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ALICE DALLABONA  
University of Leeds

## **The challenges of luxury fashion flagship hotels: The case of Maison Moschino**

### **Abstract**

In the last few years, many luxury fashion labels have ventured into the hospitality industry. Italian houses have been particularly active, employing brand extension to create branded hotels where customers can experience a lifestyle that reflects the spirit of the label. After a phase of rapid expansion, however, this phenomenon appeared to slow down. Taking the case of Maison Moschino, the first foray of fashion brand Moschino into the hospitality industry, this article explores the rationale for such brand extensions. In light of the failure of that venture, the opportunities and the risks involved in brand extension are examined.

### **Keywords**

luxury fashion  
flagship hotels  
fashion hotels  
luxury fashion  
luxury hospitality  
brand extension  
Moschino

### **Introduction**

The extension and diversification of luxury fashion houses or brands into other areas of production and consumption within the field of fashion is not new, but their extension into the hospitality industry has been a notable phenomenon in recent years. Italian high fashion brands have particularly been active in creating hotels and services that provide customers with the experience of a luxury lifestyle consistent with the ethos of the brand they desire. One such label is Moschino, through the creation of Maison Moschino in Milan, which opened in 2010. This article presents an analysis of a case study of Maison Moschino. Using a semiotic analysis, the article shows why this enterprise, which enhanced the distinctive philosophy of its parent fashion company and avoided brand dilution, nevertheless closed down four years later. The analysis considers the opportunities and risks involved in extension into hospitality and argues that the demise of Maison Moschino was due to a combination of factors: the choice of a licensing agreement as the contractual arrangement for the hotel project, as well as shifts in the market for luxury fashion and lifestyle products as a result of the global financial crisis and the economic slowdown from 2008 onwards. The emergence of a new clientele from the developing markets keen on traditional luxury associated with the cachet of 'European luxury' may have militated against the deconstructive decor of the Moschino hotel.

### **Staying in fashion**

The Moschino fashion label is a renowned Italian luxury fashion brand created in 1983 by Italian designer Franco Moschino (Casadio 1997). When he died in 1994, Rossella Jardini took over and then in 2013 Jeremy Scott was appointed as the new creative director, continuing to develop the brand in terms of playfulness, irony and irreverence along the lines established by his predecessors. Moschino initially offered only womenswear but soon extended into menswear and casual wear. The label currently features diffusion lines and has expanded also into accessories, children's

clothing and fragrances. This progressive extension of Moschino, like other luxury fashion labels, follows the principles of diversification embedded in the 'total living' philosophy. It is characterized by the tendency to transform luxury fashion brands into lifestyle brands capable of providing products and services to satisfy virtually all the needs of their customers (Chevalier and Mazzalovo 2008). This phenomenon reaches its apex in the creation of spaces, and in particular hotels like Maison Moschino, which offer customers the opportunity to experience a lifestyle that reflects the philosophy of the brand.

The Maison Moschino hotel was opened in Milan in 2010 as a function of a licence agreement between the parent brand Moschino and Hotelphilosophy S.p.A., an Italian hospitality management company that specialized in luxury and design hotels. Maison Moschino initially also included a restaurant, Clandestino Milano, led by Antonio Bufi under the aegis of Michelin-starred chef Moreno Cedroni, who licensed the brand Clandestino to Hotelphilosophy (Zennaro 2011: 36). Maison Moschino was launched as a one-off project and closed down in August 2014. However, one year later it reopened its doors, having been rebranded as NH Milano Palazzo Moscova.

The following is an analysis of that venture, and an attempt to explain it with the tools of brand extension. I argue that the demise of the hotel is to be attributed to the specific modality of brand extension chosen by Moschino, i.e. licensing, that left the venture in a vulnerable position in the aftermath of the global financial crisis. This was a challenging time for both the luxury fashion and the luxury hospitality industries, and has changed the way in which luxury fashion labels are expanding their brands into the hospitality sector.

Luxury fashion flagship hotels (Dallabona 2015a) are defined as hotels that are opened as a function of brand extension by luxury fashion labels and have a very close relationship with their respective parent brands. Such hotels necessarily exhibit similarities with their label's flagship stores, since they are designed and intended to mirror and signal the exclusivity and prestige of the overall brand through their location and styling, and to increase interest in all the manifestations of the brand through their coherence with its philosophy and appeal.

At the moment, luxury fashion flagship hotels are primarily associated with Italian luxury brands. In addition to Maison Moschino in Milan, Missoni Hotels opened in Edinburgh and Kuwait respectively in 2009 and 2011, and Versace has Palazzo Versace hotels in Main Beach (Australia) and Dubai (United Arab Emirates). Bulgari Hotels and Resorts feature developments in Milan, Bali and London, while Armani hotels are present in Dubai and Milan. Moreover, in 2016 Fendi launched the Fendi Private Suites in Rome.

Even though other international luxury fashion designers and brands have ventured into the hospitality business, they have not done so as consistently as their Italian counterparts and have not created true branded hotels associated with the name of their labels (Dallabona 2015b).<sup>1</sup> Additionally, many Italian luxury fashion labels have entered the hospitality industry without resorting to the creation of luxury fashion flagship hotels. Some of them have curated rooms in established hotels; for example, suites curated by Bottega Veneta are available at St Regis Hotel in Florence and Rome and more recently at Park Hyatt Chicago. Some owners or creative directors of Italian labels are simply investing in the hospitality industry in the name of diversification.<sup>2</sup>

### **What is the rationale for the development of luxury fashion flagship hotels?**

In order to answer this question, one needs to locate the trend within the phenomenon of brand extension, which is widespread in the luxury industries (Roux 1996; Stegemann 2006; Chevalier and Mazzalovo 2008; Cappellari 2008), particularly in the luxury fashion industry (Fabris and Minestrone 2004; Varacca Capello and Ravasi 2009; Okonkwo 2007). In fact, this phenomenon is not new and has been part of luxury fashion branding for more than a century. It first appeared in 1911 when French couturier Poiret launched a perfume and a homeware line (Tungate 2005; Merlo 2003). In the 1920s, Coco Chanel launched a series of fragrances, a make-up line and a skin-care range, and in 1932 a jewellery line. Since then, virtually all luxury fashion labels have expanded from haute couture into prêt-à-porter creating diffusion lines and also launching new products in other areas such as accessories, fragrances, cosmetics, jewellery and homeware. For example,

Moschino has expanded into menswear, diffusion lines (Moschino Cheap and Chic and Love Moschino), children's collections, fragrances, accessories, eyewear, furniture (in collaboration with Kartell and Altreforme) and, more recently, hôtellerie.

Brand extensions are attractive to companies because they provide a way to leverage brand name recognition and image to enter new markets (Aaker and Keller 1990). This involves a parasitic relationship where positive evaluations transfer over from the parent brand to the extension (Barone and Miniard 2002; Aaker and Keller 1990; Boush and Loken 1991). Brand extension is used to increase market share (Smith and Park 1992; Dawar and Anderson 1994; Milewicz and Herbig 1994) and brand equity (Stegemann 2006; Viot 2011; Batra et al. 2010; Milberg et al. 1997). For this reason, many fashion labels outside the realm of luxury are now expanding into different areas, especially accessories and cosmetics. Because brand extension centres on capitalizing on the image of the parent brand (Keller 1993; Kim and Lavack 1996; Pitta and Katsanis 1995; Dawar and Anderson 1994), an ideal deployment of this strategy would seem to focus on core brands that consumers hold in high regard (Barone and Miniard 2002).

However, while this is true for all fashion brands, it is luxury brands, generally associated with favourable attitudes and evaluations (Lye et al. 2001), that particularly benefit from this strategy (Roux 1996). But there are other reasons that make brand extension specifically apt for luxury fashion brands (Keller and Aaker 1992). The identities of luxury brands primarily rely on the symbolic meanings that they can evoke, thus giving labels like Moschino sufficient flexibility to be successfully extended into different areas, even when those are rather distant from the core operation, such as the hospitality industry (Cappellari 2008; Dubois and Paternault 1995; Aaker and Keller 1990). Brand extensions therefore benefit from the halo effect of the brand's established reputation while positive consumer attitudes to the brand make the new enterprise more easily accepted and facilitate faster growth (Milewicz and Herbig 1994).

Luxury fashion labels have used the brand extension front to compensate for the losses and substantial maintenance costs that characterize the luxury fashion industry. Most high-end lines of luxury fashion labels are loss-makers but cannot be eliminated as they constitute the core of the brand, which would not exist otherwise (Cappellari 2008). The same can be said for flagship stores, which are very expensive to create and run and in the majority of cases contribute to the brand image, not to its profitability (Moore and Doherty 2001). Moreover, luxury companies invest heavily in advertising and marketing but by extending their brands they can amortize these substantial expenses on various products (Chevalier and Mazzalovo 2008). By extending their brand they can more fully exploit its potential in different sectors, especially into areas where profit margins are higher, like accessories (Bottelli 2008), or through licensing agreements that can provide fast profits (Okonkwo 2007) and a reliable income stream of royalties (Colucci et al. 2008). Brand extension can also increase the predictability of sales, especially in areas where competitors have already extended. This consideration might have accounted for the growth of fashion brands extending consistently in the same sectors (Colucci et al. 2008), like perfumes, accessories and, more recently, the hospitality industry.

Alongside the rewards of using brand extension, there can also be risks. As Buday (1989) states, consumers have to redefine what the brand name stands for every time a new produce is introduced under the parent umbrella. The more products and services proliferate under this umbrella, the more the congruence, consistency and cohesiveness of the brand image become issues (Keller 1993). Coherence between the brand extension and the parent brand is essential to avoid damaging the parent brand through brand dilution (Aaker and Keller 1990; Milberg et al. 1997; Loken and Roedder John 1993; Lye et al. 2001).

The literature describes brand dilution as the real danger for brand extension (Aaker and Keller 1990; Milberg et al. 1997; Loken and Roedder John 1993; Lye et al. 2001), particularly for luxury brands (Stankeviciute and Hoffmann 2010). Any type of brand extension venture not only passively reflects the characteristics of the parent brand but can also contribute to its repositioning in the market (Albrecht et al. 2013). Brand dilution can damage the brand name through undesirable associations, e.g. extending into a lower price range, or weakening existing associations (Lye et al.

2001).

This is, for example, what happened in the case of Pierre Cardin, a label that – due to an overdiffusion of products in the 1970s and 1980s – ended up losing its distinctive image and prestige value (Fabris and Minestroni 2004; Okonkwo 2007). ‘Brand fit’ – or the coherence between parent brand identity and the identity of its extensions – can go a long way towards protect the brand’s reputation and positioning in the market, but, as the Moschino case reveals, even brand fit is no guarantee for success.

### **Hospitality Moschino style**

The following semiotic analysis demonstrates that the Moschino label and its hospitality extension Maison Moschino shared a coherent brand identity. Maison Moschino had a very close relationship with the fashion label and capitalized on the empirical manifestations and brand values of that label. Thus the reason for the closure of the hotel is unlikely to have been lack of brand coherence. Speaking semiotically, brands are abstract entities that can assume different forms (Marrone 2007) or discursive constructions that reveal themselves through a variety of visual media. From this perspective, brand value is used to identify what brands signify (Floch 1985).

As I previously observed (Dallabona 2015a), Maison Moschino was visually characterized by references to the motif of the heart. The entrance door handle, like the one in Moschino’s flagship store in Milan, was heart-shaped, and so were the keyholes of the guests’ rooms. The motif of the heart, especially in red, is featured on a variety of products and is incorporated in the marketing and communication strategies of the Moschino fashion label. Because it has featured consistently since the creation of the brand, it can be considered as one of its signifiers. The theme of the heart is one of the most evident empirical manifestations of the Moschino brand, constituting an isotopy at the figurative level that was also present in Maison Moschino. Moreover, this coherence was further enhanced by the fact that it was always visibly signalled that Maison Moschino and the fashion label Moschino shared the same values, i.e. irony, playfulness and deconstruction. This was particularly evident in another signature visual element of the Moschino brand: the close relationship between fashion and food.

References to food have been constantly integrated within the discourses of the Moschino fashion label and presented through its typical ironic and playful style. In this respect, the fashion brand was already characterized by a specific attitude towards food, which supported the brand extension of the label into the culinary field, and facilitated the development of a set of coherent gastronomic offerings within Maison Moschino. This coherence was further enhanced by the choice of Moreno Cedroni to develop them. Cedroni is a chef known for a style that presents many similarities with Moschino’s as it also centres on irony, playfulness and deconstruction.

The link between the two was further signalled by the spaces of Maison Moschino, where food and fashion were also closely intertwined. The dining room of Clandestino Milano resembled an atelier as the chairs were ‘dressed’ with blouses and skirts, the sofas were made up of clothes on hangers, and there were mirrored walls and ice buckets shaped as bags. In the upstairs kitchen area, visible to patrons, cooking tools were placed on clothes hangers. Furthermore, room service, breakfast and aperitivo were served in hat and shoe boxes. But, at Maison Moschino, fashion could also truly become food. In fact, Moreno Cedroni created a dessert that represented the label’s fragrance, Funny, in gustatory terms, augmenting the sensory appeal of the brand (see Lindstrom 2005; Hulthen et al. 2009; and Krishna 2009), and the bar also served four cocktails that were similarly inspired by Moschino perfumes. This situation is the mirror image of Moschino’s practice of creating situations where fashion can simulate food. It was also employed in Maison Moschino; for example, the label created patisserie-chandeliers and pillows resembling tarts and cupcakes for one of the bedrooms – the Sweet Room. The pillows also featured in the meeting room visible from the lobby (Figure 1).



Figure 1: pillows that resemble tarts and cupcakes at Maison Moschino  
Copyright Alice Dallabona (2011)

Cedroni and Moschino are both characterized by playfulness and identify a similar type of ‘model reader’. The semiotic notion of the model reader (Eco 1979, 1994) is the reader who is imagined by the author as being the ideal receiver of the text, attuned with it and supporting it. Cedroni’s model reader for his food or his restaurant is not a culinary fundamentalist who does not want to step out of norms and traditions. Rather, it is the one who is willing to experiment and have fun with food, and in this sense is similar to Moschino’s, as its products can also be quite extravagant and therefore not appealing to a public of conservative fashionistas.

Besides his own playful gastronomic practice, Cedroni also encouraged his guests to be playful. For example, for the dish ‘Gioco del Tonno’ (‘Let’s Play with Tuna’), inspired by a board game similar to ‘Snakes and Ladders’ and made up of a cardboard box (Figure 2) holding four different variations of tuna, guests were invited to follow a sequence of steps and literally play with the food.

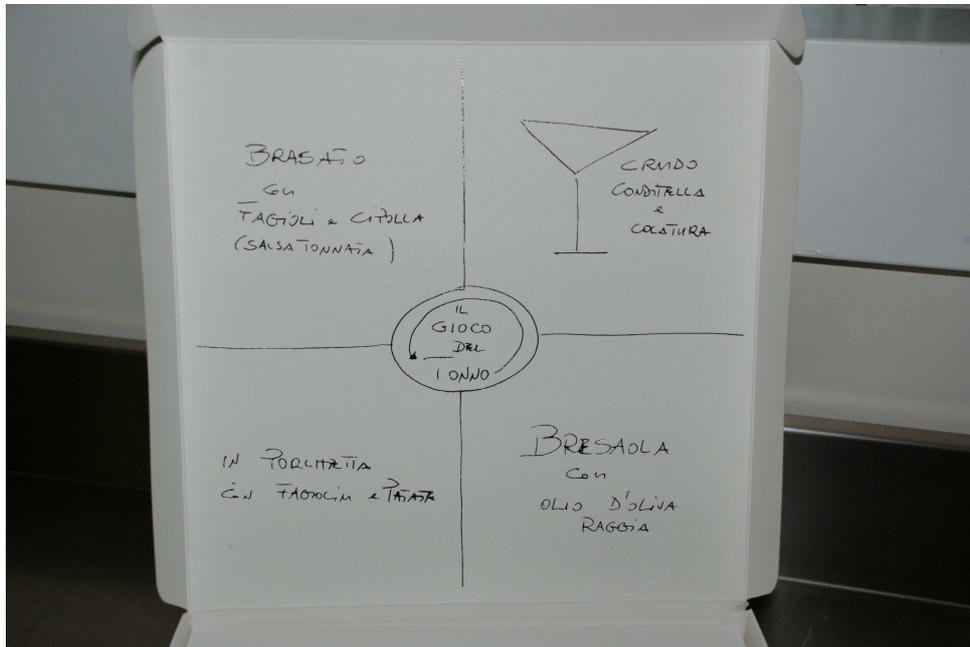


Figure 2: Box for 'Gioco del Tonno'.  
Copyright Alice Dallabona (2011)

Both Cedroni and Moschino shared a similar attitude towards the media they operated with, i.e. food and fashion, and this contributed to the specific identity of the Clandestino Milano restaurant and, more broadly, Maison Moschino. The chef and the parent brand are characterized by tongue-in-cheek humour, using reflexive playfulness and elements of deconstruction as creative methods. In fact, the brand Moschino is often described as extravagant, ironic, irreverent and even iconoclastic, in both media articles (Schiro 1994; Stoykov 2010) and academic literature (Boero 2004; Barański and West 2001: 290).

The parent brand and its extension found a gastronomic counterpart in chef Cedroni. Each plays with 'ingredients' to create extravagant and surprising pieces, and each operates the logic of not taking things (i.e. the medium they work on and the industry they are in) too seriously, creating something new and unusual and also, in a certain sense, building new traditions. In addition, both parent brand and extension employ deconstruction as a creative method. Clandestino Milano featured references to traditional Italian dishes and recipes, but broken down, reconstituted and transformed through Cedroni's creativity. In literary theory and philosophy, the term deconstruction refers to the work of Jacques Derrida, who used this form of analysis to unmask 'mechanisms, procedures, or habits' (Culler 2007: i-ii). In the culinary field, the practice of deconstruction can be said to involve taking apart traditional dishes, manipulating the constitutive parts and reorganizing them in new forms by playing with the texture, shape and temperature of the ingredients (Parasecoli 2001; De Solier 2010). Culinary deconstruction challenges established tradition by 'soliciting' elements (Derrida 1990: 6), so that they can reveal the 'hidden mechanisms' that they function upon and 'the cultural, even artificial, nature of our culinary canon' that they refer to (Parasecoli 2001: 67). They become critical tools exposing the 'culinary ideologies' upon which tradition is built (De Solier 2010).

Cedroni critically examines the traditions and norms within the gastronomic field, breaking down established dishes to recreate them in unusual and novel ways. Moschino employs a similar strategy that involves a reflection on the essence of garments and their parts in order to create novel arrangements. It does this, for example, through the practice of using optical imitations of pockets and seams or trompe l'oeil effects to simulate the illusion of accessories over garments. Both Moschino's and Cedroni's work possesses a meta-semiotic aspect (similar to the metalinguistic one theorized by Jakobson [2002]). Both focus their attention on the medium they operate in and on its conventions: chef Cedroni uses his food as a reflective tool to expose and reflect on the nature of gastronomy; Moschino uses garments and accessories to do the same within the field of fashion. In this way, both Cedroni's cuisine and Moschino fashion target awake and aware customers who are focused on what they are experiencing, as distinct from, for example, the 'daydreamer' consumers theorized by Floch (2001).

### **Towards a new paradigm for luxury fashion flagship hotels**

As discussed above, it was not necessary to close down Maison Moschino in order to protect the fashion brand Moschino, as coherence between the brand and its extension was secure and did not threaten brand dilution. Maison Moschino closed down because of intrinsic vulnerabilities associated with licensing (the specific type of brand extension strategy adopted). This weakness became more evident in the aftermath of the global financial crisis.

In licensing agreements, one firm or company buys the right to use an asset from another for a specified period for a particular purpose; time frame and purpose are usually quite constrained, and the contract enforces these conditions (Borys and Jemison 1989). Such agreements involve leasing a legally protected entity, such as a brand name, from a licensor to a licensee who rents the rights for the period specified (Buratto and Zaccour 2009). In this way, fashion brands like Moschino can benefit from royalties at virtually no financial cost, but they can also find that they have limited or no control over the new venture. In the case of Maison Moschino, the fashion label had a strong design input, as the hotel was created in close collaboration with creative director Rossella Jardini and art director Jo Ann Tan, a relationship which ensured coherence between the fashion house and its hotel extension. However, it transpired, as an outcome of the licensing agreement, that the management of the hotel was solely attributed to licensee Hotelphilosophy S.p.A. However, Maison Moschino was not the only luxury fashion flagship hotel that saw the parent brand being left with limited control. The Missoni Hotels, which also closed down, were also a function of licensing agreements and faced a similar problem. The owners of this fashion label, like in the case of Maison Moschino, initially had a strong design input in curating the look of the hotels but the management of the venture was controlled solely by the licensee, i.e. Rezidor (an international hospitality management company based in Brussels).

Expanding into hotels clearly looked like it could benefit luxury brands like Moschino and Missoni, and they latched onto licensing because it seemed to guarantee quick access to relevant expertise in the areas where the brands wanted to expand (Quelch 1985). Even Armani, despite the company's general integration strategy aimed at maintaining maximum control over its different brand manifestations (Moore and Wigley 2004), uses licensing. But he does it in areas that require specific expertise, like perfumes, watches, jewellery and eyewear. Licensing is also appealing for companies that collaborate with luxury brands like Moschino on hotel developments. In fact, those companies can achieve a greater market share without the high price-tag associated with launching a new brand. Brand extension can be cheaper than creating a new brand (Stegemann 2006; Tauber 1988; Milewicz and Herbig 1994). This is due, again, to the parasitic relationship between the extension and the parent brand.

There are significant risks involved in expanding a luxury fashion brand through licensing agreements. As Colucci et al. warn, 'Licensing a brand creates an inter-firm relationship that often exposes the licensor to the risk of opportunistic behavior' (Colucci et al., 2008: 129). Furthermore, the licensor is also vulnerable to the risk of expropriation (e.g. stylistic know-how, image, marketing competences). For example, the licensee might misuse the licensor's resources in subtle

ways that are not specified by the contract (Colucci et al. 2008). This was the case for the Missoni Hotels, which closed down in the same year as Maison Moschino, when licensing agreements between the fashion labels were terminated. Rosita Missoni (the founder of the Missoni fashion label, alongside her husband Ottavio) explained this from her viewpoint, by saying that the hotel venture was badly managed by the license because even though they were very pleased with the hotel manager in Edinburgh, they had difficulties controlling the hotel in Kuwait, whose managers gave out patterns to somebody else to copy (Feitelberg 2015). This is why Stankeviciute and Hoffmann (2010: 126) recommend against brand extension through licensing, but if this is not avoidable, then the parent brand must retain as much control as possible over the licensee. Stankeviciute and Hoffmann (2010) argue that licensing should not be viewed as a strategic expansion or at aiming to establish enduring market relationships. Instead, it should be viewed as an arrangement of convenience, designed to shortcut the time and costs required for rapid expansion (Colucci et al. 2008).

But the danger involved in licensing as a form of brand extension extends beyond the risk that lack of control might leave the parent brand prey to opportunistic behaviour by the licensee, as was the case for the Missoni Hotels. The contractual form of licensing leaves the licensor in a vulnerable position, as the latter ultimately does not hold the authority to fully control what goes on in the new venture, including its closure, in the case of Maison Moschino.

Maison Moschino closed down on 4 August 2014 because the licensee Hotelphilosophy S.p.A. stopped operating when the Mobygest Group (which Hotelphilosophy S.p.A. belonged to) went bankrupt (HI Real S.p.A. 2014). The closure was quite abrupt. All guests and members of staff of Maison Moschino were given just two hours to leave the premises after a bailiff showed up to enforce a sentence against the company managing Maison Moschino (La Repubblica 2014). The Moschino fashion label had no control over the closure and could not prevent it. If the end of the Missoni Hotels was a (relatively) peaceful affair, this cannot be said for the closure of the first foray of Moschino into the hospitality industry.

For both Maison Moschino and the Missoni Hotels, it was purely licensing that proved problematic. In the case of the former Missoni Hotels, which were opened in exclusive locations and rebranded as G&V Royal Mile Edinburgh and Symphony Style Kuwait, no refurbishment was deemed necessary. The interior design has not changed and the rooms still feature Missoni furniture and textile patterns. Maison Moschino quickly reopened as NH Milano Palazzo Moscova in a prestigious area in central Milan, and the new hotel still commands the same high prices. While much of the design of the rooms and lobby has been retained, some of the most extravagant touches (such as some headboards and lamps) have been removed. This suggests that the design approach, even though consistent with the brand's values, was not a perfect fit with the kind of clientele that such hotels attract. For both hotels, the location and price do not appear to have been problematic enough to have had a strong role in their closure. Both continue to feature the same high prices, and have been successfully operating ever since.

### **Analysis of the failed extensions**

The global financial crisis of 2008 affected the whole luxury sector. Significantly, only the Italian luxury fashion flagship hotels operating through licensing closed down. All the others, which employed different strategies, are still operating. Indeed, for the Italian luxury fashion labels, licensing was not the only option. The other brands involved opted to develop their extensions in collaboration with other firms so as retain more control and avoid the problems encountered by Maison Moschino and the Missoni Hotels.<sup>3</sup>

The financial crisis exposed the problematic issues concerning licensing because as the whole luxury hotel industry suffered (Kapiki 2012), only the strongest ventures survived, and those were the ones that did not operate through licensing. As the market slowed down, the opening of more Missoni Hotels never materialized. The crisis in the sector also meant that the company that licensed Maison Moschino, which specialized in luxury hotels, ended up in liquidation. As things became difficult only the ventures that represented a serious commitment to the sector survived. In

fact, licensees are not as strongly committed to maintaining and growing the brand in the way that parent brands are, and they do not have to worry that a closure will backfire on their brand image (Batra et al. 2010). The crisis proved that licensing was too vulnerable in terms of expanding luxury fashion brands into the hospitality industry, and no luxury fashion flagship hotel is currently operating within this model; they are all either managed through a joint venture, as in the case of Bulgari and Armani, or managed in-house, as with Fendi and Versace.

If the pre-crisis period was characterized by a phase of rapid expansion of the Italian luxury fashion sector into the hospitality business,<sup>4</sup> then this trend has substantially slowed. After the closure of Maison Moschino and the two Missoni Hotels, new developments were scarce for some time. It was only after the recovery of the luxury hotel sector (Rabinovitch 2014; Zion 2016) that two new luxury fashion flagship hotels emerged. In 2015, consumption of luxury hotels was up 7% in comparison with the previous year (Fondazione Altgamma 2015), and up 4% in 2016 (Fondazione Altgamma and Bain & Company 2016). In 2016, the Fendi Suites in Rome opened, as did a second Versace hotel in Dubai (Harrod 2016). Moreover, in 2017 and 2018 four more Bulgari hotels are due to open in Shanghai, Beijing, Dubai and Moscow.

The global financial crisis seems to have influenced the luxury fashion flagship hotel phenomenon in a variety of other ways, besides the complete abandonment of licensing agreements. Prior to the crisis, the city with the most luxury fashion flagship hotels was Milan – with Armani, Bulgari and Maison Moschino; with the closure of the latter, now the city has the same number of such hotels as Dubai (Armani and Versace), but Dubai will soon overtake Milan with the opening of a new Bulgari hotel. Moreover, after the closure of Maison Moschino and Hotel Missoni Edinburgh, only four luxury fashion flagship hotels are currently located in Europe (Bulgari hotels in Milan and London, an Armani hotel in Milan, the Fendi Suites in Rome) and there are the same number of non-European developments (Versace hotels in Australia and Dubai, an Armani hotel in Dubai and a Bulgari hotel in Bali). When the four new Bulgari hotels open, there will be a change of balance, with China and the Middle East becoming the primary markets for luxury fashion flagship hotels. This is not surprising: it reflects global trends in the luxury sector. In 2008 and 2009, the luxury industry suffered greatly, especially in mature markets such as the United States, Italy and Japan, and it was only in 2011 that the recovery really started, driven by purchases of tourists from emerging markets such as Russia, China and the Middle East. These customers were also being targeted by luxury brands in their home countries (Lattanzio 2014), which explains why luxury fashion flagship hotels in those countries will soon double. At the same time, we see that in Europe luxury fashion flagship hotels are currently focusing on shopping capitals such as Milan, Rome and London, where luxury brands can capitalize on tourists from emerging markets, and it is predicted that any new development on the continent would also focus on those areas.

But the renewed growth of luxury fashion flagship hotels in the aftermath of the crisis is also due to their experiential nature. The financial crisis saw a shift in consumer behaviour, with experiences becoming more important to people than material possessions (Kapferer and Bastien 2009; Yeoman 2011). Apparently, this is especially the case for Millennials – people born between 1980 and 2000 – who are driving the ‘experience economy’ as they prefer to spend their money on events such as festivals, but also on restaurants and travelling, and they showcase their experiences on social media (Eventbrite 2014). Luxury fashion flagship hotels are a perfect fit with this kind of consumer, since they allow people to experience the lifestyle associated to the parent brand and ‘live’ it in 3D, while also offering highly stylized settings for photos that can be shared on social media. As a bonus, luxury fashion flagship hotels are often visited by the rich and famous, who similarly share images on social media, which concur in increasing awareness and making those places more and more appealing for Millennials.

The recent acceleration shows that even though it is undeniable that much has changed since the boom of luxury fashion flagship hotels, the phenomenon has not exhausted its potential just yet and is entering a new phase, one that sees maintaining control of the new ventures as essential for luxury fashion brands, and that focuses on China and the Middle East rather than Europe.

## Notes

1. For example, French designer Sonia Rykiel in 1982 curated the refurbishment of Hotel de Crillon in Paris and, in 1985, she designed the restaurant of Hotel Lutetia. Also in Paris, Christian Lacroix worked on the Hotel le Bellechasse and Hotel le Petit Moulin. In 1994 Karl Lagerfeld curated the refurbishment of Schlosshotel Vier Jahreszeiten in Berlin and, in 2012, he made over the Hotel Metropole in Monaco whilst he more recently worked on the Sofitel So Singapore. In 1992 Ralph Lauren curated the refurbishment of Round Hill Hotel (Jamaica), and in 1998 Oscar de la Renta created the Punta Cana Resort and Club, whilst John Rocha created the interior design of the Morrison Hotel in Dublin in 1999. Recently, Philip Treacy curated the interior design of the G Hotel in Galway (Ireland), and in 2003 Azzedine Alaia designed the 3 Rooms Hotels in Paris and Milan. In 2005 Vera Wang designed a bridal suite at Hotel Halekulani in Honolulu (United States) and, similarly, Diane Von Furstenberg designed a suite in 2010 for Claridge's in London. Moreover, in 2011 Martin Margiela decorated the Maison Champs Élysées hotel in Paris.

2. For example, in 1994 Renzo Rosso, the founder of Diesel, opened the Pelican Hotel in Miami (United States), while the label's former creative director, Wilbert Das, opened UXUA Casa Hotel in Trancoso (Brazil). Alberta Ferretti has launched two hotels, Castello Montegridolfo and Carducci76, in Italy, the country where the Ferragamo family owns several hotels under the name Lungarno Hotels.

3 Bulgari created a joint-venture with Marriot International to create Bulgari Hotel & Resorts (Cappellari 2008: 29) and, similarly, Armani joined forces with Emaar properties to develop and manage Armani Hotels and Resorts (Emaar Properties PJSC 2010). Also Versace retains control over its extension into hôtellerie (Pambianco News 2012) and so does Fendi over the Fendi Suites hotel.

4 Between 2004 and 2012, eight hotels were opened (as a result of planning started before the financial upheaval). Bulgari Hotels and Resorts launched hotels in Milan, Bali and London respectively in 2004, 2006 and 2012, Missoni Hotel Edinburgh opened in 2009 and in Kuwait in 2011; whereas Maison Moschino opened in 2010, the same year that the first Armani hotel in Dubai was launched, followed two years later by the one in Milan.

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### **Contributor details**

Alice Dallabona is a Lecturer at the University of Leeds. Her work examines issues related to luxury fashion, fashion communication and marketing but also branding and national identity. Alice has explored such issues, with a particular focus on the Italian luxury fashion industry and Italian national identity, during her PhD at Nottingham Trent University (UK), for which she was awarded the Vice-Chancellor Studentship. She holds a Laurea Magistrale in Semiotic Disciplines (University of Bologna, Italy) and a MA in Critical Theory and Cultural Studies (University of Nottingham, UK).

Contact: University of Leeds, School of Design, LS2 9JT, Leeds, UK.

E-mail: [a.dallabona@leeds.ac.uk](mailto:a.dallabona@leeds.ac.uk)