



Ca' Foscari
University
of Venice

Master's Degree programme

in Management | Innovation and Marketing

Final Thesis

**Stride By Legacy: Unveiling Innovation
Strategies In The Italian Footwear District**
The Case Of Diadora

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Academic Year

2023 / 2024

*Ai miei genitori, l'ancora della mia vita
A mia sorella, l'altra metà del mio cuore*

Be cакaм

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Stride By Legacy: Unveiling Innovation Strategies In The Italian Footwear District

The Case Of Diadora

Abstract

In the dynamic sport & lifestyle industry, product and process innovations are emerging continuously as a way for companies to remain competitive in a fierce market and adapt to ever-changing consumer preferences. In particular, innovation management will be investigated under the topic of design-driven innovation and the dichotomy of innovation of meaning and innovation of solutions supported by Verganti. The dissertation will move to the specific context of Sportssystem, the Italian Asolo and Montebelluna footwear district, delivering a business case on Diadora, a leading company operating in the district. Considering the context of analysis, academic support will be provided on the relevance of traditions, craftsmanship, and know-how joined with sustainability dynamics dominating the global market. Afterward, the business case will be addressed with a detailed historical investigation of the general sportswear industry and deeper at a district level with Sportssystem's local dynamics. Through direct interviews with the company executives, Diadora's business context will be then introduced and explained moving to the assessment of empirical findings on the topic of innovation of solutions concerning this context and its complementarity to the innovation of solutions strategy although the issue of overcrowding of ideas.

Preface And Executive Summary Of The Thesis

The sportswear industry stands as a testament to the dynamic interaction between fashion, performance, and innovation. In an era characterized by rapid technological advancements and ever-evolving consumer behavior, innovation has emerged as a core element of success for companies operating in this sector. This thesis delves into the realm of innovation management within the sportswear industry, aiming to explore the multifaceted strategies employed by industry leaders to stay ahead in a highly competitive landscape.

Specifically, in **Chapter 1**, this dissertation will provide a wide-ranging investigation related to the topic of design-driven innovation focusing on the divergence and at the same time complementarity between innovation and solutions and innovation of meaning supported by Verganti. Investigating his academic findings, an analysis will be provided on the importance of meaning in the academic literature on innovation studies supported by core business management theories. Innovation management represents a broad area of interest and is observable in its relation to the generation of value in a business context. In particular, the concepts of value creation and value capture will be assessed to provide evidence of the fundamental role of innovation concerning these topics.

Consequently, criticism will be undertaken as a key strategy in the development of radical meanings of products and their relation to the creation of novel meanings. On the other side, the multiplicity of ideas as a source of innovation of solutions will be reviewed from a management perspective in terms of overcrowding. However, the relevance of innovation of solutions as a complementary strategy in radical developments for better and constant improvement will be appraised to define the core characteristics of an innovative organization operating in the sportswear sector.

To better contextualize the topic, heritage and sustainability will be introduced in the **Chapter 2** to define the main brand drivers for meaning for organizations operating in this industry.

In particular, heritage will be addressed according to two connotations: heritage as brand inheritance from its past and heritage as cultural and national characteristics. In this way, brand may leverage on these aspects by taking inspiration from past models of its legacy on one side and enhancing cultural and national traits from the country of origin. These aspects will be compared to luxury fashion companies, considered to be leading this marketing aspect in the general fashion industry in order to assess the main differences

in sportswear. Then, an analysis of current trends will be put in place to show how these heritage elements recur nowadays and are relevant for the analyzed business context. Finally, sustainability will be illustrated in terms of change management, a topic that is characterizing major academic literatures nowadays and is becoming crucial in the education program for future managers depicting the main standards and pillars and a leading (Veja) business example in this context.

Afterwards, with **Chapter 3**, the focal point of the dissertation will be shifted to the case study of the Venetian Sportsystem district of Asolo and Montebelluna, which represents an innovation and know hub for the entire industry. Despite its dimension, the industrial district counts on hundreds of businesses and some of them made big steps in terms of innovation in the past and are still among the top players in the market. The dissertation essentially focuses on one particular entity, Diadora, a leading sportswear brand in the district to better understand the market. Through an overall investigation of the company supported by interviews with executives and employees of the organization. Additional information was sourced from a visit to Museo dello Scarpone and historical findings from Ormezzano's book "Scarpe Diem" dedicated to the 50th anniversary of the company.

Before digging deeper into industrial dynamics provided by Diadora and the district more generally, evidence shows its connection to know-how, craftsmanship, and sustainability issues in its century-long history. Academical support will highlight the value promoted by heritage and traditions in terms of artisanal mastery in trade relations in the fashion context. Being craftsmanship the mainstay of Sportsystem, the district has adapted to the business flux and, according to consumer preferences and needs, merged this expertise with sustainability in terms of process and terms of product. The brand perception provided by country-of-origin effects and its association with higher quality is converged to product and process innovation towards sustainability which is now one of the megatrends dominating the global market. A firm that is capable of combining this conjunction strategically will find trouble competing in a fierce and dynamic market such as the sports & lifestyle one. Once these themes have been properly defined, the dissertation will move to the practical analysis of the business context of Diadora starting with an initial historical investigation and introduction of the sportswear industry. In the context of consumer goods, sportswear represents one of the most prominent industries globally and the thesis will contextualize the market through its top players, its global turnover, and industrial dynamics specified by barriers to entry and key characteristics.

Consequently, the Sportsystem district will be outlined more specifically through its evolution over time by an illustration of the most innovative projects occurred over time with craftsmanship being a central element.

Moving then to the specific case of Diadora, the company will be analyzed through archival research and interviews to top management executives about its history, its brand and its organizational culture. Specifically, a shift towards innovation, craftsmanship and sustainability will be addressed to define the core strategic mission of the company according to the context of analysis of this dissertation. In this case, a historical context will be put in place for each fundamental moving to the contemporary organizational setting along the respective strategic goals pursued by Diadora.

Finally, **Chapter 4** will discuss industrial and business empirical findings coming from an ethnographic research based mainly on three categories: participant observation, interviews and archival research. Concentrating on the *Sportsystem* footwear district of Asolo and Montebelluna, the Curator of Fondazione Sportsystem Museum will be interviewed to depict the generic historical evolution of the district in line with innovation objectives. Moving to Diadora, as an employee of the company, the Author is directly involved in business dynamics and is able to observe and participate in the analyzed environment. In addition to these, several interviews were addressed to the company's top management executives in order to investigate and define the main vision of the managing population of Diadora. Final remarks and implications for future research will be depicted in the last paragraph with an Appendix of Interview Structure and Content serving as a support to better understand conclusive reasonings.

1. Innovation Of Meaning And Innovation Of Solutions

« Creativity is thinking up new things. Innovation is doing new things. »

– Theodore Levitt¹

This chapter aims at introducing the topic of innovation portraying the importance of innovation of meaning and innovation of solutions in management studies. By exploring theoretical implications, the reader will be provided with a deep understanding of the topic through the lenses of Roberto Verganti's works and other scholars.

1.1. Context, Theory And Methodology

In the world of innovation management, particularly focusing on design-driven innovation, innovation of meaning, and innovation of solutions, this study adopts a comprehensive approach integrating theory and methodology. Grounded in Roberto Verganti's seminal work *Overcrowded: Designing Meaningful Products in a World Awash with Ideas* the theoretical framework explores the nuances of innovation within these paradigms starting with an analysis of the existing literature contributions in this field. Methodologically, the research draws upon diverse sources to construct a robust understanding. Desk research delves into academic literature, particularly Verganti's insights, to establish a theoretical foundation in the first two chapters. Afterward, primary data is gathered through interviews with employees and executives of the company, supplemented by an analysis of the company's website and materials, as outlined in Chapter 3 of the business case. The business case aims to deeply navigate through the corporate structure and dynamics of Diadora, a leading company in the Sportssystem footwear Venetian district of Montebelluna, Italy. Historical investigation of the organization is supported by Gian Paolo Ormezzano's *Scarpe Diem* artwork published in 2012, in collaboration with a former executive of the company, Diego Danieli, son of the owner and founder of Diadora, Marcello Danieli. The publishing of the book was planned for the company's 50th anniversary in 1998 but was postponed due to the acquisition of the company by Invicta in the same year.

¹ Quote retrieved from Viima's Blog website (<https://www.viima.com/blog/innovation-quotes>) (Last consultation date: April 25th, 2024) (Isomäki, 2019)

Furthermore, a visit to the Museo dello Scarpone enriches the empirical investigation, providing firsthand insights into the evolution of footwear design and innovation. Complementing these primary sources, secondary data from reputable sources such as company reports from McKinsey and PWC offer industry-level perspectives.

Empirical findings are strengthened through surveys about consumer perceptions and preferences enabling the collection of quantitative and qualitative data directly from primary industry stakeholders.

Moreover, industry-specific information sourced from papers contributes to a comprehensive understanding of the sportswear landscape. By integrating these diverse methodologies, this research endeavors to offer a nuanced exploration of innovation management within the context of design-driven strategies and meaningful solutions investigating the importance of know-how and sustainability in the Sportssystem context. Interviews structure and content are found in the Appendix part to prove the authenticity of the work and the source of the dissertation's insights.

1.2. Introduction To Design-Driven Innovation And Innovation Of Meaning

Over the last decades, innovation has become quite popular in scientific and management literature. Organizational findings define its importance for competition and survival in a business context. However, it has always been present since ancient times with the objective of the concrete realization of ideas, such as medicines, electricity, cars, and others. Considering existing literature on innovation management, innovation is a topic involving different dimensions and types spacing from the degree of novelty and sector analyzed. So, how can it be defined? In academic literature, there are several definitions of innovation and some of them are the following:

«An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organization or external relations» (Gault, 2018, p. 617);

«Innovation is the specific tool of entrepreneurs, how they exploit change as an opportunity for a different business or service» (Drucker, 1985, p. 36);

«Innovation is ‘something’ new being realized with (hopefully) added value » (Jacobs & Snijders, 2008, p. 3).

In particular, all definitions present similarities in the process of innovation not only seen as an idea but also the implementation of it (Eveleens, 2010). However, the scope of analysis provided by this dissertation will focus more on the third definition enhancing the role of innovation in value creation in terms of both process and product. Indeed, this element is represented by the structure of innovation which by nature incorporates more confined definitions such as technology or R&D² management.

As shown in Figure 1.1., differently from technology and R&D management, innovation management covers a broader area.

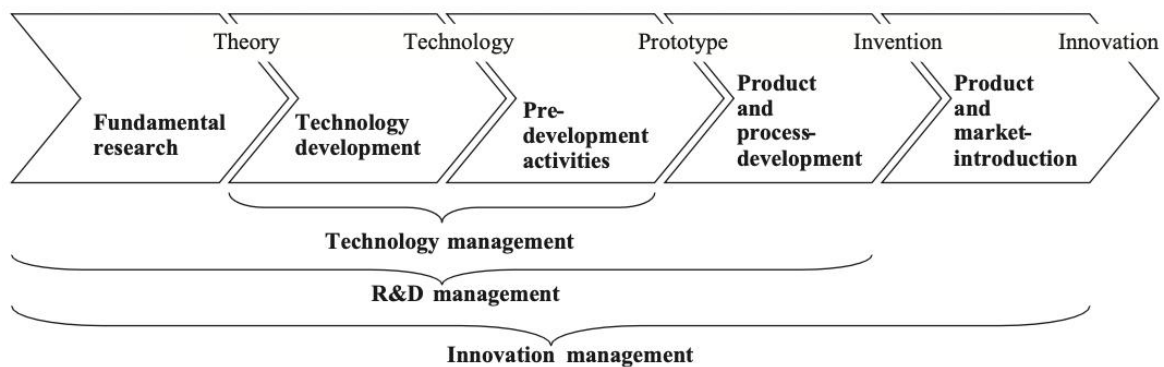


Figure 1.1.: *Stages of technology, R&D, and innovation management*

Source: (Sprecht, 2002)

According to Sprecht, while technology and R&D management are limited respectively from research to predevelopment activities and from research to product and process development, innovation management also encompasses the final product and market introduction phase (Sprecht, 2002).

This statement connects the topic of innovation with value creation through this final stage referring to the introduction and commercialization of products and services into the market. But which are the elements that characterize innovation?

Innovation can be distinguished on at least five dimensions: type and degree of novelty of the innovation, environment, size, and sector of the organization (Eveleens, 2010).

² R&D stands for Research and Development.

Dimensions	Type of Innovation		
Innovation Type	Product innovation	Process innovation	Service innovation
Degree of novelty	Incremental innovation	Radical Innovation	
Sector	Innovation in Private firms	Innovation in Public Organization	
Size	Innovation in small organizations	Innovation in large organizations	
Environment	Innovation in a stable environment	Innovation in a dynamic environment	

Table 1.1.: *Types of innovation according to dimension criteria*

Source: (Eveleens, 2010)

Table 1.1. summarizes the criteria adopted to classify innovation according to various dimensions and uses some simplifications for clarity purposes.

According to the type of innovation, product, process, and service innovation can be identified: while product and service innovation respectively represent new product or service development, process innovation identifies novel process improvements referring to the way organizations bring products to the markets.

Degree of novelty refers to the level of disruption the innovation brings to the industry and this dissertation will analyze the two major categories, incremental and radical innovation, although there are many more types and their classification might vary according to the object of innovation. Thus, according to Henderson and Clark in their publishing *Architectural Innovation: The Reconfiguration of Existing Product Technologies and the Failure of Established Firms* in 1990, the distinguishment of technological change lays on four categories: architectural, incremental, modular and radical innovation (Henderson & Clark, 1990). By referring to the architectural structure of products set up during the development phase the two authors distinguished the product as a system and a set of components to investigate on the innovation issue. Figure 1.2. shows the four

types according to two axes: core concept in the in the horizontal axis and the linkages between them and the components.

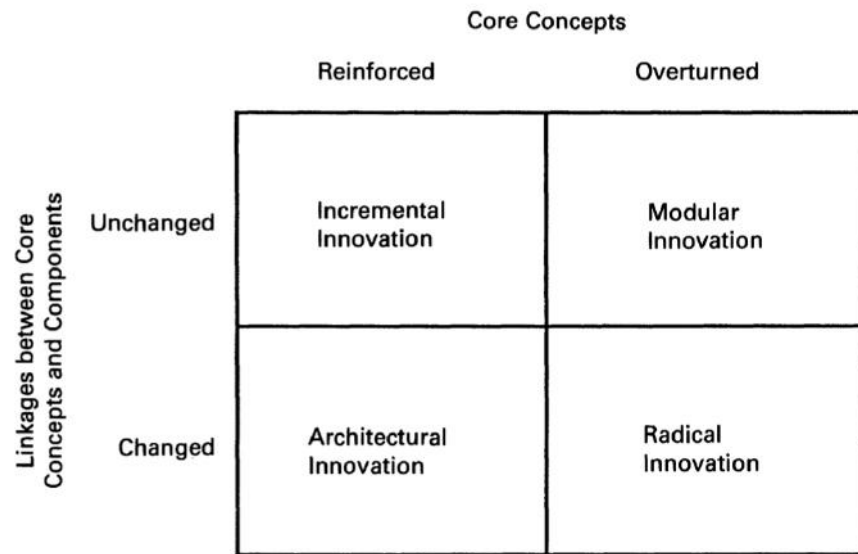


Figure 1.2.: *Innovation types according to technological change*

Source: (Henderson & Clark, 1990)

As it is observable from the framework shown in Figure 1.2., modular and architectural innovation are respectively positioned on the extreme opposites of the matrix.

While modular innovation refers to only a change in the core design concepts of a product leaving linkages unchanged, architectural innovation, on the contrary, leverages on the links between components reinforcing the overall core design concept (Henderson & Clark, 1990).

The same equation holds for radical and incremental innovation. In particular, incremental innovation refers to improvements within a given frame of solutions while radical innovations represent a change of frame disrupting the market with a new creation (Norman & Verganti, 2014). According to incremental innovation, improvements happen at a component level while the concept and links between them remain the same. On the other side, radical innovation is characterized by a disruptive vision changing in a newly designed architecture which changes the links between components and therefore, the overall core concept (Henderson & Clark, 1990).

As suggested by Dahlin and Behrens, two criteria can be used to assess the radicalness of an innovation and a third one to address the success of it:

1. the innovation must be novel (dissimilar from prior inventions);
2. the innovation must be unique (dissimilar from current inventions);

3. the innovation must be adopted and influence the content of future inventions (Dahlin & Behrens, 2005).

As for the sector, size, and environment, innovation can be distinguished respectively according to the private or public sector, the dimension of the organization (whether it is small or large), and the stability or dynamicity of the environment.

As for the innovation type, industry leaders operate in all three categories, product, process, and service, through advanced complex business models that allow innovation through each functional department.

While innovation of solutions refers to a novel way to solve established problems leading to incremental or, in some cases, radical improvements that are always going in the same direction, innovation of solutions concerns a novel vision redefining problems proposing value through a new direction (Verganti, *Overcrowded: Designing Meaningful Products in a World Awash with Ideas*, 2016).

First of all, it is necessary to define the concept of design: as stated by Charles Eames, an American design architect and filmmaker

«design is a plan for arranging elements in such a way as best to accomplish a particular purpose.»³

According to this definition, the literature approach of design as the style has changed over the years and revised as not only style but also «making sense (of things)» (Krippendorff, 1989, p. 9). In relation with the innovation field, design is a concept associated mostly on two major innovation categories: market pull and technology push and among this dichotomy, Verganti introduced a third model called “design-driven innovation”. While market pull comes from an unsatisfaction of customers’ needs which translates into new approaches towards problem-solving and therefore more similar to incremental innovation, technology push is led by the stimulus for new products and processes coming internal or external search towards commercialization of new know-how (radical innovation) (Voigt & Brem, 2009).

³ This definition is retrieved from Shakuro’s website (<https://shakuro.com/blog/the-meaning-of-design-what-design-is-and-why-its-important>) (Last Consultation Date: May 18th, 2024) (Shakuro, 2024).

Focusing on the definition of design provided by Krippendorff, “meaning” is connected to innovating as something that has to be novel and different from other things while “sense” is related to historical continuities as something that has to be recognizable and understandable (Krippendorff, 1989). In this way, the role of the designer acquires a core position in the strategy definition process of a company as a generator of new meanings through the innovation of previous items.

Thus, unlike market pull and technology push models, design-driven innovation is defined as a strategy that has the objective to requalify radically the emotional and symbolic content of products by a deep understanding of societal, cultural and technological dynamics (Verganti, 2008).

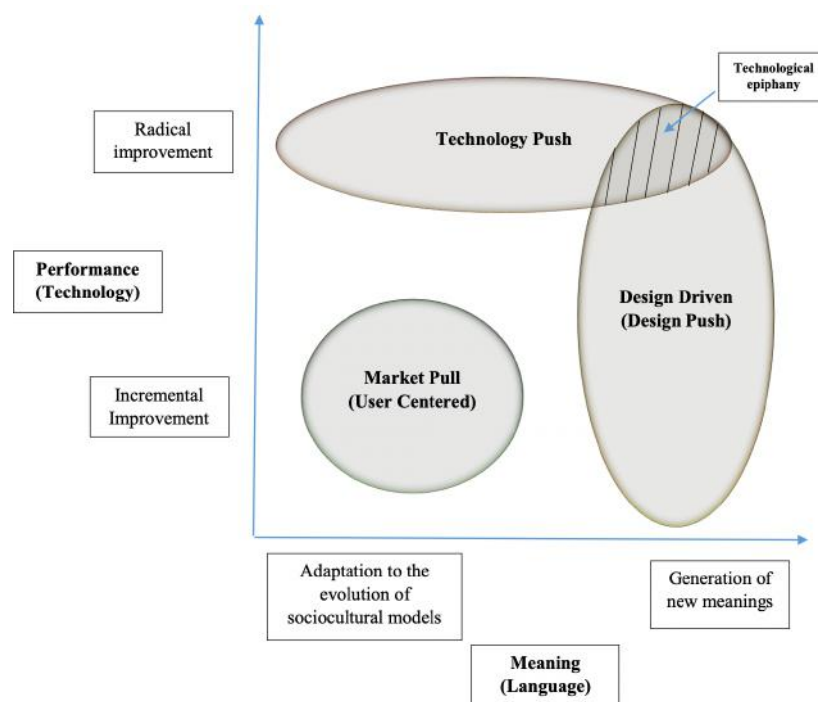


Figure 1.3.: Innovation strategies according to meaning and performance

Source: (Acholkar, 2017)

According to Figure 1.3., based on meaning and performance dimensions, the three models (market pull, technology push, and design-driven) can be distinguished by their intensity. Design-driven or design push, differently from technology push or market pull, spaces between radical and incremental innovation to generate new meaning. While the market pull model remains isolated to incremental improvements and adaptation to the evolution of sociocultural models, technology push and design-driven tend to merge in an area defined as a technological epiphany. This area represents the interaction between radical novel technologies provided by technology push models and radical product

meanings supported by the design-driven approach. Therefore, there is a particular stage that involves both radical product innovation and novel meaning which converge to a new product, process, or service disrupting the market. This situation rarely occurs but some companies set their business models on this specific objective to gain a competitive advantage over competitors. For example, Phillips revolutionized the healthcare market by introducing ambient experience themes in its products by reducing working times and difficult situations for workers. However, these results come from a structured process developed specifically for value creation.

As illustrated in Figure 1.4., the process of design-driven innovation requires two assets (knowledge and seductive power) and consists of three phases (listening, interpreting, and addressing).

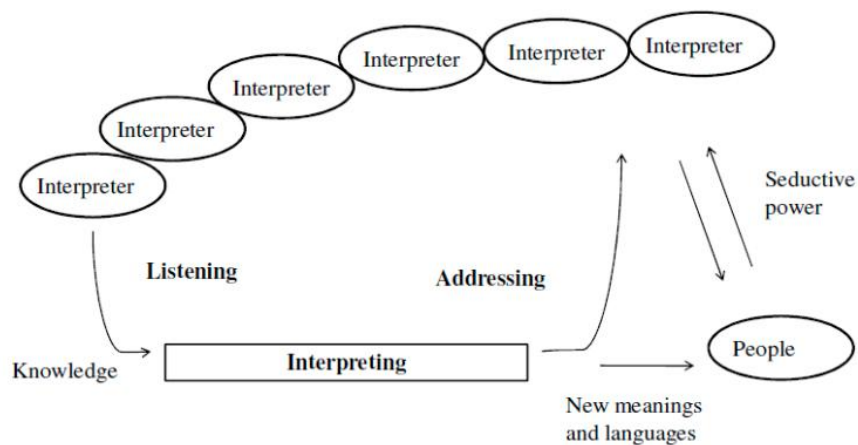


Figure 1.4.: DDI (Design Driven Innovation) Process

Source: (Acholkar, 2017)

As for the assets, both are positioned at the opposite extremes of the process. Thus, knowledge is necessary initially to understand how people could give meaning to things and seductive power as a tool to influence the emergence of a new radical meaning. The process starts with the listening stage consisting of acquiring knowledge about potential meanings and how they can be internalized later moving towards the interpreting phase where the collected information is elaborated in a new meaning to produce radical innovation. Finally, the process concludes with the addressing stage aimed at diffusing the new vision to a variety of interpreters (Acholkar, 2017).

This vision gained visibility and success in the academic field of innovation management and was later expanded with the introduction of Verganti's theory on overcrowding of ideas and contrast between innovation of meaning and innovation of solutions in a

business context through his book *Overcrowded: Designing Meaningful Products in a World Awash with Ideas* published in 2016.

Firstly, it is important to introduce the argument by explaining the difference between the innovation of solutions and the innovation of meaning.

Innovation of solutions concerns «better ideas to solve established problems» (Verganti, 2016, p. 4) in the form of a new how as incremental or even radical improvements always go in the same direction. On the other side, innovation of meaning refers to a «novel vision redefining the problems worth addressing» (Verganti, 2016, p. 5) as a new why aimed at addressing new value propositions in a different direction. (Verganti, 2016). While the first is more related to incremental improvements, innovation of meaning refers to radical novel meanings as a source of value creation. As highlighted by Verganti, innovation of meaning results is fundamental in the business strategy formulation process because innovation of solutions has lost its differentiating power.

Thus, innovation of solutions resembles an activity of «creative problem solving» (Verganti, 2016, p. 8) as it is based on the fact that users have a problem or a need and are looking for the best solution. This is based on the assumption stating that the higher the number of ideas, the higher the probability of finding a better solution.

Two principles guide the process of creative problem-solving:

1. **outside in direction:** firstly, it is necessary to go out and observe the use of existing products and then involve outsiders in the proposal of disrupting ideas;
2. **mindset based on ideation** concerning the more ideas, the more likely to find a better solution (Verganti, 2016).

On the other side, innovation of meaning adopts counter propositions by being based on the following principles:

1. **inside-out direction:** innovators must generate ideas from an internal and personal perspective which is necessary for proposing novel visions to final external users (outsiders);
2. **mindset based on criticism** which represent a challenge to our cognitive frame as a way to improve and polish the initial blurred vision (Verganti, 2016).

This vision embarks several benefits for breakthrough projects. First of all, Verganti states that explicating ideas makes them visible to others who are allowed to target them and challenge them (Verganti, 2016). Concerning innovation of solutions, ideas must come from the inside and then be exposed to the external environment as something to believe

in and not seen before. As a consequence, criticism comes naturally as a way to investigate deeper ideas and «unveil what is beneath the surface of things» (Verganti, 2016, p. 13).

This is because solutions and meanings are completely different concepts:

while solutions are nurtured by external stimuli, meanings require a personal interpretation of products or services. In the case of solutions, the most difficult thing to find is an idea and then evaluating it according to the suitability to the problem becomes more or less feasible. Meanings, instead, are driven by the scale of judgment itself, and understanding what makes sense is difficult. So how does the generation of novel meanings occur inside companies?

Figure 1.5. summarizes the process of innovation of meaning proposed by Verganti based on historical analysis and a practical approach in different organizations consisting of five steps: stretching, sparring, clashing and fusing, questioning, and doing.

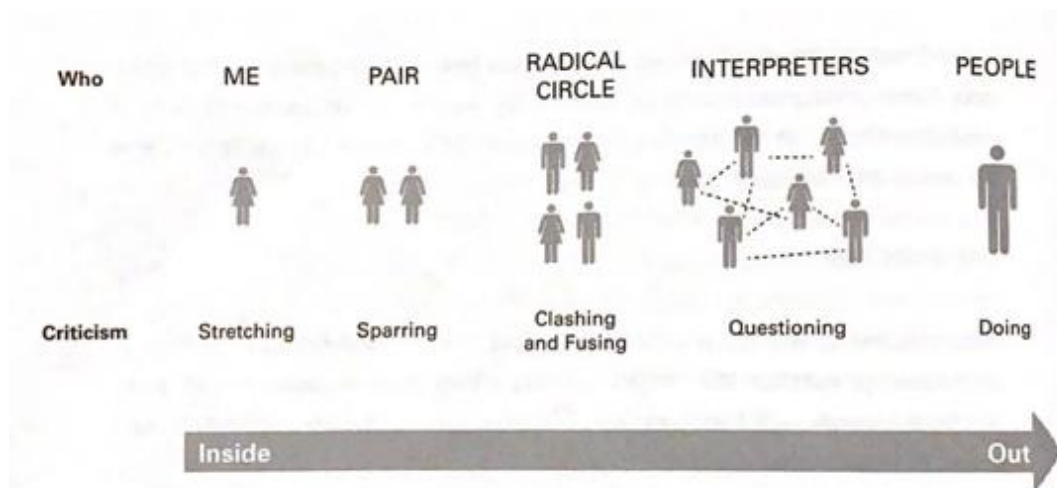


Figure 1.5.: Verganti's innovation of meaning process

Source: (Verganti, 2016)

Firstly, oppositely from creative problem solving, the process starts with **stretching** by envisioning an own hypothesis individually and autonomously and reflecting on it starting from the inside. As the objective is to create something that people would love, it is necessary to be open to criticism through **sparring**. In this step, pairs are created by combining two individuals who have envisioned similar directions to dig deeper by challenging each other's weaknesses. Consequently, larger groups are called radical circles (the name comes from the fact that their purpose is to generate novel visions) in the **clashing and fusing** phase. Hypotheses are now clearer, and contrasts and tensions favor the process. Then, the process opens to outsiders by firstly involving interpreters in

the **questioning** step which helps the company to reflect deeper on the emerging vision, and then to consumers in the final **doing** stage which hopefully would appreciate the product and the novel meaning envisioned in it (Verganti, 2016).

However, meaning can come in different forms and dimensions and it is important to understand its role in innovation.

In the next paragraph, the concept of meaning will be introduced to provide a broader knowledge in the innovation of meaning field and to understand the theories outside innovation management.

1.3. The Concept Of Meaning And The Theories Related To It

This research emphasizes the topic of innovation of meaning as a disrupting strategy necessary for introducing novel products in terms of functionality and terms of meaning and significance to final consumers. But what does meaning mean?

In terms of consumer perspective, products are not just designed for their physical and functional characteristics, but also emotional and meaningful connection is needed. In meaning can have different associations. Specifically, Verganti's research concentrated on the particular connection of «meaning as purpose» (Verganti, 2016, p. 33). In this sense, meaning is associated with product language as the way products “speak to us” and the way it is communicated and interpreted by the consumer. At this point purpose is identified as the «why» (Verganti, 2016, p. 34) in the search of consumers for new products and, according to Verganti, three different types can be distinguished:

- **utilitarian meaning** referring to the practical utility represented by the product;
- **symbolic meaning** as the way the product allows people to send messages to others;
- **emotional meaning** representing the value carried by the product (Verganti, 2016).

Depending on the type of purpose driven by the product, companies can leverage multiple aspects to make sure the product brings meaning to the market. While utilitarian meaning remains at the basis of product needs faced by consumers, symbolic and emotional meaning reflect valuable factors such as sensory experiences, elements symbolizing identity, expression and status, modernity and innovation or ethical associations to environmental and social consciousness that stimulate consumer buying behavior in several aspects. Considering, for example, Apple's iPhones, evidence proves the essential

role of aesthetics. Aesthetics, as the variety of practices that use line, form, tone, color, and texture to create beauty and arouse an emotional reaction in viewers (Bloch, 1995), is fundamental for value and meaning creation purposes through style.

The relevance of meaning in the current market is supported by Verganti's theory through three alternatives: opulence, opportunities, and change.

As for opulence perspectives and the emotional and symbolical elements held by products according to consumers' needs, Maslow's Pyramid represent a theoretical foundation to explain the importance of product meanings. It, indeed, displays the hierarchy of needs affirming that at each step of human needs meaning represents an additional function. Figure 1.6. depicts the pyramid proposed by Maslow with a bottom-up approach where lower steps represent basic human needs and as one gets to the top of the pyramid needs become more complex and therefore, meaning changes and needs to be understood. Thus, considering especially current dynamics, it is possible to state that most basic needs are satisfied while the most advanced ones are emerging requiring more meaningful connections.



Figure 1.6.: *Maslow's Hierarchy of Needs Pyramid*

Source: (Hopper, 2020)⁴

Starting from the bottom of the pyramid, physiological needs like air, water, and food are the first, basic, and necessities of human beings and once all of them are satisfied, safety

⁴ Figure 1.5. retrieved from the article "Maslow's Hierarchy of Needs Explained" by Elizabeth Hopper published on Thought Co. website on February 24th, 2020 (<https://www.thoughtco.com/maslows-hierarchy-of-needs-4582571>) (Last Consultation Date: April 19th, 2024)

needs come into play as personal security purposes such as employment, monetary and non-monetary and property. Then, the pyramid steps up further to love and belonging considering all social human relations with friends, and partners embedding a sense of connection, and when satisfied the hierarchy of needs proposed by Maslow shifts to esteem needs represented by respect, self-esteem, status, and recognition needs. Finally, at the top of the pyramid, self-actualization needs as the “desire to become the most that one can be” are approached to fulfill outer needs once all previous necessities are satisfied (Hopper, 2020). Indeed, at each step of the pyramid correspond different needs with different meaning associations. The task of companies is to understand what consumers need and match that necessity with the purpose of meaning to be transmitted by their products to succeed in the dynamic interplay of sportswear.

This is connected to Verganti’s argument on change, referring to an unstable status where meaning constantly changes according to culture, needs, and business context. Moving to the argument of opportunities, in a world characterized by complexity and a multitude of options, the key to success is to remain simple and concentrate on what matters to conquer the heart of consumers, meaning (Verganti, 2016).

In the business context, however, there are other theories related to the concept of meaning as a source of value. In particular, this part will dig deeper into the blue ocean strategy by Chan Kim and Renée Mauborgne and the disruptive innovation theory by Clayton Christensen (Kim & Mauborgne, 2024).

Considering the Blue Ocean Strategy, the theorists coined the terms **blue ocean** and **red ocean** to distinguish different characteristics of markets. In particular, Table 1.2. illustrates the main differences between the two types of markets:

Red Ocean Strategy	Blue Ocean Strategy
Compete in <i>existing</i> market space	Create <i>uncontested</i> market space
<i>Beat</i> the competition	Make the competition <i>irrelevant</i>
Exploit <i>existing</i> demand	Create and <i>capture</i> new demand
<i>Make</i> the value-cost trade-off	<i>Break</i> the value-cost trade-off
Align the whole system of a firm’s activities with its <i>strategic choice of differentiation or low-cost</i>	Align the whole system of a firm’s activities <i>in pursuit of differentiation and low-cost</i>

Table 1.2.: Main differences between Red Ocean and Blue Ocean Strategies

Source: (Kim & Mauborgne, 2024)⁵

As shown by the figure above, the red ocean strategy mostly refers to existing market spaces where industry boundaries are defined, and competitive rules are known. The strategy asserts the “beating the competition” principle and aligns all company activities within the strategic choice of differentiation or low cost. On the other hand, the blue ocean strategy aims to create an uncontested market space to capture new demand and make competition irrelevant as a way to align the companies’ activities in the pursuit of differentiation and low cost (Kim & Mauborgne, 2024). Specifically, innovation of meaning and its search for novel radical meaning in products and services relates to blue ocean strategy principles intertwining in the common objective for the chase of value creation and value capture.

The previous part mainly concentrated on the notion of meaning as to be created and incorporated into products or services but another important aspect of the theory once it is properly structured and defined, it is important to transmit it to the consumers through interpretation and communication strategies.

From this standpoint, a marketing and communication approach is needed to improve and strengthen the value enclosed by the products or services. From the marketing perspective, the objective of a company’s communication strategy is to transfer the core concepts of the product to a broad or niche audience depending on the target consumers’ ambition for the innovative organization.

The following part of this paragraph will focus on the side of marketing and commercialization of value starting with the “jobs to be done” theory under the disruptive innovation framework structured by Christensen and moving to other marketing theoretical implications.

Starting with the disruptive innovation theory proposed by Christensen, it is important to state that it refers to a process by which a product or service is made more affordable and thereby accessible to a larger market share rather than a breakthrough innovation (Christensen, Disruptive Innovation, 2024). In particular, innovation of meaning is

⁵ Information retrieved from Blue Ocean website managed by the theorists Kim and Mauborgne – (<https://www.blueoceanstrategy.com/what-is-blue-ocean-strategy/#:~:text=BLUE%20OCEAN%20STRATEGY%20is%20the,thereby%20making%20the%20competition%20irrelevant.>) (Last Consultation Date: April 19th, 2024)

associated with the “jobs to be done” theory embedded in the disruptive innovation framework supported by Christensen. The “jobs to be done” proposition relates to a marketing perspective as a way to improve the understanding of consumer behavior. Differently from conventional marketing belief, the idea transcends superficial attributes such as market demographics or product attributes to unveil the functional, social, and emotional dimensions that explain the motivations (why) at the basis of the consumers’ decision-making process (Christensen, 2024). Thus, this reflection relates to the innovation of the meaning frame supported by Verganti under the aspect of the search for novel disruptive meanings (why people love the product or the service). At the basis of competitive strategies, the first that comes to mind in a business context is the differentiation of products and services against competitors and instituting new product meanings surely plays an important role in this sense.

Considering existing marketing academic literature, the main theoretical implications about meaning are found in the perceived value theory, the meaning transfer model, and the value co-creation theory.

In marketing implications, perceived value represents an indicator of product performance in terms of engagement and attraction. Indeed, it can be defined as the customers’ evaluation of a product or service and its respective ability to meet their needs and expectations, especially when compared to comparative products (Kopp, 2020). The main task for marketers is to influence consumers about general and specific product perceptions and, in a certain sense, enhance the main characteristics to leverage the value of the product.

Moving to the meaning transfer model proposed by McCracken, it is observable the role of advertising as an intermediary tool used to transfer a particular cultural meaning from the outside to a brand. Thus, advertising can bring together brands with particular symbols or cultural meanings and later transfer this meaning to consumers during the purchasing behavior phase (Batra, 2019). From this point of view, it can be asserted the importance of marketing communications in a business context for successful outcomes since the alignment between what the company tries to communicate with advertising tools and what is effectively perceived by consumers.

Another important theory from this perspective is the value co-creation theory by Vargo, Maglio, and Akaka defined as the involvement and integration of consumers in the stage of product design, production, distribution, and consumption of a product (Xiaonan &

Yuting, 2020). In the academic field of management and marketing, this theory has gained popularity in the last few years due to its importance of consumer involvement on this side.

Indeed, finally, experiential marketing intended as the experiential journey offered to a consumer before, during, and after the purchase phase from a brand or an organization represents a fundamental tool in strategies aimed at boosting brand equity and perception among existing and potential consumers. In this sense, meaning is enhanced through experiences such as co-creation activities, brand events, and the ability of an organization in the optimal management of customer relationships. This serves as a necessary connector between a company's innovative strategy and the minds of consumers as a way to foster brand identity and transmit meaning and value held by the product.

To conclude, as explained by this paragraph, meaning is a vast concept embedded in each stage of product creation and proper management of it is necessary when dealing with innovative projects. While an internal organizational alignment is needed to assess optimally the concept and the value that the novel product is aiming to create, interpretation and accurate tools are necessary for the transfer of these values to consumers and ensure their understanding of the product characteristics. That is why the innovation of meaning theory proposed by Verganti embraces both aspects in its process, but it is not feasible if other elements are not taken into consideration. The following paragraph will investigate further the topic focusing on criticism as a fundamental tool in radical innovation and meaning introduction and meaning.

1.4. The Importance Of Criticism

As previously introduced, innovation of meaning is also driven by elements other than meaning such as criticism which serves as a fostering feature in the successful realization of an innovative strategy. This paragraph will investigate the importance of criticism in the innovation management academic literature starting with its definition. In most English dictionaries, criticism is associated negatively with the practice of reviewing or judgment of an artwork, activity, process, and so on. For example, definitions found in Collins English Dictionary assert the following:

«statement that expresses disapproval »⁶;

«the act or an instance of making an unfavorable or severe judgment, comment, etc.»⁷;

«the act or art of analyzing and evaluating or judging the quality of a literary or artistic work, musical performance, art exhibit, dramatic production, etc. »⁸

While the first two definitions express criticism negatively, the third definition remains neutral articulating the concept of criticism as the evaluation and the judgment of something. This paragraph will adopt this impartial approach to criticism to assess its role in innovation.

Considering the innovation of meaning theory proposed by Verganti, it is observable that during each phase of the process of innovation while more people are gradually involved in subsequent stages ideas get reduced and refined at the same time progressively. This is the role of criticism within innovation by which novel product meanings and features get in place optimally. Verganti defined criticism as

« the mechanism that turns the blurred internal hypotheses we start with into a final robust vision that people love » (Verganti, 2016, p. 99).

Differently from the innovation of solutions which hinders judgment and criticism in favor of idea generation, innovation of meaning is a process starting from the inside out and embraces criticism and finds its role essential for two reasons:

- To avoid getting stuck in an undeveloped interpretation;

⁶ This definition is retrieved from Collins Dictionary website (<https://www.collinsdictionary.com/dictionary/english/criticism>) (Last Consultation Date: April 21st, 2024) (Collins Dictionary, 2024).

⁷ This definition is retrieved from Collins Dictionary website (<https://www.collinsdictionary.com/dictionary/english/criticism>) (Last Consultation Date: April 21st, 2024) (Collins Dictionary, 2024).

⁸ This definition is retrieved from Collins Dictionary website (<https://www.collinsdictionary.com/dictionary/english/criticism>) (Last Consultation Date: April 21st, 2024) (Collins Dictionary, 2024).

- Challenging our cognitive frame and contributing to the creation of novel meaning (Verganti, 2016).

Figure 1.7. depicts the main differences between the innovation of solutions and the innovation of meaning in the approach of criticism within the respective processes.

While innovation of meaning embraces and leverages on criticism in its process, innovation of solutions tends to hinder and exclude it since it reflects negative connotations in ideas generation.

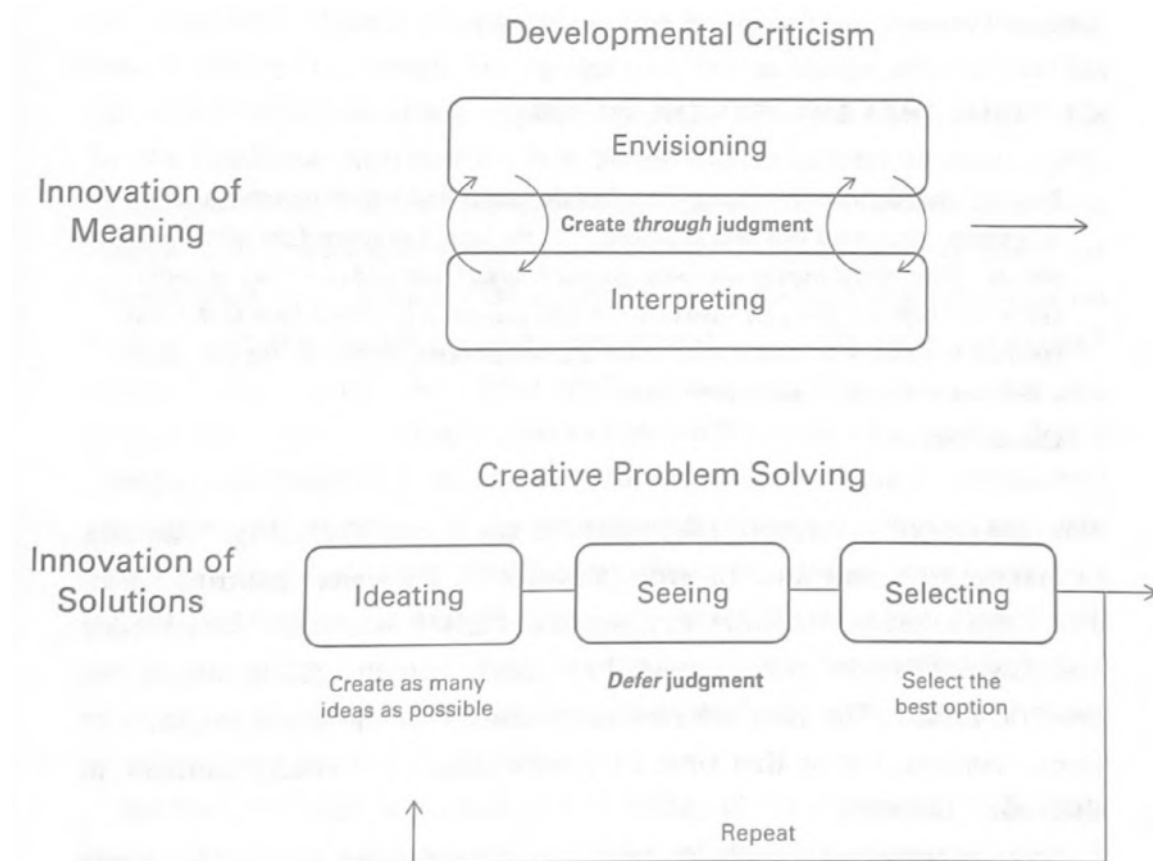


Figure 1.7.: Approach to criticism between innovation of meaning and innovation of solutions

Source: (Verganti, 2016)

It is observable that the innovation of solutions skips the criticism part of the innovation process as it is seen as detrimental and unfavorable to the ideation phase. Innovation of meaning, on the other side, zooms in on the concept of developmental criticism which is seen as a connector between the envisioning and interpretation stages which happen simultaneously. Criticism is seen as a step in the innovation process serving as a quest for the creation of a more powerful meaning (Verganti, 2016). In particular, criticism is embedded in the clashing and fusing phase of the process in **radical circles** which Verganti defines as a

«primary group of individuals who tightly collaborate outside of formal organizational schemes» (Verganti, 2016, p. 113).

In terms of interaction and purpose, radical circles represent the most exclusive groups of individuals who interact with each other for a common objective which is a breakthrough vision through new meaning as seen in Figure 1.8.

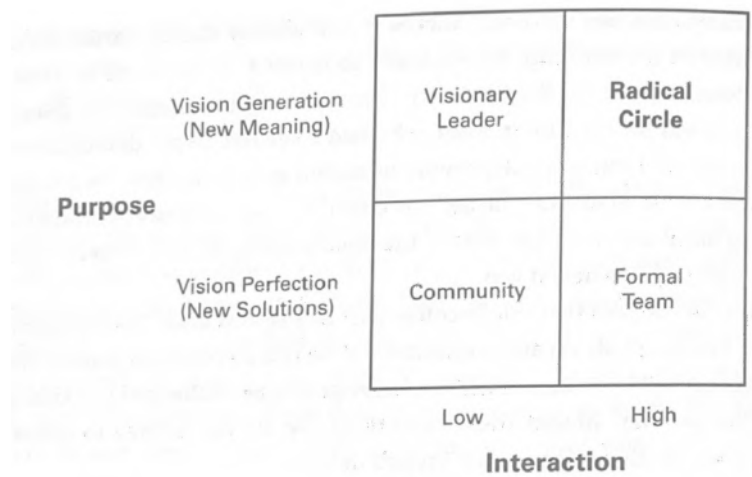


Figure 1.8.: Classification of organizational configurations according to interaction and purpose

Source: (Verganti, 2016)

According to this vision, radical circles are characterized by the following elements:

- **Affinitive encouragement:** groups are created according to similarities in ideas and direction to avoid unnecessary contrasts besides the vision of the circle;
- **Developmental criticism:** individuals get killed by criticism while radical circles get energy from it to generate breakthrough visions;
- **Instrumental intimacy** of the members can be divided according to the:
 - **Trust** in the vision depicted by the circle;
 - Alignment of the circle in the identification of a **common enemy**;
- **Voluntarism** of the participants which operates by «invitation only» (Verganti, 2016, p. 118)

According to these features, criticism can perfectly fit in the innovation of the meaning process adopting the inside-out logic in its mechanism embedded in radical circles. However, besides the fact that criticism is not accepted in the innovation of solutions

theoretical foundations, it is still important and represents an enormous pillar of existing academic literature in the innovation field. The next paragraph will explore its relevance in a business context in terms of innovative strategies.

1.5. Overcrowding Of Ideas: Why Is It Still Important?

This dissertation supports the idea of innovation of meaning as a breakthrough vision able to compete and succeed in a competitive market such as sporting goods. This radical revolution in innovation however is not enough if it is not combined with an innovation of solutions fraction in the innovation process. Thus, major academic research in the innovation field is mostly focused on the topic of incremental innovation as a necessary tool to constantly guarantee technical and product improvements. Figure 1.9. shows the frequency of the word “ideation” related to the innovation of solutions concept and the word “criticism” referred to the innovation of meaning in the last decades. What emerges from the graph is a negative countertrend of criticism concerning ideation which became extremely popular in the last decades.

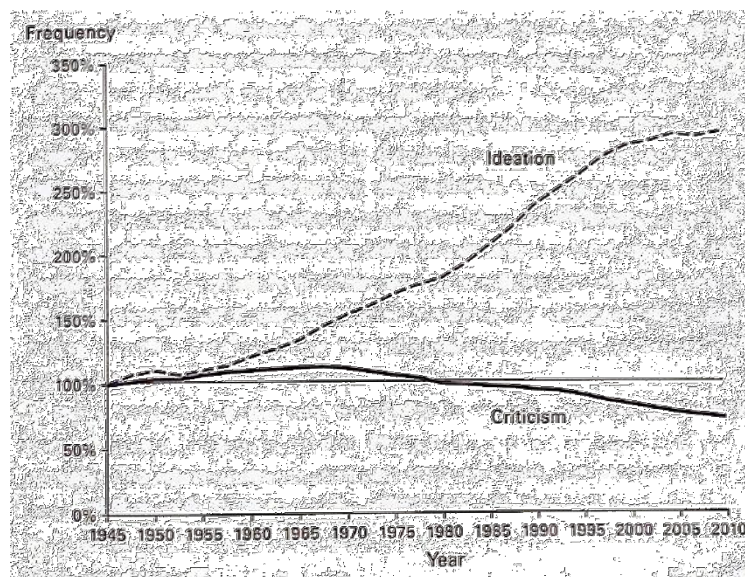


Figure 1.9.: Comparison between the frequency of words "ideation" and "criticism" in academic literature from 1945 to the 2010s

Source: (Verganti, 2016)

Verganti, in his book *Overcrowded: Designing Meaningful Products in a World Awash with Ideas* agrees with this statement by investigating the overcrowding of ideas in the innovation field. But how is an opposite and misleading concept still necessary for a company's success in the innovation field? This paragraph will try to answer this question

focusing on the theory supported by Verganti accompanied by other research findings on the research domain of this thesis. To better understand the topic, the definition of innovation of solution will be reintroduced: in fact, it consists of «better ideas to solve established problems» (Verganti, 2016, p. 4) translated into a new how. Innovation of solutions can be incremental or even radical improvements, but their limitation is the fact that they are always going in the same direction (Verganti, 2016). At the basis of the concept of innovation of solutions lays the fact that the more ideas are generated the more likely to find better solutions for existing problems generating the so-called **overcrowding of ideas**. Thus, the innovation of solutions is based on two major factors:

- **Outside in directions** intended as the innovation process beginning from outside;
- **Ideation** refers to the generation of ideas to increase the probability of finding a new solution and hence succeed in the market (Verganti, 2016).

Considering the first element, practices such as open innovation⁹, crowdsourcing¹⁰, and user-driven innovation¹¹ are common in the sportswear sector. All these applications have one thing in common: outsiders. The principle of this theory is based on the fact that innovation is sourced from outside the organization and can bring improvements and solutions to existing products relating to the theory of value co-creation introduced in paragraph 1. 3.. In this sense, innovation becomes a broad element in an organization which is not developed completely internally: external users are involved in the process to provide their opinions to the developed projects and in case consumers are involved, this results in a potential increased brand awareness. These strategies unveil potential benefits for businesses operating in the sportswear industry leading to the second factor embedded in the innovation of solutions theory: ideation. Thus, the involvement of external users, as previously stated, increases the chances for a company to potentially find novel solutions to existing needs through the generation of a multitude of ideas.

⁹ Open innovation is a term indicating a broader sense of innovation since useful knowledge is widely distributed, and no organization is capable could effectively count on its own. (Chesbrough, 2011)

¹⁰ Crowdsourcing refers to the practice of obtaining work, information, and opinions from large groups via Internet, social media, and mobile apps (Hargrave, 2022)

¹¹ User-driven innovation is defined as what a company or individuals manufacture for its own use because users have unique information about their own needs, have the ability to create solutions and share these solutions with others. (Wabnitz, 2023)

As shown in Figure 1.8., this practice has been approached exponentially academically in the last 60 years since the first publishing of innovation management literature and, consequently, organizations applied it practically. Nowadays, as stated by Verganti, «if there is something not difficult to find in our society, it is ideas » (Verganti, 2016, p. 47). As an effect of this extensive research on the field consumers are surrounded by a vastity of solutions and this hinders their purchase behavior in the innovation process. This trend contradicts the principles embedded in the innovation of meaning of theory, which is inside-out direction, and criticism respectively. Innovation of solutions defer judgment and criticism in its process and starts oppositely from the innovation of meaning with outsiders, adopting an outside approach. However, in the realm of innovation management, this proposition is necessary because it guarantees constant and incremental improvements in terms of products and solutions while innovation of meaning commits to the search for breakthrough meanings to be attached to novel goods and services. The next chapter will dig deeper into this dichotomy introducing the brand DNA and company heritage thread in terms of craftsmanship and sustainability that is approached by top performers and, consequently, by the majority of players in the industry.

2. Brand DNA And Heritage: A Boost Or An Obstacle To Innovation?

«What is the calculus of innovation? The calculus of innovation is really quite simple: Knowledge drives innovation, innovation drives productivity, productivity drives economic growth.»

- William Brody¹²

After the initial theoretical foundations on design driven innovation and Verganti's theory on innovation of meaning and innovation of solutions, this chapter examines how meaning is generated in products through a wide-ranging analysis of brand legacy, craftsmanship and sustainability as key drivers for value and, therefore, meaning creation in the fashion context. By investigating the evolution of trends, the nexus between innovation and these factors will be assessed to better understand the novelty strategy brought by the general sportswear industry.

2.1. Introduction To Heritage And Tradition In Sportswear & Fashion

In the dynamic realm of fashion and sportswear where trends tend to come and go in the way as a passing breeze, there exist timeless pillars that remain solid amidst the flux: craftsmanship, heritage, and traditions, and, lately, also sustainability. All the three concepts drive value for products and allow companies to position specifically in consumers' minds. While heritage and traditions associate a brand to a premium positioning driven by quality, status symbol and aesthetic design, sustainability emerged recently as a value pillar aiming at a more ethical perspective concerning social and environmental awareness which is becoming increasingly important for consumers of this industry.

This chapter will provide a deep analysis on each fundamental with the objective to associate the topic of innovation to all three elements although the contrasts that may appear objectively. Starting with this paragraph, an investigation on heritage and tradition in the sportswear industry and, more generally, in the fashion market will be

¹² Quote retrieved from Viima's Blog website (<https://www.viima.com/blog/innovation-quotes>) (Last consultation date: April 25th, 2024) (Isomäki, 2019)

assessed to contextualize the topic. But what is meant by heritage and traditions and how do they relate to the brand DNA of a company?

Considering heritage, it is defined as follows:

«anything that has been transmitted from the past or handed down by tradition»¹³;

«something that is reserved for a particular person or group or the outcome of an action, way of life, etc»¹⁴;

«something reserved for one»¹⁵.

All three definitions relate to the concept of belonging and inheritance which in business terms translates to company and brand identity which respectively mean

[corporate identity] «how a company behaves, communicates, and is perceived by consumers»¹⁶ and

[brand identity] «visible elements of a brand, such as color, design and logo that identify and distinguish the brand in consumers' mind»¹⁷.

¹³ Definition retrieved from Collins Dictionary website (<https://www.collinsdictionary.com/dictionary/english/heritage>) (Last Consultation Date: April 25th, 2024) (Collins Dictionary, 2024)

¹⁴ Definition retrieved from Collins Dictionary website (<https://www.collinsdictionary.com/dictionary/english/heritage>) (Last Consultation Date: April 25th, 2024) (Collins Dictionary, 2024)

¹⁵ Definition retrieved from Collins Dictionary website (<https://www.collinsdictionary.com/dictionary/english/heritage>) (Last Consultation Date: April 25th, 2024) (Collins Dictionary, 2024)

¹⁶ Definition retrieved from Marcom Central website (<https://marcom.com/four-reasons-why-a-strong-brand-should-begin-with-corporate-identity/>) (Last Consultation Date: April 25th, 2024) (Marcom Central, 2023)

¹⁷ This definition is retrieved from Investopedia website (<https://www.investopedia.com/terms/b/brand-identity.asp#:~:text=Brand%20identity%20is%20the%20visible,the%20brand%20in%20consumers'%20minds.>) (Last Consultation Date: May 18th, 2024) (Tarver, 2022)

This conception identifies the traits of a company and its brand and in the marketing perspective it is essential for success and performance in terms of positioning and brand awareness practices. Heritage is acknowledged as one of the key resources providing long-term competitive advantage through symbolical and emotional value held by a brand.

Besides this association to the tangible and intangible inheritance held by an organization, heritage can be more generally contextualized as cultural heritage of the target country in which the company operates. Culture represents the collective programming of the mind which differentiates one group from another (Hofstede, 2001) and, in this definition provided by Hofstede, it can be assessed that societal changes over time led to distinctive cultures. A company operating in a specific country tend to adapt to its culture and its legacy in terms of products and know-how become part of that culture. In the contemporary world, global institutions such as UNESCO¹⁸ have been created to safeguard and protect these historical tangible and intangible cultural elements which embrace not only a country's inheritance in terms of monuments but also the know-how and expertise within organizations operating in it. As defined in the *UNESCO Declaration Concerning The Intentional Destruction Of Cultural Heritage* published in 2003, cultural heritage, therefore, represents an

«important component of the cultural identity of communities, groups and individuals, and or social cohesion» (UNESCO, 2003, p. 447)

For example, when referring to European countries, Germany is known for building good and performing car, France for its wine and fashion, Italy for its elegant and authentic products and the list goes on. For a brand, being associated to a particular culture, it represents an additional source of value when operating in a specific industry that is leveraged by the country's identity. In the next paragraph, an analysis of the Country-Of-Origin effect will be assessed to identify the main value drivers in a brand architecture of a company operating in sportswear.

¹⁸ UNESCO, standing for United Nations Educational, Scientific and Cultural Organizations, is a specialized agency of the United Nations founded in Paris, France in 1945 with the objective to promote peace and collaboration between countries through education, science, culture and communication. (Patrimonio Mondiale, 2024)

Considering the fashion business, heritage has been essential to express the creativity of a brand and differentiate it from competitors operating in the same industry. Since the 20th century, when renowned luxury maisons such as Prada¹⁹, Versace²⁰ or Christian Dior²¹ started their business, personal style and distinctive aesthetics were represented in each garment of the collections as a way to become recognizable among consumers. Nowadays, for this reason, luxury brands are the most identifiable in the public due to their strong brand identity which is driven by visible characteristics such as the logo, the name, or the slogan. Similarly, the players operating in the sportswear industry adopt congruent strategies necessary to beat competition in a dynamic context.

Considering innovation dynamics, heritage and traditions can be related to the phenomenon of **mythopoesis** intended as the creation of a myth through a symbol defined by narrative rich of sense and emotional values able to guide the generation of sense (Boccardi, Ciappei, Zollo , & Laudano, 2016). In the introduction of the innovation of meaning literature, this dissertation stressed on the fact that the process is mainly focused on the search of meaning as a source of value and meaning can come in different forms and associations. In particular, when referring to heritage and traditions, meaning embraces a symbolic aspect which is embedded in the brand and its values and identity leading to the conception of the so-called **brand-myth** (Boccardi, Ciappei, Zollo , & Laudano, 2016). In this way, by leveraging on the symbolic meanings embraced by traditions and heritage of an organization, brand, and myth merge in the cognitive diffusion of a common sense of identification through narrative (Durkheim, 1961). Brand narrative becomes a powerful tool to recall, recognition and relevance since human brains retain stories better than any other information (Smith, 2011). Especially in the contemporary era, the rise of digital media as a communication tool for organizations redefined marketing literature from the past 20 years. The social nature of it led consumers for the search of authenticity of brands through stories as a way to assess its legacy over time (Smith, 2011). Storytelling, among other marketing techniques, perfectly

¹⁹ Prada is an Italian brand founded in 1913 which quickly raised to fame for its avant-garde style (Prada Group, 2024)

²⁰ Versace is an Italian brand founded in 1978 now one of the most important global fashion houses as a symbol of Italian traditions (Versace, 2024)

²¹ Christian Dior is a French brand founded in 1948 which is characterized by continuous reinvention through virtuous collection (LVMH, 2024)

represents the characteristics of brand narrative by merging historical events with communication efforts to increase brand equity. This tool is part of the so-called **heritage marketing** and involves several strategies that can be done through the use of online and offline advertising, events in relation with a new product launch or a self-standing project. Thus, the role of heritage marketing refers to the communication in the present and in the future of heritage in terms of identity, tradition, symbolic values, and meanings held by a brand from its past (Boccardi, Ciappei, Zollo , & Laudano, 2016). This is a common factor in the fashion and sportswear industry which leverage their heritage depicting a public image based on awareness and competitive advantage through the following activities:

1. the creation of company's archives and brand museums;
2. the organization of past celebratory events;
3. the realization of products inspired by past models;
4. the development of a brand image connected to the corporate heritage pillars (Boccardi, Ciappei, Zollo , & Laudano, 2016).

To show the adoption of these techniques in the industry, a comparison between luxury fashion brands and sports & lifestyle brands will be adopted. The motive behind this decision lays in the fact that it is crucial to show the main differences between the two since luxury firms are considered leaders on experiential and heritage marketing and sports & lifestyle brands adopts a similar approach. The majority of firms operating in both the fashion and the sportswear industry are active with regards to the first point related to company's archives and museums: some of them decided to share their collections publicly with global renowned fashion museums and others opted for a private inhouse exhibition in the headquarters. This element is essential for experiential marketing since visiting customers and consumers are immersed in a historical journey of the brand which shows the iconicity and successes of the latter.

Figure 3.1. depicts the public collection of Dior retrieved from its archives and available publicly at La Galerie Dior in Paris, France and Figure 3.2., on the other side, illustrates Puma's private brand museum in its headquarters in Germany.



Figure 2.1.: *A piece of Dior's public archive collection at La Galerie Dior in Paris, France*

Source: (La Galerie Dior, 2024) ²²



Figure 2.2.: *A piece of Puma's private archive collection in the company headquarters in Herzogenaurach, Germany*

Source: (Puma, 2024) ²³

Despite their public or private nature, both archives, embrace the same purpose: experiencing the evolution of the brand through its product history by highlighting relevant innovations occurred in the past collections.

Considering the celebration of past events, brands, in line with their archive collections, organize ceremonies or particular arrangements to pay tribute to iconic and top-tier moments from the past linked to their name as a way to engage the public and increase brand awareness. On this point, luxury fashion brands are more active due to their business model based on fashion runways, celebrity endorsements, etc. that allow them to interact with the general public.

Figure 2.3. shows an example of a past event celebration at the 2021 Grammy Awards²⁴ when the UK singer, Dua Lipa, and the US rapper, Megan Thee Stallion, by wearing

²² Figure 2.1. is retrieved from La Galerie Dior website (<https://www.galeriedior.com/it/gallerie/la-galerie-dior>) (Last Consultation Date: April 27th, 2024)

²³ Figure 2.1. is retrieved from Puma website (<https://about.puma.com/en/this-is-puma/archive-stories>) (Last Consultation Date: April 27th, 2024)

²⁴ The Grammy Awards are a US annual event held by the Recording Academy with the objective to recognize, advocate, celebrate and educate the public about the excellence in the recording arts and sciences in the music community. This information is retrieved from the Grammy Awards website

matching outfits from Versace, the renowned Italian fashion brand paid tribute to famous singers Mariah Carey and Whitney Houston which wore identical Vera Wang's dresses in 1998 (Minton, 2022).



Figure 2.3.: Similar outfits worn respectively by Mariah Carey and Whitney Houston on the left & Dua Lipa and Megan Thee Stallion on the right

Source: (Minton, 2022) ²⁵.

Similarly, sportswear and lifestyle brands, by mixing sports elements with lifestyle designs, approached a huge market share where numerous communities of different cultures and styles can identify and relate to.

Starting from the 1990s, indeed, there was a cultural reset which gave rise to a new style among the young public: **streetwear**. It refers to «fashionable casual clothes»²⁶ which emerged in the last two decades involving major sportswear brands such as Nike, New Balance or Adidas and casual clothing such as jeans, sweatpants, t-shirts and jackets whose biggest market share is represented by footwear, counting of more than 60% in terms of consumer preferences²⁷ This association to pop culture led sportswear brand

(<https://www.recordingacademy.com/about>) (Last Consultation Date: April 27th, 2024) (Grammy Awards, 2024)

²⁵ Figure 2.3. is retrieved from Page Six website (<https://pagesix.com/2022/04/04/dua-lipa-megan-thee-stallion-honor-mariah-whitney-at-grammys/>) (Last Consultation Date: April 27th, 2024)

²⁶ Definition retrieved from Collins Dictionary website (<https://www.collinsdictionary.com/dictionary/english/streetwear>) (Last Consultation Date: April 27th, 2024) (Collins Dictionary, 2024)

²⁷ This information is retrieved from Hypebeast website (<https://strategyand.hypebeast.com/streetwear-report-market-statistics-global-trends>) (Last Consultation Date: April 27th, 2024) (Hypebeast, 2024)

grow exponentially lately and expand their business specialization to a multitude of products.

As shown in Figure 2.4., indeed, Nike celebrated basketball style embedded in streetwear culture among numerous communities by bringing former and current athletes as brand testimonials at 2023 World Basketball Festival in New York's Lincoln Center (Li, 2023).



Figure 2.4.: *Participants at the Nike's 2023 World Basketball Festival at the Lincoln Center in New York*

Source: (Li, 2023) ²⁸

Due to the casual nature of streetwear, which is based on seasonal fashion trends inspired by iconic sportswear designs from sports like basketball, tennis or running, not only athletes and sports people are involved in these events, but also distinguished figures from the music or the fashion business who have an enormous influence on their public and help brands such as Nike raise awareness among target audiences.

These revival elements are represented among different companies, especially by major players, operating in the sportswear industry inspired by fashion and authenticity. Indeed, due to the cyclicity and seasonality of the sector, luxury fashion companies and, consequently, sports & lifestyle organizations with a similar business model, adopt a reinventive approach from collection to collection by bringing renowned elements from the past and introducing novel characteristics according to the current trends characterizing the industry.

Paragraph 1.3. will provide an in-depth analysis of fashion trends overcome in the last decades to prove the role of heritage marketing in this context connected to modernity

²⁸ Figure 2.4. is retrieved from Hypebeast website (<https://hypebeast.com/2023/9/2023-nike-world-basketball-festival-recap>) (Last Consultation Date: April 27th, 2024)

and reinterpretations driven by innovation. No matter the nature of it, whether it is incremental or radical, heritage product launches serve to engage consumers' interest through meaning and symbolic aspects.

Despite the evolution or **rebranding**²⁹ strategies undertaken by brands, the role of heritage marketing also refers to the development of a brand image associated to the corporate heritage pillars. In this sense, organizations must always pay attention to remain coherent and stay true to its core values and elements.

An example is the famous rebranding strategy adopted by Diesel³⁰, an Italian lifestyle brand, which under the guide of Glenn Martens, resurged with new concepts and designs moving from a lifestyle to a luxury positioning of the brand while remaining connected to its roots relating to the initial raw denim styles.



Figure 2.5.: Diesel's marketing campaign from the 1990s on the left and Diesel's piece of collection in 2023 on the right

Source: (Brand Vision Insights, 2024)³¹

Figure 2.5. compares the 1990s and current designs of Diesel which have one common element: denim which represents the distinctive sign of the brand among competitors.

²⁹ *Rebranding* refers to the process of changing the corporate and brand image of an organization through a new name, symbol, or design with the objective to provide a different identity from the past. This definition is retrieved from The Economic Times website (<https://economictimes.indiatimes.com/definition/rebranding>) (Last Consultation Date: April 27th, 2024) (The Economic Times, 2024)

³⁰ Diesel is an Italian fashion brand founded in 1978 by Renzo Rosso characterized by a distinctive approach to denim, grunge-inspired accoutrements, and provocative marketing campaigns.

³¹ The information from point 25 and Figure 2.5. are retrieved from Brand Vision Insights website. (<https://www.brandvm.com/post/how-diesel-branding>) (Last Consultation Date: April 27th, 2024)

Comparably, sportswear brands constantly revolutionize styles according to consumer behavior accompanying these trends with logo reviews and leveraging on technology-focused marketing while still cherishing on its recognizable elements ³².

Figure 2.6. depicts an example of the evolution of Nike's iconic "swoosh" logo over time highlighting the unchanged graphic design along with logo reviews overcome in the last decades.

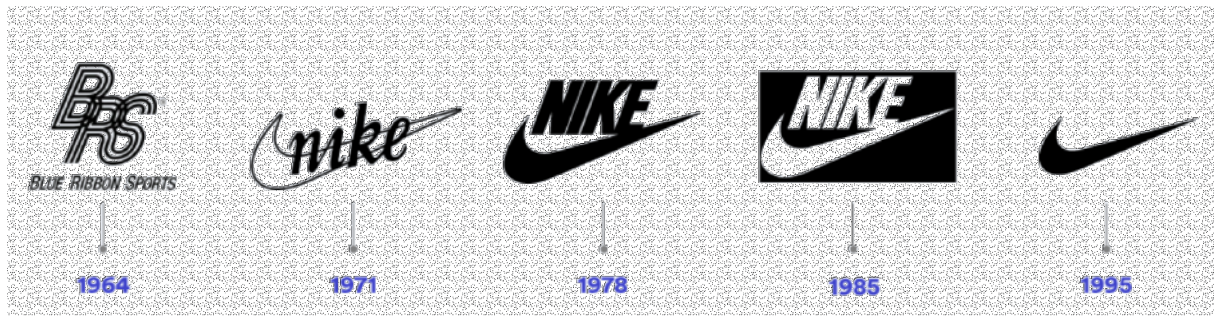


Figure 2.6.: *Evolution of Nike's logo from 1964 to 1995*

Source: (Apponward Technologies, 2023) ³³.

All these elements are essential for brand authenticity and credibility and organizations operating in luxury and sportswear count on them as a competitive advantage in a dynamic industry plenty of fierce competitors

Beyond these factors, heritage marketing is also used for **storytelling** and **retro branding** purposes.

As introduced before, narrative, or storytelling is intended as an advertising tool used by brand managers to provide an impetus for a story in their marketing campaigns (Rosenbaum-Elliott, Percy, & Pervan, 2018). In this way, companies can engage consumers on their history and leverage on these factors to further increase brand awareness among the target audience.

Retro branding or retro marketing refers to a brand stretching³⁴ opportunity by recycling earlier fashion trends "with a twist" with the objective of invoking **nostalgia** from the past (Rosenbaum-Elliott, Percy, & Pervan, 2018). In this way, personal nostalgia is associated

³² This information is retrieved from Medium website (<https://medium.com/@apponward/how-nike-revamped-its-brand-to-stay-ahead-of-the-game-5477a4d70b20>) (Last Consultation Date: April 27th, 2024)

³³ Figure 2.6. is retrieved from Look website (<https://looka.com/blog/nike-logo/>) (Last Consultation Date: April 27th, 2024) (Oliver, 2023)

³⁴ Brand stretching refers to a marketing technique used to develop and nurture a strong overall brand equity (Rosenbaum-Elliott, Percy, & Pervan, 2018).

to personal past memories and experiences in the conception that things were better in the «good old days» (Rosenbaum-Elliott, Percy, & Pervan, 2018, p. 410).

Overall, heritage marketing can be a powerful tool for building brand loyalty, strengthening brand identity, and connecting with consumers on an emotional level by tapping into the nostalgia and tradition associated with a company's history through meaning and symbolical aspects. However, beyond heritage and traditions, which for historical brands represent common factors nowadays, what really interest the consumers is how the products are made. Artisanal know-how and craftsmanship represent a core part of the business and are a key source in the creation of value. The next paragraph will analyze this aspect intertwining elements of innovation and traditionality to assess its relevance in the business context.

2.2. Craftsmanship & Country Of Origin For Value Creation

In the fashion context, craftsmanship is a fundamental element among heritage and innovation. It is, in fact, the heart of production not only symbolizing the manufacturing process but also the know-how and the expertise behind it. The luxury and sportswear industries are characterized by highly specialized suppliers with a vast technical knowledge of the techniques used to produce specific garments and specific designs. These processes, in fact, represent the craftsmanship and authenticity of an organization with respect to competitors and are part of the cultural heritage of a brand. Companies, nowadays, use artisanal artworks as an advertising tool to foster credibility in terms of brand equity. This paragraph will delve into exhaustive research about this discussion point in relation with innovation of meaning literature and assess how it is a founding element in terms of symbolical and emotional meaning for consumers along with country-of-origin effects which represent another influencing factor with regards to consumer behavior.

But, before getting to the root of the topic, it is vital to define what craftsmanship means. According to Collins Dictionary, it is defined as:

«the skill that someone uses when they make beautiful things with their hands»³⁵;

«the quality that something has when it is beautiful and has been very carefully made»³⁶.

It is interesting how both definitions have a positive interpretation in a generic overview. In this way, companies with a masterful network of artisans embrace this concept in their communication schemes driving interest in consumers in a consumerist world and, consequently, nurture purchase behavior towards their brand.

Hence, craftsmanship refers to the art of creation which happens in a workshop, family or other group setting when referring to the fashion and sportswear industry. Historically speaking, this function always represented a relevant social role in societies as it relates to the capabilities and the knowledge of an organization and its personnel which adds value to products or services. In this way, artisanal works represent the technical skills and know-how embedded in a specific product manufacturing. When referring to the sportswear sector, it is vital to highlight the fact the context of analysis of this dissertation, hence, the Italian footwear district named *Sportsystem* localized in the north-east of the country where Diadora is localized, embodies a know-how hub whose workers' skills and expertise in the footwear manufacturing and commercialization are known worldwide. The extent is so huge that leading multinational corporations such as Nike and Adidas which operate in the global market decided to open small labs in the district in order to absorb and acquire highly skilled expertise and, consequently, personnel in their organization (De Marchi, Gereffi, & Grandinetti, 2017). In this way, the concept of craftsmanship shifts to a social aspect besides technicalities intended as the development of the individual through physical things, as stated by Richard Sennet in *The Craftsman* (Baggerman, Kuusk, Raijmakers, Tomico, & Arets, 2013) In fact, as the physical activity is dictated by a rhythm so does the conversation between the individuals involved in it. This

³⁵ This definition is retrieved from Collins Dictionary website (https://www.collinsdictionary.com/dictionary/english/craftsmanship#google_vignette) (Last Consultation Date: April 28th, 2024) (Collins Dictionary, 2024)

³⁶ This definition is retrieved from Collins Dictionary website (https://www.collinsdictionary.com/dictionary/english/craftsmanship#google_vignette) (Last Consultation Date: April 28th, 2024) (Collins Dictionary, 2024)

results in an ease of conversation overcoming racial, economic, or social backgrounds and foster a sense of belonging (Baggerman, Kuusk, Raijmakers, Tomico, & Arets, 2013). These relationships and the technical expertise that surrounds the organizational environment represent essential resources and drivers of performance and value in companies (Schiuma & Neely, 2004). Indeed, connecting to theoretical foundations, in 1959, Edith Penrose stated that the economic function of an organization is referred to the management of resources which in turn underlie the production of services and can be divided into physical assets and human capital. In addition to these, Hall introduced the concept of intangible asset as critical value drivers which can be also split into intellectual property or knowledge assets in which craftsmanship are included (Schiuma & Neely, 2004). As a result, the **value creation map** used to define which organizational drivers lead to value. Figure 2.7. illustrates the dynamics embedded in the value creation map as a way to generate value within an organization.

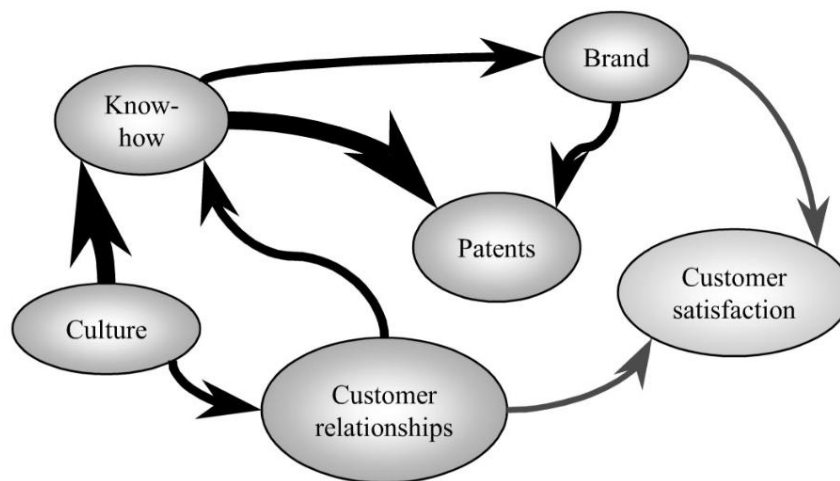


Figure 2.7.: *The Value Creation Map*

Source: (Schiuma & Neely, 2004)

The simplified illustration above shows how organizational culture gives birth to both know-how and customer relationships within a company. Know how, in turn, turns into patents protected by law and it represents a competitive advantage for brand purposes. Customer relationships also foster this point as, once the customer is satisfied, the value of products or services provided by an enterprise nurtured by technical expertise and brand strategies increases.

Therefore, craftsmanship represents a core element in an organizational structure and is necessary for its growth and success. Firms operating in this sector understood its power in terms of value creation and consequent revenue generation by leveraging the rare

highly skilled expertise which characterizes their manufacturing processes, intended as a brand element capable of communicating the quality of the product to consumers. Especially, when combined with innovation management literature and with the innovation of meaning principles proposed by Verganti, craftsmanship, known as know-how or industrial expertise assumes a fundamental role in the meaning generation process.

However, besides craftsmanship, another leading element in value and meaning creation is country-of-origin, strongly related to a cross cultural marketing perspective. In a globalized reality, as introduced in the previous paragraph, cultural heritage intended as the country's inheritance in terms of tangible objects such as monuments, artworks and natural settings, and intangible elements such as expertise, knowledge and skills shown by individual or groups in a specific country, represents a key value driver. In this context, this dissertation mainly focuses within the fashion business industry emphasizing, in particular, the effect that these intangible elements have on customers' purchase behavior when contributing to the creation of a country's identity.

The manufacturing processes, in fact, nowadays represent a pillar in the brand architecture of a company. Consumers are interested in each stage of the product development process from where to how the product is made in order to assess its quality and, therefore, the positioning in their minds. Brands operating internationally need to acknowledge these dynamics and comprise them in the commercialization process through focused marketing techniques. Firstly, it is necessary to introduce the topic for first time readers. Country-of-origin effects (hereafter referred to as COO effects) refer to the mental link that a potential buyer creates to the sight of the product label of a country and can have a positive or negative association in the consumers' minds. (Vescovi, 2022). Generally, companies leverage on this aspect when there is harmony between the brand and the country of production of manufacturing and, therefore, consumers form a positive connotation to it. However, this concept has become more difficult to manage in the last few decades due to the effects of globalization dynamics which led major industries, including SMEs³⁷ from the Italian footwear district, to relocate their manufacturing activities in low-labor costs countries. Indeed, novel terms to indicate the production, design or assembly country have been generated due to the complexity of multinational

³⁷ SMEs refer to the economic term small and medium enterprises.

corporation nowadays. Starting from the concepts of uninational products (goods produced in the brand's home country) and binational products (goods produced in a country different from the brand's home country), we can distinguish different notion referred to COO as follows:

- Country-of-assembly (COA) where the product parts are assembled;
- Country-of-design (COD) where the product is designed;
- Country-of-brand (COB) where the product brand has its headquarters;
- Country-of-manufacturing (COM) where the product is manufactured (Vescovi, 2022).

In particular, in acquainted markets³⁸, the last notion on COM as the indicator of the “made in” label represents a precise identifier of the country of origin and, despite the difficulty to identify it in a global economy, it affects brand image perception (Vescovi, 2022).

In the fashion and sportswear context, COO effects are particularly important in order to influence consumer behavior. Especially in the context of analysis of this dissertation, Sportssystem, the Italian footwear district of Asolo and Montebelluna thanks to its expertise and mastery in the field of footwear manufacturing has become a symbol of Italian craftsmanship which resembles a higher quality product among competitors. In this sense, by combining the know-how of the district and leveraging on COO effects such as the “made in Italy” label, companies operating in the area have a competitive advantage in the global market which make them highly positioned in the consumers' minds.

Starting from the 1980s, “made in Italy” has turned into an effective brand in the fashion industry with companies operating in luxury, eyewear, footwear and so on.

Consumers associate this label with high quality and premium products which come from a long history of heritage, traditions, and notable entrepreneurial spirit. Indeed, the “made in Italy” label now counts on a multicultural clientele due to its global resonance and is valued at more than 200 USD Billion worldwide³⁹.

³⁸ Acquainted markets refer to markets where consumers have reached a sufficient level of knowledge to understand and correctly evaluate product and quality differences offered by competitors (Vescovi, 2022).

³⁹ This information is retrieved from the NOO Agency website

(<https://www.nooagency.com/nooborders/litalia-della-moda-ha-ancora-senso-parlare-di-made-in-italy/>) (Last Consultation Date: May 4th, 2024) (NOO Agency, 2023)

The impact of these COO effects for Italian companies are so huge that the brand values include craftsmanship or Italian traditionality elements. The pillars are particularly important in B2B or B2C relations in terms of marketing strategy. They serve the company objective and are efficient in the corporate goal of boosting revenue growth

The COO effects have been analyzed academically many times and in different management literatures it has been proved their importance in driving consumers purchasing behavior and influencing, consequently, a country's economy in macro economical terms.

For example, Figure 2.8. shows the export trend in Italian economy over a ten-year time horizon from 2013 to 2022.

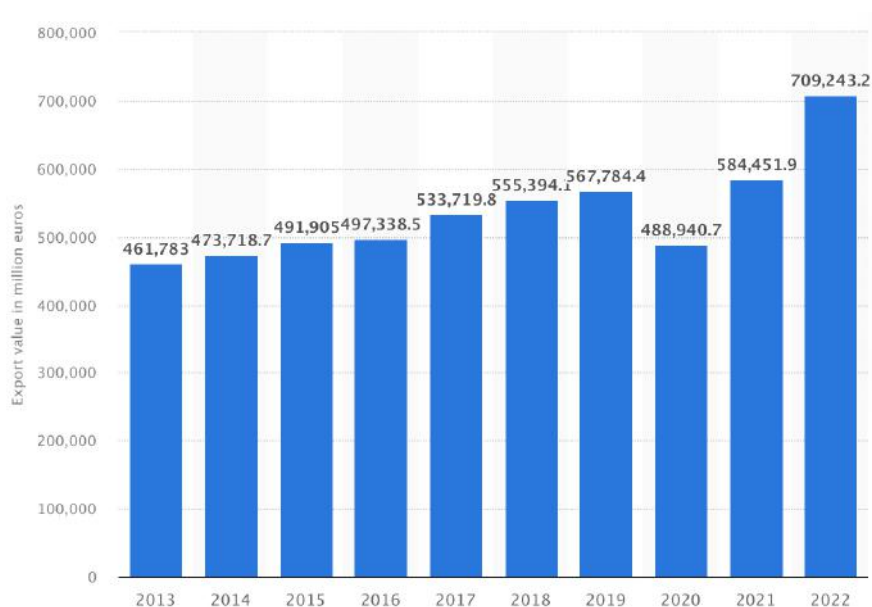


Figure 2.8.: *Italy's export values from 2013 to 2022*

Source: (Statista Research Department, 2023) ⁴⁰

As it is observable from the graph above, the trends towards exports in Italy is increasing year on year, except for 2020 when there was a declining behavior due to the COVID-19 pandemic. According to this orientation, Italian brands are advantaged by the COO effects fostering revenue growth due to their association with higher quality and traditionality. These elements, combined with heritage and craftsmanship, become unique distinguishing features in the brand image of an organization with respect to competitors and can be used to for differentiation and higher positioning strategies.

⁴⁰ Figure 2.8. is retrieved from Statista website (<https://www.statista.com/statistics/1201310/export-value-in-italy/>) (Last Consultation Date: May, 4th, 2024)

In particular, the companies operating in the Italian footwear districts, acknowledged the fact that these fundamentals represent crucial keys to conquer consumers' hearts and their historical journey in Italian traditions and industrial expertise is exceptionally relevant in order to generate value and create meaning for the target audience. Related to the topic of innovation of meaning approached by Verganti, it is important to include these elements during the innovation process. For example, in the previous paragraph, the topic on heritage marketing was introduced and a reference on trends based on past models in the fashion context was made. The next paragraph will analyze this topic more specifically providing an investigation on the latest fashion trends and their relationship with innovation and legacy in order to derive their association in the value creation process of a product.

2.3. A Trend Analysis In The Sportsystem

In contemporary society, trends serve as significant markers of societal shifts and evolving consumers' preferences among various spheres. Whether they occur in fashion, in technology, or in culture, trends represent the dynamic nature of the human being and analyzing them is relevant from an academical perspectives because it provides insights into a particular market, in this case sportswear, and the related consumer behavior of its target audience. The perpetual shifting of trends in the fashion industry is probably due to its cyclical nature as being consumers goods requires a constant adaptation to consumers' preferences to remain visible and performing in a competitive industry. In the previous paragraph, an introduction to corporate and brand heritage and craftsmanship and COO effects was made to highlight the relevance of history and traditions of a brand in the fashion context but for a company operating in the sportswear sector it is also important to adapt and satisfy consumers' needs from a business perspective.

However, especially in the last decade, trends are characterized by a phenomenon consisting in bringing back models from the past combined with innovative designs according to current technologies and consumers' preferences. In this case, heritage marketing, including all retro branding elements which invoke nostalgia in the consumers' mind, is crucial in the commercial strategy of a company as it leverages key aspects of the brand and differentiates it from the competitors. From past iconic designs to recognizable prints and patterns, fashion and sportswear are creative environments for industry professionals and each year different trends tend to come and go by

overlapping in the cyclical and dynamic world of fashion. This paragraph will investigate the latest trends occurring in the industry in order to assess their bond with the past by trying to divide contemporary elements with past inspiration. To begin, a first definition of what “trend” means and an analysis of its dynamics in the current consumerist world is necessary to better frame the context of analysis.

According to Collins Dictionary, trend is defined as follows:

- «the general direction followed by a road, river»⁴¹;
- «the general course or prevailing tendency; drift»⁴²;
- «a vogue, or current style, as in fashions»⁴³.

Although the last perfect connotation of the “trend” concept to the fashion industry, the first two definitions associate the word to a sort of natural path as of a river or a road and the message behind it is particularly interesting. Trends resemble the natural direction of the context to which they are associated to and this in fact reflects the essence of the fashion and sportswear world and its cyclicity of seasons. But how do they work? How can organizations predict fashion trends and constantly renovate their collections each season?

In the contemporary globalized economy, distance does not represent a barrier to shopping anymore and one of the current megatrends that is facing now the general global market is postmodernism which is characterized by consumers willing to try new experiences aided by web technologies, even in fashion and sportswear. With respect to the past, consumer behavior has changed a lot according to this megatrend and table 2.1. embraces the differences of social structures according to objects of consumption, drivers of behavior, types of consumers and the main behavioral dimensions.

⁴¹ This definition is retrieved from Collins Dictionary website (<https://www.collinsdictionary.com/it/dizionario/inglese/trend>) (Last Consultation Date: May 4th, 2024) (Collins Dictionary, 2024)

⁴² This definition is retrieved from Collins Dictionary website (<https://www.collinsdictionary.com/it/dizionario/inglese/trend>) (Last Consultation Date: May 4th, 2024) (Collins Dictionary, 2024)

⁴³ This definition is retrieved from Collins Dictionary website (<https://www.collinsdictionary.com/it/dizionario/inglese/trend>) (Last Consultation Date: May 4th, 2024) (Collins Dictionary, 2024)

Social Structure	Primary objects of consumption	Drivers of behavior	Consumers	Main behavioral dimensions
Precapitalist/feudal society	Slaves, women, and food	Military and political powers	Nobility	Pure observation
Modern/capitalist society	Very expensive products (diamonds, golds, etc.)	Social power and status	Nobility and upper middle classes	Ostentation, signaling and uniqueness
Postmodern society	Image and experience	Self-expression and image	Middle classes and the “mass”	Uniqueness and social conformation

Table 2.1.: *Evolution of societies according to different criteria*

Source: (Chaudhuri & Majumdar, 2006)

According to this table published by Chaudhuri and Majumdar, differently from precapitalist and modern society, the current trend on postmodern society evolved in terms of consumer behavior mainly focusing on image and experience allowing the individual to self-express. Products, with respect to the past are addressed to a generalized global audience, the “mass”, without discriminating potential customers depending on social extraction. The objective of postmodernism is to guarantee product accessibility and allow uniqueness and social conformation at the same time. Indeed, this trend is approached by the young generations, especially Gen Z⁴⁴, which are particularly aware of current fashion trends and mix elements from different styles to express themselves. Indeed, companies according to their preferences, try to adapt and communicate with them through digital channels in order to conquer remunerative potential market share. As previously introduced, streetwear has become popular lately thanks to its association with pop culture by mixing up elements from luxury fashion and

⁴⁴ Gen Z, abbreviation for Generation Z or Zoomers, refers to the people born between the late 1990s and the early 2000s. This information is retrieved from Merriam-Webster website (<https://www.merriam-webster.com/wordplay/words-were-watching-zoomer-gen-z>) (Last Consultation Date: May 4th, 2024) (Merriam-Webster Dictionary, 2021)

sportswear allowing individuals to express their styles in a more affordable and comfortable way. So how firms cope with this market dynamicity in fashion and sportswear? According to Rinallo and Golfetto, the concept of “invisible hand” introduced by Adam Smith applies to the fashion cycle. Thus, fashion trends originate with no explicit agreements between actors and are not intentional as nowadays they originate from different sources, starting , in general, with celebrities and the popular culture or inspired by consumers. This happens in a spontaneous and uncoordinated manner related in some way to the *Zeitgeist*, the spirit of the age prevailing at a given moment in time (Rinallo & Golfetto, 2006). By focusing on the specific Italian and French fabric sector, Rinallo and Golfetto investigated how trends are generated in a fashion company as an innovation strategy aimed at being the prevailing “fashion” at a given point in time through a **concertation** mechanism. Concertation refers to industrial relation dynamics when different actors come together in order to bargain future behavior as a way to encounter desired economic outcomes (Rinallo & Golfetto, 2006). In this case, this concept has a specific process in the fabric trend forecasting, and although the research was limited to it, it could be generalized to the overall fashion context.

Figure 2.9. illustrates the steps of the concertation process which is divided in four phases: collective trend forecasting, trend communication to exhibitors, trend incorporation in new collections and finally, new collections presentations when predictions come true.

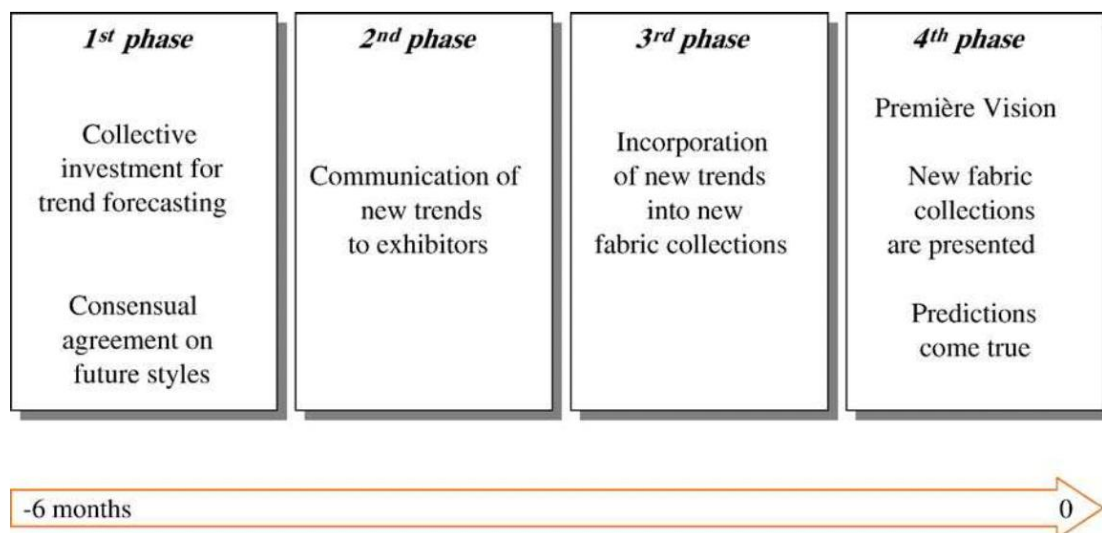


Figure 2.9.: *The concertation process*

Source: (Rinallo & Golfetto, 2006)

This process lasts in total 6 months until the launch of the new collections, starting with creative experts observing street style with institutional support since 1997, such as one

from the International Observatory, and once trends are approved in the initial “concertation” meeting, the manufacturing and commercialization part begins translating into effective and accurate industry predictions (Rinallo & Golfetto, 2006).

In this way, trends are approached by the mass population, and everyone finds a specific style that suit his or her personality and express creativity. However, in this cycle, certain elements tend to come back in current trends harkening back to the past, but in a modern key. Considering the latest fashion trends in sports footwear, it is observable that certain models remind iconic pieces or patterns from the past. Sportswear brands with a relevant historical background leveraged on this aspect to bring back best-selling pieces from the past reinterpreting them according to current consumers’ preferences. Especially big players such as Nike, Adidas or New Balance are active on this factor and despite evergreen models, they rely on seasonal sales pushed by classic pieces.

In particular, the analysis will focus on the following models which, according to Vogue⁴⁵, are listed among the relevant sneaker trends of 2024: Adidas’s Sambas, New Balance’s 530, and Puma’s Palermo (Oliva & Malavolta, 2024).

These models and their respective history will be investigated to show how current are associated to the legacy of the respective companies bringing back legendary items in the footwear field.

To begin, Adidas relaunched its timeless classic, the Samba sneakers which, initially launched in the 1950s for soccer and football, became quickly popular among consumers and continue to push this trend once again in 2024 (Adidas, 2024).

Figure 2.10. shows the current model which is now on sale on the Adidas website which is boosting the company’s revenues in the last quarters.



⁴⁵ Vogue is a fashion magazine under Condé Nast’s management which is defined as one of the world’s most renowned media companies. This information is retrieved from Condé Nast website (<https://www.condenast.com/about>) (Last Consultation Date: May 5th, 2024) (Condé Nast, 2024)

Figure 2.10.: *Adidas Samba*

Source: (Adidas, 2024)

This trend is due to its association to pop culture and streetwear which do not limit its reference to sports only but also to match casual outfits to be worn in an everyday routine. However, its history, as previously stated, dates back to the 1950s when Adi Dassler, the founder of Adidas, ideated this model and despite being designed for European harsh winters, the success came with the soccer FIFA World Cup in Brazil, when aligning with Brazilian culture, the brand innovated the shoe design nurturing its image by sponsoring the national soccer team⁴⁶.

Figure 2.11. depicts the founder Adi Dassler holding a Samba model in his hands in the 1950s which will later become one of the most iconic shoes in the sportswear sector and presents still the same success nowadays.

However, from Figure 2.10 it is visible that the model has undergone numerous improvements in terms of materials and designs pushed by product innovation in the footwear field but has not lost its soul and original traits.



Figure 2.11. *Adi Dassler with the Adidas Samba in the 1950s*

Source: (Black Box, 2024) ⁴⁷

Moving to New Balance, the 530 model is a glimpse to the past, precisely to the late 1990s and early 2000s aesthetics in line with nowadays streetwear style but with a retro running association (New Balance, 2024).

⁴⁶ This information is retrieved from Black Box website (<https://blog.blackboxstore.com/en/from-soccer-to-streets-70-years-of-the-adidas-samba/>) (Last Consultation Date: May 5th, 2024) (Black Box, 2024)

⁴⁷ Figure 2.11. is retrieved from Black Box website (<https://blog.blackboxstore.com/en/from-soccer-to-streets-70-years-of-the-adidas-samba/>) (Last Consultation Date: May 5th, 2024)

Figure 2.12. shows the current model on sale on the company's website enhancing nostalgia of the past brand's running soul with an improved design including product innovation such as ABZORB (the company's amortization technology) amortization (New Balance, 2024).



Figure 2.12.: *New Balance 530*

Source: (New Balance, 2024)

Finally, Puma adopted a similar approach reinterpreting the legendary Palermo footwear model from its archives. Linking it to the homonym Sicilian city and to 1982 when England won the 6th Europe Cup and Italy won the World Cup, the model is a gift to the fans. Thus, it is part of the company's Terrace project, along with the Super Team and Delphin models, referring to stadiums sections where fans support their favorite soccer teams during matches, as a way to homage the culture of fans bringing another kind of prize when coming back home from these matches: sneakers (Puma, 2024). In this sense, the brand aims at reliving this experience with its customers by bringing back a legendary model from the past. Figure 2.13. shows the reinterpreted model on sale on Puma's website.



Figure 2.13.: *Puma Palermo*

Source: (Puma, 2024)

As it is observable from the picture, Puma chose a nostalgia path encompassing typical colors from the 1980s along with modern graphics which resemble the image of the brand nowadays.

The three models represent at the same time the present and the past and while on one side are considered the latest fashionable trends in society, on the other they bring back a brand's history which pulls consumers' minds by leveraging on symbolic aspects such as nostalgia. Heritage, in this sense, is important along with innovation and culture in this industry. It becomes a tool to foster brand equity among the target audience and influence a company's sales behavior with respect to competitors, especially with trends when organizations can dig into their archives to bring back legendary models according to the latest influences in terms of styles.

Fashion, in general, becomes meaningful to the consumer when it allows self-expression and provokes emotional effects. However, symbolical associations are not limited to nostalgia only, but the legacy of a brand is value also on its ethical behavior. Indeed, along with heritage and societal trends, consumers now are more sensitive to other fields such as sustainability. Companies, when innovating, must be aware to include this factor in their strategical setting of the process, for a positive corporate and brand image. The next paragraph will delve into this topic by analyzing core factors which drive society towards ethical behaviors in the contemporary setting and how it is related to innovation, especially when organizations are seeking for meaning.

2.4. The Relevance Of Sustainability In Change Management And Innovation

Major management studies now approach the sustainability topic in their programs depicting it as one of the three megatrends characterizing the general global market. While postmodernism assumes a more general connotation, along with digitalization, sustainability is one of the core fundamentals and organizations must include this pillar into their targeting strategies since, in general, consumers are becoming more sensitive to this issue.

In the previous paragraphs, this dissertation analyzed the legacy and innovation paradigm by introducing heritage marketing principles and characteristics and investigating on how it is related to innovation strategies within organizations operating in the fashion, and more specifically, in the footwear field. Current trends showed that a brand legacy is relevant for business purposes in the dynamic setting of modern society and the emergence of new styles detaching the relation of the sportswear not only to sports but also to daily life. However, the context of analysis is much more complicated than that. Other elements, such as sustainability, play a key role in the persuasion of

consumer behavior and the drive of purchase actions. In the search for meaning, companies, no matter the reference industry, show a tendency to approach this factor in the development of innovation strategies. Due to its vast field of research, this paragraph is limited to the investigation of the sustainability topic from a management perspective only in order to assess its relationship with innovation and current dynamics contextualized specifically in the sportswear footwear market.

Firstly, it is necessary to introduce the research area from a theoretical perspective by starting with its definition.

According to the 1987 United Nations Brundtland Commission definition, sustainability is defined as

«meeting the needs of the present without compromising the ability of future generations to meet their own needs»⁴⁸.

With a single sentence, the concept of sustainability refers to present interventions whose effects have a positive projection in the future. Similarly, the task of innovation is to find novel solutions in terms of product and services aimed at improving users' life from a practical perspective. In this way, the sustainability has been growing exponentially in the business management field since it is connected to an economic, environmental, and social point of view. With regards to management, sustainability refers to various topics:

- from a general **economic** perspective there are issues regarding corporate management such as fair competition, transparency, etc.;
- from the **environmental** perspective there are pollution, climate change, wastage among a long list of issues caused by public and private organizations nowadays;
- from the **social** perspective there are human factors regarding working conditions, minimum wage, child exploitation, etc.

In this broad theoretical area covering distinguished academic fields such as law, economics, management, sociology, science, an important role is played by technology and innovation. But how does it relate to sustainability? Several management studies and

⁴⁸ This definition is retrieved from United Nations website (<https://www.un.org/en/academic-impact/sustainability>) (Last Consultation Date: May 6th, 2024) (United Nations Brundtland Commission, 2024)

university courses associate this subject matter to change management. Organizational change management refers to

«the process of continually renewing an organization's mission, structure and capabilities to serve the ever-changing needs of customers and stakeholders»⁴⁹

. According to this definition, to innovate from a product and, especially from a process position, and therefore, to drive change within the organization, companies need to constantly adapt to market dynamics pursuant to consumers' and stakeholders' needs. If, decades ago, the general tendency among company executives was the depiction of sustainability as only cost for an organization, nowadays the rules of the game have changed and the topic is becoming increasingly relevant in business. Indeed, this organizational change has to start with leadership (Millar, Hind, & Magala, 2012) More economics and management universities implement sustainable change management learnings in their courses as a way to educate future leaders towards this novel direction which is important from both a management and an innovation perspective.

This tendency is visible in the modern society since consumers have been approaching this aspect as a decision driver when comparing similar products from different brands. Innovation and sustainability go hand in hand in the dynamic and complex postmodern business context, especially in the sportswear sector.

Among the cited fashion trends in the previous paragraph, fashion magazines underlie the emergence of new brands which entered the market with a sustainable mission aimed at safeguarding the environment and protect workers.

Figure 2.14. shows the Veja project started in 2005, published on the company's website indicating its efforts towards sustainability from both a social and environmental point of view.

⁴⁹ This definition is retrieved from the course Change Management For Sustainability slides on Strategic Change for Sustainability in the Academic Year 2022/2023 held by Prof. Andrea Stocchetti (Stocchetti, 2023)

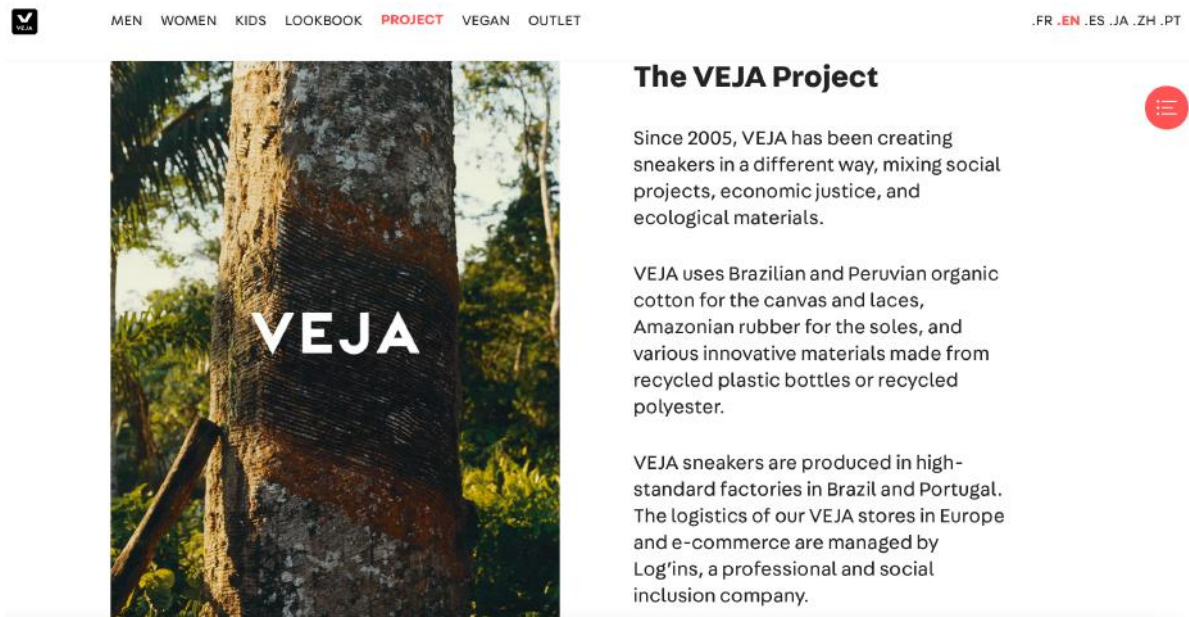


Figure 2.14.: *VEJA Project on the company's website*

Source: (Veja, 2024) ⁵⁰

Contrary from its competitors, the company's vision started as a rejection towards the dichotomy between design and social responsibility in 2004 resulting into filling a market gap. Thus, consumer behavior continued to fluctuate evolving to contemporary society via a shift in consumers' preferences which are now more sensitive on this issue leading the company to an exponential growth in both brand equity and revenues. The world of footwear, even big players such as Nike, Adidas, or New Balance, which have been heavily criticized due to their unethical behavior toward social and environmental responsibility, has understood this point including a sustainable pillar in their brand architectures. Similarly, companies operating in the Italian footwear district, such as Diadora, Lotto, Geox, and so on, adapted to these dynamics in addition to their initial brand propositions. This paragraph served as an introduction to this topic which is currently dominating the general market and from a commercial point of view, it is associated to innovation at a product and process level.

However, is sustainability along with heritage and know-how propositions enough to generate meaning for products and services in consumers' minds? How does it relate to innovation? How does innovation occur in a sportswear company?

⁵⁰ Figure 2.14. and the following information is retrieved from the company's (Veja) website (<https://project.veja-store.com/en>) (Last Consultation Date: May 7th, 2024)

This chapter offered a glimpse to the relevance of brand DNA pillars such as heritage, craftsmanship and sustainability in the sportswear sector in relation with innovation from both a theoretical and practical approach. Through concrete examples, their influence on innovation was evident from a meaningful point of view which is important from both a commercial and innovative perspective in a corporate context. But do they represent a boosting or a hindering element to innovation?

There are many questions that arise from these first introduction chapters about innovation and a company's legacy. This dissertation will analyze these topics closely with a case study contextualized specifically in the Italian footwear district, also named *Sportssystem*, synonym of innovation, craftsmanship and legacy. The object of the analysis will be Diadora, a leading company in the district founded in 1948, specialized in footwear production coherently with its business context of origin but known also for its iconic apparel, brand testimonial in sports and its accessories.

From a close perspective, this thesis will try to answer several questions supported by Verganti's proposition on innovation of meaning along with innovation of solutions principles in the next two chapters.

3. The Business Case: Diadora

«Champions aren't made in the gyms. Champions are made from something they have deep inside them: a desire, a dream, a vision»

- Muhammad Ali⁵¹

This chapter will provide a wide-ranging investigation of the sportswear market through a historical, qualitative and an updated quantitative analysis. The focus will shift then to the Sportssystem footwear district located in Montebelluna, Italy. With the support of Diadora, a leading Italian company located in Caerano di San Marco, the analysis will unveil what innovation, heritage and sustainability represent for this sector and what are the future implications for these emerging trends.

3.1. Introduction to the Sports Goods Industry and Its Historical Evolution

In the last centuries, the industry of sports goods has grown significantly leading to one of the most profitable sectors in consumer goods. From winter sports to watersports, an immense variety of sports equipment has been developed and each piece is strictly associated with a particular physical activity. Nowadays we can find ourselves surrounded by sports and we need special equipment for each of them spacing from shoes to t-shirts, from thermal shirts to sweatbands, from yoga gym mats to soccer spiked shoes. But what does it refer to? The sports goods industry represents the trade of all products sold as goods, equipment, and apparel for use in sports, recreation, and fitness activities divided into numerous segments depending on the type of sports category.

This analysis will focus on the sports fashion industry characterized by sports apparel, accessories, and footwear providing evidence through a business case.

Diadora, an Italian leading firm located in the north-east of Italy specializing in the production and commercialization of sportswear, lifestyle fashion items, and workwear, will be analyzed strategically to support the theories related to these topics aimed at providing answers to the research questions specified in the previous chapter.

⁵¹ Quote retrieved from A-Z Quotes website (<https://www.azquotes.com/quote/522900>) (Last Consultation Date: April 25th, 2024) (A-Z Quotes, 2011)

Firstly, it is important to further investigate the roots of the industry to better understand the technical implications embedded in the modern era. In parallel with the advent of sports in Ancient Greece with the Olympic Games, sportswear took over generating an entire industry worth billions of dollars which nowadays is one of the fastest growing and most attractive worldwide.

Thus, starting from Ancient Greeks' traditions of being naked during physical activities evolving to simple garments enabling freedom of movement like *chiton*⁵² and *sandals* for the Olympic Games, the importance of sportswear garments was evident during sports activities.

Figure 3.1. shows a male wearing a chiton and sandals as in Ancient Greece.

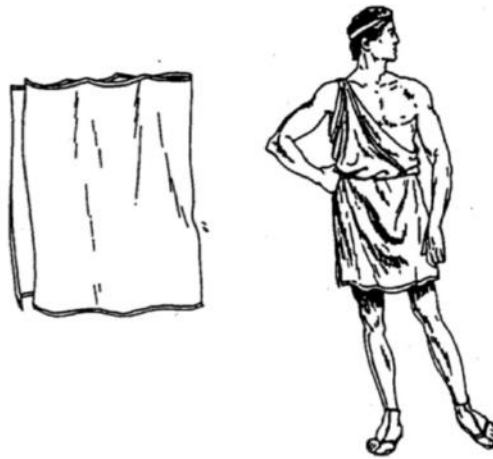


Figure 3.1.: Representation of male chiton and sandals worn by Ancient Greeks

Source: (The Hoplite Association, 2024)⁵³

The idea behind these garments was quite simple: minimal clothing to ensure maximal performance (Fit-with-Peter, 2023). Ancient Greeks set a trend for the following centuries with this statement ensuring light and loose-fit garments to enhance the beauty and athleticism of the human body. Indeed, these propositions were transferred later to Romans using *tunicas*⁵⁴ and *fascias*⁵⁵ during gladiator fights, like Greek garments. In fact, during these competitions, besides linen or wool garments, belts, and other

⁵² Chiton was a basic tunic used by both men and women made from one piece of fabric

⁵³ Figure 3.1. retrieved from The Hoplite Association website (<https://www.hoplites.org/basic-greek-clothing/>) (Last Consultation Date: April 13th, 2024)

⁵⁴ Tunica was a knee-length lightweight tunic used during gladiators fights or training sessions

⁵⁵ Fascia was a wide belt used to support lower back and abdominal region

accessories were added to the outfits in line with the military and practical culture of the time. The primary need for athletes and soldiers, at the time, was freedom of movement to guarantee practicality and performance during competitions and fights.

Figure 3.2. shows a soldier wearing a tunica during fights with ornamental elements such as a belt to hold tight the garments.



Figure 3.2.: *Illustration of a Roman soldier wearing a tunica*

Source: (The Romans in Britain, 2024)⁵⁶

This trend continued until the Middle Ages when the concept of sportswear started to evolve. A practical wardrobe became associated with outdoor activities evolving into a more sophisticated artistic expression during the Renaissance era afterward incorporating elements of style and decorations focused on aesthetics combining functionality and fashion. The suits of armor were shown during jousting tournaments disrupting the concept of sportswear no longer seen as practical and light but as something fashionable and noble (Fit-with-Peter, 2023).

Figure 3.3. illustrates the components of a suit of armor used during the 16th century by soldiers. Suits of armors during the Medieval period become a symbol of power and military and their function was not only protective but also ornamental. Different elements were inserted in the design and in the structure of the garments to show the faculty and the strength of the belonging lineage or reign.

⁵⁶ Figure 3.2. retrieved from The Romans in Britain website (https://www.romanobritain.org/8-military/mil_soldiers_tunica_php) (Last consultation date: April 13th, 2024)

This translated into heavy wearing which, on one side, enhanced the authority and dominance of the soldier or the court emissary and, on the other, limited movement and practicality.

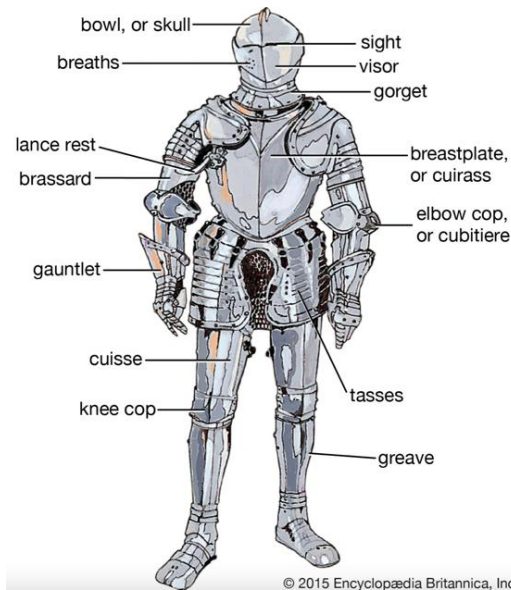


Figure 3.3.: *Illustration of the components of a suit of armor during Medieval Times*

Source: (Enciclopedia Britannica, 2024)⁵⁷

The concept of sportswear completely changed moving from simple, light garments that ensure freedom of movement and performance to heavy armor clothing that guarantees protection at the expense of practicality. However, sportswear was limited to men only also during this era until the 19th century, when during the Victorian era women's clothing was introduced in the sports field. As a sign of modesty and rebellion against cumbersome clothing, women began to wear bicycle bloomers and bustles (Fit-with-Peter, 2023). For the first time in history women were included in sports garments which at the time was a completely different concept as we know it nowadays. The concept of sports was limited to military and free time activities approached by the population as fun and outdoor activities but due to the reigning patriarchy was only limited to men. Women were supposed to wear corsets and bulky garments and represent the elegance and the etiquette of the period, but these garments started approaching practicality

⁵⁷ Figure 3.3. is retrieved from the Enciclopedia Britannica website (<https://www.britannica.com/topic/armour-protective-clothing#/media/1/35454/190236>) (Last consultation date: April 13th, 2024)

allowing freedom of movement without wardrobe malfunctions. Figure 3.4. presents an illustration of an American patent for women's bicycle bloomers under a divided skirt. These garments revolutionized the closed mindedness of the Victorian era ensuring a spot for women in sports which would later translate in a rising movement in the gender equality and women emancipation fights in the following century.



Figure 3.4.: *An American patent for bloomers*

Source: (Walford, 2021)⁵⁸

The involvement of women in sports became significant over time until the 20th century, when during the 1920s change was driven by the rise of sports such as tennis and golf and the advent of beach culture (Fit-with-Peter, 2023). Specifically, the world of fashion was mesmerized by the emerging figure of Coco Chanel⁵⁹, a young French designer who revolutionized the entire industry at the time expanding its impact also to sportswear. By mixing the concept of sportiness with elegance, Chanel was a pioneer in women's empowerment through feminine designs. This path was also followed by another

⁵⁸ Figure 3.4. is retrieved from Fashion History Museum website (<https://www.fashionhistorymuseum.com/post/the-bicycle-bloomer-brouhaha-of-the-1890s>) (Last consultation date: April 13th, 2025)

⁵⁹ Coco Chanel (1883-1971) was a French fashion designer who revolutionized the fashion industry with the concept of femininity.

designer, Elsa Schiaparelli⁶⁰, who first introduced the shocking pink color to the industry and with the 'pour le sport' (translated from French it means 'for sports') signboard of her boutique she showed her attitude towards sports (Natta, 2024). Nowadays both names are easily recognizable in the world of luxury and high fashion, but their initial brand identity was sports oriented.

Figure 3.5. show respectively Chanel's and Schiaparelli's collections from the 1930s specifically developed for sports.

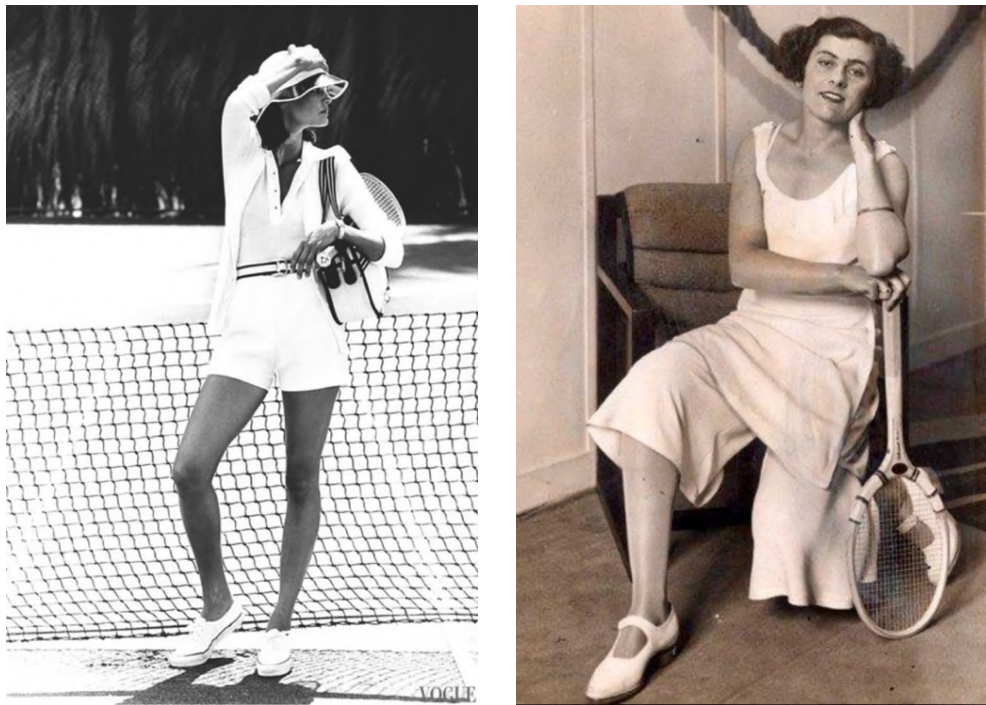


Figure 3.5.: Chanel's sports collection of 1931 on the left and Schiaparelli's tennis collection of 1931

Source: (Natta, 2024)⁶¹

Later, after World War II, through a series of technical and material innovations such as nylon and polyester the sportswear sector was once again revolutionized until the 1980s when the concept of sportswear became connected to style with neon elements, oversized outfits, and lots of accessories (Fit-with-Peter, 2023). The primary need for sportswear consumers became style more than performance at the time.

⁶⁰ Elsa Schiaparelli (1890 -1973) was an Italian fashion designer famous for its celebration of Surrealism and eccentric fashion sense.

⁶¹ Figure 3.5. is retrieved from Storia Sport 900 website (<https://storia-sport-900.webnode.it/moda/>) (Last consultation date: April 13th, 2024)

Sweatbands, headbands, and wristbands were frequently worn as accessories, adding to the athletic look. Sneakers became more than just footwear; they evolved into fashion statements with bright colors, velcro closures, and high-tops. During this period, big names, still leading the market today, like Adidas, Nike, and Puma emerged and dominated the industry.

Figure 3.6. illustrates a catalogue extract from Diadora's 1981 collection perfectly matching the aesthetics of the 1980s with vibrant colors and stylish accessories.

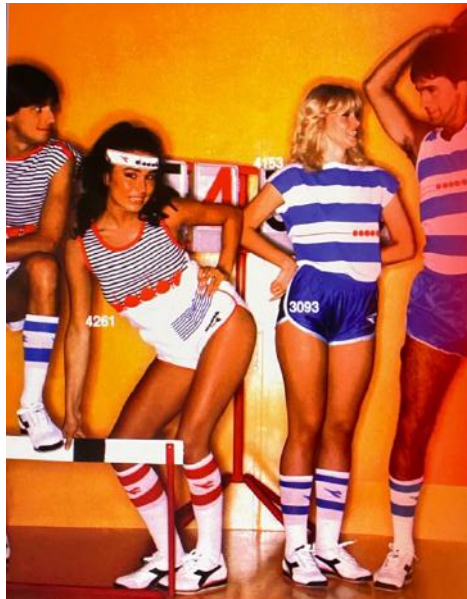


Figure 3.6.: *Catalogue extract from Diadora's 1981 sportswear collection*

Source: (Ormezzano, 2012)

The 1980s marked the beginning of a new era in the sportswear global market leading to modern activewear based on breathable and light materials allowing enhanced performance⁶².

It is observable that besides material advancements and innovations in the sportswear field, there is a parallel shift in its usage. This translates into new meanings supported by users during different eras which associated the product with the culture of the time spacing to opposite concepts from period to period.

⁶² This information is provided by Prima Sports website consulted on March 3rd 2024 (Prima Sports, 2023).

This leads to the modern global sportswear market with an overall value of \$ 194 billion in 2023 and a forecasted growth at \$ 306 billion by 2030 characterized by a CAGR⁶³ of 6,72%. The driving forces behind this impressive growth demonstrate the shift of the global population towards a healthier and more active lifestyle and can be defined as follows:

- Increasing engagement in health and fitness activities driven by health consciousness in consumer behavior leading towards an introduction of an active regime in the daily routine;
- Technological advancements enhancing performance and experience;
- The advent of athleisure as a fusion of athletics and leisurewear represents a revolution in the perception of sportswear not only as a specific sports clothing but as the willingness of the consumers to complement their active living in daily activities (Medium, 2023).

The market does not present geographical borders being present on a global scale with North America currently holding the largest market share⁶⁴ followed by Europe and Asia-Pacific. South America, Middle East, Africa, and Asia-Pacific regions are the fastest-growing (Fortune Business Insights, 2023).

The industry operates in different categories with sports apparel, footwear, and accessories being at the top of the industry sales charts. Respectively they are subsequently subdivided according to seasonality, type of sport, or lifestyle activity based on the business models operated by organizations.

Figure 3.7. illustrates the relation between sportswear pieces and type of physical or sports activity.

This clusterization is widely adopted by major players in the industry and serves as a specialization identifier of a brand in terms of sales performance and innovation investment.

⁶³ Compound annual growth rate (CAGR) represents the mean annual growth rate of an investment over a specified period longer than one year. It is one of the most accurate tools to calculate returns for investment portfolios-by providing what and investment yields on an annually compounded basis. The formula is defined as the nth root of the total return where n is the number of years you held the investment (definition provided by Investopedia website consulted on March 3rd, 2024) (Wayman, 2023).

⁶⁴ Market share is the percentage of total sales of an industry generated by a particular company or region (Hayes, 2022).

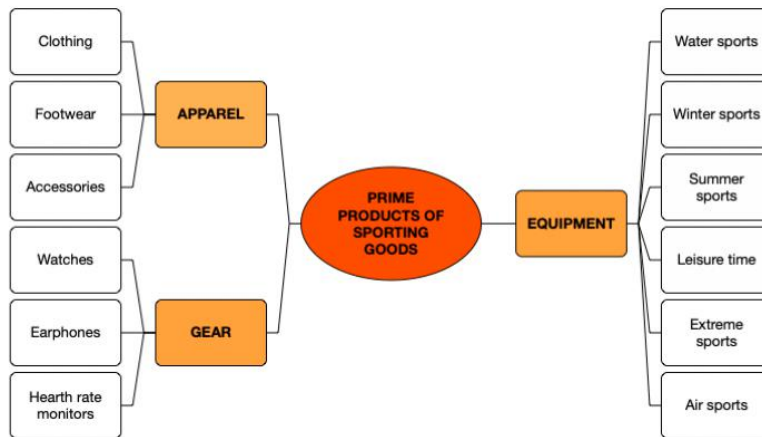


Figure 3.7.: Diagram illustrating the relation between sportswear pieces and sports activity

Source: (Lestan, 2021)

As shown in Figure 3.7., the relation between sportswear pieces and the type of physical activity is characterized by several categories divided into two macro-categories: apparel grouping clothing, footwear, and accessories, and gear representing watches, earphones, and heart rate monitors. In particular, the object of this dissertation, Diadora, operates in the apparel category with a specialization in footwear offered in different activities from sports to safety.

Indeed, Figure 3.8. below explains graphically the evolution of the industry based on 2021 FY values divided by category (footwear, apparel, and wearable accessories) projected until 2028 with footwear being the largest segment forecasted for the next five years.

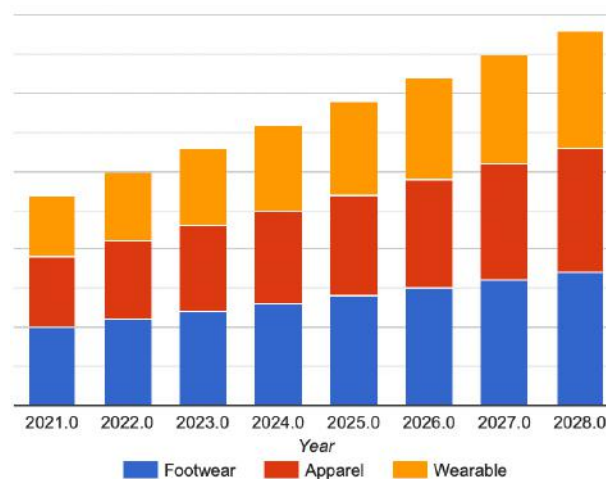


Figure 3.8: Global Sportswear Market

Source: (Skyquestt, 2024) ⁶⁵

The segmentation of the market demonstrates the focus on footwear with an indistinguishable interest in innovation. Indeed, within contemporary industrial landscapes, there exists a discernible trend among key market protagonists characterized by not only engaging in fierce competition but also actively fostering synergies between sustainable development objectives and pioneering technological advancements to reach success and profitability.

The industry leaders, by following this strategic convergence towards sustainability and innovation, are becoming global cultural figures establishing a trend with a worldwide resonance. Brands such as Nike Inc.⁶⁶, Adidas AG⁶⁷, Puma SE⁶⁸, and Under Armour Inc.⁶⁹ are easily recognizable marques with impressive brand awareness referring to an informed consumer about the company and the functional, situational, and symbolic characteristics, price, quality, performance, and advertising characteristics stimulating top-of-mind awareness (De Pelsmacker, Geuens, & Van Den Bergh, 2013).

So, the question naturally arises, what is the key to this success?

An analysis of the trends dominating the industry will help us detect the factors fostering market growth.

Starting from consumer behavior it is possible to state, in line with the first megatrend, digitization, firstly online shopping preferences characterized by a raise after the COVID-19⁷⁰ pandemic reached record numbers in 2020 shifting the consumer towards a digital approach without being forced to visit physical stores (Lestan, 2021). Then, the attention of the consumers toward quality and the emotional value or meaning transmitted by the

⁶⁵ Figure 3.8. is retrieved from Skyquestt website (<https://www.skyquestt.com/report/sportswear-market>) (Last Consultation Date: February 29th, 2024)

⁶⁶ Nike Inc. is a multinational sportswear corporation founded in 1967 in Oregon, USA, known as the largest seller of athletic footwear and apparel globally (Mark Parker, 2017)

⁶⁷ Adidas AG is a multinational organization founded in 1924 in Bavaria, Germany with the mission to provide athletes with the best possible equipment. (adidas, 2024)

⁶⁸ Puma SE is an international company founded in 1948 in Bavaria, Germany based on the very values that make an excellent athlete (Puma, 2024).

⁶⁹ Under Armour Inc. is a multinational US corporation founded in 1996 aimed at product innovations and ground-breaking campaigns (Under Armour, 2024).

⁷⁰COVID-19 is an infectious disease caused by the SARS-CoV-2 virus causing respiratory illness (WHO, 2024).

sportswear piece is essential nowadays for brand growth. But how is meaning transmitted to the consumer?

Postmodern consumers associate meaning with different elements of the product questioning how they will improve their well-being, comfort, and living conditions (Hamouda, 2012). Therefore, the consumers' attitude shifting towards sustainability, another global megatrend, has led organizations to invest more in innovation contributing to technological advancements in the sector nurturing digitization on one side and customer satisfaction on the other.

However, the uncontrollable growth of the industry leading to market expansion and global reach comes with challenges. Indeed, like the luxury industry⁷¹, the presence of counterfeit products⁷² threatens the economic stability of the market and the brand integrity of the underlying companies (Medium, 2023).

In addition to this threat, according to Porter's Five Forces⁷³ model, evidence suggests that as for the threat of new entrants, the market is characterized by large organizations hindering the entrance of new industry players. A company that aims to make a debut in the market could do it through innovative and disruptive ideas with considerable financial aid. About the threat of substitutes, customers can easily switch from one brand to the other without experiencing remarkable price changes since each sportswear clothing or shoe is specially designed for a particular sports activity with defined technical characteristics aimed at boosting performance. As regards the bargaining power of buyers, indeed, evidence suggests that the brand switching of consumers doesn't translate into quality improvement or a better value-for-money ratio. Considering the bargaining power of suppliers, on the other side, the sportswear industry is characterized by a plenitude of suppliers with low bargaining power mainly located in underdeveloped countries allowing key players to reach economies of scale. Finally, concerning

⁷¹ The luxury industry can be defined as the "trade of premium goods sold at premium prices in premium stores" (Kapferer & Michaut, 2016).

⁷² Counterfeit products are defined as the unauthorized representations of a registered trademark carried on goods identical or similar to goods for which the trademark is registered, with a view to deceiving the purchaser into believing that he/she is buying the original goods (World Trade Organization, 2024).

⁷³ Michael Porter's Five-Force analysis introduced in 1979 is a tool used by strategic analyst to investigate an industry. It consists of 5 forces: competition rivalry, the potential for new entrants, the negotiating power of suppliers, the bargaining power of customers, and the ability of customers to find substitutes (Gratton, 2024).

competitive rivalry, it can be argued that the sector is marked by a high level of competition, specifically for top players, with conspicuous investments in R&D and marketing to maintain leadership positions (Kasi, 2022).

These factors, combined with international production, trade, and investments are growingly arranged within global value chains (GVCs) which consist of optimized production processes through different production sites located across different countries through **outsourcing**⁷⁴ and **offshoring**⁷⁵ activities (OECD, 2024). In the matter of Diadora, the company is sectorally positioned in the footwear Sportsystem district of Montebelluna, one of the Italian industrial districts located in Veneto.

Studies demonstrate that the capacity of the latter to compete in global markets is determined by their position in global value chains. In the next subchapter, an investigation of the Venetian footwear district will be conducted to provide more contextual evidence for a detailed examination of the case.

⁷⁴ Outsourcing can be defined as the business practice of hiring a party external to the company for the production of products traditionally performed in-house (Twin, 2024).

⁷⁵ Offshoring is the moving of production activities in a different geographical area, typically in developing countries, aimed at reducing production costs to improve competitiveness and profitability (Webb, 2017)

3.2. The Sportsystem District Of Asolo And Montebelluna : A Pioneer In Footwear Innovation

The Asolo and Montebelluna Sportsystem district is located in the northeast of Italy in the province of Treviso expanding to 335 km² in 16 municipalities (Fondazione Sportsystem, 2024). Figure 3.9. shows the area in which the district operates manufacturing and headquarters activities nowadays.

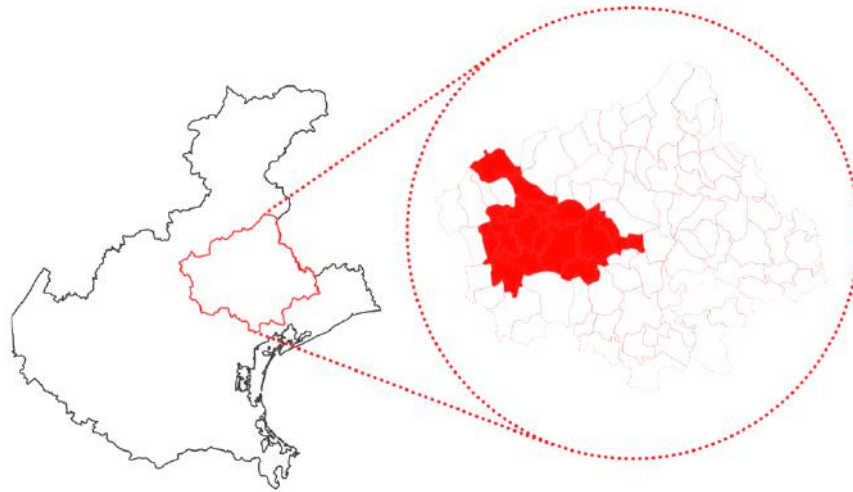


Figure 3.9.: *Sportsystem district geographical area*

Source: (Fondazione Sportsystem, 2024)⁷⁶

Dating back to the early 19th century, the Asolo and Montebelluna Sportsystem district initially started with the production of leather mountain and work boots before transitioning to ski boots in the 20th century. Through a visit to the Fondazione Sportsystem Museum and an interview to the curator of the museum, the historical evolution of the district with respect to innovation is reconstructed in this paragraph, supported by the reading *Local Clusters in Global Value Chains: Linking Actors and Territories Through Manufacturing and Innovation* published by De Marchi, Gereffi and Grandinetti in 2017. The first historical findings of the industry are associated to the first written document certifying the presence of shoemakers in the area, especially in Montebelluna, which represented the commercial hub of the region. The document dates back to 1808 and demonstrates the presence of 10 shoemakers who were paying taxes to the Montebelluna municipality and is now exposed in the Fondazione Sportsystem

⁷⁶ Figure 3.9. is retrieved from Fondazione Sportsystem website (<https://fondazionesportsystem.com/distretto/>) (Last Consultation Date: April 15th, 2024)

Museum in Montebelluna. Figure 3.10. shows the document with the first certified shoemakers in the area. However, the dimension of the initial industry remains unknown, but it is estimated that each shoemaker was supported by one or two assistants or apprentices (Fondazione Sportssystem Museum, 2024).



Figure 3.10: First public document certifying the presence of shoemakers in Montebelluna

Source: (Asani, 2024)⁷⁷

Over the next decades, the footwear circle expanded, counting 55 shoemakers specialized in work and casual shoes in 1873. Footwear at the time was characterized by wooden soles, leather uppers and spikes with an affordable price. First innovation efforts can be observed at the beginning of the 20th century when companies such as Dolomite⁷⁸, have been founded specializing in the footwear production and commercialization with their disruptive soles made by stitched layers of leather and homogeneous and standardized spikes. The relation to sportswear began with snowshoes and military footwear during World War I despite the limitation of innovation during that era (Fondazione Sportssystem Museum, 2024).Figure 3.11. shows military footwear on the right in the 1900s manufactured in the Asolo and Montebelluna district.

⁷⁷ This picture was taken inside the Fondazione Sportssystem Museum during the interview with the curator.

⁷⁸ Dolomite has been founded in 1897 by the 17-years old Giuseppe Garbuio as “Fabbrica Scarpe Montello” and is now one of the leaders in mountain footwear thanks to its reputation and history. This information is retrieved from Dolomite website (<https://www.dolomite.it/it/it/company/history>) (Last Consultation Date: May, 13th, 2024) (Dolomite, 2024)



Figure 3.11.: *Military objects of World War I in the 1900s*

Source: (Asani, 2024)⁷⁹

Until the 1930s, the majority of products were handmade since machineries required an initial monetary investment and each piece was unique and customized to customers' needs. Later, the introduction of vulcanized rubber soles was possible thanks to partnerships with the Italian manufacturer Vibram (Fondazione Sportsystem Museum, 2024).. Figure 3.12. shows a 1938 model with Vibram sole produced by a local company operating in the district.



Figure 3.12.: *A Vibram sole in a 1938 model produced by a local company*

Source: (Asani, 2024)⁸⁰

Vibram⁸¹ patented its sole in 1937 and local companies immediately caught the opportunity to partner with the brand embedding innovation in footwear which is, in fact, still present in the district nowadays (Fondazione Sportsystem Museum, 2024).

⁷⁹ This picture was taken inside the Fondazione Sportsystem Museum during the interview with the curator.

⁸⁰ This picture was taken inside the Fondazione Sportsystem Museum during the interview with the curator.

⁸¹Vibram is an Italian company founded by Vitale Bramani in 1937 specialized in footwear sole manufacturing. This information is retrieved from Vibram's website (https://www.vibram.com/it/brand/br_history.html) (Last Consultation Date: May 13th, 2024) (Vibram, 2024)

Diversification started between the 1930s and the 1940s when the first ski boot models appeared with a hybrid function driven by design being both a casual mountain shoe and a ski sports model at the same time. During the 1950s production boosted due to the contextual Italian economic boom and ski footwear manufacturing became the specialization of the district when expensive models characterized by high quality materials became mainstream. Thanks to different technological advancements brought by local companies, production boosted in the mid-1960s moving the district to a worldwide leadership (Fondazione Sportsystem Museum, 2024). At the time, the manufacturing area included 27 municipalities (Fondazione Sportsystem, 2024). Ski footwear was revolutionized by substituting laces with metal hooks which became quickly popular among target audiences. Figure 3.13. shows respectively the passage from the lace model by Dolomite (1950s - on the left) to the metal hook model by Sidi Sport⁸² (1970s - on the right). This innovation not only changed the footwear concept aesthetically but also allowed experimentations towards ease of movement and optimized performance.



Figure 3.13.: Dolomite's lace model on the left and Sidi Sport's model metal hook model on the right

Source: (Asani, 2024)⁸³

Both models are now exhibited at the Fondazione Sportsystem Museum and represent the first product innovation in sportswear faced by the district which will later transition to a multisport footwear manufacturer renowned worldwide. To mention another important revolution brought by the district, starting in the early 1970s, local companies

⁸² Sidi Sport is an Italian footwear company located in the Asolo and Montebelluna footwear district now specialized in the production of cycling and motorcycling footwear. This information is retrieved from Sidi Sport website (<https://www.sidi.com/it/content/41-made-to-progress>) (Last Consultation Date: May 13th, 2024) (Sidi Sport, 2024)

⁸³ This picture was taken inside the Fondazione Sportsystem Museum during the interview with the curator.

started injecting polyurethane melted grains into the molds revolutionizing again the concept of skiboot which translated into lightweight and comfortable boots (Fondazione Sportsystem Museum, 2024).

Over the decades, the Italian district experienced constant evolution expanding its mountain footwear specialization to other sports, motorcycle, and skateboard to fight international competition. Cycling, tennis, soccer shoes revolutionized the industrial district differentiating it from its initial work and mountain footwear specialization by continuously introducing novelty and shifting product mix of local companies. The trend continued until the 2000s when the increase in the production of casual shoes and sneakers dominated the industry led by Geox⁸⁴, which is now the largest company by representing 33,4% of the district's total turnover (De Marchi, Gereffi, & Grandinetti, 2017).

The strengths of the Sportsystem district are embedded in several types of diversification strategies which can come from users, products, or technology. In addition to this, the offshoring of manufacturing activities combined with the development of global supply chains led to the growth of some companies, like Diadora, which now present global recognition in the worldwide sportswear business as leading medium-sized companies counting on knowledge, innovation, and quality capabilities (De Marchi, Gereffi, & Grandinetti, 2017). The district quickly became a hub for innovation and *know-how*⁸⁵ attracting top industry players like Nike, Inc. or Adidas AG which settled in R&D labs for some years to learn about specific manufacturing capabilities in the 2000s and are still counting on the district's expertise by hiring experts in their central headquarters offices (De Marchi, Gereffi, & Grandinetti, 2017).

Nowadays, the Venetian district mostly specializes in the manufacturing of some footwear components, mainly **uppers**⁸⁶, with delocalized activities in the Far East⁸⁷ or the

⁸⁴ Geox SpA is an Italian footwear and apparel company founded in 1995 in Montebelluna with the innovative idea that aims to ensure quality and well-being through footwear transpiration and breathability (Geox SpA, 2024)

⁸⁵ Know-how is a term indicating "knowledge of how to do something smoothly and efficiently" (Merriam-Webster, 2024)

⁸⁶ The upper is a footwear part that is above the sole (European Commission, 2024).

⁸⁷ Far East is a term referring to the countries of eastern and southeastern Asia (China, Japan, North Korea, South Korea, and Vietnam) (Merriam-Webster, 2024)

Timisoara region in Romania guided by local managers below the directions of the headquarters. (De Marchi, Gereffi, & Grandinetti, 2017).

Figure 3.14. exhibits product innovation in terms of uppers led by Centro Ricerche Diadora, the innovation hub of the organization which now leverages innovation strategies on these parts.



Figure 3.14.: *Diadora's innovative shoe uppers*

Source: (Ormezzano, 2012)

The district, at the end of 2021, counted on more than 2.600 *local units*⁸⁸ in the territory which employed almost 15.000 workers⁸⁹. Among top players, besides Geox holding the top spot we can identify Lotto Sport Italia SpA⁹⁰, Calzaturificio Scarpa⁹¹ (mostly specialized in the production of mountain boots), and Diadora SpA.

The spectrum of operative activities changed in the last decades and has evolved focusing on numerous pursuits of different dimensions and nature belonging to one single entity.

⁸⁸ A local unit is an enterprise or a part of it situated in a geographically identified place (European Commission, 2024)

⁸⁹ These data are originated from a report published by Camera di Commercio Treviso – Belluno | Dolomiti in 2022 last consulted on March 30th, 2024, at the website of Camera di Commercio Treviso – Belluno | Dolomiti, 2022:

https://tb.camcom.gov.it/uploads/SST/pdf/Economia_Territorio/2022_Il_distretto_dello_Sportsystem.pdf (Camera di Commercio Treviso - Belluno | Dolomiti, 2022).

⁹⁰ Lotto Sport Italia SpA is an Italian company founded in 1973 in the footwear district of Montebelluna specializing in the production for sports footwear (Lotto Sport Italia SpA, 2024).

⁹¹ Calzaturificio S.C.A.R.P.A. is an Italian company founded in Asolo in 1938 specialized in the production of mountain boots and hiking shoes (SCARPA, 2024)

In the district, it is possible to find:

- equipment, types of machinery, molds, apparel, and footwear manufacturers;
- printers and design studios;
- cultural institutions and business associations;
- business incubators;
- tanneries, die-cutting factories, mold factories, and serif typographies (Fondazione Sportsystem, 2024).

The manufacturing activities are mainly concentrated on ski boots, trekking, and climbing shoes, safety and work shoes, tennis and soccer footwear, sneakers and sportswear, and lifestyle apparel and accessories. (Fondazione Sportsystem, 2024).

The district declares 622 companies operating in its area with a total turnover of 2,8 billion euros in 2021 (representing 35,5% of total production in the area) employing almost 8.000 workers (Fondazione Sportsystem, 2024).

In the following paragraph, the Diadora SpA phenomenon will be addressed in detail.

3.3. Diadora SpA

This paragraph aims to understand Diadora's core business through its history, its vision and mission, and its organizational structure to better investigate our search for innovation and sustainability in the sportswear sector.

3.3.1. History

«Diadora è una scarpa comunque diversa, speciale, che non contiene tanto sogni antichi, quanto ne produce di nuovi: sogni sportivi, di vittoria» (Ormezzano, 2012, p. 86)

(Diadora's shoes are different and special that do not carry ancient dreams but produce new ones: winning sports dreams) (author's own translation)

states Gian Paolo Ormezzano in the book *Scarpe Diem* dedicated by Diego Danieli to his father Marcello Danieli, founder of the company.

Diadora, coming from the Greek *dia-dora* which means "to share gifts and honors"⁹² and from the ancient name of Zadar⁹³, was founded in Caerano di San Marco in 1948 by Marcello Danieli with his wife and a partner, Rinaldo Menegon (Made in Heritage, 2023), as an artisan workshop specialized in the production of hiking and mountain boots which will soon establish as the best mountain and work boots on the market (Diadora, 2024). In the 1960s, despite the business expansion the company experienced some market complications and Danieli decided to liquidate his partner and establish Calzaturificio Diadora in 1967 (Made in Heritage, 2023).

The company moved the manufacturing to sports excelling in high quality and avant-garde solutions becoming the first Italian company to undertake captivating sports champions as brand testimonials as a way to fill the seasonal void in the cyclicity of the industry. During this time, the company's production spaced from competitive to leisure activities sportswear (Diadora, 2024).

⁹² This definition is provided by the Company Welcome Kit distributed internally to employees (Diadora, 2022).

⁹³ Diadora represents the ancient name of the Croatian city, Zadar, where the founder Marcello Danieli was born and from where he was forced to flee to Italy (Ormezzano, 2012)

Later, during the 1980s, the business expanded becoming the first brand in international competitions collaborating with world-class champions which helped the Italian company to gain global visibility. The creation of Diadora's research center (*Centro Ricerche Diadora*) was the turning point: highly skilled personnel and doctors specialized in orthopedics and bioengineering turned innovation into a competitive advantage against competitors fostering growth and establishment of the organization in the global sports market. Figure 3.15. shows the shoes exposed at the Fondazione Sportsystem Museum worn respectively by Stefano Mei during his gold medal in the 10000-meter race⁹⁴ (on the left) and by Gabriella Dorio during her triumphant gold medal in the 1500-meter race at the Olympic Games in Los Angeles, USA⁹⁵ (on the right) (Fondazione Sportsystem, 2024).



Figure 3.15.: *Mei's and Dorio's winning shoes*

Source: (Asani, 2024)⁹⁶

Contributing to this advertising strategy, brand testimonials were extended to other sports such as soccer, when, during the 1990s, Roberto Baggio⁹⁷ was one of the major

⁹⁴ This information is retrieved from the "PODIO INTERNAZIONALE DAL 1908 AL 2008 - UOMINI" report (http://www.sportolimpico.it/dmdocuments/MEDAGLIE_U_1908_2008.pdf) (Last Consultation Date: May 14th, 2024) (SportOlimpico, 2008)

⁹⁵ This information is retrieved from the "PODIO INTERNAZIONALE DAL 1908 AL 2008 - DONNE" report (<http://www.sportolimpico.it/dmdocuments/MEDAGLIE-D-1908-2008.pdf>) (Last Consultation Date: May 14th, 2024) (SportOlimpico, 2008)

⁹⁶ This picture was taken inside the Fondazione Sportsystem Museum during the interview with the curator.

⁹⁷ Roberto Baggio is considered as one of the most influential and performing soccer players in Italy thanks to its career in different teams such as Fiorentina, Juventus, Milan, Inter, Bologna and Brescia. This information is retrieved from FIGC (Federazione Italian Giuoco Calcio) Website

exponents. Then, the company decided to retrieve the manufacturing of work and safety shoes creating Diadora Utility attaching to its roots with its experience as a mountain boots manufacturer and leveraging on the expertise gained in the sportswear market in 1998.

In the same year, Invicta, an outdoor sportswear and equipment Italian company based in Turin, acquired Diadora and maintained its headquarters in Caerano di San Marco until 2009 when Diadora SpA reached an agreement with Geox's founder and chairman, who acquired the organization's assets through the familiar investment's arm, LIR (Fan Obchod, 2024).

During the 2000s, Diadora continued the expansion of its product portfolio introducing the Heritage line representing a mixture of sportswear and fashion (Diadora, 2024).

Over the years, the company grew gradually staying true to its roots in a competitive industrial district made up of hundreds of firms. The "made in Italy" concept was, is, and will be one of the key elements of the brand and despite the decentralization of the production to Eastern European countries or Asia, the Italian craftsmanship is still embedded in the brand identity.

From the first substantial production of 15.000 pairs and a turnover of 40 billion Italian liras (20,7 million euros) in 1960, the company reached 7.500.000 pairs production and 550 billion Italian liras (284 million euros) in 1997 (Ormezzano, 2012).

Nowadays the company operates internationally with a centralized control from the headquarters based in Caerano di San Marco, Italy, and a US branch in Philadelphia, United States.

3.3.2. The Brand

Since its birth, the brand has undergone significant developments over time while staying true to its roots at the same time.

Some of the essential principles of the brand are the share of success, team spirit, and respect in sporting competitions (Diadora, 2022) represented by an iconic frieze resembling the artisan roots of the company as an open and stylized upper.

(<https://www.figc.it/it/museo-del-calcio/hall-of-fame/le-stelle/roberto-baggio/>) (Last Consultation Date: May 14th, 2024) (Federazione Italiana Giuoco Calcio, 2024)

Indeed, in the 1970s, once the name had been chosen, a logo for the brand was still missing and an employee with a creative mindset ideated the logo, a frieze («a winged arrow »⁹⁸ resembling a bird that spreads its wings (Made in Heritage, 2023) which will soon become an icon in the sports industry. Figure 3.16. shows the evolution of the logo starting from 1948, the year in which the company has been founded to the switch in 2013 which led the current brand graphics⁹⁹. It is observable that the winged arrow has remained almost untouched, except from the V-like shape on the novel design better resembling a bird's silhouette. The company's name graphics have been changed from an uppercase and heavy sans-serif typeface to a modernized lowercase rounded letters which is instantly recognizable and represents a synonym of heritage and creativity.



Figure 3.16.: *Evolution of Diadora's logo overtime*

Source: (1000 Logos, 2022)¹⁰⁰

With the «al servizio degli atleti» (at the service of athletes) (author's own translation) (Diadora, 2024) statement, the brand claims its sports orientation involving a community spacing from Olympic champions to everyday runners (Diadora, 2024). Diadora was one of the pioneers in athletes' endorsement in the sportswear industry starting from the 1980s when Italy won several gold medals in worldwide and European championships. This leveraged the brand to a performing, high quality and legacy image which is essential for top-of-mind brand awareness.

⁹⁸This quote is retrieved from the Made In Heritage website (<https://madeinheritage.com/post-social/lheritage-di-diadora#:~:text=Diadora%20nasce%20nel%201948%2C%20molto,distretti%20della%20scarpa%20del%20mondo.>) (Last Consultation Date: May 25th, 2024) (Made in Heritage, 2023)

⁹⁹ This information is retrieved from 1000 Logos website (<https://1000logos.net/diadora-logo/>) (Last Consultation Date: May 14th, 2024) (1000 Logos, 2022)

¹⁰⁰ Figure 3.16. is retrieved from 1000 Logos website (<https://1000logos.net/diadora-logo/>) (Last Consultation Date: May 14th, 2024) (1000 Logos, 2022)

This is accompanied by a devoted attention to sustainability and innovation trying to provide elevated performance standards combined with the responsible management of limited resources and environment through sustainable materials.

The slogan «Premium Italian Sport» (Diadora, 2024) represents, indeed, the sports DNA of the organization characterized by Italian authentic craftsmanship indicating style and quality in each collection (Diadora, 2024). The Chairman of the company, E.M.P., highlights the importance of innovation from both a differential point of view with respect to competitors and from a consumers' point of view as a solution finder to sportsmen's needs and problems. Indeed, he states that

«innovation is not only seen as a source of incremental value in terms of turnover but also as a return in terms of brand perception» (Diadora, 2024).

This vision is also shared by the R&D and Quality Director, M.R., who guides the innovation process in Centro Ricerche Diadora in collaboration with the Chief Executive Officer and marketing, product creation, sustainability, and merchandising executives. Innovation is common among competitors operating in sportswear but consumers' knowledge about the topic is limited. Diadora invests in communicating and transmitting the innovative brand perception through its platforms and specialized stakeholders such as expert retailers and clients. Secondly, it is useful to adopt marketing strategies such as celebration events which aid the brand to communicate its core values to different target audiences, whether online and offline direct customers and B2B clients.

Diadora is a legendary organization present for more than 70 years in the market and its brand represents years of triumphant moments for the Italian sports scene, legacy in craftsmanship certifying the quality of the products and innovation efforts pushing creative and performance boundaries and marketing communications must include all these elements in the generation of disruptive targeted strategies through authenticity.

Diadora is now based on three main pillars:

- **technological innovation** which represents the company's efforts in pushing athletic performance through collaboration with athletes and academic institutions;
- **made in Italy**, which as part of the brand identity serves as a tool to foster Italian craftsmanship and authenticity;

- and **sustainability** which projects the company in the future by nurturing product awareness through innovation (Diadora, 2024).

In the next paragraph, the organizational culture will be addressed to contextualize better this pillars in the corporate setting.

3.3.3. The Organization And The Culture

The company now has its headquarters in Caerano di San Marco, Italy with 270 employees distributed globally directed by the owner and president of the company, and the CEO, with an HQ population counting 190 employees and a US branch counting almost 15 workers in Philadelphia, US under the supervision of a local CEO¹⁰¹.

From its foundation in 1948, the company has overcome significant changes in terms of organizational structure and human resources management.

From its all-time high in 1997, the company readapted radically moving from a labor force counting 650 employees to an externalized production guided by a central headquarters with highly skilled white-collar personnel and a compact manufacturing workshop counting 8 employees. The limited size allows the company to be reactive to ever-changing market dynamics where design, research and development, and production are all available in the same building where the major distance between each of them takes 100 steps.

Nowadays, with a centralized structure, the company, defined as a small and medium enterprise (SME)¹⁰² is divided into two major business units: the sports & lifestyle business characterized by different categories, and the safety unit defined by the brand Diadora Utility. Both are coordinated by the Chairman and the CEO, in collaboration with the executive leadership managing the respective operations, sales, finance, legal, marketing, R&D, design, and IT teams.

Focusing on organizational culture, it is important to state that each employee, at the beginning of his/her professional experience in Diadora, is provided with a Welcome Kit

¹⁰¹ This information is provided by internal organizational structure provided by Diadora and last consulted on March 30th, 2024, (Diadora's Organizational Structure, 2024).

¹⁰² A small-and-medium (SME) enterprise is any entity engaged in an economic activity considered so on different factors regarding staff headcount (lower than 250) and either turnover (lower than 50 million euros) or balance sheet total (lower than 43 million euros) (European Commission, 2024)

including a manual providing the main information about the company, its organizational structure and culture. The Group HR Director, asserts that

«nowadays there is a paradigm shift: the company does not choose the candidate but it's the candidate that chooses the company in the modern society» (Diadora, 2024).

The company's values are defined as follows: «the company's DNA: sports, our heart, and our soul» and consist of innovation, authenticity, craftsmanship, sports, and sustainability in line with the messages transmitted by the brand. Workers are now interested in what companies offer in terms of welfare translating into work-life balance, well-being, and people development activities (Diadora, 2024). This is why the company promoted different initiatives over the years. From sustainability themes and ethical issues to team building and employer branding activities, the company constantly attracts young talents and highly skilled industry professionals. The company dimensions allow each member to be valued and be an active part of the creative and innovative process of the organization.

Indeed, concentrating on sustainability, the headquarters are particularly sensitive to this issue. Through stimulating and inspiring guidance towards responsible innovation, the HQ reduced its environmental impact with the collaboration of all employees and reached high sustainability standards.

However, in addition to this, sustainability is also a matter of human resources management and Diadora, with its flexible worktime, an HQ gym, hybrid working and a company entity (Polisportiva Diadora) organizing sports and team building events for the HQ employees, is very attentive to work-life balance and tries to create a healthy and pleasant working environment where each member is valued. With different partnerships, the company created a vast network involving numerous convenient agreements for self-care and family activities and time-saving opportunities including personal services such as car wash, post service, laundry, and a nursery school for infants. Furthermore, thanks to collaborations with local cooperatives, the HR department organizes several "learning breaks" offering training modules for all the employees.

With its wide welfare package, talent attraction comes naturally and helps the creation of a young and stimulating working environment essential for being successful in a dynamic

industry such as sportswear. Moreover, innovation is nurtured in a business context where the product creation area is connected to the research and development department allowing fluidity and efficiency in innovation management approaches.

3.3.4 A Unique Innovation Hub: *Centro Ricerche Diadora*

The heart of the innovation of the company lies in *Centro Ricerche Diadora*, established in the 1980s from the idea of Diego Danieli, son of Marcello and Diadora's production manager as a need to refine and upgrade the performance of sports shoes. Not only limited to ergonomics, *Centro Ricerche Diadora* also initiated a partnership with Centro Don Gnocchi di Milano combining bioengineering with the latest technological evolutions resulting in extraordinary achievements in the sports world. (Ormezzano, 2012)

Thanks to this internal research center, Diadora managed to pioneer radical innovations in the sports footwear industry establishing technologies such as **Impact Control**, a customized calibration system with variable and modular density able to optimize the feet, shoe, and sole impact (Ormezzano, 2012). This will lead to numerous exclusive sports patents in every competitive sector.

In addition to this, Diadora's Chief Operating Officer, L.G., states that the importance of translating prototypes into large-scale products lies in the selection of organizationally and culturally specialized suppliers able to support Diadora in the most innovative and performing projects (Diadora, 2024).

Over the years, in Diadora, the concept of innovation has changed, and while once it was more focused on smart and technological innovations in terms of technical tools and instruments it was redefined more on consumers' needs focused on products (Diadora, 2024)¹⁰³ The objective of innovation in Diadora elevates the role of the athlete by providing the most performing and customized product for the individual. After the partnerships with Milan's polytechnical and bioengineering universities in the 1980s, *Centro Ricerche Diadora* froze external collaborations from 2009 to 2020 until the partnership with Instituto de Biomecànica de Valencia started with the primary objective in the development of novel products to be launched in the market. Later, a collaboration with the University of Washington School of Medicine was signed with a more academic

¹⁰³ This information comes from an interview with R&D and Quality Director, M.R. done on March 18th, 2024.

approach aimed at products and materials research in the industry. Over the years, the company has established different collaborations with other Italian universities and institutions, such as Padua University, Turin University, and Foro Italico di Roma. However, only the relationships with Instituto de Biomecànica de Valencia and the University of Washington School of Medicine are active nowadays due to their support not only in the research field but also in practical applications of findings.

The Chairman, E.M.P., remarks that

«the relaunch of the internal research center and its collaboration with external institutions was necessary to reinforce the sports identity of the brand which requires constant innovation in terms of product performance» (Diadora, 2024).

Located 50 feet away from the production hub (*manovia*¹⁰⁴) and 30 feet away from product creation, Centro Ricerche Diadora is now a fundamental asset where innovation happens.

Indeed, the Centro Ricerche Diadora is based on three objectives in terms of product both for the sportswear and safety businesses:

- Lightness: a lightweight shoe allows athletes and workers to boost their performance and save energy at the same time;
- Cushioning: a comfortable shoe permits improvements in sports competitions enhancing body and postural benefits;
- Breathability: for both workers and sportsmen this element is fundamental because it reduces foot fatigue and heaviness (Diadora, 2024).

The previous three pillars are discussed in two major annual meetings called **Innovation Reviews** where different functional areas merge their visions and ideas in order to discuss major projects and incumbent technologies. These meetings involve marketing & sportmarketing, product creation, sustainability, and merchandising executives guided by the General Manager and the R&D and Quality Department in the envisioning of novel and disruptive ideas in the industry. The first meeting is held in February where employees discuss core ideas in a long-time horizon (three to five years) and update on it during the

¹⁰⁴ Manovia is a machine used in the footwear industry allowing simplification in hemming and assembly activities (definition provided by the website Artigiano in Fiera) (Artigiano in Fiera, 2024).

second meeting held in July. This process allows the company to restrict the creative and innovative circle to highly skilled professionals and avoid overcrowding of ideas where patents and ideas are being selected at a directional level. The prioritization of projects and capsules avoids the overlapping of counter ideas and permits constant innovative initiatives seasonally while concentrating brainstorming sessions on more out-of-the-box concepts in the long-term horizon. In this way, the radical innovation processes aimed at revolutionizing the sportswear market are complemented with improvements and fine-tuning approaches to existing products allowing continuous upgrades and granting competitive advantage concerning competitors (Diadora, Interview to the R&D and Quality Director, 2024). Criticism is fundamental during this step since innovation cannot emerge if a discussion of existing products is not put in place. The R&D and Quality Director asserts that

«it is correct to question things because products can always be improved: if everything is going well, you should ask yourself some questions» (Diadora, 2024).

Adopting a Deming (PDCA)¹⁰⁵ cycle approach, the R&D and Quality department goes through each stage of the process (Diadora, 2024). Starting with **planning** and projection activities, this approach is also known as a continuous improvement spiral based on data collection, results analysis, and decision-making in the implementation of process improvements. Then, the cycle moves to actions and realization of projects in the **do** phase later to be verified in the **check** stage and corrected or stabilized during the final **act** step. Thereby, once the initial project has been defined, the following steps involve the collaboration of different entities, both internal and external in a fluid process. Firstly, materials are selected through academic research supported by universities and the sourcing and sustainability internal departments to ensure that the sustainability pillar is respected in the selection. Indeed, the prototype is created through an analysis with customers' needs alignment. Then, a benchmark comparison of the novel product with the top-selling products among competitors is adopted in a perception test involving a

¹⁰⁵ The Deming or PDCA cycle was defined in 1950s from an idea of William Edwards Deming who was invited by the Japanese government to hold training courses on quality management for Japanese industries aimed at rebuilding themselves after World War II (Bonaventura Poppiti, 2024)

sample of the population or a team of athletes. To confirm the results, a retesting step is made to ensure the statistical relevance of the analysis.

Once the Board of Directors is aligned on the marketing strategy and the innovation results from the executive leadership, it decides on the investments to be put in place for the development of innovative projects to align this concept with the vision of the company in the future (Diadora, 2024).

As the Chief Financial Officer, N.B., states,

«From a financial risk management perspective, innovation is a guarantee of business continuity over time» (Diadora, 2024)

innovation becomes a tool for business opportunities from a strategic perspective. Public administration, indeed, allow for research and development projects through tax credits with ex ante definition and ex post reporting of projects. Law, indeed, encourages inventions through legal instruments on trademarks and patents, which, while on one side protect knowledge, on the other, encourage new developments by leveraging on duration effects since major instruments last up to 20 years.

In this way, the company interchanges technologies, and intellectual properties from both sectors, from sportswear performance to workwear safety and from workwear safety to sportswear performance introducing radical innovations on one side and improving existing products through incremental upgrades on the other. This vision allows the company to remain coherent with its statement «al servizio degli atleti» (at the service of athletes) (author's own translation) (Diadora, 2024) and be able to understand and provide solutions to consumers' needs.

3.3.5. Craftsmanship, know-how and legacy: The Heritage line

As stated previously, craftsmanship and know how are a part of the company's lineage from its beginning in 1948 when Marcello Danieli founded a small workshop with his partner and his wife. As the district evolved and enlarged over the following decades due to the contextual national economic boom, Diadora, in line with other local companies, increased its production and began to offshore its production in the Far East as a result of an underlying economic reason related to profitability and product marginality. However, despite this productive delocalization, Diadora's legacy has remained untouched over the

years leading to the contemporary reality where authenticity still represents a brand pillar.

But how did Diadora manage to maintain its vital expertise in footwear production? What characterizes authenticity for an innovative made in Italy brand like Diadora in the sportswear industry? As the company expanded over the years, the familiar bond among the owners strengthened allowing a positive environment surrounded by closeness with its internal collaborators and its external partners. Thus, the territorial context of the company, *Sportssystem*, for decades, especially in the 1990s, was considered among the top experts in footwear authenticity and crafts that even market leaders set up small-sized workshops in the district to exploit its expertise and crucial hard skills in their internal footwear development process (De Marchi, Gereffi, & Grandinetti, 2017). With respect to Diadora, the passion for the footwear craft in the founding Danieli family originated from the maternal grandfather Giuseppe Mardegan to his descendants. As shown in Figure 3.17., *Nonno Mardegan*, also known as *Bepi Careta*, is depicted by doing his mastery at the *deschetto*¹⁰⁶ in the 1940s.



Figure 3.17.: *The Danieli's maternal grandfather Mardegan at his deschetto in the 1940s*

Source: (Ormezzano, 2012)

¹⁰⁶ The word *deschetto*, coming from Italian, represents a wooden worktable used by shoemakers in the past. This information is retrieved from Catalogo generale dei beni culturali website (<https://catalogo.beniculturali.it/detail/DemoEthnoAnthropologicalHeritage/1500849791>) (Last Consultation Date: May 22nd, 2024) (Ministero della Cultura, 2024)

Starting for this artisanal love, the company's founders turned a passion into a business developing over the following decades an Italian colossus in sportswear through both made in Italy products leveraging on the fundamental aspects of quality and premiumness and offshoring manufacturing activities in the Far East due to high demand. Diadora, through his expertise in footwear production, conquered consumer's hearts and achieved high selling volumes in terms of footwear reaching 7.500.000 pairs in 1997 (Ormezzano, 2012). Along the company's expansion, product complexity emerged and Diadora, through a systematic approach with its partners, developed an avant-garde footwear manufacturing system. As an example, Ormezzano, indeed, in his book *Scarpe Diem*, described the soccer shoe development process by listing all the following steps needed to achieve the final result:

1. Design;
2. Leather control;
3. Hand-cut prototype;
4. Die cut;
5. Eyelets puncture on upper;
6. Upper fitting on last;
7. Upper side fitting on last;
8. Vacuum stabilizer;
9. Leather carding;
10. Glue spreading;
11. Sole pressing;
12. Rubber stitching on upper;
13. Finishing (Ormezzano, 2012).

The complexity, the authenticity and the craft behind the footwear mastery can be perceived through this 13-step manufacturing process which shows a precise workplan for the development of footwear, and, despite being limited to soccer shoes, it could be applied to the overall category in the past.

While there have been technological and technical developments in the industry over the years, the soul of Diadora has remained unchanged in terms of footwear manufacturing. Nowadays, it is true Diadora's manufacturing system is majorly external to the company supported by external suppliers located in the Far East, especially in China, Vietnam and Bangladesh and in Europe, mainly contextualized in Italy (headquarters' internal

production), Portugal and Romania. But Diadora's policy provides the warranty that a supplier is selected to specific criteria in accordance with the company's authenticity values:

- **Technical qualification** to evaluate the suitability to the company's objectives;
- **Corporate Social Responsibility** through a strict code of conduct embedding social and environmental responsibility principles;
- **Resilience or risk mitigation** as a way to diversify production sources;
- **Costs** in order to safeguard profitability (Diadora, 2024).

The internal production, on the other side, has a strategic role and focuses on the development of prototypes for the internal research center and the development of special projects in limited quantities (Diadora, 2024).

In general, while mass production has been moved to more affordable suppliers in the Far East, the role of the headquarters' production center serves as a tactical functional area in support to innovation and brand objectives.

As the COO states,

«While there are many available suppliers worldwide, identifying those suitable for the brand's standards requires attention and often a testing phase . [...] Additionally, having a production line adjacent to the development and design offices allows for the rapid evaluation and correction of prototypes » (Diadora, 2024).

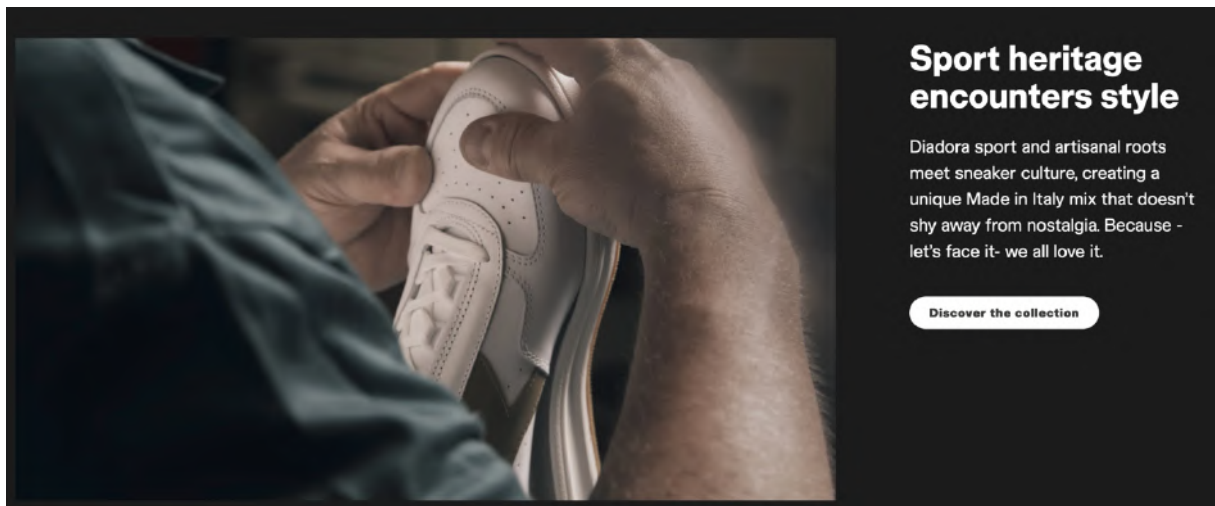
Concentrating in particular to the role of the internal production center, craftsmanship not only represents a driver in terms of authenticity and brand legacy but also provides support to innovation and marketing objectives. As previously stated, in relation to heritage, Diadora is a renowned legendary Italian brand that has market sports history with glorious sports testimonials who scored majestic results in their careers while representing the company in competitions. However, legacy does not only represent sports but also made in Italy in terms of footwear mastery. This reflects product quality and premiumness and serves as a key differentiator among competitors.

Diadora, in order to reward this aspect of its lineage, initiated a product line celebrating footwear named *Heritage*, which at a lifestyle and sportswear positioning, aims at provoking symbolical and emotional aspects of consumers by highlighting crucial aspects of its legacy. With its

«Created for sports legends of the past, reinvented for contemporary style» ¹⁰⁷

slogan, the line serves as a bridge between the past, the present and the future while combining sport heritage with sneakers culture with the purpose to represent made in Italy and brand nostalgia. While moving the focus from sportswear to lifestyle, *Heritage* celebrates sports, Diadora, Italy, craftsmanship and authenticity in footwear.

Figure 3.18 depicts an extract of the web page from the Diadora's website where it is visible that all the elements introduced are represented in the marketing and communications strategy of the line which leverages on symbolical aspects of the brand



while positioning at a premium price range.

Figure 3.18.: Extract from the *Heritage* web page on Diadora's website

Source: (Diadora, 2024)

Nevertheless, while *Heritage* satisfies consumers' needs in relation to style, aesthetics and meaning, the brand has evolved over the years incorporating an ethical aspect in terms of social and environmental awareness. Thus, the *Heritage* line embedded this pillar in its strategy through the development of new models which do not only celebrate nostalgia but also envision the future by the means of sustainability. The collection, called 2030, aims at spreading awareness about the environmental and social objectives pursued by the company, while demonstrating combining innovative responsible achievements with the celebration of the past. Figure 3.19. depicts some models of the *Heritage* 2030

¹⁰⁷ This slogan is retrieved from Diadora's website (<https://www.diadora.com/en/us/heritage/>) (Last Consultation Date: May 22nd, 2024) (Diadora, 2024)

collection which bridge past and future by the means of sustainable materials with the objective to reach a «greener tomorrow»¹⁰⁸.



Figure 3.19.: Models of Diadora's Heritage 2030 collection

Source: (Diadora, 2024)

As previously stated, sustainability is becoming a generalized issue in the global market and Diadora has approached this fundamental recently as not only a strategic brand component but as part of its identity. The next paragraph will investigate this issue by providing interesting insights on the topic which has increasingly major relevance for consumers of the sportswear industry.

3.3.6. Sustainability Pillars And Standards

In the previous paragraph, innovation is represented as a source of value essential for growth and competition in dynamic markets such as the sportswear industry. Besides this topic, the emerging trend that is now an important aspect of fashion organizations is sustainability. The cyclical and seasonal nature of the industry is an issue concerning environmental and social aspects globally and Diadora started investing in this dimension actively. Born as a natural process coming from both a professional and personal setting of the Chairman and Owner of the company, sustainability aims at the well-being and the proximity of people in Diadora (Diadora, 2024). The company envisions these elements for both external and internal stakeholders intending to establish a close relationship with people aimed at caring for one another considering environmental and social importance. Sustainability and innovations are complementary to each other in terms of products.

¹⁰⁸ This quote is retrieved from Diadora's website (<https://www.diadora.com/en/us/heritage/>) (Last Consultation Date: May 22nd, 2024) (Diadora, 2024)

Both are embedded in the brand values and, as the Chairman, E.M.P., remarks in the interview, «You cannot innovate without being sustainable» (Diadora, 2024).

Like innovation,

«company identity and core values play a significant role in shaping the social and environmental commitment and agenda in small and medium enterprises like Diadora» (Diadora, 2024).

states the Head of Sustainability, in the interview. The pressure coming from external stakeholders such as investors, communities, brand testimonials, and even consumers is growing and Diadora adopted these changes by integrating a functional unit under the marketing department responsible for this topic. Through the work of highly skilled professionals, the company managed to certify materials and products according to international standards and establish itself in an excellent position according to the sustainability rating system Ecovadis¹⁰⁹ for its performance in the field (Diadora, 2024). Indeed, this practice is extended also to third-party suppliers partnering with Diadora in the manufacturing of its products.

Diadora has adopted a structured approach to social and environmental due diligence relying on strict codes of conduct and ethics for its suppliers contractually (Diadora, 2024). The suppliers are facing periodically a documentary audit from Ecovadis and in-person third party audits assessing suppliers compliance against the above-mentioned Codes (Diadora, 2024).

This achievement represents a core feature for the creation of value within organizations. Indeed, sustainability, apart from environmental aspects, is characterized by a social dimension which Diadora embedded in its corporate identity envisioning a coherent external and internal path driving the company to individuate strategic social practices. Employees are involved in different initiatives at a corporate level. From the reduction of wastage using steel bottles and cups and the introduction of vegan menus one day per week in the Headquarters canteen, the company managed to reduce its impact on the environment and the sustainability department aims at raising employees' awareness

¹⁰⁹ Ecovadis is an international leader organization in the monitoring of social, environmental, and ethical performance of global supply chains (Diadora, Welcome Kit, 2022).

through the introduction of an internal newsletter embracing the company vision projected to external stakeholders (Diadora, 2024). Another objective is represented by the reduction in the use of plastic which is still a work-in-progress project since the company constantly encourages employees to make ethical decisions on this topic.

Moreover, the company committed to reducing its environmental impact adopting a photovoltaic system covering approximately 30% of the electricity consumption and leaning on renewable sources for the remaining 70%.

On the other side, considering recycling and upcycling¹¹⁰ dynamics, the functional area is also responsible for the individuation of external partners like cooperatives, schools, and vast community centers for charity purposes. This is a key aspect for Diadora since it benefits the business by repurposing old unsaleable goods on one side and contributing to the development and growth of local communities.

This vision, however, is expanded to its workwear and safety business unit, Diadora Utility which certifies the company with ISO 9001 standards and is increasingly concerned about environmental and social issues in the safety industry.

Table 3.1. represents the certificates the company holds in terms of sustainable performance with a short explanation of the core features characterizing each certification.

Certification	Certification institution	Objectives
Ecovadis Sustainability Rating (Gold Medal 2024)	Ecovadis	Rating of the company's performance in terms of sustainability
Global Organic Textile Standard (GOTS)	Istituto per la Certificazione Etica ed Ambientale (ICEA)	Evaluation of the use and the management of organic fibers and textiles (This can also be a product certification scheme)
Organic Content Standard (OCS)	Istituto per la Certificazione Etica ed Ambientale (ICEA)	Evaluation of the content of organic fibers in the certified products

¹¹⁰ Upcycling is the process of transforming waste materials, by-product into new solutions or items of better quality and environmental value (Organization, 2024)

Global Recycled Standard (GRS)	Istituto per la Certificazione Etica ed Ambientale (ICEA)	Evaluation of the use and the management of recycled materials
Recycled Content Standard (RCS)	Istituto per la Certificazione Etica ed Ambientale (ICEA)	Evaluation of the content of recycled materials in the certified products
Forest Stewardship Council (FSC) Standard	Forest Stewardship Council (FSC)	Evaluation and certification of the packaging materials in terms of papers coming from responsibly managed forests
ISO 9001	International Organization for Standardization	Defines the minimum requirements for a company's quality management system

Table 3.1.: List of Diadora's certifications in terms of sustainability commitment

Source: Author's own elaboration based on data of Diadora's Welcome Kit (*Diadora, Welcome Kit, 2022*).

These achievements are brought by both innovation and employee collaboration. The contribution of all these elements mirrors the corporate and brand image of Diadora which presents itself as a committed and innovative sustainable brand in the global sports & lifestyle scenario.

«Sustainability is invested in each functional department of the company and has become a fundamental criterium for making strategic decisions» asserts E.M.P., Chairman and owner of the company (Diadora, 2024).

Sustainability becomes an important value driver in Diadora and it is essential for the future as a **proximity** element with the external environment through objectives and evaluation of the impacts with the collaboration and the support of different functional areas. Proximity means closeness and, in the case of sustainability, represents the closeness to ethics declined in environmental and societal measures.

Diadora defined different levels for change to reach these objectives descended in terms of “how” and “what”. As for the “how”, the following propositions have been adopted:

- **Doing better** improving existing practices;

- **Doing differently** through disruptive innovation leveraging on Diadora's innovative DNA and soul;
- **Doing together** (related to proximity) through products, processes and the usage of the products focusing on people and planet leveraging on value chains and in communities.

As for the “what”, the two pillars that have been identified reconnect to the second point and are defined as follows:

- **People:** attention is put on partners in relation to social and environmental due diligence, wellbeing and communities' investment;
- **Planet:** as a need to emphasize climate change (emission effects), waste and circularity (Diadora, 2024).

4. Empirical Findings

This conclusive chapter aims at leveraging the initial theoretical foundations introduced in the first two chapters and practically apply them to the sportswear industry. With the insights gained from the case study of Diadora with the aid of several research methods, design driven innovation, heritage and sustainability will be assessed in the context of analysis of this dissertation.

4.1. Methodology

Considering the field of research, the empirical findings of this dissertation are processed by the means of ethnographic qualitative research instruments, in particular, interviews and observation methods. Ethnography is defined as a scientific method used to describe a group or culture which may involve the full immersion of the researcher in the day-to-day lives and is conducted on-site or in a natural setting where real people live (Sangasubana, 2011). To better contextualize the analyzed environment, this dissertation, as stated previously, aims at investigating the topic of design driven innovation in relation to heritage and sustainability in the sportswear field emphasizing on the diverging aspects proposed by Verganti in his book *Overcrowded: Designing Meaningful Products in a World Awash with Ideas* on the concepts of innovation of meaning and innovation of solutions. With a focus on the Italian footwear district of Asolo and Montebelluna, *Sportssystem*, and the business case on Diadora, in the previous chapter, the research field restrains to a company dimension, which, in the previous chapter, was introduced through a quantitative and qualitative analysis under a historical and business perspective. In particular, to answer to the research question,

«How can design-driven innovation be leveraged to enhance heritage preservation and foster sustainability in the sportswear field?»

the following research methods were adopted to assess the relation between innovation, heritage and sustainability from the sportswear perspective.

In particular, by the means of interviews, a research on a sample of eleven professionals and experts of the industrial district was executed between March and May 2024. In particular, considering the context of analysis, ten interviews to top management

executives were assessed with the business context of Diadora while one interview was approached to the Curator of the Fondazione Sportssystem Museum, as shown in Table 4.1.

Source	Diadora	Fondazione Sportssystem
Number of interviews	10	1

Table 4.1.: Number of interviews according to the organizational source

Source: Author's own elaboration

Fondazione Sportssystem is an Italian foundation based in Montebelluna, Italy with the objective to restore and promote the history of the Sportssystem District¹¹¹.

The following individuals, described by their professional role and the respective contextual and organizational source between brackets, have been interviewed with the general objective to provide insights about the industry:

1. Curator (Fondazione Sportssystem)
2. Chairman (Diadora)
3. CEO – Chief Executive Officer (Diadora)
4. CMO – Chief Marketing Officer (Diadora)
5. CFO – Chief Financial Officer (Diadora)
6. COO – Chief Operating Officer (Diadora)
7. Global Sales Director (Diadora)
8. Group HR Director (Diadora)
9. R&D and Quality Director (Diadora)
10. Director of General & Corporate Affairs (Diadora)
11. Head of Sustainability (Diadora)

According to the structure of the interviews which are outlined in detail in the Appendix part, under the Interview Structure and Content paragraph, three interview types can be distinguished:

- **unstructured interviews** which stress on the general topic of innovation and heritage and are aimed at a contextual historical analysis and questions were assessed ongoing during the interview;

¹¹¹ This information is retrieved from Fondazione Sportssystem website (<https://fondazionesportssystem.com>) (Last Consultation Date: May 26th, 2024) (Fondazione Sportssystem, 2024)

- **semi structured interviews** which, once the subject theme has been defined and anticipated to the counterparts, aim to assess findings under the topic of design driven innovation, sustainability and heritage through adaptable settings according to the situation;
- **structured interviews** which, according to a predefined scheme, aimed at digging deeper on the research topics in relation to a practical approach of the business case, Diadora.

Table 4.2. shows the division of the interviews according to the above types and interviewee.

Interview Type	Interviewees
<i>Unstructured</i>	1. Curator
<i>Semi structured</i>	1. CEO 2. R&D and Quality Director 3. CMO 4. Director of Legal and Corporate Affairs 5. COO
<i>Structured</i>	1. Chairman 2. Group HR Director 3. CFO 4. Global Sales Director 5. Head Of Sustainability

Table 4.2.: Interview analysis according to type

Source: Author's own elaboration

As it is observable from the table above, according to the type of the interview, the division of the interviews changes and while there has been only an unstructured interview to the Curator of the Fondazione Sportystem Museum, Diadora's top management executives were interviewed in a more structured way in order to assess the company dynamics in relation to the research fields properly. The choice behind the unstructured interview lays in the fact that the objective of the Curator's interview was to contextualize historically and territorially the environment in which Diadora operates in order to gain knowledge about the industrial district dynamics while investigating specifically on the relation between innovation, heritage and sustainability in the business context.

Moving to a content analysis, three macro themes were distinguished during the interviews which are, according to our research question, innovation, heritage, and sustainability. Table 4.3. summarizes the themes presented to each interviewee according to their area of expertise.

Interviewee by macro theme	Macro Theme		
	<i>Innovation</i>	<i>Heritage</i>	<i>Sustainability</i>
1. Curator	YES	YES	NO
2. CEO	YES	YES	YES
3. R&D and Quality Director	YES	YES	YES
4. CMO	YES	YES	YES
5. Director of Legal and Corporate Affairs	YES	YES	YES
6. CFO	YES	NO	YES
7. Chairman	YES	YES	YES
8. Head Of Sustainability	YES	NO	YES
9. COO	YES	YES	YES
10. Global Sales Director	YES	YES	YES
11. Group HR Director	YES	NO	YES

Table 4.3.: Interviews according to macro theme

Source: Author's own elaboration

It is observable, while innovation has been introduced to all interviewees at the general main topic, heritage has been excluded from the interviews with Group HR Director and Head of Sustainability and sustainability has not been approached with the Museum Curator. This exclusion choice is mainly due to a reasoning related to the area of expertise of the counterpart and potential findings are not considered relevant.

According to the macro theme, another subdivision has been approached in relation to innovation, heritage and sustainability.

Starting with innovation, three topics can be distinguished:

- **industrial innovation** intended as the general overview of technological advancements of the sportswear industry;
- **innovation of meaning and innovation of solution concepts** introduced in order to assess their complementarity or dichotomy both in the academic and business field;

- **overcrowding of ideas**, as related to innovation of solutions, is investigated in order to collect industry professionals' opinions on it.

Table 4.4. depicts this distinction according to the topic of innovation where «IOS vs IOM» indicates the innovation of solutions versus the innovation of meaning concept.

Interviewee by innovation topic	Innovation Topic		
	<i>Industrial innovation</i>	<i>IOS vs IOM</i>	<i>Overcrowding of ideas</i>
1. Curator	YES	NO	NO
2. CEO	YES	YES	YES
3. R&D and Quality Director	YES	YES	YES
4. CMO	YES	YES	YES
5. Director of Legal and Corporate Affairs	YES	YES	NO
6. CFO	YES	YES	NO
7. Chairman	YES	YES	YES
8. Head Of Sustainability	YES	YES	YES
9. COO	YES	YES	YES
10. Global Sales Director	YES	YES	NO
11. Group HR Director	YES	YES	YES

Table 4.4.: Interviews according to innovation topic

Source: Author's own elaboration

According to this subdivision, industrial innovation is generally assessed to all interviewees while innovation of solutions and innovation of meaning, despite being assessed to all Diadora's executives, excludes the curator from the sample.

Considering heritage, two topics have been identified:

- **Legacy** intended as the brand core identity in terms of image, collections and products;
- **Craftsmanship** referring to the authentic mastery of product creation in terms of sportswear, and more specifically footwear.

Table 4.5. shows the interviews details by heritage topic as it is observable that all interviewees covered both subjects except for the R&D and Quality Director whose interview was mainly focused on technological advancement through brand identity.

Interviewee by heritage topic	Heritage Topic	
	<i>Legacy</i>	<i>Craftsmanship</i>
1. Curator	YES	YES
2. CEO	YES	YES
3. R&D and Quality Director	YES	NO
4. CMO	YES	YES
5. Director of Legal and Corporate Affairs	YES	YES
6. Chairman	YES	YES
7. COO	YES	YES
8. Global Sales Director	YES	YES

Table 4.5. Interview according to heritage topic

Source: Author's own elaboration

Finally, according to sustainability, two major subjects have been depicted in the interviews:

- **Sustainable change management** intended as the overall process which drives change in an organization by the means of sustainability;
- **Standards and principles** referring to the technical and material implications in relation to standards and principles in the development of sustainable products.

Table 4.6. shows the interview subdivision according to the sustainability topics which, as introduced in the initial chapter, serve as an identifier of the main organizational dynamics in relation to sustainability as a value creation source.

Interviewee by sustainability topic	Sustainability Topic	
	<i>Sustainable Change Management</i>	<i>Standards and Principles</i>
1. Head Of Sustainability	YES	YES
2. CEO	YES	YES
3. R&D and Quality Director	YES	YES
4. CMO	YES	YES
5. Director of Legal and Corporate Affairs	NO	YES
6. Chairman	YES	YES

7. COO	NO	YES
8. Global Sales Director	YES	NO
9. CFO	NO	YES
10. Group HR Director	YES	YES

Table 4.6.: Interviews according to sustainability topic

Source: Author's own elaboration

As it is observable from the table above, sustainable change management has been excluded from the interviews with the Director of Legal and Corporate Affairs, the COO and the CFO while standards and principles have been discussed with all interviewees except for the Global Sales Director.

The objective of these interviews was to gain as much insights as possible in relation to the topic of innovation within the Sportssystem district, and, specifically, Diadora. An assessment of this topic related to heritage and sustainability becomes useful to draw final empirical conclusions based on a limited sample of industry professionals with a vast degree of expertise in the sportswear, and more generally, the fashion industry.

Figure 4.1. shows an interview map clustered according to the above-described subdivision as a summary and individuation of the core objects covered in each interview. Starting with interview type (unstructured, semi structured and structured) and moving to the macro themes (innovation, heritage and sustainability) and their respective topics (industrial innovation, IOM vs IOS, and overcrowding of ideas related to innovation; legacy and craftsmanship related to heritage and sustainable change management and standards and principles related to sustainability) this analysis permits to quickly identify the content of each interview.

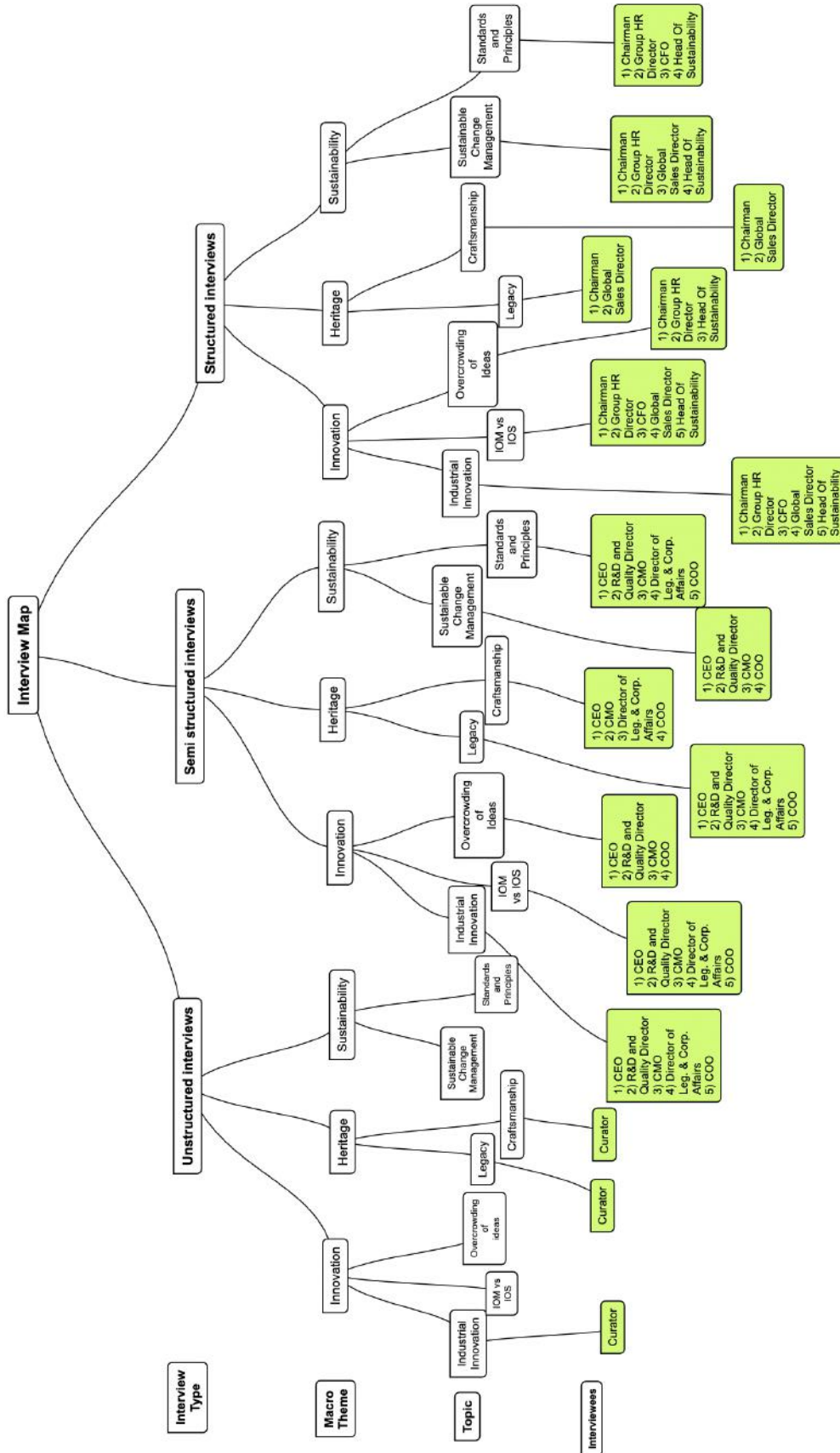


Figure 4.1.: *The Interview Map*
 Source: Author's own elaboration

Finally, the observation method was adopted by the non-participant and the participant observation techniques. The participant observation technique approach, thus, is defined as a

«research method where the researcher immerses himself in a particular social setting or group, observing the behaviors, interactions, and practices of the participants» (Tegan, 2023).

As a direct employee of the company, Diadora, the author immerses himself in the corporate setting, in the headquarters, participating in the daily life of the business through his mansions, social events and other occurrences such as new collections presentations and sales strategy events. As a Business Analyst in the Finance department since September 2022, the author is constantly aware of company dynamics being responsible for sales and corporate reporting and ad hoc financial analysis.

By means of the non-participant observation method, the author analyzes the environment as an outsider observing special projects where the involvement of the department he takes part of is not necessary.

Through these approaches, the following empirical findings have been identified providing evidence of the research work of the last 6 months.

4.2. Analysis Of Meaningful Innovation Strategies

In the context of design driven innovation, Verganti in his book *Overcrowded: Designing Meaningful Products in a World Awash with Ideas* published in 2016, introduced innovation of meaning as a concept. The theoretical in the first chapter outlined the topic in detail providing a comparison with the counter definition of innovation of solutions. After a profound analysis, in this paragraph, final empirical findings will be drawn in relation to the research question

«How can design-driven innovation be leveraged to enhance heritage preservation and foster sustainability in the sportswear field?».

Starting with heritage, as extensively depicted in chapter 2, it is intended as the legacy of a company or a brand and the related authenticity in terms of craftsmanship can be a

crucial value driver in the sportswear industry as a source for symbolical and emotional meaning in consumers' minds. Indeed, innovation of meaning, as the name suggests, seeks for radical innovations driven by meaning. Verganti suggests that, starting with inside-out perspective and criticism as a tool, meaning can be assigned to a product revolutionizing its concept as a whole. But how can it be done through heritage and sustainability?

The research focused on Asolo and Montebelluna footwear district, *Sportsystem*, bringing the case of Diadora under the magnifying glass to answer this question.

Archival sources, such as the Ormezzano's work, *Scarpe Diem*, suggested that the district represents an innovation and competence hub where technology is combined with artisanal mastery to create unique products in the market which differentiate from competitors and position at a higher quality for value ratio. Despite the industrial dynamics nurturing a fierce business environment, local small and medium enterprises managed to compete with market leading giants such as Nike and Adidas expanding their business over the decades. Generally speaking, with a historical legacy originated at the beginning of the 19th century, the district in general lays a solid foundation for the generation of meaningful products for consumers in terms of symbolism and emotional appeal. In fact, the craft and the expertise of local workers caught the eye of multinational corporation that opened local workshops to learn more and internalize such skills. However, in the turbulent system of competition, craftsmanship is not enough, and innovation is another core competence that companies operating in this sector need to master in order to drive successful outcomes. This is, indeed, another crucial aspect of the district, which pioneered the footwear system in the 1950s with the introduction of novel materials in mountain and ski boots and later to other sports categories. For example, the introduction of the Vibram vulcanized sole in 1937 represented a first step in what is defined as innovation of meaning. To support his theory, Verganti brought the Vibram case as an example of innovation of meaning stating that the more recent FiveFingers ideation which consists of using rubber technology to bring feet as close as possible to the ground with the main objective to mimic the dynamics of barefoot running (Verganti, 2016). From the interview with the Museum Curator, it emerged that local companies from the district embraced an analog innovation in the 1930s starting a collaboration with the company by bringing the *Carro Armato* patent in their footwear structures. This revolutionized the concept of mountain boot which didn't need leather layers or spiked soles to have grip in challenging grounds (Fondazione Sportsystem Museum, 2024). This

reconnects to the concept introduced in the first chapter relating to the design driven innovation process as a three- steps procedure consisting of listening, interpreting and addressing. By listening what consumers really need, local companies started experimenting with new materials revolutionizing the concept of footwear once for all with the introduction of Vibram soles and addressed them in the market by the means of a strong seductive power successfully reaching the consumer. By the means of the interview with the Museum Curator, over the years, this cycle repeated many times bringing novel products into the market. Metal hooks, polyurethan injected molds and later sports product diversification characterized the second half of the 20th century in the *Sportssystem* district leading to constant incremental and radical innovation (Fondazione Sportssystem Museum, 2024). By capturing consumers' needs, the district has always listened to the market, interpreting its needs into new creation revolutionizing its meaning and finally addressed them to the target audience translating into huge commercial success. This wouldn't have been possible without the legacy carried by local companies, which with years of expertise in the industry and unique artisanal mastery continuously restructured themselves and, consequently, remodeled their products to bring innovative and disruptive solutions to the market. Although it is difficult to assess whether these innovations came as a consequence of the market demand, it is undeniable that local organizations starting with an **inside out** logic, as suggested by the innovation of meaning propositions, pulled the market with regards of product portfolio resulting in what academically are defined as **technological epiphanies** inspiring contemporary leaders in their mission.

This, indeed, relates to the concept of innovation of meaning intended as a new direction, a new «why» (Verganti, *Overcrowded: Designing Meaningful Products in a World Awash with Ideas*, 2016) necessary for disruptive items in the market. Moving to the business case, Diadora, interesting final insights have been found from the interviews with the top management executives.

In relation to heritage as a source of value for innovation, craftsmanship and artisanal expertise have been present in Diadora since its foundation in 1948. The historical findings of *Sportssystem*, the Italian footwear district of Asolo and Montebelluna in which Diadora operates, proved the importance of this art combined with trade since the 19th century which later evolved into innovation and pioneering products in the 20th century.

Diadora has been active in the industry for more than 75 years continuously innovating and consequently expanding itself with a global resonance in the 1980s and in the 1990s. However, starting from the late 1990s, the organization faced two acquisitions, respectively one in 1998 by Invicta and one in 2009 by Geox to which it still belongs nowadays. Despite these facts, it is interesting to observe how Diadora's legacy has remained untouched. Through the participant observation method, Diadora's legacy is approached as soon as someone steps foot inside the company's headquarters where *Centro Ricerche Diadora*, the *manovia* and the product creation office are all located within «100 steps» (Diadora, 2024). This is, indeed, not only an innovation hub for product development but also a source of value which translates into emotional and symbolic meaning for the consumer through storytelling. Insights from the interview with the Global Sales Director suggest that there are two forms to capture consumers' attention:

- The quality and the ability of the product to meet particular needs (this point connects more to the innovation of solutions concept which will be explained in the next paragraph);
- Storytelling which represents the heritage and competitiveness of a brand (Diadora, 2024).

Through innovation, Diadora tries to do both by combining authenticity and novelty in high-quality and performing products in the sportswear field.

The research and development process is such that through periodical meetings called innovation reviews which efficiently manages the excess of proposals. This, indeed, does not allow all employees to express their ideas about innovation projects but only experts in the field are part of this process which periodically set strategic objectives defining the «how» on the field (Diadora, 2024). This, indeed, relates to the **critical** aspect of innovation of meaning which serves as a key step in the definition of blurred initial visions into core strategic ideas. Both the CEO (Diadora, 2024) and the R&D and Quality Director (Diadora, 2024) agree on this statement since there are many proposals coming from both inside and outside the organization and, even if they may result very interesting, strategic goals are set and all supplementary ideas are considered «out of scope» (Diadora, 2024). So the question naturally arises: does dimension count when speaking about innovation? A restrained organizational dimension does not represent a competitive advantage in terms of innovation. Certainly, it aids flexibility and adaptation to rushing market dynamics but does not generate value, and therefore, meaning for consumers. What

represents a benefit in the case study of Diadora is its model. The fact that the research and development lab, the product creation office and the internal production center are all set strategically nearby allows the company to better evaluate product characteristics and leverage on its development process by vital physical settings. Innovation, in this case, is boosted by the «100 steps» (Diadora, 2024) setting of the headquarters where the closeness of intertwining and critical functional areas in the product development process allows the company to fast react to research findings and elevate craftsmanship at the higher level possible. «In-house Made in Italy and in-house Innovation» (Diadora, 2024), states the CEO as what characterizes Diadora from competitors (Diadora, 2024). This is, indeed, not a common factor for companies operating in the same industry, especially when considering top players. This vision is reconfirmed by the Global Sales Director which adds that «each handmade piece coming out of the *manovia* is unique» (Diadora, 2024) highlighting the importance of heritage as mastery as both a driver for innovation and for value.

Starting from the inside, during the interview with the Global Sales Director, it emerged that through an education system, the company aims at training its distributors and retailers about its product portfolio by leveraging on its legacy as a competitive advantage and a driver and inspiration for the future, and therefore, for innovation (Diadora, 2024). Sustainability is neither requested or rewarded by the consumer since it is a product of innovation and when embedded in an organizational setting such as a sportswear company it pushes boundaries from the past by «doing something better or doing something that wasn't being done» (Diadora, 2024). This represents an incremental or radical source of value for products driven by materials, processes and techniques used within sportswear organizations. Through research, sustainability becomes an innovation shade since it allows improvements in terms of resources and radical steps in scientific innovations and drives companies to a boosted attention towards social and environmental awareness. Indeed, not only material innovations are needed to approach sustainability in an organization but also the focus on people is important. The Group HR Director states that Diadora is approaching a Sustainable HR Management method aimed at the well-being of people which is measured by employer branding indicators, such as employee redemption and team building activities (Diadora, 2024). For example, *Polisportiva* plays an important role in this context. Indeed, this is reconfirmed through the interview with the Head Of Sustainability which people play an important role in the

strategic objectives pursued by the Sustainability team with the collaboration of other company's departments. Besides this aspect a focus on the environment is depicted to assess the importance of the organization's impact on the planet (Diadora, 2024). Both are characterized by the «do differently» (Diadora, 2024) pillar which aims at deeply innovating organizational practices by leveraging on the brand innovative legacy (Diadora, 2024).

Instead, through the observation participation method, this vision is reconfirmed by the organizational management system where special projects play an important role in the daily business life. Their objective is indeed to boost brand perception among consumers rather than aiming at pure commercial targets. In this way, the company, through legacy and sustainability, leverages on symbolical and emotional aspects of the product and, more generally, of the brand. Diadora creates a bond with consumers and redefines the concept of footwear and sportswear in consumers' mind through collaborations with upcycling experts such as Colville, licensees from different markets, limited edition capsules and so on.

4.3. Evaluation Of Solution-Oriented Innovations And Overcrowding Of Ideas Challenges

Besides innovation of meaning, another concept remarked numerously by Verganti is innovation of solutions referring to the development of incremental product or process improvements through ideation. Considering the general context of analysis, the sportswear industry is mostly characterized by this type of innovation aimed at solving consumers' needs in sports field. The intervention area of innovative organizations operating in this sector may be different and vary according to type of sport and improvement area. Sports can be more related to tennis, running, basket and others while improvement areas may be measured in terms of specific performance, reactivity, cushioning and so on. These aspects are what the consumers are searching for, and companies are aware of it. While it may seem that heritage and sustainability are marginal topics to this issue, their relation is essential to assess the relevance of innovation of solutions in a sportswear-oriented business context.

Referring to the context of *Sportssystem*, the Italian footwear district, through a profound contextualized desk research based on the reading of *Local Clusters in Global Value Chains: Linking Actors and Territories Through Manufacturing and Innovation* published by De

Marchi, Gereffi and Grandinetti in 2017 and the interview to the Museum Curator of Fondazione Sportssystem, it emerges that the historical remarks of the district in the context innovation do not only resemble the pioneer legacy of it but also present key insights for the solutions brought to demanding consumers in different timelapses. This reconfirms in Ormezzano's 2012 book, *Scarpe Diem*, which depicts the main solutions that Diadora has led to its audience thanks to technical and aesthetic improvement both in footwear and in apparel. But what about current dynamics?

Starting with the anticipation given in the previous chapter of an insight from the interview with Diadora's Global Sales Director, one way to get customers' attention is to provide products which through quality are able to satisfy particular customer needs. This hint, in fact, connects to the innovation of solutions principle concerning better ideas to satisfy needs (Diadora, 2024). The CMO, indeed, shares this observation during the one-to-one interview generalizing the concept of innovation as something that characterizes the surrounding companies (a part of the *Sportssystem* heritage) operating in the district, depicting it as «little improvement or little experiences that intertwine themselves» (Diadora, 2024). This, indeed, relates to **the incremental innovation** concept as something that is improved from past versions.

Related to heritage, during the interview with the Director of Legal & Corporate Affairs, it emerged that while it is true that the law protects innovation and brands through legal instruments such as patents or trademark licenses on one side, it fosters innovation on the other since these instruments have a limited duration and they expire after a certain time (Diadora, 2024). Innovation, in this sense, **starts from outside in** and business owners in this context are forced to **ideate** in order to guarantee their competitiveness in the market. In order for innovation to be differential, continuous improvements are needed as the Chairman asserts during the interview (Diadora, 2024).

The **overcrowding of ideas** does not necessarily need to be represented in a negative connotation. During the interview with the Global Sales Director, it came out that sometimes it is necessary to overcome difficulties (Diadora, 2024). This ideology was shared by the CMO stating it is better to have many ideas and then screening them to define which are important for the consumer rather than having none.

Moving to the topic of sustainability, it is observable that sustainable objectives cannot be pursued without innovating in terms of products and processes. But how is this done?

Sustainability, in terms of innovation of solutions, refers more to an efficiency principle intended as «doing something better», as stated by the CEO (Diadora, 2024). Besides the ethical awareness that sustainability is aiming to promote, this vision is, indeed, shared by the CFO (Diadora, 2024) and the CMO (Diadora, 2024) which highlight that it is a must have element inside sportswear organization. Thus, The «do better» (Diadora, 2024) principle is one of the levels of change in terms of «how» (Diadora, 2024) defined in the Sustainability Pillars and Standards paragraph, and, as stated by the Head of Sustainability, serves as a booster to improve existing processes in the organization with both external and internal stakeholders to reach common objectives that bring benefit to both society and planet (Diadora, 2024).

The participation method allowed to verify these strategies with the context of incremental innovation, intended as meaning of solutions. As stated by the majority of Diadora's top management executives, the main objective is to ensure customer satisfaction. Concentrating on consumers' needs, Diadora developed four footwear compound systems (Blushied, Anima, Anima N2, Anima PBX) which will be specifically defined in the next paragraph. With these product solutions, the company is the only one to satisfy the needs of different consumers clusters, starting with common runners to professional athletes.

This can be done through innovation of solutions, which do not only improve existing technologies in the sportswear field but also allow for findings of more meaningful strategies within an organization demonstrating the complementarity of both strategies in an organizational setting. This part, indeed, will be addressed specifically in the next paragraph to prove the relevance of different types of innovation complementarity in companies operating in this industry.

4.4. Integration Of Meaningful Innovation And Overcrowding Solutions

While on one side it is visible that innovation of meaning and innovation of solutions may seem extreme opposite concepts, evidence brings to complementary findings between the two on the other. This vision is evident in the general industrial dynamics of sportswear with top, middle and niche players aiming at excelling in product performance in activewear while respond to consumers' needs. According to an underlying evolution of consumers' preferences and needs, sportswear spin offs began such as streetwear or more generally lifestyle items inspired by sports elements and aesthetics.

Sportssystem's historical evolution depicted by the Museum Curator during the interview showed the relevance of innovation in the sector as both a pioneering strategic element in business legacy and a solver to existing consumers' needs. This strategical imprinting allowed the district to develop exponentially arriving at a global resonance competing with industry giants in worldwide markets. The respective envisioning was shared by Diadora which became in the late 1980s and in the 1990s the most recognizable Italian brand in sports known for its innovative mindset and legacy fundamentals based on sport authenticity and high-quality craftsmanship. Indeed, as a family-owned business, legacy plays a crucial role in Diadora. Despite its past acquisitions and a rebranding strategy in 2013, the brand didn't lose its identity remaining true to its roots. In reputational terms, innovation does not only represent an influencing factor for the corporate image, but also for the family since it is directly involved in the business (Diadora, 2024).

More generally, complementarity of both types of innovation proposed by Verganti, can be assessed by bringing back the vision besides Diadora's leading sales force emerged during the interview with the Global Sales Director, stating that consumers' attention can be caught according to two factors:

- The capability of product quality to satisfy customers' needs (innovation of solutions)
- Storytelling which through innovation and heritage is able to transmit brand values to the final consumer creating a bonding relationship based on proximity (innovation of meaning) (Diadora, 2024).

Innovation has been a characterizing element and part of Diadora's **legacy** since the beginning of its rise to success in the 20th century. While Diadora has evolved through its products and organizational structure, the core purpose of innovation remains the same: to be «al servizio degli atleti» (at the service of athletes) (author's own translation) (Diadora, 2024). Indeed, the brand recently hosted *Arsenale dello Sport*, Diadora's Innovation Summit in Venice, Italy with the objective to transmit the innovation culture to its key stakeholders. Embracing its heritage from a timeline stand, the celebration event demonstrates the fusion of legacy with innovation, with the latter being one of the brand pillars recalling the sport Italian identity with *Centro Ricerche Diadora* and the *manovia* playing a key role in the development of products for professional athletes and everyday sportsmen. Through participant observation, the effort of the company in the organization of this event required the involvement of all departments, from marketing

to operations, finance and so on. With a structured visit program, Arsenale dello Sport showed Diadora's historical evolution in relation to innovation leading to the present

«without anchoring the brand to the past but projecting it to the future»,

as the CMO stated in the interview (Diadora, 2024). Figure 4.2. shows a picture retrieved from Diadora's website where the CEO explains Diadora's timeline to a group of attendees at *Arsenale dello Sport* in Venice, Italy.



Figure 4.2.: *Diadora's CEO with a group of attendees at Arsenale dello Sport*

Source: (Diadora, Arsenale Dello Sport, 2024)¹¹²

During this event, in the dichotomy proposed by Verganti on innovation of meaning and innovation of solutions, evidence demonstrated that innovation, in order to be successful, has to be both because while it searches for new radical meaning to be given at its products, Diadora has also the main objective to satisfy athletes' needs. Thus, this approach allowed the organization to be the only company in the industry to develop four compound systems in the running footwear sector. The four compounds are the following:

- **Blushield** with the objective to minimize the feet asymmetrical ride;
- **Anima** to ensure a dynamic and fluid ride during the long-distance training sections;
- **Anima N2** with the goal to make the fast-training section easier;
- **Anima PBX** with the objective to ensure the maximum runner performance.

¹¹² Figure 4.2. is retrieved from Diadora's website (<https://www.diadora.com/it/it/culture/arsenale-dello-sport.html>) (Last Consultation Date: June 1st, 2024)

This results as a great achievement against competitors and top players which are still developing running collections based on two compound models. Each compound has a specific use with respect to the customer it serves with two major characteristics: performance and protection as suitability to different purposes of the athlete. As the Group HR Director states, the complementarity of these types of innovation is necessary to ensure what is really important for the company: customer satisfaction (Diadora, 2024). This concept reappeared during the interview with the R&D and Quality Director asserting that while on one hand radical innovation may be patented and aid in terms of history, marketing and reputation, fine tunings of existing products are necessary to guarantee continuity on the other (Diadora, 2024).

A general vision shared by all Diadora's top management executives is the ability of the company as a dual business in sports and in safety to shift technologies from the sports world to safety and viceversa. This reconnects to the concept of complementarity introduced in this paragraph describing the usefulness of different type of technologies, and therefore innovations, in the industry depending on the type of objective that the consumers need.

In relation to sustainability, the complementarity of innovation of solutions and innovation of meaning is led by the strategic objectives pursued by Diadora. Indeed, two of the pillars presented in the Sustainability Plan by the Head of Sustainability are «doing better» (innovation of solutions related to **incrementality**) and «do differently» (innovation of meaning related to **disruption**) (Diadora, 2024). This vision brings together both concepts in what is really important for the company: people and planet (Diadora, 2024).

As stated by the Chairman, the complementarity of these elements sums up in the **proximity** concept promoted by the organization within internal and external relationships of the company (Diadora, 2024). Proximity relates to the intention of the company to be close to its business partners, its employees and its consumers in order to create a bond with them and be able to transmit its values in terms of brand legacy and sustainability.

The participation method proved the company's orientation towards the running sector as the brand specialization. With the development of different compound systems, Diadora demonstrated its interest towards different types of consumers within this specific category by starting to create a professional team for the 2024 Olympic Games in

Paris, France rebonding with its legendary past when world champions were endorsing the brand during the most important competitions of their sporting career. This results not only in an innovation of meaning aimed at shifting the concept of sports not only to professionals but also to beginners while responding to different needs according to their dedication to physical activities.

4.5. Conclusions And Implications For Future Research

Within the previous chapters, the sportswear industry has been analyzed from the ground up in order to provide insightful findings about the topic of design driven innovation in relation with Verganti's reasonings about innovation of meaning and innovation of solutions. By the Sportssystem district and Diadora, evidence proved the relevance of heritage and sustainability as sources for value creation. Intended as both an innovation of solutions and an innovation of meaning, these two fundamentals are crucial for organizations operating in the sportswear field. So to the research question

«How can design-driven innovation be leveraged to enhance heritage preservation and foster sustainability in the sportswear field?»

we drive specifically addressed answers in relation to the depicted academic literature topics in the previous paragraph. To sum up, the following conclusions can be defined:

- Heritage plays an important role for innovation strategies for sports & lifestyle companies since it engages consumers through symbolical and emotional elements by the means of legendary past models and a focus on the country-of-origin as a distinctive element;
- Besides being meaningful for consumers, legacy, in terms of products and processes held by a company operating in this sector, is crucial to understand and define potential areas of improvement with the main objective to satisfy customers' needs;
- Sustainability does not represent something that the consumer is seeking for in the contemporary setting of the industry since most of the companies nowadays approach this topic with differing strategy but can be relevant for the consumers in two ways: by improving existing circumstances or by bringing to the market something that was not present before.

Through this conclusion, the complementarity of the Verganti's diverging concepts of innovation of solutions and innovation of meaning is definitive. The general overview shifts the theme to design-driven innovation which through a strategic and well-defined procedure is able to capture market dynamics and bring novelty to the market without encountering procedural difficulties. By the emergence of novel trends, starting with **listening** to the consumer, indeed, a company operating in the sports & lifestyle sector should be able to **interpret** the needs and through detailed research on its archival in terms of products with an expertise on the topic supported by artisanal mastery and sustainable processes with finally **addressing** the novelty to consumers leveraging on its brand identity emphasized also by the country in which it is originated.

By combining these different elements, this process is able to **generate value** for consumers and for this definition, rather than being an academic literature restrained specifically to innovation, it can be generalized to management studies serving **not only as a novelty carrier but also a value driver** with contextualized underlying motivations. As for future implications, it is true that this dissertation descended this topic to the sportswear field, but it can also be applied to the luxury fashion industry and other specific business environments where innovation is enhanced by the machinery and electronics component. It would be curious to assess the role of sustainability in the future, since it emerges as one of the three megatrends characterizing the general global market beyond sectorial subdivisions. Since it is becoming a general and indistinctive factor for consumers' satisfaction, what would be the role in the future? As stated by the Diadora's Chairman « You cannot innovate without being sustainable» (Diadora, 2024) what are the future implications for innovation in relation with sustainability?

Appendices

Interviews Structure And Content

The interviews with Diadora's executives are aimed at defining the organizational structure of the company and digging deeper into innovation, know-how, and sustainability processes.

Each interview was structured according to the interviewee's expertise and area of responsibility related to the field of analysis of this dissertation.

In particular, top management was involved in answering to targeted questions as follows and two general questions were common in each interview. The questions were:

«The thesis offers a discussion of the concepts of innovation of meaning understood as radical innovation aimed at redefining the meaning of the product versus innovation of solutions understood as incremental innovation oriented to consumer needs. Do you think these two concepts are complementary or do they need separate management? »

«In your opinion, what are the trends on which Diadora will focus on the future? »

Specifically, the first question aims at identifying the orientation of the top management of the company according to the main two innovation types analyzed by the thesis and to understand whether there is a common vision behind it or contrasting opinions emerge. The second question, instead, focuses on the objectives Diadora's executive leadership wants to achieve according to their area of competence.

Differently from the company setting, an additional interview was assessed with the Curator of the Fondazione Sportssystem Museum on a more general line discussing innovation and technological evolution of the district over the years.

Below the detailed structure and content on each interview are provided as a proof of evidence of the themes and topics covered during the investigation.

Interview with the Chairman (March 21st, 2024)

The Chairman and owner of the company was asked about company dynamics involving innovation, sustainability, and know-how processes. The objective of the interview is to

define the impact of such issues on strategic decisions evaluated at the Board of Directors level spanning from financial risks to brand identity.

The following questions were asked:

- What is the role of innovation in maintaining the company's long-term relevance and competitiveness?
- What strategies does the board of directors adopt in supporting the company's innovation process?
- What are the key elements that characterize the innovation process within Diadora?
- What governance models does the company adopt to facilitate collaboration and coordination between executive leadership and the board on innovation?
- What is your opinion on the importance of maintaining a balance between innovation and financial risk management and how is this reflected in board decisions?
- The thesis offers a discussion of the concepts of innovation of meaning understood as radical innovation aimed at redefining the meaning of the product versus innovation of solutions understood as incremental innovation oriented to consumer needs. Do you think these two concepts are complementary or do they need separate management?
- Often the concept of innovation of solutions is associated with an overcrowding of ideas that make the innovation process hindered. What is your opinion on this issue? Do you think that criticism is a useful tool for the elaboration of ideas in terms of innovation?
- Often, the other side of the coin related to innovation is the difficulty in holding on to origins and traditions. Diadora, being a historical brand founded in 1948, how is it approaching this critical issue?
- In recent years, the concept of innovation is often associated with corporate sustainability. Do you think these two processes are complementary or need separate management?
- How did the sustainability path at Diadora come about?
- In your opinion, what is the added value that sustainability conveys in terms of corporate image and reputation?
- In your opinion, what are the trends on which Diadora will focus in the future?

Interview with the CEO (April 3rd, 2024)

The Chief Executive Officer has the role to coordinate and supervise every department within the company. As innovation is a broad topic involving all functional departments, the figure of the CEO is essential to guarantee an efficient management of innovative processes and activities crossing different specialized departments. The objective of the interview is to understand which vision the CEO embraces at a management level to ensure success in the long-term horizon for the company.

The following questions were asked:

- What do you think are the added values that Diadora through innovation and sustainability conveys to the market?
- What are the key elements for which Diadora has an advantage over its competitors?
- The thesis offers a discussion of the concepts of innovation of meaning understood as radical innovation aimed at redefining the meaning of the product versus innovation of solutions understood as incremental innovation oriented to consumer needs. Do you think these two concepts are complementary or do they need separate management?
- Often the concept of innovation of solutions is associated with overcrowding of ideas that make the innovation process hindering. What is your opinion on this issue? Do you think that criticism is a useful tool for the processing of ideas in terms of innovation?
- Has the idea never occurred to you to create stand-alone projects?
- The Diadora brand represents the craftsmanship and tradition of the Italian footwear industry. Do you think these concepts tend to limit the innovation process or can they be incorporated into it?
- Does Diadora invest in the development and training of new talent in footwear?
- The innovation theme is often associated with corporate sustainability, which has now become a global market trend. Do you think these two processes are complementary?
- In your opinion, what are the trends on which Diadora will focus in the future?

Interview with the COO (March 13th, 2024)

The Chief Operating Officer guides all supply chain and Operations department activities within the company and ensures the efficient and effective execution of company practices regarding suppliers, service providers, and third parties. The objective of the interview is to define which processes lay behind innovation management within a sportswear company like Diadora.

The following questions were asked:

- How is the production process managed within Diadora? Does it occur directly (internally) or through a network of suppliers?
- What are the criteria for selecting a supplier?
- What are the drivers for internal production?
- How are sustainability standards verified with external partners?
- What impact does the innovation process have on sourcing issues? Does Diadora have direct control over supplier quality and work standards?
- Production planning is fundamental in the consumer goods industry: how is it managed in terms of operations process optimization?
- Coordinating the supply chain strategically is crucial for the business: what are your considerations from this point of view?
- Made in the Far East: most of the companies operating in this sector relocate their production to Asia, does Diadora also adopt this model?
- What are the main advantages and disadvantages of Made in Far East?
- Made in Italy has become a symbol of premiumness and craftsmanship in the footwear industry: how is this activity managed in the company? Do you rely on independent laboratories or is production entirely in-house?
- The movement of goods on a global level is essential to guarantee efficiency in the supply chain model: what are the most important characteristics to guarantee the best sustainable alternative from an environmental point of view?
- Are certifications required to demonstrate product quality standards?
- At the level of warehousing, is everything done internally, or is support provided by external partners?
- How is the process of storing goods managed: what are the best practices to guarantee the phenomenon of lean thinking?

- What aspects do you think are crucial in the management of the supply chain in a sports & lifestyle company?
- In terms of economic relevance, what are the characteristics of logistics?
- Why is the phenomenon of nearshoring and Made in Europe so limited for Diadora, and, in general, for the industry?
- At the customs level, what are the advantages of doing business in one country over another?

Interview with the Group HR Director (March 18th, 2024)

As innovation is embedded in all functional departments, HR management becomes a core area in this dissertation since it is responsible for organizational culture and the well-being of employees. To understand the influence of the working environment on creativity and innovative and sustainable activities, the interview with the Group HR Directors digs deeper into the role of HR within an organization.

The following questions were asked:

- How do you involve the HR team in the innovation process and how do you foster a culture that encourages creativity and experimentation?
- What skills or qualities do you think are essential for HR team members to foster innovation within the organization?
- The overcrowding of ideas in order to find radical innovation capable of winning the heart of the consumer and innovation aimed at finding solutions to consumer problems is the focus of the thesis discussion: what is your opinion on this issue within the organization and what impact does it have on the daily activities of the human resources department? Do you think they are complementary or is it necessary to keep them separate?
- How do you handle the excess of proposals and suggestions from employees, especially when many ideas are competing for attention and resources?
- How do you balance openness to innovation and creativity with the need to maintain a clear focus and direction within the HR team?
- How are employees actively involved in decision-making to manage the overcrowding of ideas and foster a sense of ownership and participation?

- What are the key steps the human resources department can take to turn idea overcrowding into a competitive advantage or improvement opportunity?
- How do you ensure that employees feel valued and listened to even when their ideas are not selected for implementation to maintain commitment and enthusiasm in contributing to the company's success?
- Often the topic of innovation is associated with corporate sustainability in a social sense-how do you assess the impact of sustainability initiatives on the well-being of employees and the corporate culture as a whole?
- What strategies are being adopted to integrate sustainability into recruitment, talent development, and personnel management policies?
- Can you give me the number of employees at Diadora?

Interview to the R&D and Quality Director (March 19th, 2024)

The R&D and Quality department is where innovation happens within an organization whether with incremental improvements or radical product launches. The interview aims at understanding specifically how the innovation process works within a company like Diadora operating in the Sportsystem district.

The following questions were asked:

- How is the innovation process managed within Diadora?
- In your opinion, what are the main characteristics that differentiate this company from its competitors? Diadora Research Center is a key asset to ensure innovation and development in terms of performance: what is the core vision that the functional area follows to ensure consistency and value at the company level?
- What are the main challenges the innovation industry is currently facing and how is Diadora addressing them?
- How do you involve your team in the innovation process and how do you promote a culture that fosters creativity and experimentation?
- What skills or qualities do you consider essential for your team members to have to foster innovation within the organization?
- How do you handle the excess of proposals and suggestions from employees, especially when many ideas are competing for attention and resources?

- Radical innovation aimed at winning the consumer's heart and an innovation aimed at finding solutions to consumer problems are the focus of the thesis discussion: what is your opinion on this issue and what impact does it have on the daily activities of the research and development department? Do you think they are complementary or is it necessary to keep them separate? Of the two types of innovation mentioned above, what do you think are the advantages and disadvantages of each?
- What are the key steps that the R&D department can take to turn idea overcrowding into a competitive advantage or improvement opportunity?
- What partnerships or collaborations have you established to foster innovation within your company?
- How important is academic support in this area?
- How do you manage the process of transferring innovations from the laboratory to the market?
- What are the value drivers that innovation in the sports & lifestyle sector conveys to the consumer?
- The critical aspect in terms of meaningful innovation is essential for the success of a product. How important do you think the role of quality is in this context?
- What are the next areas of research and development on which you are focusing your resources and why?

Interview with the Head of Sustainability (March 12th, 2024)

What emerged from the previous interviews is the complementarity of innovation to sustainability as a principle for developing better solutions. But how does it work within a sportswear company? The interview with the Head of Sustainability aims to answer this question providing evidence of the certifications and practices that the company adopts at a corporate level and in relations with external partners.

The following questions were asked:

- How did the sustainability process come about within Diadora?
- Did it come about as a branding requirement?
- What are the drivers that motivate companies operating in this sector today to be increasingly sustainable?

- Is sustainability used as a leverage tool for brands in the marketplace nowadays? Do you agree with this statement?
- How are sustainability standards verified?
- What kind of impact does the innovation process have on sustainability issues? Does it provide support for the identification of more sustainable materials and techniques or does it limit their potential? The thesis presents a discussion of how innovation driven by advanced design and management techniques often tends to generate the waste of ideas: do you see this factor as an element of unsustainability?
- How is the production process monitored by external partners to ensure sustainability standards?
- The phenomenon of overbuying is unfortunately becoming more and more common due to changes in consumer behavior and decreasing demand on their part: how are these critical issues managed at Diadora? Often, warehouses are filled with unsold goods that cause problems from a management perspective in cyclical business models like Diadora's: however, are these difficulties turned into opportunities from a sustainable perspective through charities and other initiatives? Does Diadora also adopt this model?
- Sustainability has now become a market trend and is essential for globally operating companies as a distinctive element of competition and success is it used at the communication level to attract a potential consumer? As for external stakeholders, however, how important is it to draw up a sustainability report?
- At the organizational level, how are employees being sensitized to take part in increasingly sustainable resource management?
- In your opinion, how will the Sports & Lifestyle market evolve in this respect?

Interview with the Global Sales Director (May 10th, 2024)

The interview to the Global Sales Director tackles commercial and brand reasonings of Diadora aiming to discover which instruments lay behind the commercialization of products by leveraging on the values referred to the context of analysis of this dissertation.

The following questions were asked:

- What do you think are the added values that Diadora through innovation and sustainability conveys to the market?
- What are the key elements for which Diadora has an advantage over its competitors?
- What is your view on innovation and its role in long-term success?
- This thesis offers a discussion of the concepts of innovation of meaning understood as radical innovation aimed at redefining the meaning of the product versus innovation of solutions understood as incremental innovation oriented to consumer needs. Do you think these two concepts are complementary or do they need separate management?
- Often the concept of innovation of solutions is associated with overcrowding of ideas that make the innovation process hindering. What is your opinion on this issue? Do you think that criticism is a useful tool for the processing of ideas in terms of innovation?
- The Diadora brand represents the craftsmanship and tradition of the Italian footwear industry. Do you think these concepts tend to limit the innovation process or can they be incorporated into it?
- How does Diadora approach innovation while still remaining true to its origins and traditions?
- How can innovation in sales positively affect the company's legacy in terms of reputation, customer trust, and financial results?
- Innovation is often associated with corporate sustainability, which has now become a global market trend. Do you think these two processes are complementary?
- How does the Diadora brand reconcile these 3 concepts?
- In your opinion, what are the trends that Diadora will be on in the future?

Interview with the Chief Marketing Officer (April 30th, 2024)

The interview to the CMO is aimed at investigating the brand propositions and their communications towards the target audience in order to assess the coexistence of different elements of the historical legacy of Diadora in innovation, craftsmanship and sustainability. This interview presents similar questions to those asked to the Global Sales

Director in order to understand the alignment between sales and marketing in the organizational context.

The following questions were asked:

- What do you think are the added values that Diadora through innovation and sustainability conveys to the market?
- What are the key elements for which Diadora has an advantage over its competitors?
- What is your vision on innovation and its role in long-term success? In terms of strategic implementation, what difficulties does Diadora face at the level of innovation? What is your approach to risk management in innovation and how do you balance the need to experiment with financial prudence?
- The thesis offers a discussion of the concepts of innovation of meaning understood as radical innovation aimed at redefining the meaning of the product versus innovation of solutions understood as incremental innovation oriented to consumer needs. Do you think these two concepts are complementary or do they need separate management?
- Often the concept of innovation of solutions is associated with overcrowding of ideas that make the innovation process hindering. What is your opinion on this issue? Do you think that criticism is a useful tool for the elaboration of ideas in innovative terms?
- The Diadora brand represents the craftsmanship and tradition of the Italian footwear industry. Do you think these concepts tend to limit the innovation process or can they be incorporated into it?
- Innovation is often associated with corporate sustainability, which has now become a global market trend. Do you think these two processes are complementary?
- How does the Diadora brand reconcile these 3 concepts?
- In your opinion, what are the trends that Diadora will look out for in the future?

Interview to the Chief Financial Officer (May 9th, 2024)

The interview to the CFO tends to shed light on the financial implications of the Group and understand capital expenditure and financial risk associated to innovation and sustainability while also keep the connection with the brand legacy.

The following questions were asked:

- What is your strategy for managing financial risk in a business environment as innovative as Diadora?
- What are the main financial indicators you monitor to assess the success of innovative initiatives?
- The thesis offers a discussion of the concepts of innovation of meaning understood as radical innovation aimed at redefining the meaning of the product versus innovation of solutions understood as incremental innovation oriented to consumer needs. Do you think these two concepts are complementary or need separate management?
- In terms of ESG Accounting, what are the principles for which companies like Diadora take this path? How is the process of writing performance indicators in terms of sustainability?
- What is the added value, both financial and reputational, that adopting sustainable practices brings to the company and how do you measure it?
- In terms of ESG accounting, what are the principles for which companies like Diadora undertake this path? How does the process of writing performance indicators in terms of sustainability?
- In your opinion, what are the trends Diadora is moving toward considering recent market developments as well?

Interview to the Director of Legal, Corporate & General Affairs (May 10th, 2024)

The interview to the Director of Legal, Corporate & General aims to define legal practices related to process and product innovation in Diadora by focusing on intellectual property and privacy among other elements.

The following questions were asked:

- What do you think are the added values that Diadora through innovation and sustainability conveys to the market?
- What are the key elements for which Diadora has an advantage over its competitors?
- How does Diadora manage the risks associated with adopting new technologies or methodologies in the legal sector?

- The thesis offers a discussion of the concepts of innovation of meaning understood as radical innovation aimed at redefining the meaning of the product versus innovation of solutions understood as incremental innovation oriented to consumer needs. Do you think these two concepts are complementary or do they need separate management?
- Often the concept of innovation of solutions is associated with overcrowding of ideas that make the innovation process hindered. What is your opinion on this issue? Do you think that criticism is a useful tool for the elaboration of ideas in innovative terms?
- The Diadora brand represents the craftsmanship and tradition of the Italian footwear industry. Do you think these concepts tend to limit the innovative process or can they be incorporated into it?
- How do you balance the need for innovation with protecting the company's legacy and of established processes?
- How does Diadora approach innovation while still remaining true to its origins and traditions?
- How do you think legal innovation will affect the corporate legacy in the long term?
- The innovation theme is often associated with corporate sustainability, which has now become a global market trend. Do you think these two processes are complementary? In your opinion, what is the added value that sustainability conveys in terms of corporate image and reputation?
- In your opinion, what are the trends that Diadora will look out for in the future?

Interview to the Museum Curator (May 8th, 2024)

During the interview with the Museum Curator, an historical investigation of the Sportsystem district was made in order to assess the evolution of the local companies according to technological innovations over the last century. Interesting insights were gained during this discussion serving as a source for the historical summary of the industrial district in chapter 3.

The following questions were asked:

- When does the first historical document that begins the footwear district of Asolo and Montebelluna date back to?

- How come there are snowshoes and boots for mountain and war?
- Here I see some working tools, the thesis offers a dichotomy between innovation and craftsmanship. How did production work over the years?
- Were the machines made in Italy?
- How did the district evolve during the 1900s?
- Did the ski accessories originate within the footwear factories in the territory?
- When did there start to be the first hints of sports?

Acknowledgments

Per prima, vorrei ringraziare la mia relatrice, la prof.ssa Monica Calcagno, che, con la sua esperienza in materia di gestione dell'innovazione, mi ha guidato e supportato in questo progetto finale. Grazie per questa bellissima esperienza che porterò sempre tra i miei preziosi ricordi universitari.

Questa tesi è dedicata ai miei genitori che non hanno mai smesso di credere in me. Grazie per tutto il supporto dato in questi anni e per avermi reso la persona che sono oggi. Con voi ho capito cosa significa essere amati e valorizzati. Siete e sarete sempre il mio punto di riferimento.

A mamma, *mojata nane*, *Urmetka*, per essere sempre dolce e premurosa con me. Grazie per avermi dato al mondo, per la tua bontà e per la tua gentilezza. Da sempre la mia più preziosa consigliera in amore, vita e lavoro, sei la persona a cui devo tutto. Grazie per essere la mia mamma e anche se a volte posso essere difficile da gestire ti prego di rimanere sempre al mio fianco. Ti amo tanto.

A papà, *mojot babuш*, *Alil*, per essere sempre forte e attento a ogni mio passo. Grazie per avermi insegnato a stare sul mondo, a proteggermi e avermi reso l'uomo che sono oggi. Grazie per avermi sempre portato sulla giusta strada e reso migliore di volta in volta. Ti devo tutto. Senza i tuoi insegnamenti, la tua comprensione e il tuo sostegno non avrei mai potuto arrivare fino a qui, grazie!

A Harisa, la mia sorella, per essermi stata sempre vicina per qualsiasi cosa. Grazie per supportarmi e sopportarmi da quando sei nata. Uniti sin dall'inizio, tra alti e bassi, siamo ancora qua, a sostenerci a vicenda. E' inutile dirti che sei una delle persone più importanti della mia vita e, come ti ho già detto diverse volte, sarò sempre al tuo fianco e la tua spalla. Sei il mio faro di luce da sempre e per sempre. Grazie per essere la mia piccola sorellina.

A mia nonna, *Rujde*, che, sin da bambino, mi ha motivato e spinto ad essere la versione migliore di me stesso. Anche se ora non ci sei più, grazie per avermi guidato dalla tenera età e avermi reso una persona migliore sotto i tutti sensi. Scusami per averti fatto dannare per la mia caratteristica vivacità e grazie per avermi voluto bene. Mi manchi tanto.

Ai miei nonni, Nevrija e Minka, per essersi sempre preoccupati e interessati a me. Nonostante la distanza che ci divide, mi siete sempre stati vicino col cuore. Grazie del vostro amore.

Ai miei parenti, zii e zie, cugini e cugine, per aver sempre creduto in me e nelle mie capacità. Anche se non tutti siete qua, grazie per essere la mia famiglia e ispirarmi ogni giorno. Vi voglio bene.

Ai miei amici per essere sempre il mio punto di svago da ogni problema. Tra chi se n'è andato e chi è rimasto, eccoci qua, ancora insieme dopo tutti questi anni. Grato di avervi nella mia cerchia.

A Giorgia per essere sempre buona e bacchettona allo stesso tempo. Sin dalla prima superiore il nostro rapporto era destinato a durare nel tempo. Grazie per essere sempre stata al mio fianco in ogni mio grande passo, grazie per strapparmi il sorriso quando serve, grazie per tutte gli aggiornamenti gossip di Montebelluna, e, infine grazie per sopportarmi per ogni mia pazzia. Ti voglio tanto bene.

Ad Anna per la sua dolcezza e gentilezza. Grazie per avermi supportato in questi ultimi anni e per essere parte della mia vita. Grazie di essere amica mia.

Ai miei colleghi del Controllo di Gestione di Diadora, Giacomo, Rossella, Filippo, Mauro, Francesca e Andrea, per essere stati i miei mentori sia nel lavoro che nell'accademia e aver creduto in me in questi ultimi due anni.

Grazie a tutti gli intervistati che hanno fatto parte a questo progetto.

Grazie Diadora, in particolare il presidente Enrico, per questa meravigliosa opportunità.

Infine, grazie a me stesso per averci sempre creduto e non avere mai mollato. Sognavo questo momento sin da quando ho messo piede in università e alla fine è proprio vero, nessun sogno è mai soltanto un sogno. La strada per arrivare qui non è stata di certo facile ma con un pizzico di volontà e impegno, eccoci qui, alla fine di questo percorso.

Ad maiora!

Come lo sport ci insegna, great moments are born from great opportunity.



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