivided. The ownership of an NFT is recorded in the blockchain and can be transferred by the owner, allowing NFTs to be sold and traded*" ("Non-fungible token", 2025). Brands such as Balenciaga, Gucci, Burberry, and Prada displayed their digital products in the metaverse to be sold as NFTs; however, with different branding strategies, some leveraging more, and others less on their brand heritage. The digital integration was not limited to the latter mentioned but encompassed multiple spheres in the Luxury world (Deloitte, 2024): The Prada Group with Adobe to help elevate its customer experiences online and in-store with real-time personalization (Deloitte, 2024) ; Richemond with Google (Deloitte, 2024) ; Burberry "Burberry Open Spaces" in collaboration with Tencent (Deloitte, 2024).

Online activity also had the perks of direct data capture, enabling a more personalized customer experience and refined marketing strategies.

Heightened consumer awareness of sustainability and ethical considerations, in both luxury and non-luxury apparel has substantially contributed to the expansion of the secondhand market *Figure 4 – Secondhand apparel market value worldwide from 2021 to 2029*, increasing by almost 40% in the last three years; furthermore, this heightened awareness has compelled the majority of high-end fashion houses to adopt more sustainable materials and production methods. Those unable to make these adjustments have experienced significant adverse effects on their revenue.

Figure 4 – Secondhand apparel market value worldwide from 2021 to 2029 (in billion U.S. dollars)



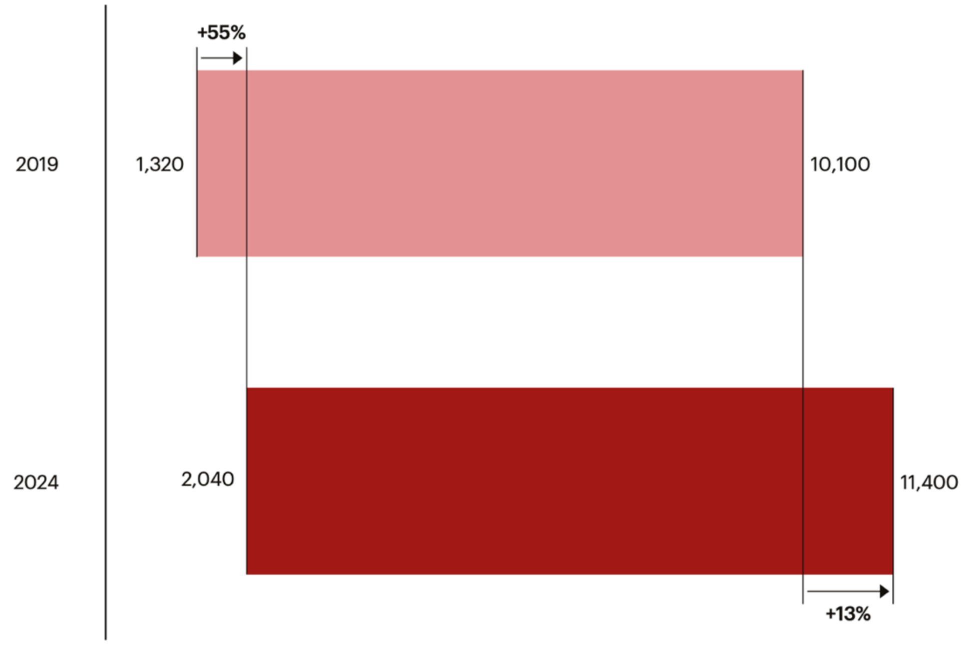
Source: Thredup. (March 13, 2025). Secondhand apparel market value worldwide from 2021 to 2029 (in billion U.S. dollars) [Graph]. In Statista. Retrieved April 25, 2025, from https://www.statista.com/statistics/826162/apparel-resale-market-value-worldwide/

Consumers emerging from the pandemic were not only looking to indulge in shopping but also started to align purchases with their values of environmental stewardship, social justice, and employee welfare, leading historical brands to be evaluated through an ethical lens. Vegan leather, reduced water usage, and fair labor practices became central in the decision-making process.

However, the adversity is not only rising from the consumer's point. An analysis of luxury fashion pricing from Business of Fashion & McKinsey & Company (2025) reveals a problematic escalation across brands of all sizes. Notably, the price of Chanel's Classic Flap Bag rose by 26% between 2020 and 2024, while Hermès's Birkin registered a 23% increase in the same period. A more general analysis is depicted in *Figure 5 – Price range for selected luxury bags across seven major brands, 2019-2024.*

These market surges exemplify how steeply rising price points risk alienating segments of the brand's original customer base, thereby supporting the thesis that such pricing strategies can have detrimental long-term consequences for consumer accessibility and brand loyalty. At the same time, a markdown would severely impact brand image and prestige. This shows a shift in the High fashion brands' ideal customer, who is increasingly focusing on hyper-wealthy individuals, slowly leaving the lower upper class.

Figure 5 – Price range for selected luxury bags across seven major brands, 2019-2024



Source: Business of Fashion, & McKinsey & Company. (2025). The state of fashion: Luxury [White paper]. https://www.businessoffashion.com/reports/luxury/the-state-of-fashion-luxury-2025

1.1.2 Growing sustainability concerns: new player in the industry

The increased emphasis on sustainability, ethical sourcing, and responsible consumption is a major factor influencing the current slowdown in luxury fashion (Deloitte, 2024). Concerns about social and environmental responsibility have been growing over the last ten years, but they were greatly heightened in the wake of the COVID-19 pandemic. Demand for much greater transparency about the production, distribution, and disposal of fashion items has come from both consumers and regulators. As a result, sustainability has essentially emerged as a new "player" that has an equal impact on brand strategies and market performance as digital acceleration or global recovery initiatives, and a differentiator among Brands.

Sustainability and environmental awareness have become of crucial importance, especially in younger generations such as Millennials and Gen Z, with a criticism worthy of environmental activists. That is why, from the standpoint of production and operations, many legacy fashion houses have found themselves under pressure to demonstrate concrete progress.

Even from a regulatory standpoint, companies and brands have been compelled to reshape their approach to sustainability and environmental issues, both on the EU and US levels, to reach by 2050 a circular economy. Both European and American frameworks work to ensure transparency, waste and CO_2 reductions, and biodiversity welfare. As part of the European Green Deal, the EU has already enacted, and plans to further enact, several measures, notably within the new Circular Economy Action Plan adopted in March 2020 (European Commission, 2020). To mention some, the framework entails the Ecodesign for Sustainable Products regulation, which aims to set ecodesign standards; the corporate sustainability reporting directive; and the digital product passports (Deloitte, 2024).

More than an afterthought, sustainability is a structural pillar governing the industry’s reshaping. It touches everything from raw materials to brand messaging, from distribution choices to post-sales services. In the wake of consumer activism and increasing regulatory pressure, sustainability is no longer optional but mandatory. For an industry facing cyclical recessions and pandemic fallout, the transition to sustainable habits cannot be avoided. Whether it will be a prolonged or a temporary slowdown in growth depends in part on how quickly and compellingly brands embrace sustainability as business model components. Those who make significant and early investments, translating environmental and social responsibility into new brand stories, could end up more resilient.

In that sense, sustainability stands out as the new competitive frontier: a force that can potentially moderate current declines by rallying consumers around responsible, future-oriented business. Embracing this dimension can deepen relevance with younger demographics, who, as evidence suggests, increasingly weigh social impact alongside aesthetics and prestige. Having started as a niche concern, sustainability is now a formidable player driving, influencing, and reshaping the very foundation on which luxury fashion operates.

1.2 Definition and Characteristics of Luxury Fashion.

The current landscape of luxury fashion, marked by accelerating prices, potential brand dilution, and selective focus on hyper-wealthy clients, underscores that "luxury" itself is ever-changing. As previously mentioned, the traditional consumer base is contracting under rising costs (D'Arpizio et al., 2025), and emergent customers increasingly question whether these high price points truly reflect artisanal value, social and environmental responsibility, or simple market inflation. This tension highlights the need to clarify what fundamentally defines the "luxury fashion" industry, and what enduring elements differentiate it from more broadly accessible premium or mass-market offerings. In other words, as brands contend with each other over who preserves exclusivity, authenticity, and desirability, a crisp articulation of luxury's core characteristics is more vital than ever.

In Kapferer and Valette-Florence (2018), luxury fashion is described as the segment of apparel and accessories offering heightened aesthetic worth, premium craftsmanship, limited distribution, and fabled brand heritage, all of it which allow brands to sell their items at a premium price, being associated with a specific status. Luxury sets itself apart from the other apparel sectors through its creation, rarity, precision, and emotional impact shown and perceived through the impeccable storytelling chained to it.

These attributes are neither accidental nor incidental. They are carefully tailored through brand narratives, selective retail strategies, and long-standing reputations that transcend mere fashion cycles. In effect, luxury fashion sells an idea of distinction and refinement, above and beyond any immediate functional or trend-based purpose. Their product is not the item, it's the status. Though evolving consumer behaviors might challenge their relevance, there are some hallmarks that remain foundational to the luxury sector.

At the beginning of a brand cycle, when it's just a generic name and not yet a label, what sets it apart from the others it's the quality they are delivering. In the era of fast fashion, quality is one of the few differentiating tactics for a brand to go from mass market to focused, and being able to request a higher price. Additionally, as previously stated, luxury is not just the item but it's the status, and such status requires investing in pieces that will last the course of time.

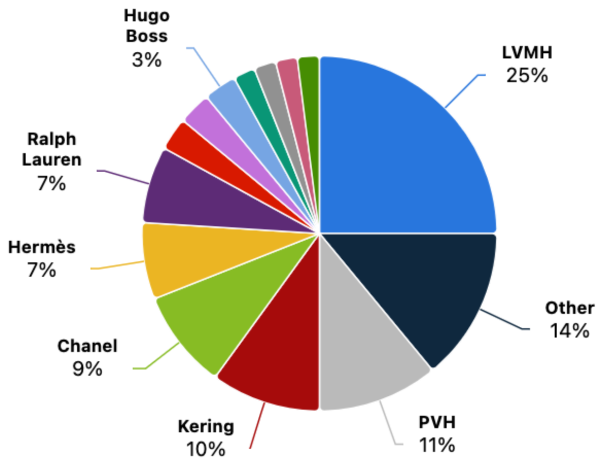
Luxury fashion thrives on the aura of a storied past. Many houses trace their foundations centuries back, from the rebellious and flamboyant Coco Chanel, to the eccentric Alexander McQueen, they deliver the story of their founders. Ideology fused with textiles and brand authenticity that resonates with their consumers above and beyond a simple statement or collection. This allows them to recreate and reuse silhouettes, patterns, and archive pieces that epitomize tradition, adapted to newer tastes. Additionally, heritage justifies the price increase over time, with houses identifying themselves as custodians of tradition.

Scarcity is also one of the main pillars of the fashion luxury sector (Kapferer & Valette-Florence, 2018): controlled production volumes and selected customers are what keep the idea of exclusivity alive and the desirability of such high-end goods soaring. If previously it was noted that ballooning store counts risked brand dilution, it's because exclusivity remains critical to preserve brand prestige. Paradoxically, boom cycles create a pressure to expand that can sabotage exclusivity. This conflict fuels the market's current dilemma: luxury feeds on demand that is always greater than supply, yet how to increase revenue without diminishing that brand's uniqueness is an open question.

1.2.1 Key Players and Market Segmentation

The high-fashion industry is marked by an extremely concentrated corporate structure, with a few global conglomerates alongside historically significant independent houses and a new generation of niche or disruptive players (Deloitte, 2024). There are differing strategic logics under which each grouping operates, but they are all engaged in defining the concept of modern luxury. Nowadays, 70% of the luxury fashion market share is in the hands of 6 companies, which are shown in *Figure 6 – Luxury fashion, company shares.*

Figure 6 – Luxury Fashion, company shares worldwide (percent)



Source: Statista. (2025). Luxury Fashion - Worldwide. Statista. https://www.statista.com/outlook/cmo/luxury-goods/luxury-fashion/worldwide

From a synthesis of Deloitte (2024) *Global powers of luxury good*s, D'Arpizio *et al.* (2025) *Luxury in transition: Securing future growth*, and Business of Fashion and McKinsey & Company (2025) *The state of fashion: Luxury,* we can identify four types of players: global conglomerates, heritage independents, artisan and niche brands, and new luxury disruptors.

Global conglomerates, such as LVMH, Kering, and the OTB group, control a substantial part of the industry. These corporations are vertically integrated and diversified among different categories (LVMH spanning from apparel and leather goods to jewelry and even Wines). Their strength lies in the exploitation of economies of scale and cross-brand synergies in logistics, R&D, and marketing, as well as counteracting downturn periods thanks to the high revenues from specific brands.

Heritage independents are Iconic family or privately owned brands, such as Hermès, Chanel, Prada, and Armani, that tend to differentiate themselves through historical heritage, artistic taste, and dedication to craftsmanship. These firms typically opt for a more conservative, slower growth strategy, with more control over distribution and branding.

Their strategic advantages are: Long-term vision over quarterly performance, brand integrity and heritage perseverance, emphasis on artisanal production, typically linked to national identities (e.g., French couture, Italian tailoring).

These maisons are likely to excel on volatility due to the loyalty of high-net-worth consumer bases and stubborn positioning. However, they face succession planning crises, technology aversion, or difficulties in scaling in emerging trends.

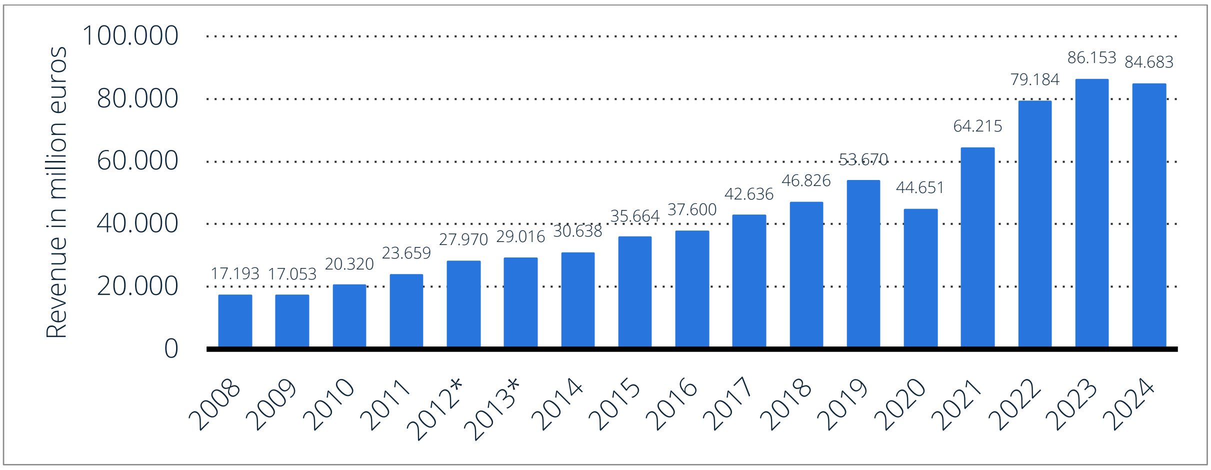
The resurgence of "quiet luxury" has benefited artisans and niche brands: craft-driven houses such as Brunello Cucinelli, Loro Piana, and The Row. These brands most commonly value minimalism. Restraint and sustainable sourcing: values extremely valuable to a new generation of highly critical consumers; they are agile and culture-aware brands, but they're limited by their size regarding global outreach and margin control. Still, they often serve as influencers of values, shaping broader trends across the industry, particularly around sustainability, transparency, and craftsmanship.

A final group includes next-gen brands disrupting traditional luxury formats through: direct-to-consumer distribution, influencer-driven branding, experimental risk-taking in gender-free fashion, environmental sustainability, and digital convergence (i.e., Marine Serre, Fear of God, Amiri). Although often less profitable in the short term, these types of brands are key to understanding luxury's cultural transformation away from convention and elitism toward expression and elitism toward expression, accessibility, and receptivity to innovative concepts.

The aforementioned configuration is, however, already changing: the big conglomerates of LVMH and Kering have been deeply affected by the slowdown, with strong losses in their global revenues. In *Figure 7 - Revenue of the LVMH Group worldwide from 2008 to 2024* Industry leader LVMH, for instance, recorded an almost 2 percent decline in global revenue in 2024, breaking a multi-year pattern of uninterrupted growth.

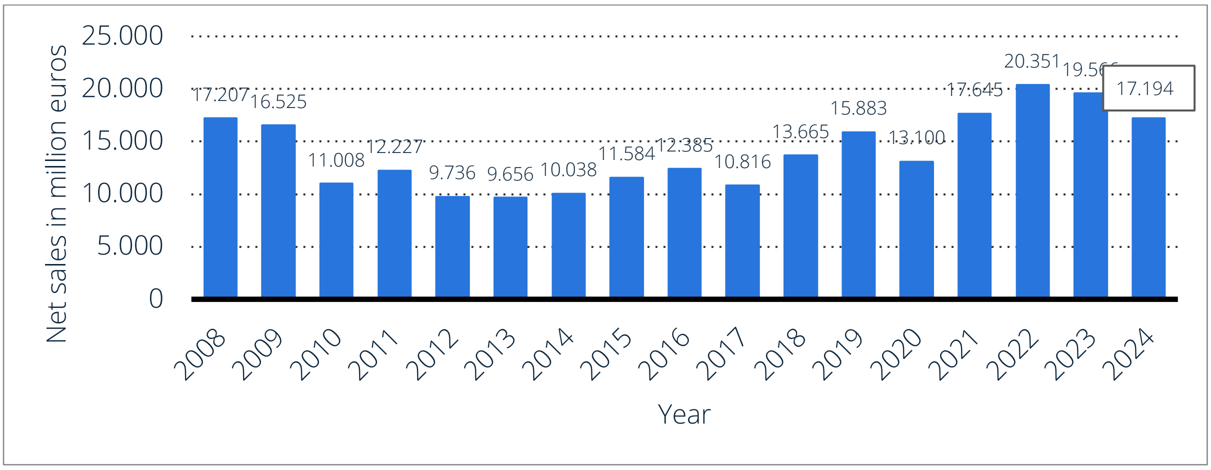
Particularly noteworthy is the performance of the Kering group shown in *Figure 8 – Global revenue of the Kering group from 2012 to 2024*, which registered a 13 percent contraction in consolidated revenue for 2024. The sharpest decline occurred at its flagship label, Gucci, whose sales fell by 29 percent in 2024 and by 37 percent over the past two fiscal years. By contrast, LVMH reported no revenue contraction in 2023, underscoring the uneven impact of the current slowdown across leading luxury conglomerates.

Figure 7 - Revenue of the LVMH Group worldwide from 2008 to 2024 (in million euros)



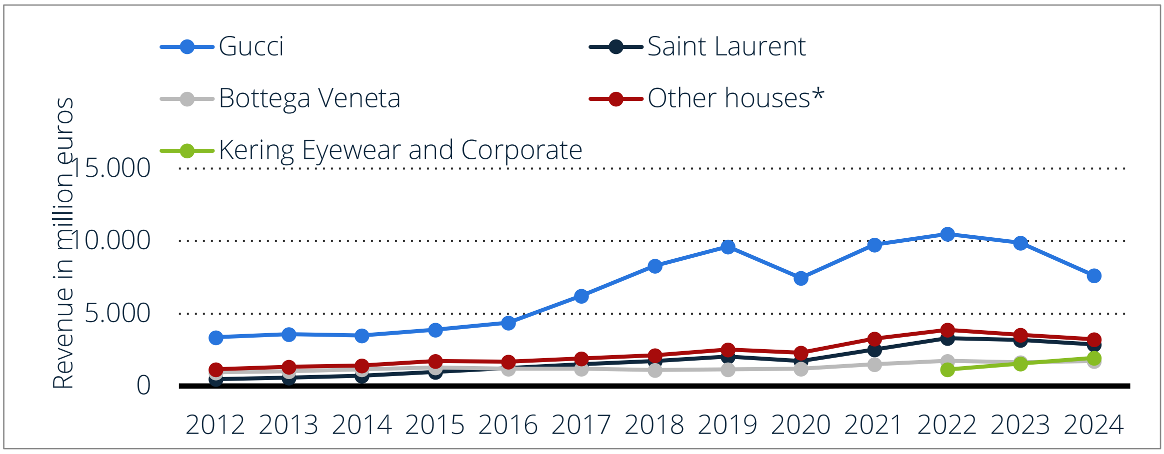
Source: LVMH, & Company filings. (January 28, 2025). Revenue of the LVMH Group worldwide from 2008 to 2024 (in million euros) [Graph]. In Statista. Retrieved April 10, 2025, from https://www.statista.com/statistics/245852/total-revenue-of-the-lvmh-group-worldwide/

Figure 8 – Global revenue of the Kering group from 2012 to 2024, (in million euros) Kering



Source: Kering, & Company filings. (February 11, 2025). Revenue of the Kering Group worldwide from 2008 to 2024 (in million euros) [Graph]. In Statista. Retrieved April 27, 2025, from https://www.statista.com/statistics/267466/global-revenue-of-the-kering-group/

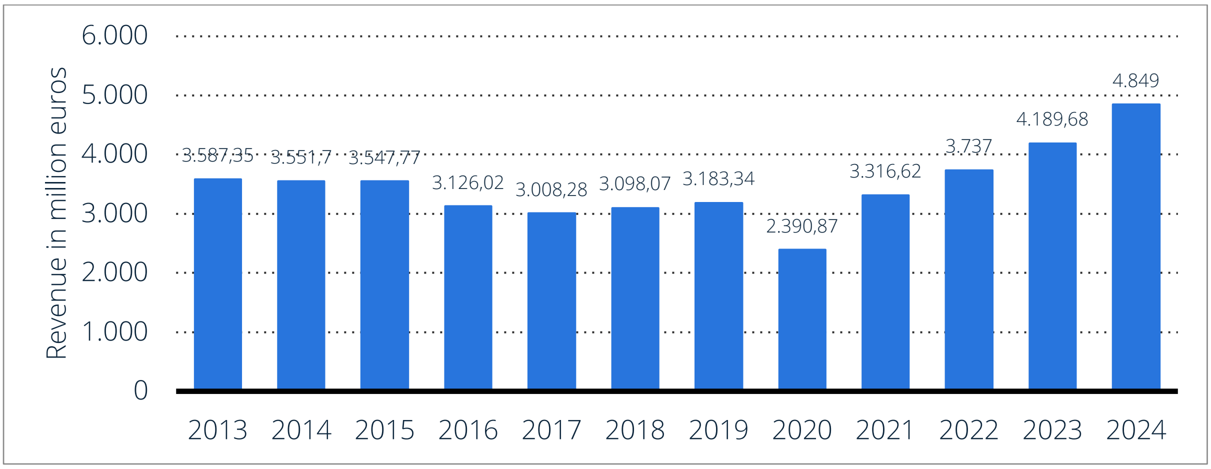
Figure 9 - Global revenue of the Kering Group from 2012 to 2024, by brand (in million euros)



Source: Kering. (February 11, 2025). Global revenue of the Kering Group from 2012 to 2024, by brand (in million euros) [Graph]. In Statista. Retrieved April 10, 2025, from https://www.statista.com/statistics/267476/global-revenue-of-the-kering-group-by-brand/

While all the main players are suffering in this context. Miuccia Prada, with the Prada group, is apparently immune to the luxury fashion slowdown. *Figure 10 - Revenue of Prada from 2013 to 2024* shows the different path of the group. With an overall revenue increase of almost 15% and MiuMiu, which saw retail growth climb an impressive 93% in the same time frame, Prada Group stands out as a conspicuous anomaly in the broader slowdown paradigm, a "glitch in the system” that continues to post downright astonishing results. But how did Prada achieve such results when other brands are fighting for their lives in the war of history?

Figure 10 - Revenue of Prada from 2013 to 2024 (in million euros)



Source: Prada, & Company filings. (March 5, 2025). Revenue of Prada from 2013 to 2024 (in million euros) [Graph]. In Statista. Retrieved April 27, 2025, from https://www.statista.com/statistics/582466/global-net-sales-prada/

2. Gucci and Prada: a comparative analysis

As noted in the previous chapter, the industry deceleration has not affected all houses uniformly. Two emblematic cases, Gucci and Prada, illustrate how contrasting corporate structures, creative strategies, and consumer narratives can yield opposite outcomes under the same macro-economic pressure. Both brands rank among the world's most recognisable fashion names and are historically profitable; yet Gucci operates within Kering's multi-brand conglomerate ecosystem, whereas Prada remains a family-controlled group with just two core labels (Prada and Miu Miu, with the recent addition of Versace to their portfolio).

2.1 Corporate Governance & Ownership Models

While the external environment was already analyzed in the previous chapter, the reasons behind the different performance of the two brands are to be found inside the companies. This chapter wants to analyze the different structures and positions, with Gucci as the cornerstone of Kering, and the Prada group in its entirety, with the two main brands Prada and MiuMiu.

2.1.1 Gucci

Gucci, a flagship brand within the Kering Group, became part of the conglomerate in early 1999, acquiring an initial 42 percent stake, raising it during the following years. By 2004, Kering, then operating under the name Pinault-Printemps-Redoute, had acquired 99.4% ownership of the company. Despite this near-total acquisition, Gucci historically retained a notable degree of operational independence, particularly with regard to its administrative decisions and creative direction.

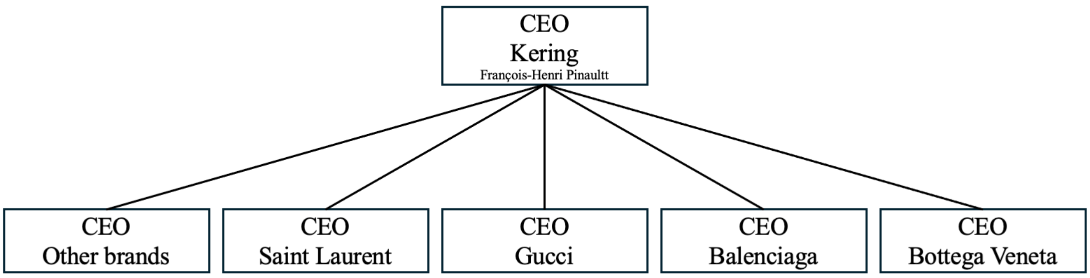
However, in recent years, Kering has adopted a more centralized governance model, gradually curtailing the autonomy previously granted to its brands. This shift has been marked by the strategic appointment of new executive figures at the group level to enhance oversight and ensure alignment across brand portfolios. Whereas the traditional reporting structure followed a direct line from brand CEOs, including Gucci's, to the Group CEO, the current framework requires all brand CEOs to report to Kering's Deputy CEO for Brand Development. This evolution reflects a deliberate move toward tighter integration and centralized strategic control by Kering's executive leadership.

Until 2020, Kering pursued a federated governance model, with each brand unit having moderate autonomy and very low centralization. Both operative functions, such as creation, and administrative ones, such as R&D, Marketing, and advertising, were completely handled by the units.

Increasing market volatility, combined with a significant contraction in Gucci's revenues, has led Kering to put the brand under increasing strategic and operational oversight. The restructuring aligns with a wider corporate aim to create functional synergy at the group level, particularly in finance, human resources, technology, and sustainability. While these measures are officially designed to speed up processes and enhance cross-brand synergies, they have greatly limited the degree of autonomy that Gucci traditionally had.

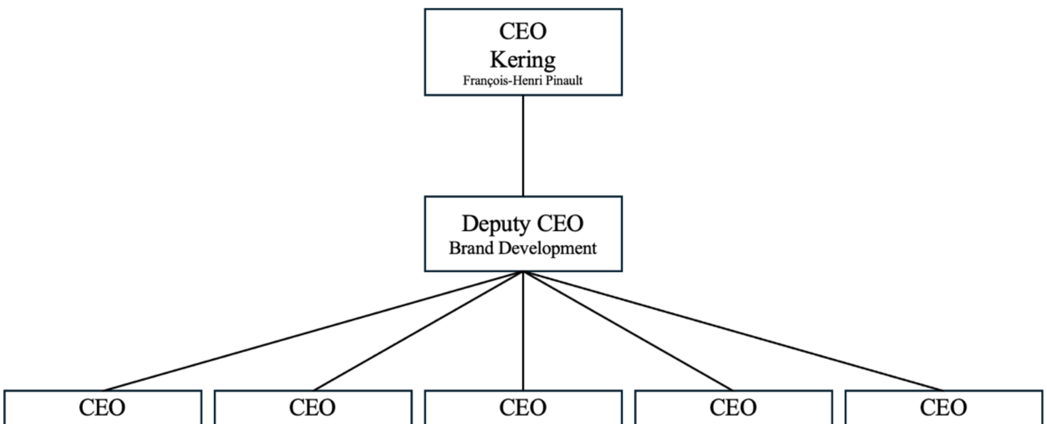
In *Figure 11 – Pre 2020 Kering's governance structur*e and *Figure 12 – Post 2020 Kering's governance structure* graphically show the different governance structures pre and post-reform.

Figure 11 – Pre 2020 Kering's governance structure



Source: own elaboration from Kering disclosures

Figure 12 – Post 2020 Kering's governance structure



Source: own elaboration from Kering disclosures

One of the main results of this new strategic orientation is the movement towards increased alignment in brand positioning in Kering's portfolio. The group aims for more aligned strategic trajectories, especially to narrow the gap in financial results, surface margin divergence among Gucci and its sister Maisons. In that context, Gucci, though keeping its own Chief Executive Officer and Creative Director in name, operates more under a centralized governance model. These two leadership roles report directly to the Deputy CEO for Brand Development, a structural change in line with an intentional shift to more converged and collaborative decision-making.

In addition, this restructuring provides a stronger risk management framework and enables Kering to see early potential underperformance at the brand level. Because it has consolidated control, the group can more quickly take corrective actions, like changes in merchandising strategies or leadership. However, the extra oversight has also resulted in simmering cultural tensions within Gucci. It threatens a dilution of the very entrepreneurial agility that has defined the brand, and is likely to invite internal tensions with creative talent used to a more independent and liberated home.

2.1.2 Prada

The Prada Group is a publicly listed company, mainly controlled by the Prada family, specifically Miuccia Prada and her husband Patrizio Bertelli, who jointly control and own about 80 percent of the Group through their holding company Prada Holding S.p.a, which confers the Prada Family effective control over the strategic decisions and governance. Historically, both Miuccia and Patrizio held executive leadership roles, with Miuccia focusing on the creative direction and Bertelli on business operations. However, a significant organizational shift occurred in 20203, marking a gradual transition away from a family-led structure. Bertelli stepped down as CEO in favor of Andrea Guerra, former CEO of Luxottica and LVMH executive. Simultaneously, Miuccia Prada remained on the board and retained her role as Creative Director of both Prada and MiuMiu. In parallel, the couple's son Lorenzo Bertelli was appointed to a more prominent role within the organization, indicating a strong strategic effort to facilitate the transition to the new Prada generation.

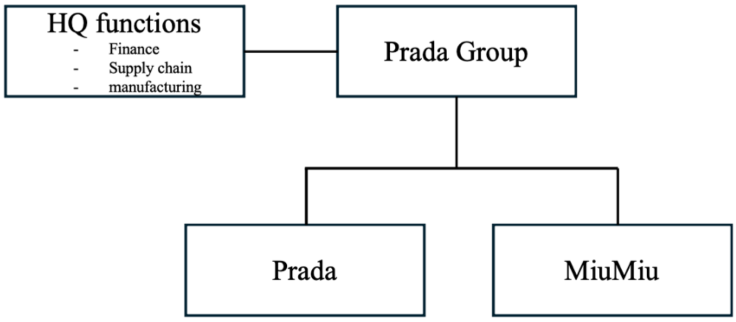
The Prada Group's brand portfolio is anchored by two key fashion houses: Prada and MiuMiu. Prada, born in 1913 in Milan and now the flagship of the group, and MiuMiu, founded years later in 1993 by Miuccia, serve as the more experimental counterparts. Despite having the same creative direction, the two brands maintain very distinct and different outlooks to fashion.

Prada is positioned toward a minimalistic clientele for the minimal luxury enthusiasts, while MiuMiu caters to those avant-garde and youth-oriented fashion lovers.

Operationally, however, the two brands are managed under a unified corporate framework.

A single board of directors and executive management oversee strategic and operational decisions for both houses. Key corporate functions, such as finance, manufacturing, and supply chain, are integrated, ensuring consistency and enabling them to exploit economies of scale. This centralized, yet flexible, structure has enabled the Prada group to balance differentiation with corporate efficiency, ensuring creative independence and operational synergy.

Figure 13 – Prada Group governance structure



Source: own elaboration from Prada Group disclosure

2.2 Financial Overview

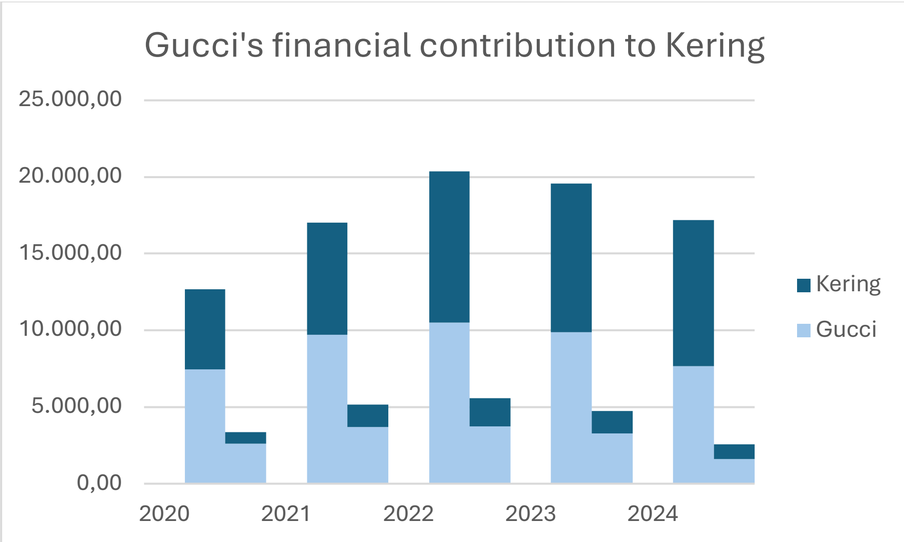
2.2.1 Gucci

Since the group's inception, Gucci has been its flagship brand in revenue and global recognition. In 2020, Gucci contributed approximately 57% of Kering's nearly €13 billion in total revenues, amounting to around €7.5 billion. That same year, it was also responsible for 74% of the group's recurring operating income (Kering, 2020), despite a drop in sales due to the pandemic.

In 2021, although the group's overall sales increased, reaching €17.6 billion, Gucci's share of total revenue slightly declined to around 55%, marking the beginning of a downward trend in its relative contribution over the following years (Kering, 2021). The trend in the following year remained similar, moderating slightly as other houses, like Saint Laurent and Bottega Veneta, grew, with its percentage of revenues and recurring income kept declining, however, staying ahead of the others

The chart below, *Figure 14 – Gucci's financial contribution to Kering*, displays two stacked bars for each year from 2020 to 2024 (Kering, 2020) (Kering, 2021) (Kering, 2022) (Kering, 2023) (Kering, 2024).
The left bar represents total revenues, while the right bar shows recurring operating income. In each bar, the lower blue segment indicates Gucci's contribution, and the upper segment represents the contribution from the rest of the Kering Group.

Figure 14 – Gucci's financial contribution to Kering



Source: own elaboration form Kering, 2020; Kering 2021; Kering 2022; Kering 2023; Kering 2024

2.2.2 Prada

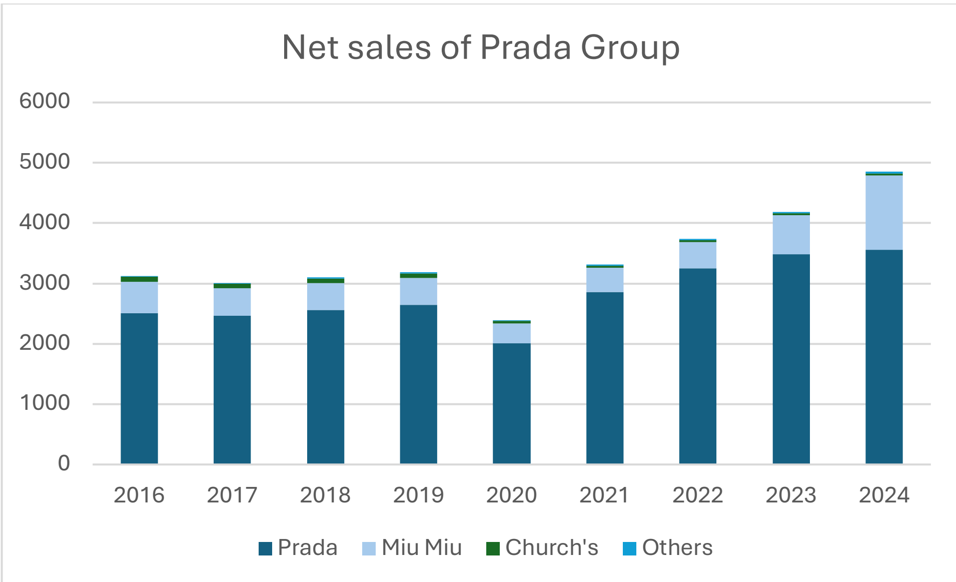
The Prada group is formed by two main brands, Prada and MiuMiu, and several other ancillary ones, such as Church's, Car Shoe, Marchesi 1824, and Luna Rossa. In recent years, the Prada Group has distinguished itself from other major conglomerates within the luxury fashion industry by navigating a markedly different trajectory, experiencing a significant increase in revenues, contrary to the broader trend of market deceleration (see Figure 10). Indeed, not only did the main brand Prada appear untouched by the slowdown, but also the other Maison's brands exited 2024, some unharmed, and some even better off.
In the years between 2013 and 2019, Prada Group was more or less stable in its revenues, even following a decreasing trend. This performance stands in contrast with the broader Luxury Fashion industry, which witnessed sustained growth during the same time period. Notably, in 2016, Prada experienced a significant revenue contraction, with a 13% decrease in revenues for the group, a divergence particularly striking compared to its main conglomerate competitors

such as LVMH and Kering, whose key fashion houses reported strong financial growth. Such underperformance may be attributed to a lag in digital transformation and developing customer base and trend adaptation of the group, led by an overreliance on traditional retail methods in a period of always evolving technologies, such as e-commerce.

However, the onset of the COVID-19 pandemic marked a turning point for the Maison. In the years following the crisis, Prada distinguished itself from many of its peers by revising the earlier stagnation and with sustained rising revenues. While other luxury houses suffered deceleration in sales due to travel restrictions, supply chain disruptions, and a shift in consumer perception, the Prada group capitalized on internal restructuring by accelerating digitalization and adapting to the current trends.

What struck the most about this already peculiar situation was the rising star of the group, MiuMiu, always considered, due to historical reasons, a secondary brand within the group's portfolio. Despite its smaller scale in relation to Prada, MiuMiu managed to outperform every brand in circulation.

Figure 15 – Net sales of Prada group by brand



Source: own elaboration from Statista. Retrieved April 27, 2025, from https://www.statista.com/statistics/582466/global-net-sales-prada/

As shown in *Figure 15 – Net sales of Prada Group by Brand*, Prada's contribution continues to account for most of the group's net sales. However, MiuMiu experienced a dramatic increase in performance, with revenues rising nearly 50%, thereby expanding its contribution from 16% to approximately a quarter of the group's total net sales. Even more impressively, since 2020,

MiuMiu’s revenues have seen a rise of 73 percent. This growth is attributed to the ability of the brand to align with the desires of younger customers and their bold styling choices, with viral runways and strategic partnerships, positioning itself as the main label for that demographic segment of avant-garde young customers.
This development and achievement not only reflect the internal shift within the Prada group, but also underscore the need of agility and resilience in a post-pandemic era, where cultural relevance, emotional resonance, and agility are key drivers for performance.

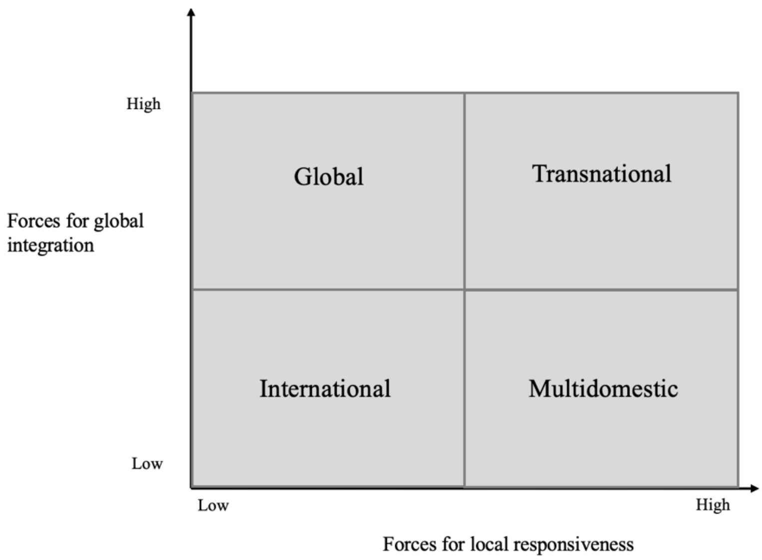
3. Strategic Responses: Prada vs. Gucci

Based on the industry-wide drivers and brand diagnostics explored in the previous chapters, this chapter dissects Gucci and Prada group's emblematic strategies through the current slowdown. We start from a concise map of the strategic archetypes of major luxury firms, then dive into each brand's managerial and strategic configuration.

3.1 Overview of Strategic Options in Luxury (Multidomestic, Global, Transnational)

The strategic latitude of any multinational enterprise can be mapped with Bartlett & Ghoshal's classic matrix, which contrasts *global integration* with *local responsiveness* and yields four profiles: global, multidomestic, transnational, and international strategies. For this thesis, the focus rests on the first three, because the "international" archetype (low–low) rarely endures in the hyper-competitive luxury arena.

Figure 16 - Bartlett & Ghoshal's classic matrix



Source: Barter & Ghoshal's classic Matrix

Global strategy: high integration/low local responsiveness, seeking worldwide scale economies by standardising product architecture, marketing, and supply-chain activities. In luxury, this means a tightly managed brand narrative, consistent store concepts, and a centralised merchandising strategy that values brand consistency over local nuance.

Multidomestic strategy: low integration/high local responsiveness, decision making, and product mix is diffused through national subsidiaries, which adapt product mix, communications, and sometimes price sensitivity to "cultural wisdom" and consumption habits. Luxury houses taking this position often feature country-specific capsules, windows and events.

Transnational strategy: High integration/high responsiveness, attempts the "best of both worlds", leveraging global knowledge flows and scale platforms while empowering local nodes to adapt assortments or storytelling where culturally salient. Digital analytics, modular supply chains, and globally mobile creative directors have made this hybrid increasingly feasible in fashion.

In a world led by premiumization and scarcity, brands must be able to deliver a personalized experience, being it be from the rare product selection, such as Hermes' unique bags, or by adapting to local scenarios. Managers must therefore choose how hard to push each axis; over-standardisation courts cultural irrelevance, while over-fragmentation dilutes aura and margins. The remainder of this chapter positions Prada and Gucci along that continuum and assesses how those positions have shaped performance during the post-pandemic slowdown.

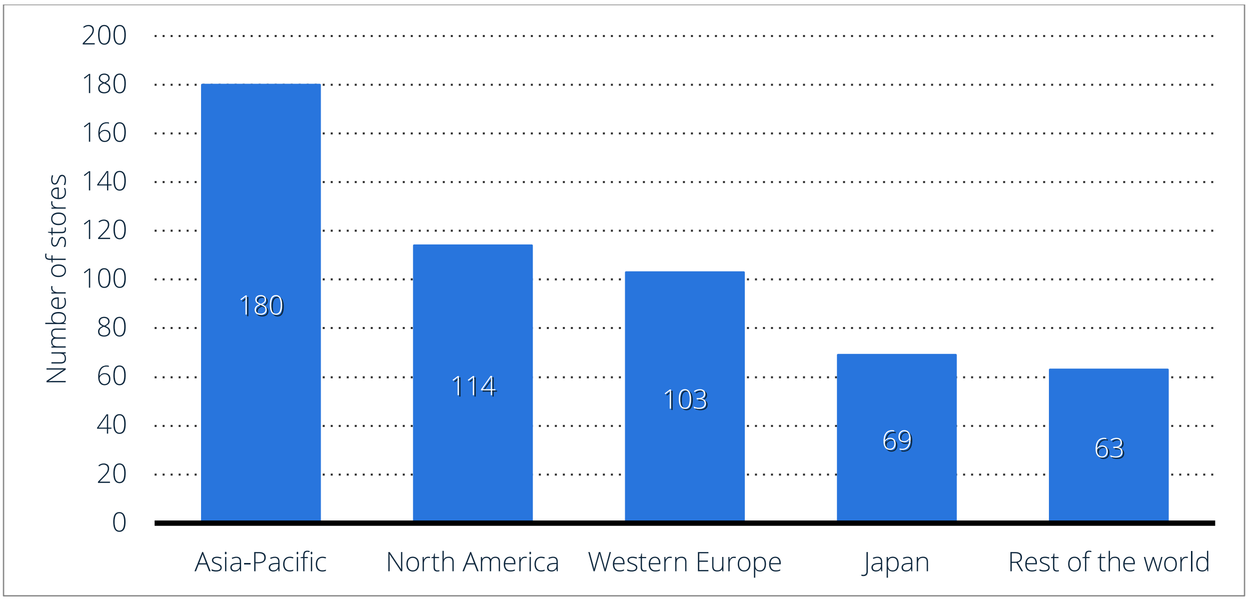
3.2 Gucci's Strategy: A Transnational Powerhouse?

As anticipated in the previous chapter, Gucci's autonomy narrowed sharply in the latest years, shifting from a "federated" model (see Figure 11), with a discrete degree of autonomy, to a more centralized one. Additionally, within three years, the brand cycled from Alessandro Michele's maximalist aesthetic, to Sabato De Sarno's quiet luxury, to the new undiscovered taste of the recently appointed Demna. This discontinuity and volatility in the creative direction complicated band storytelling and identity.

From the beginning, Gucci's identity, even though strongly tied to the Florence world, refused the purely "Italian style" narrative, aiming to make the brand DNA a melting pot of cultures (Armitage & Roberts, 2021), which furthermore aligns with the high level of forces for local responsiveness.

As of December 2024, Gucci directly operated 529 stores across Western Europe, North America, Asia Pacific, Japan, and other regions, as seen in *Figure 17 - Number of directly operated Gucci stores worldwide in 2024, by region.* Markets such as China and the U.S are critical to Gucci's performance; the Asia-Pacific area alone accounts for circa 33 % of Gucci's overall revenue in recent years (Kering, 2024). Such a global footprint in today's market demands a transnational strategy, intending to leverage the strength of the group while adapting to customers, traditions, and customs all around the world.

Figure 17 - Number of directly operated Gucci stores worldwide in 2024, by region



Source: Kering. (February 11, 2025). Number of directly operated Gucci stores worldwide in 2024, by region [Graph]. In Statista. Retrieved May 10, 2025, from https://www.statista.com/statistics/442796/number-of-gucci-stores-worldwide-by-region/

Certain parts of Gucci's strategy are tightly centralized in the headquarters, whereas others are tailored locally in the execution.

As reported on several of their quarterly activity reports, branding, creative direction, and product development are globally unified. Under its former creative director, Alessandro Michele, Gucci cultivated a distinctive and unique aesthetic and a creative DNA that remained consistent and recognisable worldwide. The Italian brand headquarters orchestrated the creative vision, thereby ensuring a consistent image on all markets. Product design and merchandise are led by a central team, which balances Gucci's heritage with modern trends to *"engage with the widest possible range of clients, and optimize the mix between carryovers and new products"* (Kering, 2022). Furthermore, operational policies are also centralized, with an upward trend toward sales in directly operated stores rather than wholesales, seeing a decrease in the latter between 2022 and 2024, going from being 23% (Kering, 2022) of their revenues to only 9% (Kering, 2024). Such a tightening strategy of reducing third-party outlets and emphasizing boutiques is the result of the need to protect brand integrity. Manufacturing remains concentrated in Italy for quality control, however, Gucci has increased vertical integration to speed up its supply chain globally, entering a global ecosystem, reducing lead times to reach faster new markets (BoF Team, 2017)

At the same time, Gucci reconfigures its application to local markets in marketing, retail, and customer experience. Advertising and retail strategies are crafted around the local culture; a rather striking example was the 2022 campaign for the Chinese Year of the Tiger, where the hashtag #GucciTiger reached hundreds of millions of views. Staying within China, for instance, Gucci also adapted to their social media strategy, becoming a member of Chinese social media platforms like Douyin, Xiaohongshu (also known as RedNote), and WeChat. In various markets, Gucci has also used pop-up stores and culturally-specific collaborations, such as the Gucci bamboo installation from the Japanese artist Chikuunsai Tanabe IV, in Tokyo, or the immersive installation in Miami by Corydon Cowansage.

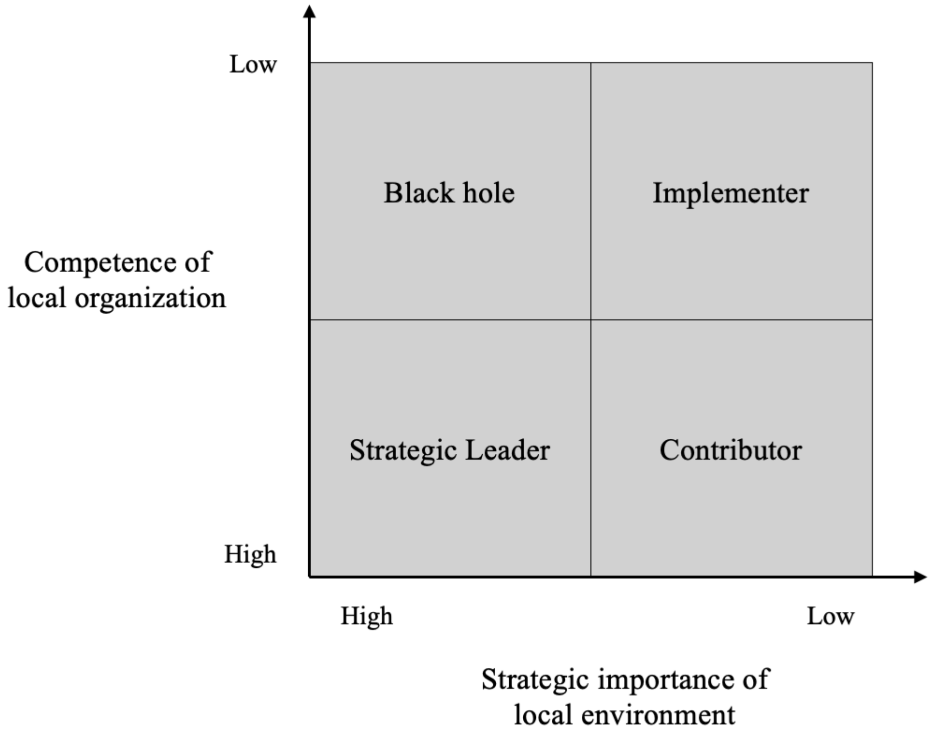
Distribution and retailing strategies are also localized; notable is the entrance of the maison on China's e-commerce luxury shopping ecosystem Alibaba, showing adaptation and reliability in a country where far more macro conversions are dealt with through mobile apps than in the EU or US (Cristoferi, 2020).

With this dual approach, Gucci maintains a coherent luxury image, but manages to respect consumer local behavior and culture.

3.2.1 Role of subsidiaries

Within Gucci's global organization, different country subsidiaries play different roles in its strategy. Following the Bartlett & Ghoshal framework, we identify four roles based on: (1) the strategic importance of local environment, and (2) the competences of local organization, as shown in *Figure 18 - Roles for national subsidiaries (Bartlett & Ghoshal, 1986).*

Figure 18 - Roles for national subsidiaries (Bartlett & Ghoshal, 1986)



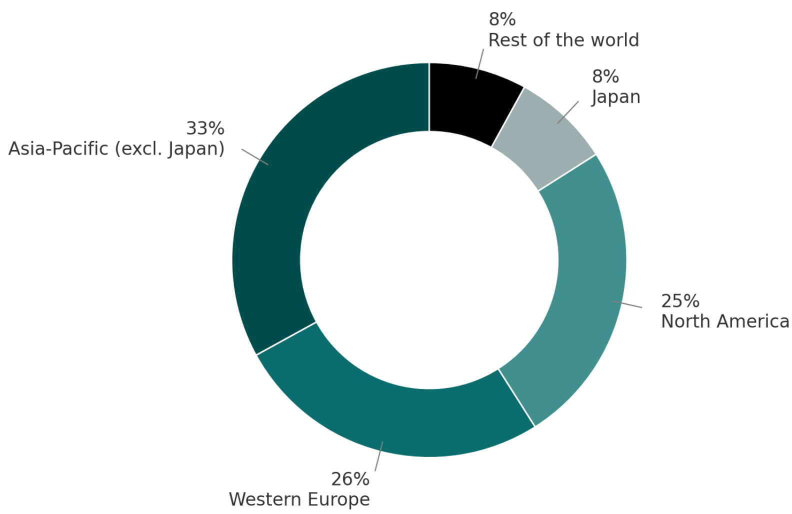
Sources: Bartlett & Ghoshal subsidiary-role matrix

A strategic leader is a subsidiary in a highly important market with strong competencies that can act as a partner in strategy formulation. In Gucci's case, the Chinese subsidiary is an example of a strategic leader. China is Gucci's and Kering's largest market by sales and revenue, accounting for 33% of 2024 revenues (Kering, 2024), while also skillfully advanced in digital marketing and retail innovation, as explained above. Together with China's subsidiaries, North America operations can be described as a strategic leader, with the US accounting for 25% of 2024 revenues (*Figure 19 – Gucci revenues by region*), and a center of trend-driven revenue, omnichannel strategies, and celebrity influence.

Contributors are subsidiaries with high internal competence but situated in less critical markets. Those units develop specialized expertise that benefits the whole company. For Gucci, an example is Japan. Positioned far behind Europe, China, and the US, Japan accounts for only 8% of Gucci's sales (*Figure 19 – Gucci revenues by region*); nevertheless, it has a strong heritage in understanding luxury consumers, and with a sophisticated and demanding market. The Japanese branch has reinforced strengths in various areas, like visual merchandising and maintaining brand heritage among a traditionally loyal clientele.

Implementers (or executors) are the most common among the subsidiaries, in less strategic markets with modest capabilities. These subsidiaries work for efficient sales and operations in their country, but have little influence on the overall strategy. Some examples are Gucci's operations in Eastern Europe, Southeast Asia, and Latin America. Their mission is to exploit local market potential efficiently, allowing a moderate revenue stream, with minimal localized product development. The relative importance of these subsidiaries is shown in the revenue stream of the brand, being noted as "rest of the world", adding up to 8%, nevertheless keeping the brand name and awareness high even in those sites (*Figure 19 – Gucci revenues by region*).
The last type of subsidiary in the Bartlett & Ghoshal framework is the Black hole. A back hole is a subsidiary in a crucially important market that lacks the necessary competencies, creating a strategic void. One real example is India. India's economy and number of millionaires have been rapidly rising (Pandya & Kalra, 2023), yet Gucci, as well as many other luxury brands, has limited range of action in India, limiting itself to a few boutiques, as well as being the only country where none of the subsidiaries are fully owned by the group.

Figure 19 – Gucci revenue by region



Source: Kering, 2024

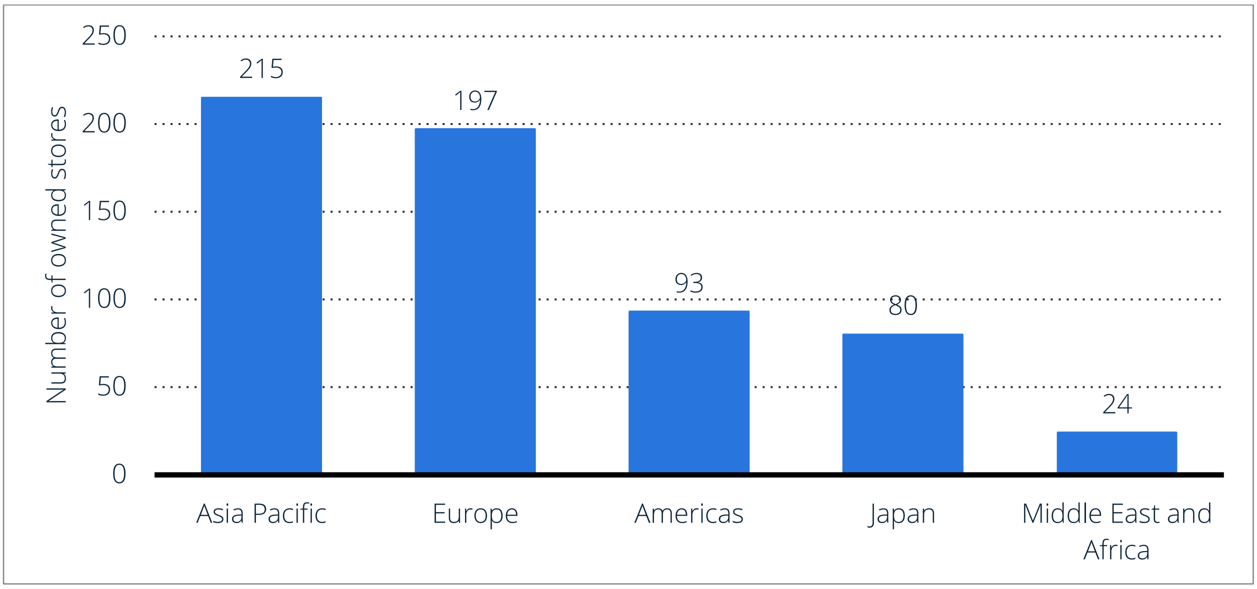
3.3 Prada's Strategy: Transnational craft reimagined

Prada's playbook aligns as well with the Berlett & Ghoshal Transnational house description, leveraging global integrated product development, digital infrastructure and sustainability governance, while empowering local branches to tailor merchandising and cultural activation.

Prada's Italian heritage is of crucial importance for the brand; at the same time, in today's world, the call for personalization and premiumization requires special focus on culture and local wants. Pressure for global integration requires a single creative voice paving the way for the brand identity, as well as economies of scale being crucial when dealing with sourcing rare materials and premium textiles. Local responsiveness skyrocketed as well in the post-social media world, calling for region-specific stories and digital channels.

In 2024 Prada owned 609 directly operated stores worldwide (*Figure 20 - Number of Directly Operated Stores owned by the Prada Group as of 2024, by geographical area*), showing a change of route in comparison with previous years, decreasing the number of DOS in Europe and the Americas, while increasing them in the Asia Pacific area (Prada, 2024)(Prada, 2023).

Figure 20 - Number of Directly Operated Stores owned by the Prada Group as of 2024, by geographical area



Source: own elaboration on Prada, 2024 annual results

As anticipated in the previous chapter, the Prada group works under a unified corporate framework overseeing strategy and operations in order to balance the two crucial dimensions of a multinational corporation.

The group has indeed chosen to centralize brand and operation for all of its Maisons, strictly controlling the brand image and product quality worldwide. Creative direction and design are placed in the Italian headquarters, and production is kept in-house as well, in order to retain that "made in Italy" identity that is so central for the group. Vertical integration in this matter is crucial, because of that, the group owns twenty-six industrial manufacturing facilities, up to twenty-three are located in Italy, in order to allow for quality control (Prada, 2024). In 2019, Prada announced it would *“'rationalise' wholesale as it focuses on digital, seeks price uniformity”* (Halliday, 2019), confirming the unified pricing strategy. This global integration is seen as well in digital investments, providing the group a unified customer experience management platform across all regions and brands, to give headquarters real-time visibility into local markets (Sprinklr, 2025), as well as partnering with Adobe.

At the same time, the group’s need for adaptation to the local markets is high, and has paved the way for an open approach to different cultures. The group tailors its marketing to resonate with local cultures. China again serves as an example, being also Prada’s fastest-growing market, it has undertaken several digital investments to build a strong community, through partnering with local e-commerce platforms such as Tmall and JD (Busnardo, 2022).

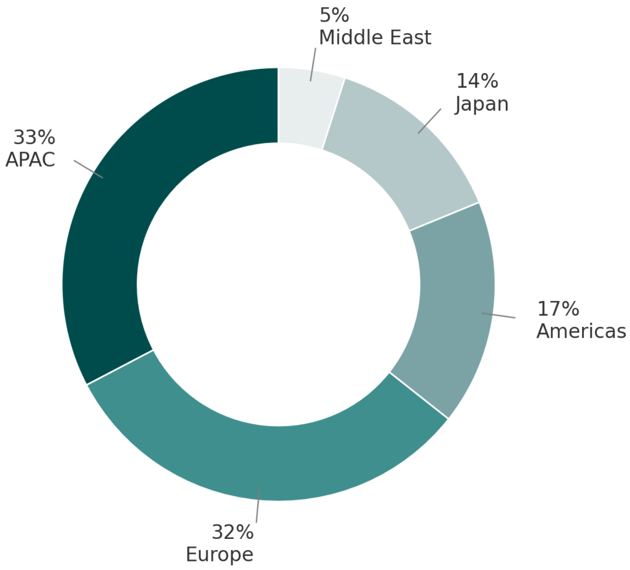
Prada also collaborated with local influencers and region-specific campaigns, such as the “action in the year of the tiger”, devoted to safeguarding the species (Prada, 2021).

Where Prada differs is in execution; marketing, store experience, and online interactions are tailored by location, however, these concessions feed back into one global strategy rather than separate country strategies. In total, Prada is a transnational firm: worldwide brand and operations are centrally coordinated for efficiency and consistency purposes, while local frameworks are utilized to create relevance in focus markets

3.3.1 Role of subsidiaries

Following the same Bartlett & Ghoshal’s framework in *Figure 18 - Roles for national subsidiaries (Bartlett & Ghoshal, 1986),* Prada’s subsidiaries have indeed different roles based on the two aforementioned dimensions. Italy is a key example of a strategic leader for Prada’s operation: besides being the center of creation, northern Italy is also where the group has set the majority of its production facilities. While the Italian domestic luxury market is modest, the Italian environment is vital as the center of craftsmanship and fashion heritage. The high capabilities in the manufacturing world owned by the local, unified with Milan’s influence on global fashion, make the Italian hub not only the strategic leader, but also the center of excellence, driving the entire group. The USA, as well as China, can also be referred to as strategic leaders, with the Americas as the main focus in trendsetting, marketing innovation center, and influencer marketing, with a central presence of flagship boutiques in New York and Los Angeles. China is the group’s most critical growing market as the top contributor in the latest year, as shown in *Figure 21 – Prada revenue by region*, as well as being the Asia Pacific region with the most DOS.

Figure 21 – Prada revenue by region



Source: Prada, 2024

An example of a contributor, different from the previous examples, is Church's and the UK. Born as an independent English shoemaker, later acquired by Prada, Church's has supreme competencies in manufacturing, which became crucial in the group's know-how. It takes the contributor role since the expertise and competencies of the brand far exceed the strategic weight of the UK market itself. Similarly, France's subsidiary Tannerie Mégisserie Hervy is of strategic importance in securing top-grade leather rather than driving sales. France also contributes to visibility for the group. More in general, contributor subsidiaries for Prada often relate to specific capabilities, raw material suppliers, or manufacturing centers rather than just sales, underlining the transnational strategy and global ecosystem in which it is located.

Implementers are smaller European, Asian, and Latin American markets, as well as Canada and Australia's stores, where there is no local craftsmanship to be further acquired for the group, nor central markets. Local Prada organizations here are usually small sales teams that implement the product line, store concept, and pricing strategy as defined by the headquarters, without developing tailored strategies. Implementers make up the bulk of the group's international footprint, allowing the Maisons to be present globally, without diluting the brand.

Regardless of their favourable position in recent years, even the Prada Group is subject to the presence of Black Hole subsidiaries. Today, an emerging back hole is India, with a rising percentage of millionaires but yet no directly operated stores, only a franchised boutique in

New Delhi. This corresponds to the classical black hole mismatch of high market potential and low investment and capability, and Prada risks missing out on India's luxury boom due to an insufficient local platform. Worth mentioning is the fact that, even if now China is one of the strategic leaders, in the 2010s, Prada faced a black hole scenario in the Chinese digital space, due to the lack of digital infrastructure and adaptation to the country's technology, causing it to lose ground to other digitally savvy rivals.

4. Positioning strategies & Marketing

Although from a competitive strategy point of view, the two houses do not seem to differ, evolving quintessentially into two transnational enterprises, the two iconic maisons have charted contrasting trajectories in other spheres. Their similar corporate structure has brought them to comparable access to global talent, craftsmanship, and scale economy, while this same symmetry neutralized structural factors as the prime explanation for their recent diverging trend.

On the other hand, what boosted the performance gap is the very different direction and set of choices that each house has made about *who* it wishes to seduce, and *how* it chooses to narrate its values. By looking at the recent years' campaigns, drop, and word-of-mouth, Gucci until 2023 was still strongly entangled in its overarching and logo-heavy strategy, which was not suiting the new 2020 decade. Prada, by contrast, has leaned into a quieter reinvention by concentrating on the minimalistic view of Raf Simons and Miuccia Prada.

The following section moves from the *where* of global structure, to the *what* and *why* of brand positioning and marketing execution. It dichotomizes how Gucci's pursuit of maximalist ubiquity versus Prada's minimalist scarcity has not only shaped customer perception, but also become the decisive variable in today's slowdown.

4.1 Continuity vs. Reinvention

The two brands followed radically different paths in brand image during the last decade.

Gucci's trajectory in the last decade was marked by a strong director turnover. Frida Giannini's polished style was substituted in 2015 by Alessandro Michele's appointment, inaugurating almost a decade of eclectic and maximalist vision, which brought Gucci to more than double its revenues from 2016 to 2019 (Kering, 2016; Kering, 2020). While Michele's era captivated millennials and Gen Z globally, by the early 2020s, the brand started to signal fatigue, due to the rise of minimalism. In November 2022, Gucci announced Michele's departure, followed by the appointment of Sabato De Sarno with the mandate to "*bring a singular and contemporary perspective to modern luxury*" (François-Henri Pinault, Chairman & CEO of Kering), implicitly referring to the need to scale down from the era of excess of Michele. De Sarno's vision amplified the tension between continuity and reinvention, already displayed by the previous change in creative direction. His debut collection, "Ancora", explicitly referring to the archives of the maison, was a compendium of tradition and timelessness, embracing the quiet luxury movement of the mid-2020s.

In contrast, Prada navigated the decade with steady creative leadership, under the name of Miuccia since the 1970s, continuing on a minimal line. The notable appointment of Raf Simons as co-creative director marked an unprecedented power-sharing in the maison, however, presented as a partnership rather than a disruption. Both the designers, known for their rigor and minimalist codes, created a fresher style, remaining true to the house heritage of sleek tailoring, neutral palette, and industrial-like aesthetic, occasionally nodding to trends. The result was a rejuvenation of Prada in the eyes of younger customers, with the consensus of the loyal ones, who saw a continuous line between the collections.

The two strategies yielded major different outcomes. Gucci's rapid reinvention led to high brand equity volatility: the sudden shift of vision led to a great discontinuity in the brand image, which was no longer the archive's one, but rather Alessandro Michele's, and when it changed to a more craftsmanship and heritage-oriented vision, the collection struggled to translate commercially. During those eight years, Gucci cultivated a strong and loyal customer base, accustomed to Michele's outlook, which was radically opposed to De Sarno's vision, leading to the loss of important customers, while failing to attract new ones, unsure if this sudden change was true to the brand. Contrarily, Prada demonstrated coherence during the years, which, unified with the digital and strategic implementation, resulted in steady brand equity gains. By avoiding the swings of trends, it instead cultivated desirability through a classical product and a dual-brand portfolio. It remained true to the archives while allowing new customer acquisition through the fresh MiuMiu line.

4.2 Aesthetic codes: Maximalism or Minimalism

Several studies, such as Taylor, Borenstein, and Pangarkar (2025), have shown the growth of quite luxury at the expense of bold logos. Both Gucci and Prada, seeing the expected trajectory the luxury fashion industry was taking, took measures to ensure resilience in the market, however, Gucci's and Prada's aesthetic choices yielded different resonance.

Gucci was known, as previously stated, during the last years for its baroque maximalism of bold colors, gender-fluid styling, and logos, not only as themselves, but enhanced to make them a statement. Both stores, campaigns, and products reflected such, and the period saw a surge of sales, especially for its GG Marmont bag, an exemplary example of the logo mania the 2010s were filled with. This phase cultivated a distinctive brand image for Gucci. With the appointment of Sabato De Sarno, the aim was to shift toward a more trendy no-logo route, clear of Michele's excesses, without clashing prints, emphasizing tailoring and leather work; the epitome of quiet luxury.

Prada, on the other hand, stayed consistent with its so-called intellectual minimalism. Miuccia herself defined her work as *"a simple fashion with rich content that is not redundant"* (Zargani, 2021), with clothes that appeared simple, yet with complex undertones. A consistent palette of whites, blacks, and neutrals, usually adorned only with an exaggerated shoulder or a small inverted triangle.

Whereas Gucci's 2015-2020 aesthetic was aligned with the prevailing consumer tastes, the strategic shift toward a quiet-luxury vision has fallen short of delivering the benefits originally envisaged. Many aspirational customers who were loyal to Michele's Gucci after 2020 started to gravitate toward a more low-key luxury, such as Bottega Veneta or Hermes. Gucci's Ancora line was an attempt to recapture those consumers by aligning with their new taste. This attempt faced a dual sequence in the short term: a minority appreciated the throwback to the simpler, similar to heritage, lines and elegance, but a larger segment of, specifically, the younger customer base, was too accustomed to the loud collections of the previous creative director. The Brand loyalty that Gucci had built up with maximalist expression did not directly equate to the new minimalist design, leading to a dip in buzz and sales in 2023-2024.

By contrast, Prada Group surfed the quiet luxury wave with authenticity. The house's attachment to minimalist designs long predates the trend, hence why it was seen not as a follower, but rather a trendsetter in today's luxury. Reflecting the customer as true to itself, Prada managed to undertake the most important challenge when facing a downturn period: to remain true to itself, conquering the hearts of both loyal buyers and winning new ones.

4.3 Audience architecture & Brand dilution

During the late 2010's and early 2020's Gucci expanded its audience, particularly among Gen Z and Millennials, fueling short-term growth, but at the same time diluting the brand. Alessandro Michele made Gucci a cultural phenomenon, becoming one of the most mentioned brands on social media and in songs in the period mentioned (Accardo, 2019). The wave of media coverage through media and music created a strong desire and new aspirational consumers buying entry-level items (belts, logo slides, small leather goods). Furthermore, in 2021, Gucci, thanks to its considerable digital engagement and investments in new social media campaigns, was fourth in the ranking of most valuable brand (Buchholz, 2021). This same brand ubiquity that brought Gucci to the peak carried a cost: overexposure. The interlocking GG became so prevalent in t-shirts, slippers, belts, and phone cases that it lost its aura of exclusivity, following Kapferer & Valette-Florence's thesis in their previously mentioned paper *The impact of increased brand penetration on luxury desirability: a dual effect.* Gucci's architecture in this era skewed remarkably broad from the usual luxury brand. The house indeed introduced several more affordable-priced collaboration and capsule collections. This drove volume in sales, but led to oversaturation of aspirational customers, with millions owning a small piece of Gucci in their houses. While this strategy kept Gucci relevant in the period, the brand had to face signs of dilution, such as a less compact brand image, lower interest from true high-end clients, and frequent markdowns in outlet channels.

Prada took a considerably different approach due to its dual-brand architecture. The binomy Prada-MiuMiu allowed to target younger and trendier consumers via MiuMiu, while insulating the core brand Prada from overexposure. MiuMiu managed to capture trends and momentum in social media presence, without overextending Prada's main line. From Miuccia's words, *"Prada is my more rational side, it's more thought-out and Miu Miu is lighter […] I censor myself much less with Miu Miu."* (Zargani, 2021). An example is the viral micro-miniskirt, which dominated TikTok and fashion covers for months.

This choice of enlarging the customer base while protecting the main brand image allowed them to leverage both existing and loyal customers, searching for the same refinement and elegance that Prada has always been known to have, while attracting a younger audience through trends and more accessible prices.

Applying luxury scarcity theory highlights how Gucci and Prada's different audience strategies amplified or mitigated brand dilution. Literature (Kapferer and Valette-Florence, 2018) emphasizes the importance of maintaining an aura of scarcity around the brand, whether through limited supply or high price barriers, and if Prada succeeded in both, Gucci failed.

4.4 Digital and Cultural Capital Strategy

In a world as globalized and digitalized as ours, the brands that stand out the most are those with appropriate means and capabilities to endorse digital transformation and digital exposure. Gucci, as anticipated in the previous paragraph, was not afraid to embrace digital ubiquity. This last decade saw Gucci engaging in a series of collaborations and cross-sector projects at a pace rarely seen in luxury. From high-fashion links, such as the Balenciaga x Gucci "Hacker project" (Pantano, 2021), to Pop/cultural collaborations such as Disney's Mickey Mouse capsule collection in honor of the Chinese year of Rat (Zargani, 2020), as well as collaborations with lower-end brands like Adidas or The North Face; Gucci was at the center of mediatic stormes each time, creating constant social media chatter and viral moments. The brand also exhibited openness to self-reflective humor, embracing the eclectic nature of their collection, thereby re-establishing the traditional boundaries of traditional luxury brands, an example being the viral #GucciModelChallenge (Marine, 2020). Additionally, under Alessandro Michele more than ever, Gucci has exploited celebrity power and partnership, aligning early with figures highly resonant with Gen Z and Millennials. From fashion and Pop culture icons to big screen celebrities, personalities such as Harry Styles, Billie Eilish, and Jared Leto were the faces of the brand, all known for their gender-fluid and eccentric fashion taste, aligning perfectly with Gucci's vibes. The issue arose when, from embracing only "true lovers" of the brand, the digital strategy brought into the picture all kinds of influencers, reaching the problem of overexposure. Prada was again more cautious in its execution, aligning with its philosophy of controlled elevation. The presence on social media, while being strong, was also curated and controlled, without jumping on trends, but with a strategy focused on curated storytelling. Even their collaboration seemed to have a connective tissue, for example, the "Prada Mode", a "*itinerant private club that offers its members a unique experience with a focus on contemporary culture*" as described by Prada itself (Prada Group, n.d.). Their celebrity partnership were, again, focused on those personality who aligned with their brand, such as Hunterr Schafer (for Prada's 2022 global campaign), and Sydney Sweeney and Emma Chamberlain for MiuMiu (given their more playful aesthetic), as well as several Asian brand ambassador, to reinforce their presence in the Asia-Pacific region. The group is also long entwined with art and architecture, for example, the Fondazione Prada in Milan, which from 1993 has continuously hosted exhibitions, or the donations to the permanent installation third-party project "Prada Marfa" by the duo Emgreen & Dragset.

The need to maintain a halo of exclusivity around the brand led to limited and expensive collaborations. A noteworthy collaboration is Prada x Adidas from 2019 onward, which produced luxury sneakers and sportswear.

The effects of both digital strategies are evident. Gucci's digital saturation gave unparalleled results in the late 2010s, bringing it to the top of every ranking, being the most talked about luxury brand on online platforms; however, it lost noise as the 2020s approached and customer attention shifted. While until 2021 Gucci outperformed Prada in the Lyst Hottest Brands ranking (Lyst Insights, 2022), from 2022 (Lyst Insights, 2025) onward, the Prada group, thanks mainly to its social media and digital strategy, arrived in 2024 Q4 where MiuMiu ranked first, Prada third, while Gucci obtained only the twelfth place (Lyst Insights, 2025). Essentially, Prada's digital scarcity, with fewer but more impactful initiatives, created a pent-up demand and chatter that brought the group's brand to the top of brand desirability, outperforming Gucci in the form for the first time in years.

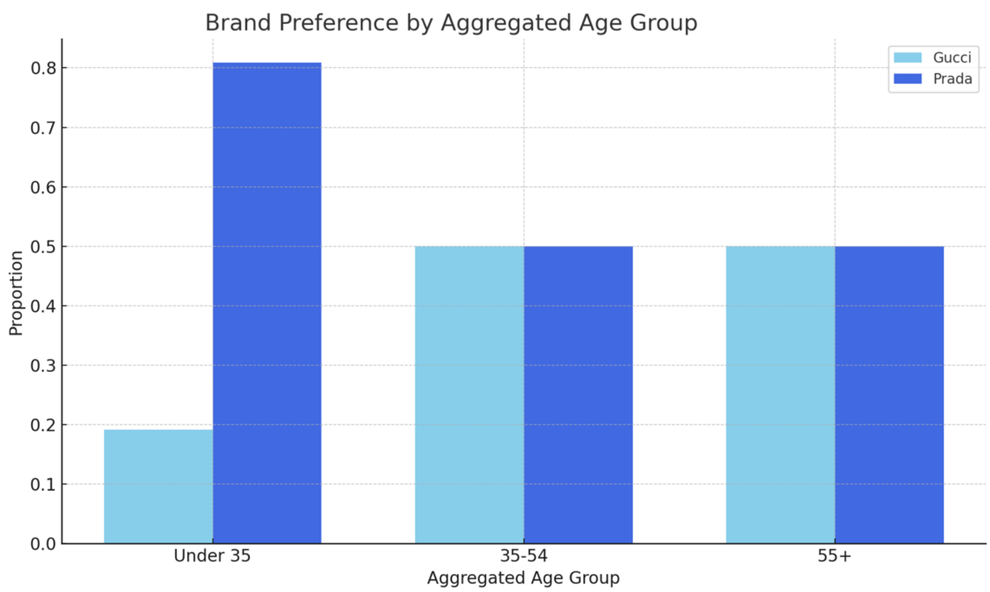
4.5 Additional Findings

In order to better understand the segmentation and targeting strategies of the brands, a survey was also conducted, with the aim of discovering whether age explains the choice of brand. The survey was composed of circa 150 respondents, carried out in April 2025. The dataset retrieved from the survey found a positive relation between age cohorts and brand preference. Younger respondents (under 35) chose Prada 80% of the time, while by increasing the age increases, the disparities become less evident.

- H_0 (null): Brand preference is independent of the aggregated age group.
- H_1 (alternative): Brand preference does depend on age group.

With $p = 0.0045$, which is < 0.005, we reject H_0, meaning there is a statistically significant association between age cohort (Under 35, 35–54, 55+) and choice of Gucci vs. Prada. Younger respondents (< 35) favor Prada far more than would be expected if there were no relationship, while older cohorts split more evenly or lean slightly toward Gucci.

Figure 22 – Brand Preference by Aggregated Age Group



Source: own elaboration

The primary limitation of this study lies in its small sample size, which puts a limit on the validity and relevance of the findings. However, the analysis yields valuable observations, mainly that the digital strategies undertaken by one of the two brands appear to have had a counter-intuitive impact, particularly on the most susceptible age group regarding social media and other digital campaigns.

5. Conclusion

The comparative case study demonstrates that the performance gap experienced by Gucci and Prada is not rooted in a pandemic-related impact, but rather in socio-cultural and strategic factors. The study determined the reasons for Prada's resilience, founded upon a coherent brand image and a history of minimalist design, which perfectly aligns with the emerging customer trends. Its dual brand strategy has allowed for an effective and focused market segmentation by generation, avoiding, in this way, the problem of overexposure of the Prada logo. This strategic coherence, boosted by decades of stable leadership under Ms Prada, selective digital engagement, and responsiveness to sustainability expectations, fostered exceptional customer loyalty and financial performance.

In contrast, Gucci's difficulties in the last years can be traced to a problem rooted in the years before the pandemic hit: brand overexposure and aesthetic volatility. The brand's success under the previous creative direction sowed the seeds of over-familiarity. The abrupt transition from maximalism to minimalism and quiet luxury within a span of a few years, with the change of creative direction, resulted in perceived discontinuity. The lack of a consistent narrative and the rapid creative direction turnover eroded the brand's appeal to its loyal customers while failing to approach new ones.

Confirming these findings, an in-house consumer survey also confirms a significant generational divide in brand loyalty. The findings show that Gen Z and younger Millennials decisively choose Prada over Gucci, whereas older segments are more evenly split in their loyalties. Respondents under 35 chose Prada around 80% of the time when forced to choose between the two brands, a statistically significant skew that indicates Gucci's recent brand narrative has not resonated well with the new generations. This disconnect between generation preference points out that the rapture between Gucci and Prada was not due to pandemic effects, which would have hit all brands, but by each house's (mis)alignment with values and tastes prized by the new luxury consumers. In essence, strategic agility toward socio-cultural changes, aligned with a truthful storytelling of the heritage, has been a deciding factor between the successful Prada and the struggling Gucci.

Overall, this comparative case study of Prada and Gucci during the industry slowdown provides a broader lesson about strategic flexibility in the luxury sector. It demonstrates that even the most venerated luxury brands cannot simply ride previous momentum or brand heritage through structural change if their aim is to follow trends, but they must actively re-culture themselves to keep pace with changing consumer values. The ability to forecast and react is vital. Prada's trajectory illustrates how a brand that stays loyal to its essence, but renovates responsibly, can not only see through a recession, but even improve its brand value. Gucci's experience, on the other hand, shows the danger of incoherent adaptation. A drastic change, if misaligned with the brand's soul and customer expectations, can, and will, lead to lost relevance. In sum, the different destinies of Prada and Gucci underscore that long-term success in the industry is based on agile and authentic strategies. A brand must reconcile the timeless principles of luxury of exclusivity, craftsmanship, and heritage with timely innovation and understanding of cultural evolution. When systemic shocks hit the marketplace, the winner will be the brands that are capable of adapting without sacrificing their identity. This thesis thus concludes that the slowdown in luxury is not merely a test of financial resilience, but rather one for strategic adaptability in an era in which the ability to realign brand vision with the changing demand separates those luxury houses that succeed from those that fail.

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