

# Joyful & Contemporary Italian Lifestyle in Fashion Accessory Market\*

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## Abstract

*Furla is 100% Italian – in history and spirit. Founded in 1927, it is the only brand in the fast-growing premium segment that gives customers an authentic Made in Italy experience with an attractive value for money. As one of the major global players in the leather goods' market, Furla stands for quality, colourful creativity, joyfulness and contemporary Italian Lifestyle.*

**Keywords:** Luxury Brand; Made in Italy; Fashion Accessory Market; Furla; Corporate Sustainability

## 1. Business Acumen, Retail Focus and Trend-Driven Design

Furla is one of the few Italian firms today still maintaining a family ownership combined with a modern managerial structure. From its origins, 89 years ago, the company looks to the future by remaining strictly related to its solid past of time-honoured craftsmanship, artisanal expertise, sense of beauty, and innovative design. Thanks to sharp business acumen, retail focus and trend-driven design, Furla grew over the years to become one of the most important leather-goods' brands worldwide.

Over the last years, the issue of sustainable development has become on the agenda of all market actors such as governments, the business world, consumers, and NGOs. It means that development (of products) meets the needs of the current generation without compromising the ability of future generations to meet their needs. In particular, the “Triple Bottom Line” of sustainability includes three components: economic, environmental, and social performance, focusing on the balance of all three. Furla is a fashion company really committed to this aim and pays great attention to socio-environmental sustainability aspects of its business, beyond the economic ones.

Thus, this paper aims to outline the evolution of the Furla brand from its origin to date, by focusing on the actions that the company has realized and is implementing in order to contribute to a sustainable development.

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## 2. The Furla History and Brand Heritage

In 1927, Aldo and Margherita Furlanetto founded in Bologna the Furla firm in order to distribute fashion products and accessories for women via wholesale. Starting a company in a complex period, such as that of the post-war period, was a big challenge for them. Firstly, it was a commercial adventure that then became also an industrial one, which was inextricably linked to the lifestyle of the times. However, the firm was able to follow the rhythm and evolution of the society until the economic boom, narrating the story of its customs through the Furla products.

In 1955, Aldo Furlanetto opened the first Furla store on Via Ugo Bassi that still operates today at the heart of Bologna city. In the '70s, I and my brothers Carlo and Paolo joined our parents in the company and the first collection of bags branded with the Furla logo was launched.

In the same period, Furla's international expansion started and a sales network was developed in Italy, France and USA. Thanks to our avant-garde stylistic choices, unusual production methods and the use of atypical materials such as nylon and rubber, the success came immediately. This represented a decisive change of development strategy that met the needs of the new society characterised by the presence of stronger, independent, emancipated women who paid attention to the emerging fashions.

The bag collections grew at the same pace as the company; my role was focused on providing a stylistic contribution to new products' development while my brothers Carlo and Paolo were mostly in charge of the brand's strategy for growth.

The company invented a new concept of luxury that was very close to every woman and immediately the Furla brand became an international "must". High quality, classic lines and functionality were the distinguishing features of the Furla bags in the following collections. After the store openings in Bologna, Rome and Paris, also a new store was inaugurated on Madison Avenue in New York and, in this way, Furla entered for the first time a new continent, the American market.

The international development of Furla continued through a far-sighted distribution network; new branches were opened in Spain, UK, Germany, Hong Kong and China and also the Japanese market was achieved.

In late 2008, the company launched its pan-European web boutique by introducing an e-commerce channel in order to strengthen the existing distribution network. In 2010, Eraldo Poletto became CEO and supervised the company's growth by being focused on three strategic lines of action:

- Constant store openings in both traditional and emerging markets;
- Greater flexibility inside the supply-chain;
- Investments on Research and Development.

In the following years, Furla increased its global commercial presence especially in Asia where it records an exponential growth. Today, the company has in Italy two Head Quarters: the first in the original 18th century villa of the Furlanetto family at Bologna, and the second one in Milan at the sprawling new Palazzo Furla. In fact, in 2015, Furla has inaugurated Palazzo Furla ex Palazzo Ricordi placed closed Duomo square. In both Italian buildings, an old-world charm steeped in history is propelled into the future via state-of-the-art integration and highly-efficient operations.

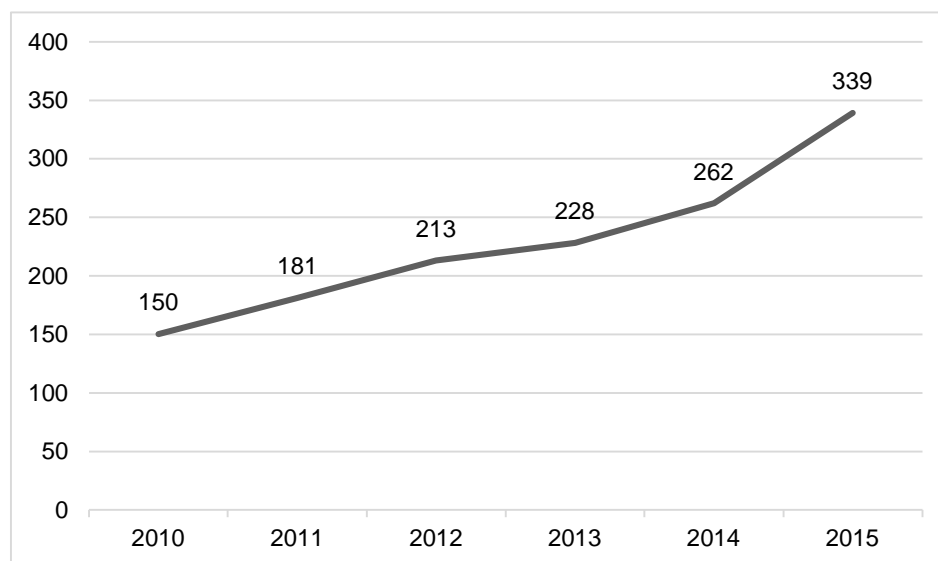
### 3. A Global Retail Network

In order to consolidate the international presence by meeting the existing market needs and further by penetrating new strategic emerging markets, Furla established highly-operative and fully-structured Regional Headquarters in New York, Hong Kong and Tokyo, which complement the two Italian headquarters above mentioned.

The current international commercial presence of Furla is across 100 countries with 415 stores worldwide of which 190 directly-operated, 198 in franchising and 27 travel retail stores. The company designed a new sophisticated concept store for its flagship stores that blend creativity and timeless elegance by offering a special customer experience in a refined and intimate store atmosphere. The historic elements of the artfully refurbished Villa in Bologna inspired the concept design that revisits an Italian mood to a contemporary effect. Airy earth tones and dusty pastels offset precious materials such as rosewood, Italian travertine marble, milky glass and brass details counterpointed by geometric sculptural elements that seamlessly nod at the art world.

Furla flagships are situated in Rome, London, Hong Kong and Beijing and recently a new flagship store has been inaugurated in Bangkok together with the first mono-brand store in Mumbai. The strategy of creating flagship stores in foreign markets has surely contributed to supporting the growing awareness of the Furla brand worldwide. In this way, Furla has been able to reinforce its reputation of luxury brand that looks to the future with a positive energy by preserving and fully embodying the desire for an Italian style and lifestyle. The contemporary aesthetic and aspirational qualities typical of Furla products engage and inspire also the men and women across the company, by renewing their quest for value, beauty and creativity with a showmanship that never overshadows the craftsmanship of Furla offerings. Figure 1 describes the company turnover marking a continual growth in the last years.

**Figure 1:** Consolidated Turnover in million euro (2010-2015)

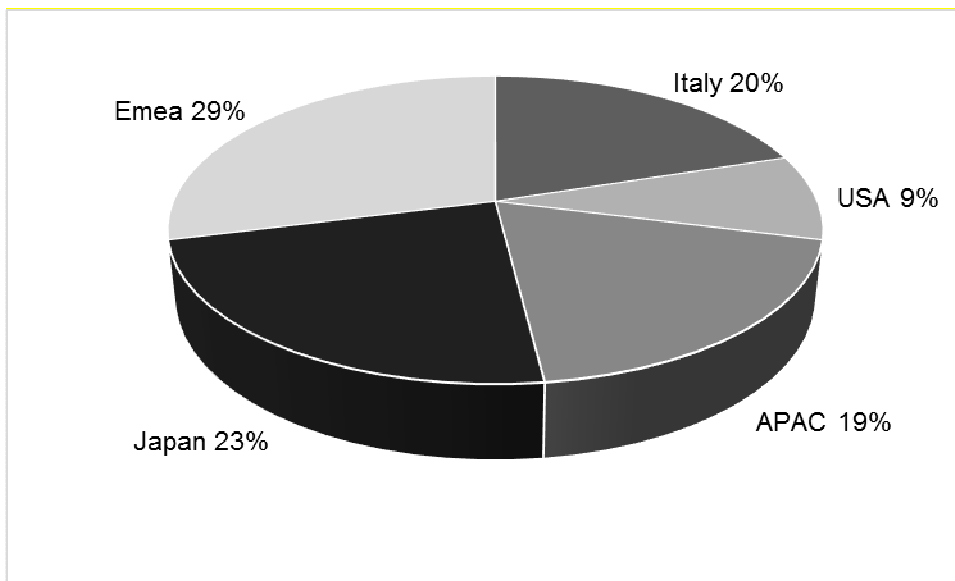


Source: Annual Reports

The main part of the increasing turnover comes from foreign markets, as we can note in the Figure 2 that contains the sales' breakdown for geographical area.

In fact, in 2015, revenues came for 80% from international markets and this great result derived from the ambitious retail strategy implemented over last years to realize a global development with a customer-oriented focus.

**Figure 2:** *Geographic Breakdown of Sales at Furla (2015)*



Source: Annual Report

#### **4. Our Commitment to Corporate Sustainability**

Furla brand has been able to build strong and emotional connections with consumers that go beyond the functional utility and beauty of its products and, on the contrary, are related to Italian lifestyle strictly associated to the Furla universe. The Furla philosophy is to encourage and promote the Italian contemporary culture in its various forms of expression from the art to fashion design, by supporting the creativity of young talents and developing a discussion on all that is contemporary.

The innovation-filled vision pervading the company has led to cultivate a strong commitment to social and environmental sustainability, besides the economic one that is still the most important to last in the long run.

With regard to social and environmental sustainability actions, Furla has realized the following projects.

##### **4.1 Furla Foundation**

In 2008, the company inaugurated the Furla Foundation, whose mission is to celebrate the culture and the art by encouraging a next-generation of creativity and supporting the long-standing cultural relationship between Furla and the contemporary art.

Over the years, Furla has increasingly consolidated its reputation of promotion of young artists throughout Italy and has developed and explored new creative channels and innovative projects across the board.

In 2000, Furla Art Award was founded and, since that time, still constitutes one of the most prestigious and relevant prizes dedicated to young Italian artists. It serves as a stepping stone for artists that raise their visibility by creating their art into different forms - from painting to photography, from digital art to multi-sensorial installations.

Throughout 15-year history, the award has evolved for example by modifying the selection process; however, its goal of singling out fledgling artists throughout Italy has always remained the same. At its origins, Furla Art Award was held annually instead in 2003 it became a biennial event. In the last years, it has grounded its international reputation of event fostering the country's creativity through transversely connected fields.

#### **4.2 New Collection of Bags Branded “Giovanna Furlanetto” Label**

In March 2006, a special product line of bags branded ‘Giovanna Furlanetto’ has been designed and distributed in limited edition throughout 26 highly selected Furla stores (Milan, Rome, Venice, Florence, Bologna, Verona, Tokyo, Kobe, Osaka, Hong Kong, Singapore, New York, Chicago, London, Paris, Madrid, Munich, Düsseldorf, Moscow, Wien, Zurich, Dubai). This collection marked a return to the company’s origins, being a synthesis of all the knowledge and experiences that I (Giovanna Furlanetto) have accumulated over time in the fashion sector.

These bags are made by selected sustainable materials, such as vegetable tanned leather deriving from an ancient technique that uses organic substances founded in wood (tree bark, leaves and seeds) and without the use of chemical ingredients. The result is a finished bag that’s more tear-resistant, exceptionally soft to the touch and completely bio-degradable. In this way, it contributes to safeguard the environment by avoiding the waste.

#### **4.3 Gold LEED Certification at Palazzo Furla**

Palazzo Furla, which has an area of about 4,600 square meters and a volume of about 16,600 cubic meters, has undergone a delicate process of architectural, plant, and technological engineering restoration.

The building was set up in 1880 by Opera Pia Borella and, in 1920, became the palace of the Ricordi Company. It represents the most antique building worldwide that has obtained the LEED certification for its environmental sustainability by overcoming both the Empire State Building in New York and the Ca' Foscari University of Venice (this latter, albeit older, got a lower certification level). LEED (Leadership in Energy and Environmental Design) is a rating system devised by the United States Green Building Council (USGBC) that evaluates the environmental performance of a building by encouraging a sustainable design. The LEED system is based on credits that the projects can earn for the environmentally friendly actions taken during their construction and use. The points in the form of credits are assigned to buildings by assessing several areas addressed to solve sustainability

issues and, on the basis of the number of achieved points, each building receives one of four LEED rating levels: Certified, Silver, Gold and Platinum.

The LEED-certified buildings are resource-efficient and, consequently, they have a lower consumption of water and energy and reduce the greenhouse gas emissions. In fact, thanks to the renovation process, Palazzo Furla saves more than 35% of energy consumption and has reduced CO<sub>2</sub> emissions by 40%, far beyond the efficiency standards established by the EU directive for 2030. This result frames Palazzo Ricordi as 'A Class' building, the highest level according to the Italian energy classification.

In order to achieve this great result, namely the LEED Gold certification, Furla realized many different actions. Among the simplest ones, for example, we can cite the bike parking for users that has been placed inside the structure where a room has been allocated to place upright the bikes; or we can remember the new timed faucets and the double flow cassettes (with a consequent water saving of 37%). Instead, other more complex actions include:

- the interventions targeted at maintaining and re-using the original materials and more than 84% of the structural components have been conserved;
- despite the complexity of the historical building, a high insulation coefficient has been reached;
- the construction of a geothermal plant with heat pump with ground water;
- an efficient conditioning system; and, finally,
- the replacement of original doors and windows with new insulating ones.

Additionally, the construction site has followed a careful plan to limit the environmental impact and, in the same direction, the most sustainable materials have been used. In this eco-efficient building, also the working conditions of employees are improved thanks to the latest generation of ventilation system, the use of low-emission materials, and the optimization of the natural lighting for more than 90% of regularly occupied spaces through the large windows. Thus, the investment directed to reach an environmental sustainability of the Palazzo Furla had a positive influence also on the company' belonging sense of the employees that can now work in a healthy workplace.

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