

**business world**



# BENETTON

Jonathan Mantle



PENGUIN READERS

**Pearson Education Limited**  
Edinburgh Gate, Harlow,  
Essex CM20 2JE, England  
and Associated Companies throughout the world.

ISBN 0 582 34297 X

First published by Little, Brown and Company 1999  
This edition first published 2000

Original copyright ©Jonathan Mande 1999  
Text copyright © Penguin Books 2000

Typeset by Ferdinand Pageworks, London  
Set in 11/14pt Bembo  
Printed in Spain by Mateu Cranio, S. A. Pinto (Madrid)

Published by Pearson Education Limited in association with  
Penguin Books Ltd, both companies being subsidiaries of Pearson Plc

## *Contents*

	<b>page</b>
Introduction	v
Chapter 1 Birth of a Salesclerk	1
Chapter 2 A Woman of Substance	5
Chapter 3 Success Across Europe	12
Chapter 4 The King of Knitwear	21
Chapter 5 The Fifth Avenue Franchise	28
Chapter 6 United Colors of Benetton	32
Chapter 7 Black and White	41
Chapter 8 Images of Reality	49
Chapter 9 The Burning Brand	56
Chapter 10 A Town Called Corleone	63
Chapter 11 The Main Streets of the World	69
Chapter 12 The Family	76
Business Wordlist	85
Activities	87

*книга выложена группой*  
*[vk.com/englishlibrary](http://vk.com/englishlibrary)*

For a complete list of the titles available in the Penguin Readers series please write to your local  
Pearson Education office or to: Marketing Department, Penguin Longman Publishing,  
5 Bentinck Street, London W1M 5RN.

## *Introduction*

*The first two sheep were yellow and blue and arrived by taxi. They were followed by a third, this time pink, which got out of a pink Cadillac. Luciano himself arrived shortly afterward in a green taxi. He was wearing a brown jacket and dark pants, and a green tie decorated with sheep. It was raining.*

Benetton: no name has such an ability to charm and to shock.

*Benetton* is the real-life story of an extraordinary Italian family and the organization they have built. Faced with poverty in a country ruined by the Second World War, the Benetton family started one of the most successful businesses in the world. Today they supply 8,000 stores in 120 countries. They have also produced some of the most shocking advertising images ever seen. This is a story of hard work and success, invention and risk-taking—and of terrorism, public anger, and court cases.

Jonathan Mantle develops a picture of a daring and fearless family and its business. He explores some of the stories behind the "United Colors" and the brand of Benetton, and he examines the price of the company's success. What has it cost the family, and the people who work with them?

Benetton likes to keep tight control of information about the company, and Jonathan Mantle is the first outsider to research the family and the company in such detail. Mantle is also the author of a best-selling book about the British writer and politician Jeffrey Archer, and *For Whom the Bell Tolls*, a book about Lloyds of London and its business.

## Chapter 1 Birth of a Salesclerk

*Ten thousand meters above the United States of America, 1998*

Luciano Benetton was on an airplane, reading a letter. In the few minutes he took to read it, he traveled from Nevada to California. In the private jet, there were media relations people and people from the commercial department. Most of them were asleep. Some of them were not even born when the business began.

Eight thousand stores. Eight billion dollars. The next move. The next meeting with the press. The images ... The United Nations ... Toscani ... the green hair. The questions ... the answers. How much longer could he keep going?

Eight thousand stores. Eight billion dollars. This was the reality. There was another time, though, when all this was just a dream.

Luciano rarely looked back. He could remember most things as they really happened, but he hardly ever spoke of them. He spent most of his time in the air. Maybe, beneath the successful businessman, there was still a small boy afraid of staying in one place for too long.

*Badoere, northern Italy, April 7, 1944*

The Americans and British were moving up from the south and their planes were destroying villages, towns, and cities.

When the bombs threatened their home town of Treviso, the Benettos sheltered in the village of Badoere and shared a house with a farming family. Each day, they tried to carry on life as normal.

This morning, Leone had already gone into town to work at

his bicycle rental business. Now Luciano, his eight-year-old son, was getting ready to cycle to school. It was a thirty-kilometer round trip, but school was important. His father wanted him to study and become a doctor.

"Eh, Luciano," the farmer's wife was calling. "Wait, don't go."

He ignored her and started to ride away.

"Luciano!"

This time the voice was his sister's. Although she was younger than him, he could never ignore Giuliana.

"You can't go today," she was saying. "The bombers are coming."

"They always say that. So what's new? They'll never touch the school."

But he was thinking about his father, who was already in the town. At that moment, in the distance, the alarms began to sound.

Much later, the door opened and Leone Benetton appeared. He told them what had happened. He had taken shelter and somehow escaped the bombs. Afterward, the dead and dying were everywhere. The river was red with blood. Over 1,000 people had died.

Later they found out that the Americans or the British had bombed the wrong town. They mistook Treviso for a town further north, where Mussolini was hiding. Treviso had just become the most heavily bombed town in the country, after Naples.

That winter, the temperature fell to  $-11^{\circ}\text{C}$  and there was little food. Leone's health was failing and he spent most of his time in hospital. His wife, Rosa, had a heart condition. But Luciano went on cycling to school.

*Piazza San Francesco, Treviso, July 12, 1945*

Luciano was busy looking after what remained of the bicycle business. At the other end of the room, Giuliana was knitting a

sock for Carlo, the youngest child. Giuliana was happiest when she was knitting.

There was a knock at the door and their cousin appeared. Her face told them the terrible news.

Leone Benetton died at least knowing that the war was over. He left a widow, four young children, a couple of small rental properties, a few small pieces of land, and a car, hidden away from the Germans. At the age often, Luciano's childhood was over.

The following year, the Benettons moved to Santa Bona on the outskirts of Treviso. Rosa's heart condition had returned and she often had to rest in bed. Luciano and his sister were afraid that she too would die, leaving them in charge of the family. So Luciano got up early before school and cycled with a heavy load of newspapers to Treviso station, where he sold them. He walked the streets after school, delivering bread and selling soap door to door. He stood in line waiting for bread, fish, and salt. And at the same time Giuliana made the family's clothes, worked a knitting-machine in her spare time in the tiny workshop of a neighbor, and dreamed of leaving school as soon as possible, so she could work there full time.

*Santa Bona, Treviso, 1949*

The Benettons were in a desperate financial situation. One by one, Rosa had sold all the little pieces of land. Giuliana had left school at the age of eleven and was knitting all day. Luciano was still at school, but he was also doing the work of a man. This was still not enough.

He made up his mind. "I'm not going back to school next year," he told Rosa. "Giuliana works and she's younger than me. I'm going to try to find a full-time job."

His mother said nothing and put her arms around him. Then he burst into tears.

## Chapter 2 A Woman of Substance

*Santa Bona, Treviso, 1955*

Luciano was already working after school in a cloth and clothing store called Alla Campana. He went to work there full time. He swept floors, carried boxes, and learned about the retail business. Like his father, he loved nice clothes. He saved enough money to order a suit of his own design. It took him a year to save the money, but when he wore the suit the girls turned and laughed at him in the street. Luciano realized he still had a lot to learn about the fashion business.

After a few years, he changed jobs. The Dellasiuga brothers hired him as a sales assistant in their clothes store in town. They taught him everything they knew about clothing, and about style. They encouraged him to develop his talents as a salesclerk, and Luciano rewarded them by being a good worker. He was never late and always polite to customers. But he knew that he did not want to spend his life behind the counter.

One of his friends was Domenico "Nico" Luciani. He and Luciano loved American culture in the form of books, movies, and newspaper stories. They were also business partners. They sold fruit and sandwiches at local fairs. They built a basketball court. They were best friends, although sometimes Nico could not understand Luciano.

"How can you work in an old-fashioned place like this?" he asked one day in the Dellasiugas' store.

"Because I have to," Luciano replied. "My family need the money. Anyway, I like what I'm doing. It gives me time to think."

"About what?"

"About getting rich."

"How are you going to do that, then?"

"I don't know, but I'm working on it."

Many years later, Luciano said: "The traditional stores were going to die ... and we killed them."

Clothing stores in Europe were very different then from today. A long wooden counter separated the customers from the salesclerks, and the clothes were hidden away, except for a few things in the window. The customer described what they wanted to the salesclerk, who then went away and picked out some clothes that might be suitable. Even if the customer bought something, they often did not get what they were really looking for.

Luciano was twenty years old and had been behind the counter for a year when he realized what he wanted to do. The kind of store and the kind of clothes he dreamed of did not exist. In his dreams, the store did not have a counter, the clothes were easy to look at, stylish, and reasonably priced. Young people came into this store without their parents and without knowing what they wanted. They came out with comfortable, colorful clothes. There were thousands of young people, millions of them, out there, but they did not have anywhere to shop.

After work, Luciano did not go straight home, but instead went to the little workshop where his sister worked. In her spare time, his sister designed and made brightly-colored sweaters for the family. In a country where people all wore gray, blue, and dark red sweaters, this was something different.

When he arrived, Giuliana was still working at her machine. He waited until she had finished, then they walked out of the workshop. On the way, he turned to her and said, "Giuliana? Why are we working for other people? Why don't we start our own business?"

"Because we're too young," she replied.

"You make them and I'll sell them. Why not?"

"That's just like you," she said. She was tired after the long day.

"You always say, 'if you could make more.'" She was quiet for a long time. As they reached home, she said, "We're going to have to buy a knitting-machine."

That night, over dinner, they announced the news to the rest of the family. Rosa thought they had gone mad. Did they want to send the whole family back into poverty?

"Don't worry," Giuliana said, "we won't give up our day jobs. We'll work at night and in our spare time. You know we can do it."

"Where's the money going to come from to buy this machine?" asked Gilberto.

Although he was only fourteen, Gilberto was the financial brain of the family. The youngest brother, Carlo, who was beginning to show the same abilities, agreed with him.

"Yeah, where's the money going to come from?" he asked.

Luciano tried to stay calm. "We'll rent a machine," he said. "The important thing is that we all agree. Yes or no?"

They looked at each other. "Yes."

Luciano sold his possessions. Gilberto was persuaded to sell his bicycle. They borrowed from family and friends, and slowly they raised the money. Several weeks later, the machine arrived. They threw a party in its honor, and called it "the new member of the family." Within a few weeks, they realized that this was no joke, and that the new machine had changed their lives.

Every day after they finished school and their various jobs, Luciano and Gilberto prepared the wool for the machine. Each night, after a day's work, Giuliana worked the machine from six o'clock until eleven; sometimes past midnight. Rosa was her assistant, putting together and ironing the knitted sweaters, working until two or three o'clock in the morning.

Within a few weeks, Giuliana Benetton produced her first collection. The sweaters were in traditional styles, but the difference was in the colors. Yellows, greens, and pale blues; nobody had seen colors like these in sweaters before. They gave

the collection the French name "Tres Jolie." Luciano's friend Nico Luciani designed a label carrying this name, and Luciano set out to sell the sweaters on foot, and by bicycle, to the citizens of Treviso.

Within four months, Luciano was selling twenty Tres Jolie sweaters a week. Two months later, Giuliana gave up her job to work full time at home. She was making fourteen sweaters a day, almost single-handed. The following year, in 1956, they bought a second machine and Giuliana hired their first employees. They bought a third machine, and the home turned into a clothing factory. They were working nearly twenty-four hours a day and were running out of space. How could they increase the size of the business without risking everything they had worked for?

In the beginning, the Dellasiegas were not interested when Luciano asked them to sell Tres Jolie sweaters in their store.

"Too risky," they said. The Dellasiega brothers were unsure about selling *any* woolen sweaters.

That winter, Luciano decided on a different strategy. He persuaded them to sell a small range of sweaters made by another manufacturer. When these sold quickly, the Dellasiegas agreed to order a small number of Tres Jolie sweaters. These sold very quickly. The traditional store of the Dellasiegas had just become the first one to sell clothes for the house of Benetton.

In the same year, 1957, the brothers made Luciano an offer that he thought he would never hear. "Luciano," they said, "we'd like to, ah ... place an order."

The order was for 600 sweaters. Giuliana hired another girl and they delivered the order on time. Later, they looked back on this as their first "flash," or additional unscheduled collection. This ability to react to a sudden change in customer demand would one day make them famous.

The Benettons had crossed a line. They were now a family of professional manufacturers.

The following year, in 1958, when Luciano finally gave up working for the Dellasiegas, the store had a full shelf of Tres Jolie sweaters.

Luciano had also met the woman he would marry. Teresa was the daughter of an engineer from Padua who had moved to Treviso. She came into the store one day and was immediately attracted to the tall, serious salesclerk. She was different from most of the other girls Luciano knew who, like Giuliana, had been employed from a young age in workshops.

Giuliana also married, but after her first child was born, she went straight back to work. Teresa was smart enough to understand the importance of the family business to the Benettons. When she and Luciano decided to marry, she went to work with Giuliana Benetton.

*Rome, Italy, 1960*

Luciano had never been to Rome before. He wanted to know what the stores looked like in a big city, and near the Piazza di Spagna, he found a store of a kind he had never seen before, except in his dreams.

The store sold only woolen clothes. It was full of them, and of customers wanting to buy. These customers were not just Romans, or even Italians. American air crew, British businessmen, and French models were standing in line at the counter. The sweaters were well made and in a wide range of colors—but they were not as good as Tres Jolie. Luciano saw that the future he dreamed of was real, here on the streets of the capital city. He looked up at the store. It was owned by a family he had never heard of, called Tagliacozzo.

The Benettons had moved their factory from the house in Santa Bona to a larger rented factory in their parents' home village of Ponzano. Luciano and Giuliana were already planning

their next move, to build a factory next door. Luciano told his sister that they had to find a way to break into the Roman market.

She designed a new range, based on the colors he had seen in Rome. It included sweaters in thirty-six shades of wool. A few months later, with a suitcase of sweaters, Luciano returned to the capital city.

He had noticed an advertisement placed in a trade magazine by a Roman called Roberto Calderoni. Ambitious and independent, Calderoni was offering his services as a salesclerk. From the moment they met, the young man from out-of-town and the city boy liked each other. Calderoni became the first agent, outside the family, for the Benettons and Tres Jolie.

Calderoni advised Luciano to set the prices for the new range much lower than the prices in Rome. He also introduced him to key retailers in the city.

Sergio Tagliacozzo took one look at the sweaters that Luciano brought to Rome and placed an order for the whole range. This was Luciano and Giuliana's first sale in the capital city.

At first, other store owners were not so enthusiastic. Soon, however, they too were placing orders, at first in small quantities. After several reorders, they also became regular customers.

The Tagliacozzos became firm friends of Luciano Benetton. He noticed that they had turned around the traditional relationship between customer, retailer, and supplier. The Tagliacozzos sold what their customers wanted and told the suppliers what to send. They believed that the future lay in a chain of stores producing a range of designs in many colors at affordable prices. These stores could go beyond Italy, even beyond Europe, to the United States and the rest of the world.

Luciano listened to the Tagliacozzo brothers and went back to Ponzano. The idea of a global chain of stores excited him, but as a supplier and not as a retailer.



The factory could not deal with the increased number of orders. The Benetton needed new equipment and a new factory. For this, they needed the services of a bank.

The fourth banker he visited was only about two years older than Luciano.

"You young people are all the same," the banker said. "You want to run before you can walk."

Luciano went angrily home to Teresa.

"Don't worry," she said. "We've already come a long way, and we'll go even further."

A short time later, Luciano was grateful to the bank manager.

"Did you hear what the banks have done?" his brother Gilberto asked. Gilberto was now working full time as their financial controller. "They've called in all the money they lent to businesses without good enough guarantees."

The Benetton were not affected because the banks had refused to lend them money.

"My God," said Luciano, "they're all in a mess, and we don't owe a cent. We're going to be rich!"

Builders and materials suppliers were among the worst affected businesses. Traditionally, they borrowed a lot of money and moved from one short contract to the next. Maybe, just maybe, the Benetton could arrange a deal with a building company to build their own factory without help from outside.

A few days later, Gilberto called his brother.

"I've found two banks which will lend us some of the money," he said in disbelief.

They hired an architect called Cristiano Gasparetto. Gasparetto needed help, so Luciano's next call was to his old friend, Nico Luciani.

Nico was now studying architecture with the famous architect Carlo Scarpa. His reply shocked Luciano.

"No," he told him. "I'm not in the business of putting up factories for the middle class to make money from badly-paid workers."

Nico, it seemed, had moved to the political far left. It was the last time he and Luciano spoke for a quarter of a century.

Luciano then tried Tobia Scarpa. He had not yet put up a single building, but he was the son of Carlo Scarpa and he understood what Luciano wanted to do. He and his wife, Afra, were employed by two big companies, designing new and exciting types of furniture and lighting. Gasparetto and Scarpa completed the factory project, but the Scarpas' relationship with the Benetton continued. This was the first example of Luciano's ability to recognize what people could do, even if they were unsure of themselves. It was the beginning of a great creative friendship.

In only eight years, the family had taken Tres Jolie from a collection of twenty sweaters to a professional business manufacturing 20,000 sweaters a year and selling them through stores in Treviso, Venice, and Rome.

The name Tres Jolie showed that Paris still had a better image and brand power than Rome. Similarly, Luciano recognized that Italy fell behind other countries in wool quality and manufacturing. The Benetton and Tres Jolie could not compete internationally unless they improved their production methods. To make the business competitive overseas, Luciano had to continue the learning process that he had begun with the Dellasiegas and continued with the Tagliacozzos.

To do this, he had to look beyond Italy. This time, he went north across the Alps, Switzerland, Germany, and France to a country he had never visited before.

### Chapter 3 Success Across Europe

#### *London Airport, England, 1962*

"Excuse me, sir," the British policeman said, looking doubtfully at the young foreigner traveling alone, who was not wearing a jacket and tie. "Can you tell me how much money you have with you?"

Luciano, who later became one of the richest men in the world, showed him the contents of his thin wallet. The policeman let him pass.

"Welcome to Great Britain," thought Luciano, "home of racism, sheep, and the finest wool and manufacturing in the world."

Luciano's tour of Britain lasted ten days and took him to important manufacturers of woolen clothes in England and Scotland. He learned a lot about their methods, particularly how to make woolen clothes feel softer. At the end of his trip, he ordered a number of British-made machines for coloring, knitting, ironing, and drying wool.

Nearly twenty years later, Luciano returned and bought a Scottish company.

#### *Belluno, northern Italy, 1964*

Piero Marchiorello worked for his father in a little clothing store in the hill town of Belluno, seventy-five kilometers north of Treviso. He had come to Rome for a meeting of small retailers. One day, he was looking in the window of the Tagliacozzo brothers' store. He went inside.

"Who makes this stuff?" he asked.

The assistant told him it was a company called Tres Jolie, in Treviso. Marchiorello wrote down the name and address. Two days later, he was in Luciano's office in Ponzano.

"I want to open a store in Belluno," he told him, "selling only your clothes. I have no money or experience. But if you trust me, I know we will be successful."

There was something about Marchiorello that made an impression on Luciano, and he liked the idea of a store. There had never been a one-brand, one-product store like this before. The Tagliacozzas sold sweaters made by various people, including themselves. Was it possible to open a shop that sold only Benetton products? Luciano liked the logic of the idea, as well as its newness, and if they did not do it, someone else might.

"We don't have the money," he said, "but I think we can find a way to do this."

After talking to Gilberto, they found a way. Marchiorello would borrow some money from a bank, and the Benettons would lend him the rest. The deal was simple and based on trust, with no written contract. Marchiorello would buy clothes only from the Benettons, sell them, and keep the profits. He could not return any clothes that were not sold.

Marchiorello also had to find a site for the store. A few weeks later, he and Luciano were standing in the quietest part of town.

"Piero," Luciano said, "this is the worst site I've ever seen in my life."

Marchiorello smiled. "Look on the bright side," he said. "If it works here, it'll work anywhere."

At the same time, in Ponzano, the factory was near completion. It was a beautiful, white building surrounded by gardens. Natural light entered through the roof and flooded the workspace. Luciano wanted more than just a place where people earned money. He wanted to create a place where they would be happy to work.

The cost of the new factory had doubled in six months, but they were saved by an increase in business. They were now making 100,000 sweaters a month.

The new factory opened on a spring morning with celebrations that went on into the night. Five hundred invitations had gone out, including invitations to all the employees and the villagers.

Four months later, Luciano and Teresa drove north in a truck full of knitted clothes. They were going to Belluno, where Marchiorello was waiting.

Marchiorello had designed a simple, brightly lit, white-walled store. There were lots of open shelves onto which Luciano and Teresa piled red, blue, yellow, orange, and green sweaters. Like the sweaters, they had given the store a foreign name. This time, however, it was English. London was the height of fashion in clothes and music. They called the store "My Market."

The word soon went around the young people of the town that My Market was the place to be. Marchiorello was selling twenty sweaters a day. Six months after the store opened, he went to see Luciano again.

"It's like I said. If we can do it in a place like this, imagine what we can do somewhere else, where there are lots of people."

This time, he did not need to persuade Luciano. They soon found a perfect site for a second store in the fashionable ski town of Cortina d'Ampezzo, in the Dolomites.

The family had changed the name of the business from Tres Jolie to Benetton. Luciano wanted to reach a stage where their own name was on their clothes. One of Giuliana's designers designed a pattern of a knot of wool for their labels. This logo was placed with the word "Benetton" in white on a background of green, Giuliana's favorite color.

*Cortina d'Ampezzo, northern Italy, 1966*

The new store opened on a snowy morning at the height of the ski season. This time there were shelves of sweaters around the walls, and no counter. There was bright lighting and loud music.

The sweaters on sale were in the widest range of colors, but only in the two smallest sizes. This store was only aimed at young people.

Two days later, Marchiorello called Luciano in Ponzano.

"They're standing in line around the block!" he told him. "We've sold a third of the stuff already. Come and see, and bring some more stock!"

Luciano drove north up the icy roads with his younger brother Carlo. Outside My Market, young people stood in line, waiting to get in. Inside the store, people were pulling sweaters of all colors and styles off the shelves and handing them to the salesclerk, five or six at a time.

The immediate success of the store in Cortina sent clothes with the Benetton name home with vacationers all over Italy and across the borders into Austria, France, and Switzerland.

Across the country, people were waking up to the fact that these clothes were not only fun to wear but also a good commercial idea. Calls began pouring into Luciano's office from people who wanted to open new stores. Marchiorello could only open and manage a limited number, so Luciano began to look for new store owners among his friends. While the telephone continued to ring, he also began to search for a site for the next store. Marchiorello, however, had already decided where this should be.

*Padua, northern Italy, 1967*

Padua is one of the oldest university cities in the world. In 1967, there were dozens of cafes, movie houses, theaters, and bookstores, but still few stores for young people with limited money. The traditional shopkeepers were not interested in this young market, but when they heard that Luciano and Marchiorello were planning to open a My Market in Padua, they tried to keep them out of the central business district. Two

shopkeepers who already sold Benetton, among other brands, came to see Luciano.

"If you open in Padua, we'll stop selling Benetton," one of them told him. "You'll be our direct competitor. You'll ruin us."

"I don't think so," Luciano replied. "In fact, I think it will make things better for you."

In the spring of that year, My Market opened in Padua. This latest opening led to lines of students and other young people inside the store and around the block. The two men whose stores were nearest the new store saw their sales of Benetton double.

Privately, Luciano had feared that the shopkeepers were right, but the competition seemed to be improving sales of Benetton clothes in both the old and new kinds of store. But how long would this last? How long would it be before someone else came along and began to compete with Benetton? If this happened, the market would be broken up by businesses that Luciano could not control. If there was going to be competition, it would be better for them to compete with themselves than with others. There were plenty of people who wanted to become store owners in cities, towns and villages around the country. And, if Benetton could compete with themselves, could they not also compete with traditional shopkeepers and offer a variety of stores and clothes for a wider range of customers?

Luciano talked about this with Giuliana and Scarpa. Soon, Scarpa came back with a series of drawings. Each of these showed a store that would sell Benetton sweaters, but each one was different. "Merceria" was for the mothers of their existing customers. The store had softer lighting and gentler music, with more traditional colors in clothes. "Tomato" was very modern, for teenagers, with bright lights and a lot of metal and glass. "Fantomax" had mood music and softer, "flower-child" clothes. Like My Market, all these stores carried only the Benetton range, and none of them carried the Benetton name.

While Luciano and Scarpa worked on the details, the number of My Market stores increased very quickly. All these new stores were started by friends, and friends of friends. They included young men and women bored with their jobs in law and other professions. All the new owners agreed to buy only from Benetton. All of them opened their stores, designed by Scarpa, on sites agreed by Luciano. They agreed that Luciano could take action if he thought they were running the store in a way that would harm the name of Benetton.

At first, the new store owners split the opening costs with Benetton. As their numbers multiplied, however, Gilberto decided that it was not necessary for the family to put money into so many new stores; new store owners had to find the money themselves. During this period, Benetton also ended its relationships with independent retailers that had begun with the Dellasiega brothers.

*Ponzano, the Veneto, 1969*

Italy was experiencing political and economic problems. There were bombings and shootings in the cities. But in the village of Ponzano, the trouble seemed far away. The factory was very busy supplying the growing number of stores, and the first non-woolen range of shirts, pants, and skirts was sent out. Relations were good within the factory. Benetton was the main local employer, run by a family who had grown up in the area and who had a strong relationship with their direct employees.

All four members of the family were, by this time, married with children. They lived quietly. Giuliana's main interests were her family and work. Gilberto, with his love of sport and with his movie star good looks, thought hard before he bought himself a Porsche, although he could afford many expensive cars. Carlo spent much of his free time skiing and wandering in the mountains.

Luciano and Teresa, and their three children, Mauro, Alessandro, and Rossella, moved to a new house close to the factory. Their fourth and last child, Rocco, was born in 1971. Luciano had given Scarpa complete control over the design of the house. Scarpa described the result as "a house fit for a modern ... prince."

The retail explosion was not slowing down. There were 500 stores across the country, and in all of them the name of Benetton was now used instead of Tres Jolie on the labels of the clothes. Luciano and Marchiorello made a number of visits to France and brought back ideas to Giuliana and her team of designers. These designers now included a former model for Christian Dior called Lison Bonfils.

Lison was bright and direct and was certain that Paris was ready for Benetton.

"There are thousands of kids out there desperate for something fashionable to wear with blue jeans," she told them. "English sweaters are too expensive and the French ones are ugly. I tell you, the market is just sitting there, waiting for you."

In 1969, in the Latin Quarter on the Boulevard Saint-Germain, the latest My Market opened for business. It was the first in Paris and the first outside Italy. This time there were no young people standing in line around the block, but there was a steady stream of students. There was also a welcome for Benetton from the members of the fashion media. One of these was Sandy Obervitz, an American friend of Lison. She told Luciano that he should take the clothes to the United States.

*New York City, United States of America, 1910*

Luciano had visited New York City for the first time with Teresa. They went there on vacation a few years after they were married, when their first three children were still very young, and the factory and store were newly opened. They walked up Fifth

Avenue and stared at the buildings, at the tall stores: Bergdorf Goodman, Bloomingdale's, Macy's, Saks. Luciano was part tourist, part businessman, and he tried to understand as much as possible on this first, short visit.

Now he was back again, but he soon found out that it would not be easy to break into the American market. Benetton did not have a recognized European name that could attract the attention of American customers.

Luciano remembered later that his first experience of the United States was a shock. He realized that the world was not the same everywhere, and that the rules were different in the United States.

One of his first calls when he got home was to Lison Bonfils.

"Tell your friend thanks," he said, "but we're not ready to attack the United States yet. We need another six or seven years at least—maybe ten."

In fact, another nine years passed before they tried again, and thirteen years passed before Benetton really succeeded in the United States.

*Ponzano, the Veneto, 1912*

The factory was not able to meet the rising demand for clothes. Gilberto, however, said that they should not make the mistake of building a big industrial plant. Across the country, workers in large Fiat and Pirelli factories were increasingly unhappy, and industrial discontent was growing. Instead, Luciano and Gilberto bought and refitted two small factories in villages near Ponzano.

Between them, the four Benetton children now had twelve children. Giuliana, at thirty-four, combined marriage and her three children with her job creating new clothing ranges and leading her growing team of designers. She created the first range of Benetton clothes for babies and young children, from birth to the age of

twelve, to wear at home, at school, and at play. It was called "012." The clothes were sold through My Market, Fantomax, Tomato, and Merceria, and eventually through 012 stores.

By this time, the company was secretly on the way to becoming the largest single customer of wool in the world. They also bought increasing amounts of cotton. The world was wearing more and more blue jeans and T-shirts. Luciano himself wore jeans much of the time and had observed that they were popular with young people in America. He thought of the name "Jeans West" for Benetton's first attack on the blue jeans market. The first Jeans West store, designed by the Scarpas, opened in Padua.

Soon afterward, the company also bought its first outside brand. The "Sisley" brand had been created in 1968 to manufacture and market jeans in Paris. Benetton bought Sisley in 1974 to obtain control of this range of informal clothes for men and women.

Some years later, Luciano's eldest son took control of the Sisley brand and turned it into a popular, outdoor fashion range.

By 1974, there were 800 stores across Italy and a hundred more in France, Germany, and Belgium. Although in every case Benetton supplied the goods, not a single store had the Benetton name. Luciano preferred to keep the family out of the media, particularly as political discontent in Italy continued, and crime and kidnapping increased. The family did not give out financial information, and Luciano stopped giving interviews. The result was that the company grew quickly, while appearing not to do so.

Luciano and Teresa had first met by chance when he was working in the Dellasiegas' store. Now a chance meeting in another store led to the end of their marriage. In Milan, at a staff lunch, Luciano met Marina Salomon, who worked in a Jeans West store.

"Are you familiar with the novels of William Faulkner?" she asked him.

Luciano admitted that he was not. She immediately began to talk to him about the books, and her extraordinary energy made a strong impression on Luciano. At the end of the lunch, she told him she was going to London as a student for a year.

"That's funny," he heard himself say. "I'm going to London myself on business next week."

This was not true, but during the last hour Luciano had lost the ability to tell what was true and what was not. He only knew that he wanted to see her again.

The following week, he worried in a way that he had never done before. This was crazy; she was a twenty-year-old student and he was a forty-year-old businessman, married for fourteen years, with four children. This was madness; this was dangerous.

He flew to London. At the airport, she burst from the waiting crowd and ran into his arms. They spent the weekend together. He came home in love and in shock. A week later, she wrote him a letter saying that she loved him but that she did not want to break up his marriage and his family. He agreed with her. They tried not to think about what would happen when she came home for a vacation.

## **Chapter 4 The King of Knitwear**

### *Ponzano, the Veneto, 1916*

The first vacation came, and Luciano and Marina's worst fears came true. The moment she returned from London and they met again, they knew they could not stay away from each other. All through the winter and into the spring, Luciano lived a double life.

Luciano knew that he could not end his marriage, but his relationship with Teresa had changed forever. He had too much respect for his wife to let her find out the truth from someone else. After months of deceit, he told her about the affair with Marina. Her reaction was bitter and angry. He could not stay now.

Luciano moved out of the family home and bought a house forty minutes away in Venice, into which he moved with Marina. After difficult talks, he and Teresa agreed that he would eat lunch with the children each day in the family home.

Teresa had been a member of the Benetton family since the earliest days. She was part of the family and the business, and her relationship with the Benettos remained close. But others close to the family business, like Tobia Scarpa, could not forgive Luciano for what he had done.

Luciano wanted to take his business ideas to the world. At home, his ideas had seen a single store develop into a network of hundreds of stores. In France, however, it had not. Luciano examined the French market with the help of Lison Bonfils.

They talked with Giuliana and decided that one of their mistakes was in the colors. They were clean and international, but they also had to be French to the French, and American to the Americans. Giuliana redesigned the French range of clothes to include softer colors like pale purple and chocolate brown. As a result, the clothes no longer looked "foreign" and there was suddenly an increased demand. By 1978, there were 200 Benetton stores in France.

The site and name of the first store in London were as important as they had been in Paris. South Molton Street is in a wealthy area near Oxford Street, where customers would accept Italian clothes. The first store opened in 1977 and was called simply "Benetton."

So the rapid growth continued beyond Italy into Great Britain and other European countries. By 1979, there were 1,700 stores

across Europe. Sales had risen by 30 percent on the previous year. The company still refused to give out information about the size of its profits, and the family continued to avoid the media. In the same year, however, the scale of Benetton became obvious when the Australian Wool Corporation stated that Benetton used more raw wool than any other company in the world.

Luciano decided to make his first real attack on the United States of America.

*New York City, United States of America, 1919*

The family spent months deciding where to open the first American store. Their eventual choice was Manhattan, right in the heart of New York City. This was a good area, packed with tourists and visitors, many of whom would know the store from their travels in Europe. As they had done in London and Dusseldorf, they decided to call the first American store "Benetton."

The New York opening was not like the opening of the first stores in Italy. There were no young people standing in line around the block. The first customers were European visitors and their children, who wanted familiar fashions to the styles back home. Success came with the first sale in January 1980, which brought the crowds and a reporter from *Women's Wear Daily*.

Americans were soon reading how Sylvester Stallone, Dustin Hoffman, and Jackie Onassis were all shopping at Benetton. But the biggest name of all was photographed coming out of a Benetton store on the other side of the Atlantic. Lady Diana Spencer, who was going to marry the Prince of Wales, made the name of Benetton famous. "Benetton dresses both queens and housewives," one newspaper wrote. Unfortunately, this was an Italian newspaper read by criminals and kidnappers.

*Ponzano, the Veneto, 1980*

At home, the tradition of kidnapping for money, which had in the past only been connected with the Sicilian Mafia\*, spread across the country. In richer areas, people tried to keep their wealth secret. This was easier to achieve in some cases than in others. Luciano and his brothers and sister were now publicly connected by name to a famous business success.

The foreign press wrote much more about the range and profits of the business than the media at home. Few Italians knew that Benetton now had six factories in and around Ponzano, directly employing about 1,600 people. Ten thousand more were employed in businesses connected to Benetton. People did not know that the factories kept in daily contact with 1,500 stores across the country. Two hundred of these were owned completely by Benetton and the rest were owned and managed by Benetton's special franchise system. People did not know, either, how much profit from all these operations went into a family company that was 100 percent owned by Luciano, Giuliana, Gilberto, and Carlo.

To be nearer to his family, Luciano and Marina moved from Venice to a house near Ponzano. They felt safe in the country and usually left the house unlocked when they were at home. Marina had finished her studies and decided to go into business. She bought part of a company that manufactured shirts. Soon, she was making ambitious plans for the future.

Luciano was also making plans for the family business. In May 1982, he and Gilberto met Aldo Palmeri, a 36-year-old director of the Bank of Italy and the man they believed could help Benetton develop from a family company into a global organization. The three men immediately formed a strong relationship.

\*The Mafia: an organization usually connected with crimes like selling drugs. Originally a family organization based in Sicily, it now operates across Italy and in the United States.

The following month, Benetton bought a large share in a shoe manufacturer, their first move beyond the clothing business. They began the process of opening up the company's business by involving new managers, led by Palmeri, and making public the first Benetton annual report. This showed that sales had multiplied by 600 percent in the last five years; that these sales totaled US\$283 million through 2,000 stores, and that the company was making annual profits of US\$19 million. For the first time, the facts were in black and white for everybody to see.

*Quarto d'Altino, the Veneto, August 10, 1982*

It was a Saturday night after dinner, and Luciano and Marina were reading and watching television. The windows were open and the sounds of the hot summer night were coming into the room. Seven years had passed since they first met, but each day Luciano was amazed by their close relationship.

Marina yawned and turned the page of her book. Luciano started to speak and then froze. A gloved hand closed over his mouth and he could feel the cold steel of a gun against his neck.

There were five of them, and their faces were covered. Before he and Marina could react, Luciano was on his knees being tied up and she was being led from the room. Luciano said, "Take what you want, but don't hurt anyone."

Things happened at frightening speed. The five men took Marina out of the room. She told the men, she said later, that the house had a silent alarm which was already ringing at the police station. Maybe this frightened the thieves. They took money and all her jewelry, left her tied up in the bedroom, and ran away. There was no alarm, but by this time the husband of a woman who worked in the house had freed himself and called the police.

During the next few days, the newspapers were full of the story of how the "king of knitwear" had been robbed. Luciano



bought an alarm system and put in electronic gates. He and Marina tried to continue life normally, but they locked the doors even when they were at home. Nearly two months later, they had almost recovered; they told themselves that the attack was just bad luck.

*Quarto d'Altino, the Veneto, October 8, 1982*

This time it was a Tuesday night, and Luciano and Marina were driving back to their house from Treviso. It was dark and the road was lined with bushes. They were approaching the gates when, suddenly, two men jumped from the bushes and started to break the side windows of the car. Luciano, who had slowed down, sped forward again as the gates opened.

"Call the police!" he shouted to Marina, who reached for the car telephone.

The car shot forward through the gates and for a moment it seemed that they had escaped. Then they looked back and saw that the two men had forced the gates open and were approaching for a second attack.

"My God, they're going to get in through the windows!" Marina cried. "Go back, go back!"

Luciano's car shot backward at high speed through the gates, past the two men, and back up the road. Luciano drove at speed for fifteen kilometers and more, while Marina hung onto his arm and cried. Eventually, when they were near Venice, he slowed down.

Back at the house, the police were waiting for them. The attackers had escaped.

Luciano made up his mind. "That's it," he said to Marina. "We're going to live in town, near lots of other houses, in a house where we can be safe."

Some time later, the police told all the members of the family

that they had uncovered more plots, this time to kidnap Giuliana, and Luciano's son Alessandro.

Shortly afterwards, Luciano had another meeting that changed his life and the life of the company. Once again, as with Teresa, then with Marina, the business brought two people together in a relationship that deeply affected both of them.

*Milan, northern Italy, 1982*

Benetton had recently bought a 50 percent interest in the fashion company Fiorucci, and for a long time Elio Fiorucci had wanted to introduce Luciano to the photographer Oliviero Toscani.

"He's done some amazing pictures for us," he told Luciano. "You have to meet him."

Luciano had never heard of him before. At the same time, Fiorucci was telling Toscani about Benetton.

"You really should work for them," he said. "They're an extraordinary company."

"Extraordinary ..." Toscani liked the sound of this. He had heard of Benetton and told Fiorucci what he thought of the company. He believed that Benetton should be more ambitious in its public image.

"They should get the message to the world that above and beyond the clothes, they represent a whole new way of living and thinking."

Toscani had come a long way from the poor area of Milan where he was born. He had offices in New York and Paris, and a farm in Tuscany where he raised horses. He shot pictures for top American, British, and Italian magazines. As well as Fiorucci, he worked for Valentino, Club Med, Bata shoes, and Esprit, the Californian fashion retailer. He was very fashionable, and underneath, very, very serious. "If you love me, follow me," read the words beneath his girlfriend's backside in the picture he took

for Jesus Jeans. Toscani loved to be followed, but was rude about other people who followed anyone or anything except themselves and their own beliefs. Toscani believed that he was not just producing advertisements, but making images for a new world.

Fiorucci introduced Luciano to Toscani at dinner one night, and an immediate friendship grew between the two men. Luciano saw the qualities that Toscani hid behind his loud, impatient image. He understood that Toscani believed in hard work, the family, and quality in everything he did. They began to talk about working together.

Luciano returned to the hotel near Ponzano where he was staying with Marina. Another eighteen months passed before he called Toscani and asked him to produce a global picture strategy.

## **Chapter 5 The Fifth Avenue Franchise**

*New York City, United States of America, 1982*

Although the market was enormous, Benetton was still only a tiny presence in the United States. No amount of advertising in the present style would help them gain the market share they wanted. This only came with the success among American college students of a football sweater.

It was a simple sweater, in blue and white, with long sleeves and the Benetton name and logo on the front. Students shopping in New York City first bought it and took it back to their colleges in the fall. That winter and the following spring, all these young customers and future opinion-makers wanted to be seen in Benetton.

The success of this single product introduced the Benetton range and the Benetton name to the American market. By 1983, more stores had opened in Manhattan and then in other cities

across the country. They all had the Benetton name. The stores were opening faster—four a week—than in any other country, and their average size of between 250 and 300 square meters was larger than the stores in Europe. This increase in sales and stores changed the Benetton management in New York into a national operation with bigger offices in the General Motors building. Here, store owners and people who wanted to own stores came from all over the country to talk business and see the twice-yearly collections.

Traveling enormous distances, Luciano visited every new site and store owner. He seemed to hold the whole business in his head. The foreign media reported his activities. The Benetton name was known from coast to coast, and further west. In Japan, four stores opened and twenty more were planned.

Advertising, which helped this movement around the world, was expensive. The most widely-spread method of communication across rich and poor countries was television, but the cost was high and there was no guarantee that people would watch it in large enough numbers. Luciano observed that there were very few occasions when millions of people around the world sat down and watched television. Sport was one of these occasions.

The most expensive, exciting, and dangerous sport was Formula 1 car racing. The Formula 1 season lasted seven months and moved around the world from place to place. Luciano agreed with Gilberto that for US\$4 million, they would sponsor the Tyrrell Formula 1 racing team.

The first season in Formula 1 for Benetton was unsuccessful, but it was widely shown on television. They looked around for another team to sponsor, and this time chose Alfa Romeo Euroracing. They looked forward to a year of greater success in motor racing and to seeing the Benetton name on television screens around the world.

The Benettons made Palmeri a director of Benetton Group Spa, the main operating company. Palmeri was young and ambitious; he took risks and accepted responsibility for his actions. He was also committed to using the latest American business methods. The Benettons gave him a lot of control, but at the top this was, and always would be, a family company.

The name of this family company, however, was not and never would be Benetton. At the top of the Benetton mountain were Invep and Olympias, two companies which were owned 100 percent by the three brothers and their sister, who were the four directors. The names and number of these family-owned companies changed over time, but the principle of 100 percent family control remained the same.

At every level, Palmeri began to introduce the systems that would help the company achieve greater and greater growth. Palmeri put in place new Benetton Group directors and a management team to support them. He hired managers with international experience and advisors from outside the company.

"When I joined Benetton," he said later, "they were doing fine, but the family knew that growth was necessary. We needed to move further into foreign markets. But this also meant bringing in a team of top managers."

Over the next two or three years, he employed a number of experienced professionals, including Bruno Zuccaro as head of information systems. Zuccaro's job was to develop the information technology that connected the stores around the world to the factories in Italy. If one of the Fifth Avenue Benetton stores wanted a "flash" collection of 500 pale blue sweaters, they could have them in a short time and at no greater cost than the usual collections.

Palmeri also saw the need to improve the international markets. Benetton, with its special franchise system, could

increase its number of stores at almost no cost to itself. The telephones rang twenty-four hours a day in the offices of nearly a hundred Benetton agents around the world, with calls from people who wanted to run stores and become rich. These people were all prepared to put between US\$10,000 and US\$300,000 into a business.

The speed at which the business was growing was amazing. A new store was opening nearly every day. This was in addition to the 2,700 stores already selling the thirty million pieces of clothing that were coming out of eight factories in northern Italy, and now France and Scotland.

The second season of Formula 1 sponsorship was as expensive as the first and did not produce better results. In America, competitors like Esprit and Jordache were spending a lot of money on advertising. Wanting to compete, but at a lower cost, Benetton advertising started to concentrate on the international success of the brand: "Benetton—cotton in all the colors of summer," read the advertisements in *New York* magazine. Below a picture of a couple on a beach, in large letters, were the names of fashionable cities around the world that Americans visited and that had stores selling Benetton.'

In New York City, one of Luciano's dreams came true when the store Macy's opened a Benetton section in its sportswear department. But, placed between Calvin Klein and Adrienne Vitadini, the Benetton section was a failure and did only a third of the business of the nearest Benetton store. After six months, the Macy's operation was closed. Luciano and the people he worked with in New York realized that they needed to develop the network in its existing form.

Luciano put Francesco della Barba, an experienced businessman who also came from Treviso, in charge of the growth of the Benetton business and brand in the United States. He was the eyes and ears of Luciano, and in many cases he gave

franchises to Americans whose families originally came from Italy. This led to the idea that there was an "Italian Mafia" in Benetton. Although a large number of Benetton agents across the United States and around the world were either Italian or from Italian families, an equally large number of American store owners were non-Italian.

Luciano knew that if Benetton wanted to match its competitors in the US, its advertising had to make a strong impression. The question was how to achieve this impression without spending too much money.

One night, after dinner with Marina, Luciano found the answer. He rang Toscani.

"Oliviero, when you have a moment, we need a global image," he said.

## **Chapter 6 United Colors of Benetton**

### *Ponzano, the Veneto, 1984*

Toscani arrived in Luciano's office three days later.

"Can you do it?" Luciano asked him.

Toscani replied that he could. He had come with a single, simple idea, as Luciano hoped he would. He called this idea "All the Colors in the World."

The image was as simple as it was new. Young children and teenagers from different countries and racial groups were laughing and smiling together, united in all the colors of Benetton.

Toscani was creating the global image that Luciano wanted for his company. The result was bright and beautiful. Toscani disliked using professional models as much as he disliked big advertising companies. The pictures used "real children."

Benetton increased the money it spent on advertising to

US\$12 million, and started the "All the Colors" campaign in the spring of 1984. The pictures are still as fresh today. Luciano saw them for the first time in Milan.

"I felt a lump in my throat," he remembered later, "and my heart started to beat faster. It was both strange and wonderful suddenly to have an image that fitted us like a glove."

"All the Colors" won a magazine prize in the Netherlands. There were hundreds of letters to the company from people who liked the message, and some from people who did not. In South Africa, the advertisements were banned, except in a few magazines for black people.

"Shame on you!" wrote one person from Manchester, in the north of England. "You have mixed races that God wants to keep apart."

The success of "All the Colors in the World" encouraged Toscani. Again, he shot pictures with a group of "real children aged from four to fourteen and from countries as different as Japan, Ireland, and the Ivory Coast. This time the children held the flags of countries that were traditionally enemies: Germany and Israel, Greece and Turkey, Great Britain and Argentina, and the United States and the Soviet Union. Toscani also noted a remark by a visiting UNESCO official.

"My God," the official said, "it's the united colors we're seeing here!"

### *Paris, France, 1985*

President Gorbachev was at the top of the Champs Elysees; the Soviet leader was going to meet President Mitterand of France. Watched by hundreds of millions of people on television around the world, halfway along the route Gorbachev looked up and said something to one of his assistants. This was a magic moment and a rare piece of luck.

It was the idea of Bruno Suter of the Eldorado advertising agency to line the Champs Elysees with billboards showing the two small black children, one holding the American flag and the other the flag of the Soviet Union, preparing to kiss each other. Above the two children were the words, "United Colors of Benetton."

Suter was sure that Gorbachev noticed the images. Others closer to the President later agreed that he asked his assistant, "Who is this Benetton, anyway?"

Five years later, Gorbachev was gone and Luciano was in Moscow, where he planned to open the first United Colors of Benetton store in the Russian capital.

*New York City, United States of America, 1985*

The success of "United Colors" in Europe immediately encouraged Luciano to test the campaign in the States. The pictures, at a cost of US\$3 million, had an immediate effect across the country. Pictures of the American flag were banned in advertising, but the secret of success for Benetton on the billboards of America was in clean-colored clothes and images of bright, smiling children.

Toscani could do no wrong. He explored important social topics in new ways, using "real" models, and the results made him rich and famous.

Aldo Palmeri was pleased with the way "United Colors" was helping Benetton's American strategy. In 1985, the number of stores in America rose from 400 to 500, and the sales for the year were expected to be about US\$150 million

Palmeri wanted to take the company beyond the fashion market into financial services. He was looking for a US partner to offer financial packages to the networks of stores there.

The main problem, however, as Palmeri saw it, was the family

control of the Benetton Group. This limited the amount of money it could raise and the financial freedom of its directors. The solution was to end this 100 percent family control of the main business by selling 25 percent of Benetton Group on the Milan stock exchange. They could do this without weakening the family control because Benetton Group itself was part of Invep. Invep, which was soon renamed Edizione, was owned 100 percent by the family.

At this time, Luciano was flying backward and forward across the United States and Europe. In Budapest, he attended the opening of the first Benetton store in Eastern Europe. Later in the same year, a store opened in Prague, Czechoslovakia.

*Rio de Janeiro, Brazil, 1985*

The success on the main streets of the United States and Eastern Europe was not yet matched by success for the Benetton racing team. The third season of Formula 1 was more expensive and less successful than the first.

"This is no good," Luciano said. "If we're going to stay in Formula 1, I want to have more control."

The British-based Toleman-Hart team was for sale. Benetton International NV, part of the Benetton Group based in Amsterdam, paid US\$2 million to become the new owner.

They changed the name of the team to Benetton Formula, and the Austrian driver Gerhard Berger joined them. Benetton was the only sponsor to own a team, and the team showed its roots in the loud rock music that played in the pits, the bright clothes worn by the pit crew, and the colored paintwork of the cars.

Finally, in Mexico City, Gerhard Berger won a race for Benetton. This left him seventh in the world competition at the end of the season.

Luciano was so happy that he threw his arms around Berger and then went back to his own car, leaving the others to celebrate.

"I was so excited," he said later, "but at that moment, I wanted more than anything to be on my own."

This was a state that Luciano was experiencing more and more. Marina rarely attended the races these days.

*Milan, northern Italy, 1986*

Palmeri offered 20 percent of Benetton Group, which had been 100 percent owned by Edizione, for sale to the public. This first ever Benetton stock offer raised more than US\$270 million in less than fifteen minutes on the Milan and Venice stock exchanges. The success of the sale showed that the markets were confident that Benetton would perform well.

The company continued to grow, and Luciano was rapidly being recognized as one of Italy's top businessmen. He knew they always needed to go forward, but he was uncertain about selling shares in the company. At the end of the day, he went back to the design center at the factory.

Giuliana was still there, working late, long after most of the others had gone.

"Well, we did it," she said, referring to the events of the day. "We did it," she said. "So, let's get on with it."

*Ponzano, the Veneto, 1986*

By this time, Benetton employed more computer operators than people making clothes. Zuccaro's computer systems provided more sales information than in probably any other company in the world. The systems linked the whole business. Every day, hundreds of stores across Europe sent information by computer to Ponzano with data about sales, styles, and colors. "First we sell

the clothes, then we make them," was a Benetton joke.

This meant that much of the selling power of Toscani's images was calculated before he took the pictures. His images did not need to sell the clothes. The market was already there.

Toscani's spring and summer campaign for 1986 built on the "United Colors" idea of racial friendship. The pictures included a white teenager dressed as a Hasidic Jew, holding a toy globe money box stuffed with dollar bills, standing next to a black teenager dressed as a native American Indian. The dollar bills angered Jews in the United States, France, and Italy. A flood of letters arrived in Ponzano, accusing Benetton of encouraging negative images of greedy Jews. In New York City, Jewish groups threatened to stop shopping at Benetton.

This was serious. In the past, protesters might threaten to blacken the name of My Market, or Merceria, or Tomato, or Fantomax, or Jeans West, but not all of these and certainly not the name of Benetton. A single brand, linking the family and the business, meant that all three were under attack.

First, the company covered up the banknotes, then they replaced the offending image with one showing a Palestinian and a Jew holding a toy globe between them. This only made the problem worse.

Luciano remembered, "I was a bit discouraged, but I had learned an important lesson. We had chosen an image that touched very deep feelings, beliefs for which millions of people had fought and died ... We had reached the limits and felt the responsibilities of commercial art."

He knew that everybody was now watching Benetton, and that they could easily annoy people and hurt themselves. Luciano promised himself that he would control the company's image even more closely in the future.

The Benetton factories in the United States, Italy, France, and Scotland were making a wider range of clothes and products.

There were shoes, sunglasses, and watches. With the new and wider range of clothes came a new and wider range and size of stores.

Benetton had already killed the traditional store owner; now underwear, shoes, watches, and sunglasses were killing the traditional Benetton stores. It was a number of years since a new My Market, Merceria, Fantomax, or Tomato had opened, with their small shelves and limited changing space. More and more of the original stores had been redesigned and had changed their names to Benetton. By 1996, My Market had disappeared completely and there were only a few examples left of Merceria, Fantomax, and Tomato.

Most of the stores that continued to open almost daily were now Benetton, Sisley (under the control of Mauro Benetton), "Benetton Uomo" (Benetton Man), and 012.

Mauro Benetton was Luciano and Teresa's son. He started his career folding sweaters during his school vacations, then went to work in the Benetton store in Paris. He was ambitious and believed in hard work. When he was given the job of turning around the Sisley brand and shops, he created a stronger, sexier image. He rebuilt the business in the United States and Europe, and in the process, earned a lot of respect. Later he told a journalist that he wanted to achieve something for himself, not just become part of something that was already there.

*Venice, northern Italy, 1981*

Nico Luciani had traveled a long way from the town of his childhood and his youthful friendship with Luciano. After becoming an architect, he worked on town planning and political matters. Although he had not spoken to Luciano for nearly twenty-five years, he wrote to him about several cultural projects, asking if Luciano could help. One day the telephone rang at his home.

"Hello, this is Benetton Group in Ponzano. I have Mr. Luciano Benetton on the line for you."

Luciani was amazed when Luciano said, "Nico, how are you? I want to talk to you."

Luciani agreed to meet him that weekend in Ponzano.

He drove out there on Sunday morning. They talked about their old friendship and, over lunch, Luciano told Nico about his plans for a Benetton Foundation.

"I understand if you criticize some of the things I have done," he said, "but do you think if I gave some money for a research center, you could help?"

Instead of offering to help with his cultural projects, Luciano was offering his old friend a job.

Nico said he would think about it. After twenty-five years of silence between them, Luciano was asking him to change his life. A few days later, he agreed to become director of the Benetton Foundation.

Benetton continued to grow. The first Benetton stores opened in Cairo. The first Benetton superstore, housing Benetton, Sisley, 012, and Benetton Uomo under one roof, opened at home. The new "Zerotondo" range was introduced, with clothes for babies and very young children from birth to two years old.

The 1988 Formula 1 season progressed satisfactorily. In Treviso, the family's love of sport, their sense of duty toward local people, and the good image it gave them in public, encouraged them to set up Verde Sport. This organization managed the Benetton-sponsored teams, training programs, and sport centers.

*Fifth Avenue, New York City, 1988*

There were now 600 stores across the United States. Edizione bought the historic Scribner Building on Fifth Avenue. This was still the site of a famous bookstore and was once home to the

publishers of Ernest Hemingway, E Scott Fitzgerald, and Thomas Wolfe. The company spent US\$4 million on improvements to the building.

But there was trouble in the American network. Some store owners believed the "no written contract" agreement they had with Benetton did not give them enough legal protection. Already hit by a fall in the value of the dollar, they began to complain that Benetton was allowing new stores to open only a few blocks away from existing ones.

"They're selling the name too often, too easily," complained one New York store manager, "and not risking a cent of their own."

Benetton replied by opening the first American superstores in Manhattan and San Francisco. These offered a greater selling area in a single place. Existing store owners complained that the company was trying to force them out of business.

Competitors such as Gap changed their collections every four to six weeks. Benetton, with two collections a year and "flash" reorders between those times, had forgotten the rapidly changing tastes of the American teenager. The love affair was over.

In the fall of 1988, Luciano met and listened to store owners and agents across the United States. At the same time, in other parts of the country, there was news he did not want to hear.

Protesters working for animal rights had collected information that animals were being tested cruelly to prove that a new range of beauty products, Colors de Benetton, were safe to use.

The tests were described on the pages of the media in great detail. Body cream had been put into the eyes of rabbits. Rats had been fed bath and shower products. All the animals had died.

At first, Benetton said that they had not known what was happening and were shocked. Two months after the first stories appeared, they stated publicly: "We have stopped all testing on animals. Our company is making a serious commitment to find

other methods of testing. We will not introduce products that need animal testing."

Then came more falls in the dollar, higher costs, and more falls in sales. Retailers across the United States felt the deepening recession and talked to their lawyers. Some store owners criticized the advertising for Benetton, but they could not prove that Toscani's "globe" campaign had damaged sales.

Although growth slowed, the United States still provided 14.5 percent of Benetton's business around the world. If stores closed, it could hurt sales but it did not seriously hurt Benetton because the stores were owned and operated by independent store owners.

It was becoming clear that the future lay in fewer small stores and greater numbers of single, large superstores on the right sites. The Benetton clothes themselves would have to meet several different areas of taste. These included traditional colors for customers in New England, more fashionable shades in New York, and light colors for the sunniest states in the country.

## **Chapter 7 Black and White**

*New York City, the United States of America, 1989*

Aldo Palmeri had a simple solution for raising cash for Benetton Group in the New York financial markets. He offered shares in Benetton directly to people in the United States, Canada, Japan, and Europe.

Benetton had the support of business strategists. They recognized that Benetton had problems in the United States, but that the company was taking steps to solve these. The relationship between Benetton Group and Edizione confused some people. They noted that Benetton Group managers appeared to spend



company time (and therefore shareholders' money) on personal Benetton family interests which did not bring profit to outside shareholders.

Palmeri handled these tricky questions.

"We need to define a new strategy," he said. "We need to strengthen our management in the US and we may need to bring in different people."

He won agreement for his plan to widen the range of brands beyond the Benetton name.

Gilberto Benetton was taking Edizione—"the strong box," as he called it—further away from clothing and the Benetton Group. The family were involved in new financial service activities, and started to buy ranches, property, and businesses in the United States. In May 1989, Edizione also bought a 70 percent share in Nordica of Italy, the world's leading maker of ski boots.

Nordica and the other sports companies were privately owned by Edizione and run by Gilberto completely separately from Benetton Group. The independent nature of these companies meant that Benetton Group advertising did not cover their activities.

Within Benetton Group itself, a new communications system had placed total power for managing the image-making of the business and brand in the hands of fewer than ten people. United Colors Communication became responsible for Toscani's pictures and for showing them to Luciano for his final agreement. The Benetton knot logo also disappeared, and a small green square was put in its place with the words "United Colors of Benetton" stamped on it.

The clothes themselves were taken out of the advertisements. This helped the company to develop a single, global brand rather than show a variety of products for different countries and markets. The 1989 campaign delivered an openly political message about racial equality. One image showed two men, one

black and one white, chained together. A second image showed a young black man and a young white man in baker's clothes, baking a loaf of bread. The third image showed a black woman breast-feeding a white baby.

This last image won prizes in Europe, but it was taken down from the advertising billboards in the United States because it reminded people of the days of slavery. The black woman's breasts were too shocking for billboards on the London subway, and the picture with the chained men was removed because black Britons thought it showed a white policeman with a black prisoner.

Toscani ignored the complaints. As part of his hunt for global images, he visited his local hospital. Here, in the delivery room, he found a perfect example of the kind of image that he was looking for.

Changes were taking place in the Benetton Formula racing team. Luciano believed that Flavio Briatore, a Benetton clothing development manager from the United States, could do a better job of managing the team.

Briatore admitted that he knew nothing about car racing, and he encouraged his image as a mystery man who liked the company of beautiful women. This did not make him popular with the Grand Prix racing crowd, but Luciano trusted him to improve the team's performance. In the same way that he had taken an immediate liking to Toscani, he felt that Briatore was the right man for the job.

After thirteen years, Luciano and Marina were no longer living together. Luciano's constant traveling around the world for the business had not helped their relationship. He moved out of town to another house. Marina never spoke publicly about their relationship.

After the success of the image of the black woman and the white baby, Toscani's 1990 spring and summer campaign again followed the idea of racial equality. He showed a number of

images, including a black child sleeping on a blanket of little white bears, and two small boys, one black, one white, sitting together on babies' toilets.

The last image led to a strong reaction in Milan, where Benetton hired the largest billboard in the world. The picture was banned by the city authorities. At the same time, Toscani won a number of industry prizes for his images.

After less than three years in the financial services business, Gilberto decided that Edizione should pull out. By the end of the year, he had sold nearly US\$300 million of their shares in financial services businesses. It was a good time to sell. As the recession affected personal spending on financial services, the value of these shares fell sharply.

"If we had waited six months longer," Gilberto said later, "we would have had big problems."

In 1990, Palmeri decided to leave Benetton after seven years with the company. He joined Citibank, but remained friendly with the Benettos.

Benetton celebrated its twenty-fifth birthday at the end of the summer with a party in New York's Central Park, and three days later in Ponzano.

As Edizione moved out of financial services, the company was able to shop for new projects. They bought a share in Rollerblade Inc. of Minneapolis, and Prince, the American tennis equipment manufacturer. Like Nordica and Rollerblade, Prince was managed and marketed separately from the Benetton Group and Toscani.

#### *Ponzano, the Veneto, 1991*

The following year, Edizione bought Kastle, the Austrian ski maker and one of the great names in the sport. The family "strong box" was also buying sheep and cattle ranches in Argentina and Patagonia.

Edizione still owned 81 percent of Benetton Group, and its role still confused industry observers who watched the share price. Profits from only 19 percent of the shares went into outside shareholders' pockets, and the rest went back to Edizione.

Toscani's latest images were reaching audiences in more than a hundred countries. He turned again to social topics. A picture of brightly-colored condoms swimming across a white background was intended to make people more familiar with condoms by showing them in a playful way. In New York City, the company gave money to a program that provided condoms and information about AIDS\* to public schools. Benetton employees handed out HIV\* guides in the poor areas of Rio de Janeiro in Brazil "because it was important that even people who could never buy a Benetton sweater should get the information."

The condom campaign confused the United States. Young customers agreed with it, but some older people were disgusted.

Toscani's second image came out at the beginning of the Gulf War with Iraq. The image of First World War graves in Belgium showed long rows of crosses. It was too powerful and was banned in Italy, France, Britain, and Germany. Another image showed three black, white, and Asian children, sticking out tongues which were all the same color. This was taken off billboards in Arab countries.

Benetton announced that it wanted to raise more money by selling twelve million shares. The latest payment to shareholders had been cut by half; the new shares would not be available to existing shareholders. Edizione was, for the first time, giving up its slice of the new shares and letting new people buy them.

\* AIDS, HIV: HIV is an infection that can be passed between people during sex or by infected blood. People who are HIV positive may develop AIDS, a disease that can lead to death.

The aim was to use the money to pay for the latest development into Latin America and the Middle East. They planned to sell Benetton Group shares on other international markets, starting in Tokyo and moving onto Paris and possibly Singapore. Luciano also stated that they wanted to open 300 stores in China over the next few years.

*Monza, Italy, 1991*

The Grand Prix racing season had been satisfactory for Benetton Formula and their two Brazilian drivers. Nelson Piquet came third in the American Grand Prix and Roberto Moreno was placed fourth in Belgium. There, a young German, Michael Schumacher, first appeared for the Jordan team. He came seventh, ahead of his team leader, on a race course he had never seen before.

Briatore approached Schumacher after the race and asked him to leave the Jordan team in return for a long-term contract with Benetton. Briatore then fired Moreno from the Benetton team and gave Schumacher his place.

Schumacher's first race for Benetton was the next Grand Prix of the season in Monza. He was faster than Piquet and drove Benetton to fifth place. The Jordan team was unhappy at the way Schumacher had joined the rival team, but the directors of Benetton Formula knew that there was nothing they could do.

At the end of the season, Nelson Piquet departed from Benetton and retired from Grand Prix racing. Briatore signed Schumacher and Martin Brundle as drivers for the following year.

*Ponzano, the Veneto, 1991*

Toscani's fall and winter campaign was about "love, the reason for

all life." The first image showed two young models, dressed as a priest and a nun, kissing. The image was immediately banned by the Italian advertising authorities and the Pope himself was reported to be angry, but it was very successful in many countries. A German nun wrote to Benetton, "I feel the photo expresses great tenderness and peace."

The second image was of a little white girl and a black girl. The black girl's hair style was unacceptable in the United States and Great Britain, where it was thought to be offensive to black people. The British Advertising Standards Authority had warned Benetton that the image would cause trouble, but that was exactly what Luciano and Toscani wanted to hear. Luciano claimed that he was surprised by the negative reaction. He said that the children were "two sides of the same coin, but which is good and which is bad?" The picture should remind people not to judge others by their appearance.

Letters for and against these images poured into Benetton offices at Ponzano. One person who reacted negatively was Luciano's mother, Rosa. Rosa had not seen the pictures, but she did not like what she heard.

"I don't like these things," she told an interviewer. "My children tell me that young people understand these photos and they cause people to talk about the brand ... but I feel very badly about it. My children have to stop, or I will get very angry."

All this, of course, made more people talk about Benetton.

The third of Toscani's images started arguments that are still heard today. Two years earlier, at his local hospital, he had taken a series of photographs of five newborn babies. Toscani chose one of these images, a baby girl called Giusy, covered in blood, taking her first breaths.

The image of baby Giusy on thousands of billboards across hundreds of countries offended too many people, maybe because

## Chapter 8 Images of Reality

*Ponzano, the Veneto, 1992*

of its size. In the United States, the picture was banned. Even in Japan, which had praised the other advertisements, it was refused by some magazines. At home, the protests began in Palermo, where the local authorities asked Benetton to remove billboards that showed the image. Criticism at government level led to the removal of the image from hundreds of billboards in Britain, France, and Ireland.

Giusy's first moment of life was also shown on the cover of *Colors*, Benetton's "news magazine for the global village." Toscani was in charge of this new magazine, which was available free in Benetton stores in hundreds of countries.

Billboards and magazines showed empty spaces instead of the image. The affair of baby Giusy did not appear to hurt sales, though, and could not be allowed to do so. The Benetton communications chief, Laura Pollini, apologized on British television news, "We are very surprised and sorry that we have created a problem."

Toscani said publicly that he was sad that there was trouble about the advertisement in the UK because the country was usually very understanding. Maybe, he continued, if the advertisement had used a dog or a cat, British people would not have been offended. He believed that Benetton was very "generous" to use "real" images like a baby's birth. The cord that joined the baby and her mother added to Benetton's "united" message.

Privately, he was very angry. He did not believe that he had to think like other people; he did not have to follow the rules of normal society.

"Shall I be killed or go to prison? I am a photographer, and I have a right to photograph and show whatever I want."

At the same time, he told Luciano that their advertisements should become even more ambitious.

For the new spring and summer campaign, Toscani chose seven images of "reality." These included a gang murder in Palermo, a flood in Bangladesh, a boat full of people escaping from Albania, a burning car in Sicily, and a Liberian soldier with a gun, holding a bone from a human leg behind his back. The single green and white logo on each picture carried the words "United Colors of Benetton."

The reaction to these images was immediate. Most of them were banned to various degrees in various countries. But the seventh image had a clear effect on the stores for the first time. This showed an American AIDS sufferer, David Kirby, with his family in the moments after his death. The family had agreed that Benetton could use the image. Now, however, Toscani's campaign was going out of control. It was threatening to damage the image and even the sales of the company.

Saturday was the busiest day of the week in London. A group of protesters from an international AIDS pressure group chose this time to protest against Benetton on the sidewalk outside the Oxford Street store. Their plan was to get the attention of passing crowds, the store itself, and its customers.

Together, shouting loudly, they rushed into the store and began to pull the sweaters from the shelves and throw them high into the air. Then, the protesters left as quickly as they had come. All the clothes had to be picked up, folded, and put back in the right place.

There was anger about the use of the picture among politicians and groups concerned about AIDS. Benetton store owners and staff were upset. The company was forced to defend itself.

"It is reality," Luciano told the media. "Our company has to

make people think. You can be more useful than selling a product. To improve the image of the company, we thought we could do something more. We wanted to show our care for others, as well as our own product."

One interviewer asked him, "Would you stop the campaign if it didn't sell sweaters?"

"I would think about it," Luciano said calmly.

Toscani was angry but tried not to upset the questioners. He asked why reality shocked people. He argued that traditional advertising pictures were lies but Benetton was showing the truth. Benetton, he continued, was a business and had to make money; it did not exist just to give money away.

"No," he and Luciano both replied to another question. "We have no plans to give money from our profits to AIDS groups."

Despite this remark, Benetton was already working with AIDS groups. In the United States, the company produced a guide to safe sex. In South Africa, it paid for condom advertisements in front of five hospitals. In Germany, Benetton raised large amounts of money in the country's hundred largest nightclubs to help fight the spread of the disease.

In America, where the photograph had been taken, *Vogue* magazine decided to print the picture. David Kirby's family supported the use of the image, saying that it was a way of showing the dangers of AIDS and continuing the struggle against the disease.

"We don't feel used," said Kirby's father. "We are using Benetton. David is speaking louder now that he is dead than when he was alive."

Toscani's images for the fall and winter campaign continued the reality idea but were less shocking. People could not bear too much reality. Maybe the effects of this campaign were growing less powerful.

### *Ponzano, the Veneto, 1992*

Palmeri had returned to his job at Benetton Group.

"Our relationship was so good that, after he'd been gone for some time, we decided to persuade him to come back," Gilberto said.

His return to the business helped Luciano to do something he had dreamed of; he went into politics. He was elected to represent Treviso.

At the same time, his relationship with Marina started again. Although they were only together for a short period, she later gave birth to their child, a son whom she named Brando. She had wanted a child for a long time, but this event finally ended her association with Luciano. This time, he ended his relationship with her forever.

Palmeri looked at the costs of advertising and sponsorship and found that they came to nearly 4 percent of the total income of the business, around US\$60 million.

### *Enstone, Oxfordshire, England, 1992*

The Formula 1 racing season ended well. Michael Schumacher won in Belgium. He came third in the drivers' world competition, and Martin Brundle came sixth. Late in the summer of 1992, 200 people moved into the team's new factory in Oxfordshire.

Luciano's son, Alessandro, represented the family on the team, but it was run by Flavio Briatore and Tom Walkinshaw.

Increasingly, success in racing was a result of putting millions of dollars into technology. Both Briatore and Walkinshaw were interested in how much difference technology could make to the speed of the cars.

For the spring and summer advertising campaign, Toscani photographed Luciano in a way that shocked other politicians. He showed Luciano without clothes. The pictures had words across them saying, "I Want My Clothes Back" and "Empty Your Closets."

This latest Benetton campaign invited the world to give its old clothes to 7,047 Benetton stores in one hundred countries. Benetton would then transport the clothes from the stores and sort them so they could be given out around the world by Caritas, the Red Crescent, and the International Red Cross.

Four hundred and seventy thousand kilos of clothes were collected in eighty-three countries and sent to Africa, Asia, and the former Yugoslavia. The project was particularly successful in Japan, where people had little space for unwanted clothing.

But as Luciano explained, the campaign had three purposes: to help the poor who had no clothes, to help the rich who had too many, and to help himself. After they had emptied their closets, the first thing many people did was to go out and fill them again.

Luciano attended the Italian government offices once a week. Palmeri guided Benetton Group steadily through this period of Luciano's political career. Sales and profits were both rising, and the factory was growing again to satisfy the increase in demand. The latest building, designed by the Scarpas, handled fifteen million pieces of clothing in that year.

Also growing fast and still separate from Benetton Group were the sports and equipment companies belonging to Edizione.

Toscani's fall and winter United Colors of Benetton campaign consisted of three photographs showing parts of a body. Each image was stamped with the words "HIV positive." The aim was to show the three main routes for infection.

The reactions this time included anger from AIDS groups in the United States and other countries. They felt that the images wrongly suggested that HIV positive people should somehow be "labeled." In France, a government-sponsored AIDS group took legal action against Benetton for using AIDS for commercial profit. In February 1995, a Paris court decided against Benetton and told them to pay US\$32,000. Five months later, a German court made a similar decision. A French AIDS sufferer placed an advertisement in a magazine showing his face and the words, "During the pain, sales continue. For the attention of Luciano Benetton."

Luciano was surprised by these reactions. He and Toscani had created the images, but had failed to communicate the message. Benetton store owners in countries with a strong religious tradition like France and Germany were becoming more and more nervous. Despite Benetton's extraordinary sales, these were difficult times for many store owners, and much of the Western world was in recession. But the store owners had no control over the advertising of the brand. If AIDS protesters could take direct action, so could they.

*Knightsbridge, London, 1993*

Benetton's Formula 1 team was improving. Michael Schumacher had come second in France, Canada, Great Britain, Germany, and Belgium, and had won in Portugal. The team managers were spending a lot of money on electronic and computer equipment to improve the performance of the cars.

At the end of the season, the Formula 1 authorities announced that some of these methods would be banned for the following year. Briatore and the other team managers needed to find other ways of making their cars go faster.

Marinko Gagro was a thirty-year-old Bosnian Croat, killed in battle. He was shot through the head and died in hospital, where his bloody clothes were burned. His father, very upset and feeling powerless, heard from a Red Cross worker that someone was starting a campaign against war.

Mr. Gagro gave the Red Cross worker all that he had left of his son: some photographs. He also gave the worker a letter:

"I, Gojko Gagro, father of Marinko Gagro ... would like my son's name and all that remains of him to be used in the name of peace against war."

The Red Cross worker thanked him and promised to pass on the photographs and the letter.

The photographs of Marinko Gagro and the letter by his father came into the possession of Chem Co., the Trieste based company that acted as Benetton's agent for Sarajevo. At the same time, a bloody T-shirt and pants came into their possession through the Red Cross. These three things—the photographs, the letter, and the clothes—all found their way to Ponzano and to Toscani.

His spring and summer campaign for 1994 showed the bloody clothes of a dead Bosnian soldier, with the letter from Gojko Gagro across the top of the picture. At the bottom left of the picture was the United Colors of Benetton logo. This shocking image appeared on billboards and in newspapers across 110 countries.

Leading newspapers like the *Los Angeles Times* and *Le Monde* refused to carry it. The Vatican said that Benetton was practicing "image terrorism." In France, the advertising weekly *Strategies* said that it would not write about Benetton as long as this type of advertising continued: "Besides the disgust it causes, this ad raises the question of the responsibility of advertisers. Can one do anything, use anything, to attract attention?"

Everybody thought that the dead man's clothes belonged to Marinko Gagro. Benetton called the new image "the known soldier." But Gojko Gagro saw the image in a newspaper and contacted a German newspaper. He agreed that he had supplied photographs of his dead son, which were not used, and a letter, which was. He did not, he said, supply the bloody clothing which appeared in the image. He repeated that his son's clothing had been burned at the hospital. He added that his son was shot in the head, not in the chest, as Benetton's picture suggested.

Public opinion about this campaign was even stronger than for the AIDS image of David Kirby. In France, several Benetton stores were again attacked, and trouble was starting in Germany. Unhappy Benetton store owners decided that they had at last found a reason to start a legal attack on the company.

Luciano decided to send his elder son Mauro, who was marketing manager of Benetton Group, to the United States to continue improving the business there. Luciano himself had decided to leave politics. He said that the two roles of politician and businessman were so important that he could not do both. Luciano had reasons for concentrating his energies on the business; he also had the time. He had broken with politics, and he had broken with Marina. She began a relationship with another man, Marco Benatti, with whom she had two more children, both sons. She built up her childrenswear business and was thinking about entering politics.

Luciano needed to finish rebuilding Benetton in the United States and to help the growth of the business and brand in Australia and South Africa. The sale of more Benetton shares was planned to increase the number of international shareholders in the business.

At home, Toscani was arguing more violently and publicly with Palmeri, whom he accused of being "old-fashioned." Although Kheir differences were over principles rather than management

and money, at the heart of their argument was the direction of the US\$60 million that Benetton was spending on advertising.

"Since you returned to the company," Toscani wrote to Palmeri, "I am no longer able to work as before ... Everything has slowed down ... Have I ever dared to give you advice on finance or running the company?"

He said he was leaving.

Toscani made sure that his private letter found its way to the newspapers. This was an important battle for Toscani. People thought that he would lose, but as the news became public, it was said that the share price of Benetton Group fell by nearly 8 percent on the Milan stock exchange. There is no proof that this fall took place, but Toscani stayed. Within a year, however, Palmeri had left the company again.

## Chapter 9 The Burning Brand

*Silverstone, England, 1994*

Benetton Formula enjoyed a good start to the racing season. Schumacher was the fastest driver. As well as the fastest starts, Benetton also had the fastest pit stops. No one could match Briatore's men for speed.

By the time of the British Grand Prix at Silverstone, Schumacher and Benetton had six wins and one second place from seven races. During the British race, Schumacher was shown the black flag and ordered to return to the pits. He initially stayed in the race and later claimed not to have seen the flag. It appeared at times that the car was driving Schumacher, rather than Schumacher driving the car. He was banned for two races and Benetton paid damages for not immediately handing over computer equipment to the international motor sports authority.

Schumacher's next race was in Germany. Events there stayed in the minds of many who witnessed it. Schumacher was running second when the other Benetton driver, Jos Verstappen, came into the pits to refuel. He was in his car, surrounded by mechanics, when the fuel caught fire. For four seconds, car, driver, and mechanics were covered in flames. This was seen by millions of people on television.

Verstappen and the Benetton crew had an amazing escape. The driver and five mechanics suffered only small burns. All the equipment was taken away for inspection, and the inspectors found that a piece of the fuel pipe was missing, which slightly increased the speed of refueling. The team managers were ordered to appear in front of the authorities, although Briatore continued to protest that they had done nothing wrong.

At the same time, in Great Britain, a company had finally discovered the secret of the Benetton computer system.

If the system was working, it would allow Schumacher to make a perfect start. As soon as he hit the gas, the computer would decide the correct engine speeds. This would be a serious sporting crime, as serious as Olympic runners using drugs.

The Benetton team managers said that the banned program had not been used; it was still on their computer after the ban because it was difficult to remove it. The authorities were not persuaded and made their worries public, but they took no more action against the Benetton team.

Schumacher won first place in the next race in Hungary. In Belgium, he again took first place, but this time there was trouble about some changes to the body of the car he was driving. In Paris, the World Council of the Grand Prix racing authorities banned Schumacher for two races. But, at the same meeting, they decided that the Benetton team had not cheated before the German Grand Prix by removing part of the fuel pipe. They did not say anything about the banned computer program.



*Ponzano, the Veneto, 1994*

Toscani was the winner in the disagreement with Palmeri, but he was taking no chances after the anger over the "known soldier." His fall and winter images, approved by Luciano, showed a thousand faces, electronically treated to show the word "AIDS" across the center of the picture. The campaign created little negative reaction. Toscani, however, had not completely given in to the people who criticized him. He photographed the latest Benetton catalog in the Gaza Strip.

"I am not a salesclerk," Toscani told an audience of students in Britain. "I do not know how to sell."

In Germany, United Colors of Benetton and 012 retailers turned Toscani's words back against him. They connected the timing of the David Kirby and HIV images and the "known soldier" with their falling sales. They hired lawyers. They were not interested if Toscani's images were important works of art—this was strictly business. Five of them wanted US\$3.5 million from Benetton because they believed that the brand was stopping people buying the clothes.

Toscani knew Luciano well. As one non-family member of the business said, "If Mr. Benetton suspected for a second that recent campaigns were causing losses, he would fire Toscani immediately, even though he is a close friend."

Luciano, however, believed that the German retailers were wrong and he was going to prove it.

*Kassel, Germany, 1995*

In the first case, Benetton took Heinz Hartwich, a store owner, to court for failing to pay for US\$590,000 worth of clothes which he had ordered and received. Hartwich claimed that he should not have to pay because he had lost this amount

of money in sales through Benetton's advertising campaigns.

His lawyer said, "We want damages for loss of business. If Benetton forgets the bill, then we will stop our case."

Benetton replied that although some German retailers claimed they were selling less, the market share was the same. A few stores had closed, but others had doubled their income. And, as someone from Benetton said, Hartwich had failed to pay for goods in 1986 and 1989, when the advertising campaigns were less powerful, so how could he blame the advertising for loss of income?

At the same time, Hartwich was carrying other brands in his store, breaking the agreement he had with Benetton. He also put up a sign telling people not to buy Benetton.

A number of similar cases were due to begin in other cities in Germany. Hartwich was one of ten retailers from Germany who had joined together to fight Benetton. They claimed to have support from 150 retailers who operated 250 stores. Other retailers formed a group to support Benetton. Both sides were confident they would win, but the discontented retailers had the initial advantage. They were fighting in Germany rather than in an Italian court.

After the first part of the court case, the media strongly supported the unhappy store owners. But Benetton's lawyers were making an impression on the judge. He decided that the retailers were using the advertisements as an excuse for not paying for clothes that they had ordered but not sold. Benetton won the case.

These were test cases for Benetton's global brand. The truth was that people only accept shocking images when they feel guilty because they are rich. Much of the Western world was experiencing a recession, and this type of imagery only made people who already felt bad feel worse. The lesson of the experience was clear. The Benetton network would have to be regularly "cleaned" in future.

This process of "cleaning the network" had already begun. The previous year had been a difficult one for the network, with bad financial conditions and rising wool and cotton prices. Profits were not growing. Luciano traveled, listened, and observed, noting the comments of agents and store owners. Where necessary, he made changes.

In the United States, there was no change in the agreement between Benetton and its store operators, but the company took more notice of their opinions. Benetton had 150 stores across the United States, a lot fewer than the 700 it once had, but these served a wealthier range of customers than Gap. There were 271 more "shops in stores." American Benetton retailers developed an advertising campaign that featured the clothes rather than social arguments and included TV and magazine material.

*Ponzano, the Veneto, 1995*

Benetton Group was returning to growth, with a 7 percent rise in sales and a 6 percent rise in profits. The company had cut costs and won victories in court. The previous year, the company had successfully sold ten million new shares, but 71 percent of Benetton Group was still in the hands of the four members of the family.

New factories, designed by the Scarpas, opened at home. Using new technology, they reduced production costs. The two new factories at Castrette di Villorba employed only 640 people, but they produced eighty million pairs of jeans, skirts, shirts, and other clothes each year.

"I like the idea of a European manufacturing center," Luciano said, "because it keeps the technology going."

He saw it as proof of his belief in the future.

Edizione, the family "strong box," was again growing. It owned 130 companies, including sports equipment manufacturers,

supermarkets, and restaurants. Edizione also included 75 percent of 21 Investimenti, which had interests in companies making cooking oil, coffee, and ice cream, and 100 percent of United Optical. Edizione was the sixteenth largest company in Italy. Its income was US\$6.4 billion and it was still owned by Luciano, Giuliana, Gilberto, and Carlo.

*Enstone, Oxfordshire, England 1995*

Luciano's son, Alessandro, loved car racing. He had tried and failed to buy Lotus, and had taken his father's place as the family representative for the Benetton team. Despite the trouble during the previous season, Briatore had kept his position, with the help of Schumacher, the courageous Johnny Herbert as his partner, and the new Renault engine.

The results were very good for the team and both drivers. Schumacher won in Brazil and Spain, and Herbert came second. Schumacher won in Monaco and France, and Herbert won in Great Britain. Schumacher won in Germany and Belgium, but was given a one-race ban for his behavior. These wins helped people to forget the questions about the Benetton team that had been raised during the previous season.

Then Schumacher accepted US\$38 million to leave Benetton and join their rival, Ferrari. Tom Walkinshaw also left, to join the Arrows team.

Briatore immediately signed Jean Alesi from Ferrari, an enormously popular figure among the drivers.

*Catena di Villorba, the Veneto, 1995*

Luciano pulled a chair up to the shallow water.

"It's beautiful, isn't it?" he said.

This was Fabrica. Luciano and Toscani had developed the idea

of building a school for the arts here in the Veneto. There had been many arguments about why Benetton had chosen to spend US\$20 million on this school, far from New York City or London or Paris. What did they expect in return? Was it just a toy for a rich man?

It was much more than that. Behind Fabrica was a clear business purpose. Luciano, now a youthful sixty years old, had no plans to retire, but he had plans for Fabrica and the Benetton Foundation. He believed that such places had an economic and practical purpose. Research organizations could give ideas to people in the business, and could offer opinions on the less successful things that Benetton did.

A journalist asked him what would be left of Benetton in thirty years time. His reply was surprising.

"The school," he said. "There will always be the school."

There was another reason for opening Fabrica; it would eventually take on the image-making role for the business. Even Toscani could not continue forever, but there was no one person who could take over from him.

Students at Fabrica were recommended by a network of top art schools and other informed groups. By creating a special group to develop Benetton's communications strategy, Luciano would eventually get something back for the money he spent.

In Treviso, the Benetton Foundation gathered valuable collections of books and papers. In France, a campaign was started to raise money with the group SOS Racisme, which fought against racism. In Italy, a similar campaign was started with the Association for Peace. In India, DCM Benetton India Limited started an AIDS information campaign on billboards, in schools, and in the media.

The most ambitious project, however, was still at the planning stage. "The Colors of Peace" was a program aimed at teachers in elementary schools in Italy, Germany, France, Belgium, and Spain

to encourage better relations between different cultures. The program would supply 130,000 schoolchildren and 16,000 teachers with books and pictures. The principle was that children of different nations, taught young, would grow up to avoid the kind of bad feeling that still existed.

Thirty minutes from Fabrica, in Ponzano, Toscani and Luciano produced their spring and summer image. Luciano had had experience of being a parent, romantic attraction, the end of a marriage, and friendship. Now it was time to do madness.

## Chapter 10 A Town Called Corleone

*Ponzano, the Veneto, 1996*

This time Toscani photographed fifteen members of the family in a smiling group. The difference between this and other family groups was that everyone in this picture was wearing the tight jackets that are used in mental hospitals to control violent patients.

As Luciano explained, "The idea was to show a united family, and a family which, though it is not crazy, is also not too serious ... and how a certain type of madness can produce great things."

Toscani's *Colors* magazine moved its offices from New York to Paris. The latest magazine featured "war." The pictures included a dead African with the top of his head blown off, and the legs of somebody who had been hit by an exploding bomb. The magazine, with these images of other people's suffering, was on sale in Benetton stores. This led some photographers and other people to question whether the horrors of war should be connected with United Colors of Benetton and Sisley.

Toscani's spring and summer billboard campaign for the United States showed an image of three human hearts, the same

color but labeled differently by race. This image was first shown at the same time as the international SOS Racisme conference to mark a United Nations day against racism. This was held at Fabrica, with forty people from around the world.

Fabrica and *Colors* were still the wild parts of the Benetton image-making process. Unlike the carefully designed public image of the family in the jackets, this was where the true creative "madness" was.

*London, England, 1996*

The golden age was over for Benetton in London and in cities across the country. Gap stood where Benetton had been in Hampstead High Street and on many similar sites. Two of Benetton's biggest license holders had gone out of business within two weeks of each other. One had run some of the best stores in London, and had failed with losses of £400,000. The other owed companies, including Benetton, £200,000. There had also been arguments between the agent and the licensees. On this occasion, there was no advertising campaign to blame, and other British store owners were increasing their orders by between 20 and 30 percent. It was time for Luciano to "clean the network" in England.

The first two sheep were yellow and blue and arrived by taxi. They were followed by a third, this time pink, which got out of a pink Cadillac. Luciano himself arrived shortly afterward in a green taxi. He was wearing a brown jacket and dark pants, and a green tie decorated with sheep. It was raining.

This was the scene at the opening of the new Oxford Circus superstore, the largest Benetton store in the world. The three floor, 1,600 square meter store stocked a range of United Colors of Benetton and Sisley's men's and women's clothes, the Undercolors underwear range, children's clothes from the 012

and Zerotondo ranges, and a new range called "Mamma of Benetton." There were video screens and spaces for art. There were sheep. There was Luciano. He was patient, he was polite, and he was exhausted.

Then he flew on again, satisfied that the network had been cleaned, the business reinvented, and the brand safely moved on from the days when protesters had attacked the stores.

The superstore which opened in the Scribner Building in New York was slightly smaller than the one in London. Again, there was a wide range of clothes, plus a cafe and a bookstore. Again, the aim was to go forward with smaller numbers of larger stores. Similar superstores were planned in Jeddah, Sao Paulo, and Bucharest.

*Corleone, Sicily, 1996*

Giuseppe Cipriani was the leader of the town council, and he wanted to rid Corleone of organized crime. He received one warning soon after he was elected. The head of a cow was placed on the doorstep of his girlfriend's house. A telephone call warned him that his own head would be next.

The Corleonesi were the most powerful force in the Sicilian Mafia. Of the 181 known Mafia "families," of which 5,000 members lived in Sicily, the Corleonesi were the most feared.

It was time for change. Cipriani wanted a new global image for the town instead of the image created by movies like *The Godfather*. He called in Oliviero Toscani.

Toscani and his assistants came to look around. Toscani made a promise "not to sell a product, but to prevent people buying another, the Mafia." The Mafia themselves were not amused when one of Toscani's assistants approached a pretty girl in the street and asked her to model for them. She was the daughter of the local gang boss.

Toscani returned to Corleone to photograph the new spring and summer United Colors of Benetton catalog using real models on the streets of the town. He said that this was not just a fashion exercise, but "witness to the cultural, moral, and economic rebirth of Italy's Deep South." During his visit, he was followed by newspaper photographers. He often shouted at them—but he also kept checking that they were still there.

Later, after Toscani had left town, there were questions about the value of the exercise. By using the Mafia image to advertise its clothes, was Benetton not supporting the image that Cipriani wanted to get rid of?

Whatever the answer, Cipriani, Toscani, and Benetton were happy. For the first time, something had happened in Corleone that the Mafia could not control.

The visit to Corleone raised another question about the business and the brand. This was a question no one spoke, but a small number asked in their minds. Was Benetton not just a family, but *the* Family?

How had the Benetton Group grown so successful? How had Luciano Benetton come from nowhere to build up a global clothing organization?

When you came close to the business, however, the idea of a connection between Benetton and the Mafia disappeared. Benetton Group was only one of the 130 companies owned by Edizione. Edizione and Benetton Group both published their financial figures, which could be inspected by anyone. Most of the companies were in private hands, but this did not suggest that illegal private money controlled the organization. Instead, it showed a typical Italian desire to keep control, rather than giving it to shareholders.

One businessman who is close to the Benetton family, but does not owe them anything, said, "My family are from Naples, and I don't see a connection between Benetton and the Mafia. Why

should there be? The police have broken the Mafia in Italy with changes in the law and the use of the gun. Yes, there was a 'dark' period when the business seemed to grow very fast... and this is the kind of situation that sometimes involves the Mafia. But I am absolutely sure that they didn't get involved with Benetton."

The families which practice organized crime in Italy have done that for years. They started in a rural, southern atmosphere of poverty, violence, and fear. The Benettons were the children of a small businessman in the politically independent industrial north. They had their own background of poverty, violence, and fear in the years during and immediately after the Second World War. In other ways they were not at all similar to the much poorer, more violent, and more fearful villagers many hundreds of kilometers away in the south.

*Ponzano, the Veneto, 1996*

The strategy of opening fewer, but larger new stores was beginning to succeed. There were fewer end-of-season stocks and more reorders. Benetton was doing more detailed research into customer needs and paying more to its agents. Three hundred and fifty new stores were scheduled to open in the coming year.

There was also a change in the financial strategy of the business. Some companies and networks were sold. At the end of the year, Benetton had cash to spend for the first time in its history and went shopping.

The year 1996 was a difficult one for Flavio Briatore and Benetton Formula. Jean Alesi and Benetton failed to win a single race during the season. However, Briatore agreed that Alesi would remain as lead driver for the next season, partnered by the former Benetton driver, Gerhard Berger.

Alessandro Benetton continued to represent the family, but

Gilberto Benetton was taking a long, hard look at the future of the team.

*Ponzano, the Veneto, 1997*

Toscani had also been driving; he had been involved in a hundred-car highway accident. He climbed out of his Mercedes, which was undamaged, helped some young people out of their wrecked car, and then took several rolls of film before he continued on his journey.

Toscani was here to photograph the fall and winter United Colors of Benetton catalog. Again, he was using "real" models. He photographed the kitchen staff wearing woolen hats, and members of the design team with their jackets and jeans unfastened to show their underwear. He photographed Gilberto, the shyest of the three brothers, wearing a very large pair of blue jeans. He photographed Luciano, standing outside his office, wearing a red sweater, his hair colored green. Luciano seemed happy to appear like this.

"People are taking notice of what is happening," he said, "and that is good."

*Melbourne, Australia, 1997*

It was the first Grand Prix of the season. Alesi, despite warnings by Briatore, ignored the Benetton team when they called him into the pits to refuel. He continued driving and ran out of fuel. Berger finished fourth.

Alesi and Berger did better in the next race in Brazil, where Berger came second and Alesi sixth, but less well in Argentina. In the San Marino Grand Prix at Imola, Alesi was fifth. In Monaco, Berger finished ninth.

Briatore was worried. Unknown to Luciano and Gilberto,

he was trying to sell the team, even though he did not own it.

"This is not a job forever," he said. "There is a lot of pressure, testing, racing, with no time for yourself."

Maybe the man who liked to be photographed in dark glasses with famous people, and to surround himself with pretty girls, was finding the job less exciting.

By the time of the Italian Grand Prix, Briatore was not in control. The new manager for Benetton Formula was David Richards, a trained financial specialist. Alessandro had handled the deal with Richards, but under the eye of his Uncle Gilberto. Alessandro was joined by his younger brother, Rocco, who became commercial director of Benetton Formula. Gilberto had cleaned the network.

"You need someone like Richards to run the team," commented one person close to the team, "someone who will keep the engineers from spending too much money, make the advertising people work, and keep the drivers happy. It's an impossible job."

Within a year, it seemed that Richards agreed. In 1998, he left the job. This left the youthful Rocco as manager of the Benetton Formula 1 team.

Rocco's new job did not last long. As a result of increasing costs and the failure to win races, Luciano and Gilberto reconsidered the future of Benetton in Formula 1. In March, 2000, Benetton Formula was sold to Renault.

## **Chapter 11 The Main Streets of the World**

*Fifth Avenue, New York City, United States of America, 1997*

"The Salon," a series of readings and discussions, opened in the cafe of the Scribner building. This combined superstore, cafeteria,

bookstore, and arts and cultural center brought in young writers to talk about their work. In the cafe, books were sold on fashion, exercise, health, and fiction.

Many people were deceived by the fact that Gap had nearly doubled its number of stores across the US during the same period that the number of Benetton stores had fallen by more than half. Benetton was making more money in the United States than it had made when there were twice the number of stores across the country.

*The Shopping Street, Ponzano, the Veneto, 1991*

Here in Ponzano, beneath the gardens, is an underground street, lit by artificial light and lined with a range of stores. All these are Benetton stores, and they run the length of both sides of the street. This is the Shopping Street.

The lighting in the main street changes its appearance through the "day." At "night," although it may be the middle of the day above ground, and the middle of summer, the street is dark. The windows of United Colors of Benetton, of Mega Benetton, Blue Family, Benetton Man, Benetton Woman, Sisley, and 012 shine out under a black sky full of stars.

Six times a year, plus a number of occasions when "flash" collections are shown, these stores are hidden from general view. The street becomes a stage to present future collections to eighty agents and area managers from around the world. These include agents from the United States, Europe, and Japan, as well as agents from new developments such as Pakistan. They have come for a show that takes place nine months before the actual selling season.

The show starts, the models appear, disappear, and reappear in the clothes, and the agents go home again to hire space and present the collection to their store owners. The store owners place their orders through the agents, and the clothes are sold.

When the orders are received, the clothes are made and sent to the stores.

The marketing catalog is also sent to the stores, with photographs by Toscani and an introduction by Mauro Benetton. The catalog contains suggestions to store owners about sales methods: how to prevent regular customers from waiting until the end of the season to buy at reduced prices; how to sell slow-moving stock without waiting for the end-of-season sale; and how to persuade customers looking for cut-price sale clothes to visit the store more frequently and buy more clothes at the full price.

The clothes go on sale and the store owners report back their sales. Luciano and his team examine the results and send these to Giuliana and her 200 designers, who create 8,000 styles a year and are working on the next collection. Others are working on the next show, and so the business continues. It is thirty years and a long way from the time when Pierro Marchiorello called Luciano with an urgent request for more stock, and Luciano and Carlo drove up to Cortina with a car full of sweaters.

*Ponzano, the Veneto, 1991*

Benetton Group had been shopping. This time it bought 60 percent of Benetton Sportssystem, the sportswear and equipment companies that belonged to Edizione. Benetton Group planned to buy the remaining part of the company in the following year.

Under the control of Gilberto Benetton, Sportssystem had developed separately from the other Benetton businesses. Now it seemed logical to bring the two together. The sale was very public. As the managing director of Benetton Group said, one part of the group was buying from another, so they had to guarantee fair play. Both sides appointed banks to value Sportssystem and set a fair price.

The sale of Sportssystem raised cash, kept control of the company within the family, and made Benetton Group bigger and better able to grow, particularly in the United States. The plan was to develop the existing brands and new sportswear in parallel with United Colors of Benetton, Sisley, and 012.

New management carried out changes. Rollerblade's operations were moved to The Prince factory in New Jersey; the manufacture of ski boots moved to Nordica in northern Italy; the manufacture of Kastle skis was given to other companies in Italy, and to companies in Eastern Europe and the Far East.

The family decided that the name Benetton Sportssystem should go because, as Luciano said, the old name was too close to the name of Benetton. They kept the existing brand names such as Nordica, Prince, Killer Loop, and Rollerblade, and created a new name for the new range of Benetton sportswear that was linked to all these brands. They called this simply "Playlife."

*Hebron, the West Bank, Israel, 1997*

Toscani was sending out mixed messages to the German TV crew that was following him around Israel. They were asking difficult questions when he least wanted to answer.

"Mr. Toscani," the German camera operator shouted, just as Toscani was preparing for his next picture, "two years ago you went to Gaza and took pictures of young Palestinians looking happy and well-dressed in their Benetton clothes. Anyone who has been to Gaza knows that in reality the people are poor and unhappy. Should you sell T-shirts in this way?"

Toscani turned to the camera operator with a look of hatred.

"I think you should stop sitting in your armchairs and watching TV," he said angrily, "and complaining about what other people do. You should look in the mirror, not the TV. Then you'll realize how disgusting you are."

Toscani had come back to the Middle East to film "Enemies," the spring and summer catalog for United Colors of Benetton. His messages of equal rights and peace among enemies was not working here. This probably caused his bad temper toward the camera crew, though he was endlessly patient with the Italian crew that was also following him around.

The work was to present an encouraging story of ordinary Jews and Palestinians ignoring their religious and political differences, and living closely together. Toscani had filmed three students, two Jews and an Arab, sharing an apartment. He photographed a Jewish man who bought his newspaper every week at a Palestinian newsstand. He photographed several Arabs being shaved by a Jew with an open razor. Here in Hebron, however, the place was full of Israeli "settlers" with guns, who hated Palestinians. Toscani had to make up the shot of two women friends, one Israeli and one Palestinian, by bringing in two women who worked for an American news agency.

Now the Germans were upsetting him. Toscani decided to photograph them too.

"Hey, you, get in the picture!" he shouted, pushing them into place. "No, not the woman over there, you're too pretty. The newspapers are ugly, UGLY!"

Then Toscani was gone, moving on, back to Jerusalem. He left behind two groups of people who were still divided by the high fence that stood between the old Arab town and the new Israeli town. In the market, the store owners complained that this band of visitors had taken their pictures without giving them a cent in return. Toscani didn't apologize.

"I came here to capture an image of two friends," he said. "I'm not interested in the rest. That's for journalists. I see the world in a different way."

After Jerusalem, they flew out of the Middle East and back to Paris, Venice, and Ponzano. The spring and summer catalog would



come and go, and the photographer would move onto the site for fall and winter. Did Toscani feel any guilt that this catalog presented a comforting and untruthful image of peaceful life? This image would be well-received in the more fortunate parts of the Arab world, whose governments said they supported the Palestinians but did nothing to help them.

*London, England, 1991*

Benetton condoms had been manufactured by Okamoto Industries Inc., and sold for many years in Japan. In Europe, too, safe sex would now take the name of the family, the business, and the brand. These were the new United Condoms of Benetton.

The new Benetton condoms were available in four varieties in packages of six, designed to reduce embarrassment at points of sale. They were manufactured under license by the Australian company, Ansell International. After they were put on the market in London, the plan was to introduce the United Condoms of Benetton into France, Denmark, Greece, Russia, and Turkey.

*ha Ghirada, Treviso, the Veneto, 1997*

Playlife was created as the brand and the name to sell the new clothes for the Benetton Group sports philosophy. This brought it within the image-making control of Toscani, who had returned from the heat and dust of Palestine and come to the local sports center to take a set of pictures for Playlife.

Toscani chose twenty-four images, two of which would represent each month of the year. This time, real models played themselves, as well as modeling the clothes. Fisichella and Wurz, the two new Benetton Formula 1 drivers, stood with models wearing mechanics' clothing. Other Benetton and Sisley sport teams featured in the pictures. Each month showed a sport in

which Benetton marketed the clothes, the equipment, and the brand, from Formula 1 to motorcycling, skiing, and tennis.

*Catena di Villorba, the Veneto, 1991*

The peaceful atmosphere at Fabrika had changed; it was a place where things were happening. Fabrika had twenty-two untidy, unshaven students. They came from many countries—from the United States, Argentina, Germany, Spain, Wales, England, and Ireland. They were given a ten-day test period, followed by three months to a year's free housing, food, and transportation.

Carlo Spoldi was one of the people in charge. He was concerned that the students were becoming lazy. He also feared that, although they were all under twenty-five, their ideas were already too ordinary; maybe they should lower the maximum age to twenty.

The students had produced sixteen videos about drunk driving, which were broadcast on the local TV station, and five videos about racism for MTV Europe. They had also designed a new logo and campaign for the Food and Agriculture Organization of the United Nations. There were plans for Fabrika books and a Fabrika band.

Fabrika offered the further education that Luciano never had. But there was a commercial side to the place. It could develop people who would take over when Toscani finally stopped working.

McDonald's and Coca-Cola were the biggest and best-known global franchises, but neither company had a communications school. This was Luciano's creation, and it made him different, in the same way that the brand power of Benetton made the business different from these traditional franchises. But, long after this place had opened, even Luciano's local newspaper was still calling him "the McDonald's of knitwear."

## Chapter 12 The Family

*London, England, 1998*

Toscani was here to talk about "Death," the new *Colors* magazine that had just hit the newsstands of the world. The contents included information about the causes and meaning of death around the world. It also gave advice on how to prepare for death, according to the country in which you might be killed accidentally, murdered, kill yourself, or die from natural causes. The magazine contained the familiar, product-free advertisements for Sisley and United Colors of Benetton, and one for Diesel: "Over ten styles of legwear, eight weights of cloth, twenty-four different washes. They're not your first jeans, but they could be your last. At least you'll leave a beautiful body."

Toscani was proud that no one else would advertise in this *Colors*. He believed that death was probably the last forbidden topic. People talked about sex, but death had a kind of forbidden mystery.

"This is not advertising," he continued. "A company like Benetton has to put money into research. Sony has to put money into technical research, but at Benetton, technical research is not so important." Luciano later explained to Toscani that Benetton did in fact put a lot of money into technical research. Toscani continued, "A sweater has two sleeves, wool is wool. A company like this must be intelligent enough to put money into communications research because the communications will add value to the product in the future. The product is more or less the same. The difference is the communications. I hope we sell a lot of sweaters so that we can make the magazine. Luciano hopes so too. Benetton is doing advertising for *Colors*, not the other way around."

Toscani filmed the images for the fall and winter catalog at St. Valentin, a home for disabled children in Germany. He was a

wild man, but something in him broke through to these children. The result was a set of pictures that communicated happiness despite disability. The next *Colors* magazine was also being prepared. This time the subject was "Fat." The advertisers did not seem to mind this topic; the magazine sold space to Caterpillar, Hugo Boss, Benelli, the Body Shop, and to Fabrica.

*Jeddah, Saudi Arabia, 1998*

Alexander Wurz, one of the two new drivers for the Benetton racing team, opened the new superstore on one of the main shopping streets in Jeddah, Saudi Arabia. At 1,300 square meters, this was the second largest Benetton store in the world after London.

The agent for the Middle East was Francesco della Barba, who had been a director of Benetton in the United States. The Benetton network in the Gulf had almost 200 stores. All of these stores advertised the business and the brand in a part of the world without a strong media presence. For the last twenty years, wealthy Middle Eastern customers had spent their oil wealth in the fashion houses of New York City, London, and Paris. The growth of Benetton in this region was a result of the growth of a Middle Eastern middle class. Things were slowly changing here. To be the first and biggest on the main streets of this part of the world meant that Benetton led its competitors.

However, in another part of the Middle East, Francesco della Barba and a partner were taking Benetton onto the main streets of some of the most unlikely cities.

*Baghdad, Iraq, 1998*

Ahmad Samha was a native of Syria. Like Luciano, he had worked after school from an early age; at fifteen, he left school to

work full time on four sewing machines that he had bought with his savings. When Francesco della Barba and Benetton came to Syria in the mid-1990s in search of new agents, Samha owned a factory that made clothes for Europe.

Samha knew how to work the system. He knew the local store owners and helped Benetton to develop. Samha and his company built up a chain of thirty-two stores in Syria and worked with Benetton to supply all of these. Rich people, desperate for Western fashions, flooded into the bright, clean Benetton stores. This was a limited market, however, and Samha knew that he could not sell more than about 400,000 pieces of clothing each year.

Now, Samha and Benetton brought the same stores and happy, smiling, foreign faces to the depressed streets of Baghdad. Here, among the markets and chicken sellers, rich people stepped out of their Mercedes cars and attended the opening of the latest Benetton superstore. As they flooded into the new store, one of only two in the country, Ahmad Samha had the opportunity to examine his new customers.

Samha already had plans to take Benetton into Algeria and Iran. At this opening, he was pleased to see that one customer bought over 150 pieces from the United Colors of Benetton range. She was the wife of Saddam Hussein.

*New York City, United States of America, 1998*

The newest spring and summer campaign for United Colors of Benetton was opened by a UN official. It was part of a two-way exercise between Benetton and the United Nations.

The reason for this exercise was clear: both the United Nations and Benetton needed to advertise their brands, and the UN knew that Benetton was one of the few companies in the world with the desire to put large amounts of money into big

communications projects. Benetton also had a special connection with the UN which went back to the visit by a UNESCO official to Toscani in Paris, and the first United Colors campaign thirteen years earlier in 1985.

The United Colors of Benetton/United Nations campaign featured on the billboards, buses, and bus stops of the United States and Canada, and in superstores, stores, and newspapers across the world. As well as the images, the spring and summer catalog went out to the stores around the world, showing the clothes modeled by the Arabs and Israelis who lived in Jerusalem and the West Bank.

Luciano described the catalog as a witness to peace. He wrote that people wanted to live, buy and sell, and fall in love, but they exist in a world where bombs bring death to ordinary people. Sometimes this happens when they are out doing the most ordinary things, like shopping. These words, although true, ignored the fact that the United Nations had banned commercial activities in Baghdad.

On the main streets of new markets like Jeddah, Damascus and Baghdad, Benetton aimed its products at a small but wealthy group of customers. This helped to carry the business into new places where it could grow. These new markets were not constant, however, and there was always the risk that demand for clothes produced in Italy would fall.

The business had to continue growing. In the United States, this meant opening fewer but larger stores across the country, and at the same time moving away from the wealthy few to the larger cost-conscious market. Benetton needed a partner for this and found one in Sears, the nationwide chain of department stores. By July 1999, in 450 Sears stores across America, there were 1,800 "Benetton USA corners," selling a new, simple clothing brand designed for the American market.

This was the latest twist in the story that began with the

unexpected success of a football shirt. It was nearly twenty years since a single Benetton corner in Macy's had opened and closed after only six months. Since that time, in addition to the network of individual stores, nearly 300 Benetton "shops in stores" and sport goods retailers had opened across America. Benetton owned the famous Scribner building on Fifth Avenue, and Luciano had been given an honorary degree in law from Boston University. But Benetton was still not a powerful presence in middle America. Luciano hoped he had found the partner—Sears—to take them to the top.

*Rome, Italy, 1998*

Giancarlo Fisichella, a new driver for the Benetton team, was in Rome to open the newest superstore. Like the others in New York City, Jeddah, Leipzig, and London, and the superstores that were going to open in Milan, Berlin, and Tokyo, this store carried the full range of Benetton products.

The new Benetton team was performing well this season. Fisichella was a tiny man, more like a professional horse rider than a race car driver. The cars themselves had grown bigger and bigger over the fifteen years since Benetton first entered Formula 1. In a garage a few kilometers from the factory at Ponzano, there was a full collection of Benetton Formula 1 cars.

The newest superstore was laid out on three floors in the Piazza Venezia, an area of commercial and cultural importance. It had everything for the customer and was open seven days a week. The site was packed with people. Many of them were visiting the capital city for the first time, as Luciano had done thirty-eight years earlier. Just a few blocks away, there were still a few shops owned and operated by the Tagliacozzos, where Luciano once stood and dreamed about the future.

*Ponzano, the Veneto, 1998*

Benetton remained the key to the public idea of the family and the brand, but Edizione was still the strong-box. Gilberto steadily widened this family-owned company until Benetton Group sales brought in less than half its total income. Edizione now owned millions of dollars of property in New York City, Tokyo, Rome, Venice, Milan, and Patagonia.

Gilberto wanted Edizione to include customer services not only on the highways and at train stations, but also at airports. He said that the company decided to use its experience in retail in other areas because the service industry needed improving. A central part of Edizione businesses was working with customers.

Luciano was preparing for the opening of the first Playlife store in Bologna. Fifty more would follow soon across Europe. In addition to the Playlife offices, there was a 4,000 square meter underground workspace, including two life-size Playlife stores. Like Benetton franchisees, Playlife agents and franchisees could come here to inspect the latest Playlife sport clothing, as well as Rollerblades, Nordica skis, and Killer Loop snow boards. But another economic recession was already starting. Was this the best time to enter a market already crowded with companies like Ralph Lauren Polo and Tommy Hilfiger?

"In moments of confusion, good ideas get even more attention," Luciano said. "We know world markets. We know young taste, and young people who practice sports. It will be more than a product, it will be a way of seeing things. Beyond the product we need to give a sense of something different. We will create something around this brand."

So, with all these new plans, did he still see himself as a clothing manufacturer?

"Yes," he said, "but maybe my children and grandchildren won't."

*Treviso, the Veneto, 1998*

The former Dellasiega store in the town was not there now, but there were still Dellasiegas in the local telephone books. This was still a town of traditional stores and traditional customers. There were still plenty of women in fur coats of the kind who, years before, came into the store to be served by Luciano Benetton. There were also the offices of Edizione Holding and 21 Investimenti. On the opposite side of the Piazza Crispi from the United Colors of Benetton store were the offices of the Benetton Foundation. The director was still Luciano's childhood friend, Nico Luciani.

Luciano landed at Treviso Airport. He spent most of his time in the air, and when he was not flying, he was shy and seemed to keep his distance from strangers. He was alone; alone in his life. He never seemed tired and he was always on the move. His face often seemed expressionless, but his eyes were moving all the time.

Luciano was driven by car from the airport to the Villa Minelli. His office was in the right-hand wing of the building, next to the other managing director, Carlo Gilardi, and opposite the offices of Gilberto and Carlo. He went home from here to the house where he lived between Ponzano and Treviso, and he would soon go back to the airport.

Less than a kilometer from the original factory, which was now Giuliana's design center, was the modern house which the Scarpas had built for Luciano and Teresa. Their four children had lived there with their mother after Luciano had left. Then, one by one, they too left home. Now Teresa continued to live there alone, happily enough. Many people who worked in the business did not even know that she was still in the house.

The business for which Luciano had given up his childhood had also taken the place of family, lovers, and a small circle of old friends. He was alone; that was the price of success for Luciano Benetton.

*Ponzano, the Veneto, 2000*

Benetton, owned and run by Luciano, Giuliana, Gilberto, and Carlo, was the most successful family business and brand in the world. The family also operated the world's most modern clothing factory, near Treviso at Castrette di Villorba. They had built the 190,000-square meter factory instead of closing down and going overseas in search of lower employment costs. Many people questioned the wisdom of this decision, as they always questioned everything about Benetton. Now, however, other global clothing companies were forced to move their factories again, and Benetton was still here.

The images of United Colors covered the walls of the Villa Minelli, the offices, and the design center, but Toscani's "Death Row\*" campaign had been a disaster in the United States and the author of these images was no longer seen there.

From Ponzano, thirty thousand boxes of clothes were sent out every day to stores at the far corners of the earth. They called the place that controlled their stock "Big Charley." Only a handful of people worked there. In Big Charley, the center of the operations was a group of computer-controlled machines. There were three kinds of machine. The first kind gave the second kind a box, and the third kind showed the second where to put it. The second type of machine put the boxes in the right place and then pulled them off again, and the boxes were loaded for transportation by

\* Death Row: the part of a US jail where some prisoners are kept until they are killed.

train, truck, ship, and air to Los Angeles, London, Crete, Dublin, and Sarajevo. Together in action the machines made an amazing sight.

These were the children. These machines were willing to work all hours for the progress and success of the name of Benetton. The first machine was the father, the second was the child, and the third was the mother. The real children called them "the family."

### *Business Wordlist*

<b>accountant</b>	a person who reports on the financial health of a business
<b>bid</b>	an offer to do work, provide a service, or pay a particular price for something
<b>branch</b>	part of a large organization, often a store or an office
<b>capital</b>	money that helps to build a new business
<b>commerce</b>	the activities involved in buying and selling things
<b>consultant</b>	a person who gives business advice
<b>corporation</b>	a big company
<b>to expand</b>	to increase or grow
<b>expert</b>	a person with special knowledge of a subject
<b>link</b>	a connection or a relationship between people, organizations, ideas, or things
<b>loan</b>	money which has been lent
<b>negotiate</b>	to try to come to an agreement with another person
<b>network</b>	a system which connects people, organizations, or things together
<b>objective</b>	a business aim
<b>partnership</b>	a business that is owned by two or more people
<b>project</b>	a piece of work that needs knowledge, skill, and planning
<b>publish</b>	to print something and offer it for sale to the public
<b>share</b>	a piece of paper that says you own a part of a company
<b>stock exchange</b>	a place where people buy and sell shares
<b>trade</b>	to buy and sell

## ACTIVITIES

### Chapters 1-3

#### Before you read

- 1 What do you know about Benetton? Discuss these questions. Then discuss them again after you have read this book. Find the words in *italics* in your dictionary.
  - a Who started the company?
  - b What did they *manufacture* first?
  - c What were the features of the *brand*?
  - d What can you find in the Benetton *range* now?
  - e What is the company's *logo*?
  - f What *strategies* have helped the company to develop its *global image*?
  - g Is *retail* an important part of the company's business?
  - h Who owns the *stock* in Benetton stores?
- 2 Find these words in your dictionary. Use them in the sentences below.

*agent knit media racism site ski*

  - a I'm . . . socks for my grandson.
  - b He's so famous that he can't escape from the . . . .
  - c This is the . . . .of our new factory.
  - d . . . .is still a problem in most countries.
  - e She's an . . . .for language schools in Boston.
  - f We . . . .every winter in Switzerland.

#### After you read

- 3 Who:
  - a gives Luciano a job?
  - b knits the first Benetton sweaters?
  - c is the financial brain of the Benetton family?
  - d designs the Tres Jolie label?
  - e becomes the first Benetton agent?
- 4 Answer these questions.
  - a Why are the first My Market stores so popular with young customers?

- b How do Tobia and Afra Scarpa help Benetton to meet the needs of different customers?
- c Luciano Benetton's first experience of the United States was a shock. Why? What did he find out during that first visit?

### Chapters 4-6

#### Before you read

- 5 Are these sentences true or false? Find the words in *italics* in your dictionary.
- a If you *ban* something, you agree to it.
  - b A *billboard* is used to advertise products in the street.
  - c An advertising *campaign* can use different media.
  - d A *foundation* is a type of house.
  - e A *franchise* gives someone a license to run a business.
  - f Sports cars are sometimes repaired in the *pits*.
  - g During a *recession*, the economy improves.
  - h Scientists use *research* to make new discoveries.
  - i Large companies sometimes *sponsor* sporting events.
  - j A *superstore* is a very small store.
  - k Information *technology* helps us to communicate more quickly.
- 6 Discuss why large organizations sponsor sports events and sportspeople. How does this support help the organizations and the sports teams?

#### After you read

- 7 Where does Benetton:
- a open its first American store?
  - b open its first store in Eastern Europe?
  - c open the first two American superstores?
- 8 Why does Benetton get involved with Formula 1 car racing? What does the company hope to gain?
- 9 Describe Toscani's first advertising campaign for Benetton. What is unusual about it?
- 10 Imagine that you had the franchise to run a Benetton store in America in the late 1980s. What problems might you experience?

### Chapters 7-9

#### Before you read

- 11 Discuss advertising campaigns that have made an impression on you. Why did you like or dislike them?
- 12 Discuss these questions. Find the words in *italics* in your dictionary.
- a Why do you think Toscani included *condoms* and a *nun* in two of his images? How would the *authorities* in your country react to the use of these in advertising?
  - b What features of clothing *catalogs* make you want to buy from them?

#### After you read

- 13 What is Edizione? What is its relationship to the Benetton family?
- 14 When he faces difficulties, Luciano "cleans the network." What does this involve?
- 15 Luciano defended Benetton's advertising by saying that the advertisements showed reality and the company wanted to make people think. Discuss your reactions to the Benetton advertisements and Luciano's philosophy.

### Chapters 10-12

#### Before you read

- 16 How is technology changing the way that manufacturers produce their goods? How can it help them? What problems can technology bring?

#### After you read

- 17 Most manufacturers make goods and then sell them. How is Benetton's strategy different? How does the company present its range of products to agents and retailers?
- 18 What is:
- a Fabrica? What is its commercial purpose?
  - b Big Charley? What is its role in Benetton's operations?
- 19 Discuss your impressions of the Benetton family, the company's organization, and its business methods. Would you enjoy working



for Benetton, do you think? Would you buy shares in the company? Why (not)?

### **Writing**

- 20 Write a newspaper report about Benetton. Describe the history of the company and its main achievements.
- 21 "Can one do anything, use anything, to attract attention?" Argue the case for and against Benetton's use of "images of reality" in its advertising.
- 22 Write about Benetton's association with Formula 1 car racing. Do you think the association between Benetton and the sport has been good for the company?
- 23 Describe the changes that took place in clothes retailing from the time when Luciano Benetton started his company to the present day. How have customers' buying habits changed? How can retail organizations meet these changes?
- 24 What do you think of Benetton and its achievements? What do the public recognize about the company—its clothes or its image? How does Benetton compare with other large organizations that you are familiar with?
- 25 Give your opinions of this book. Do you think it gives a fair impression of Benetton? Which parts did you find particularly interesting? Would you recommend the book to other readers?



**Benetton: no name in business has such an ability to charm and shock.**

**This book tells the remarkable story of the Benetton family and the business they have built. It is a story of hard work and risk-taking, and of court cases! How did this Italian family become the international success it is today?**

Penguin Readers are simplified texts designed in association with Longman, the world famous educational publisher, to provide a step-by-step approach to the joys of reading for pleasure. Each book has an introduction and extensive activity material. They are published at seven levels from Easystarts (200 words) to Advanced (3000 words).

Consultant Editor: David Evans

Series Editors: Andy Hopkins and Jocelyn Potter



6 Advanced (3000 words)

5 Upper Intermediate (2300 words)

4 Intermediate (1700 words)

3 Pre-Intermediate (1200 words)

2 Elementary (600 words)

1 Beginner (300 words)

Easystarts (200 words)



Contemporary

Classics

Originals



British English

American English

[www.penguinreaders.com](http://www.penguinreaders.com)

Cover photographs reproduced courtesy of Benetton/Modus Publicity



Published and distributed by  
Pearson Education Limited

ISBN 0-582-34297-X



9 780582 342972