

**‘In 10 years’ time, ‘Made in China’ will be synonymous with high quality.’**

**Mr Ji and Patrizio Bertelli  
in conversation, 12 March 2021.  
Moderated by Jonathan Wingfield.**

**Jonathan Wingfield: Mr Bertelli, when did you first visit China, and to what extent did you sense the scale of commercial opportunity at the time?**

**Mr Bertelli:** The first time was in 1993. I visited what was then called Canton, then Shanghai and Beijing. I remember the impressive sight of all the people riding their bicycles in Tiananmen Square. I was immensely curious, and my first impression of China was a feeling that this huge population was about to undergo a considerable change in their habits and their way of life. It was

city – and the party Mr Ji threw for the grand opening: it was a clear expression of how he could take our concept of luxury in Europe and successfully implement it in the Chinese market. He is not the only one, but he is the best embodiment of this attitude towards luxury. It’s not so much a question of consumerism; it’s more a new attitude and new way of living in a country that couldn’t possibly stay as it was in the 1980s. It is a clear symbol of change. Over the past 30 years, China has been like a sponge, absorbing everything that comes its way. They’ve made things like luxury, consumerism and technology their own – and will continue to do so.

**Did you also envisage the potential desire, enthusiasm and respect that Chinese consumers would have for the**

telling me about the history of Prada, its present status, and his vision for the brand’s future. I clearly remember Mr Bertelli explaining that while Prada is an Italian brand, born in Italy, it is also an Asian brand. He told me about attending a conference in Florence in the 1980s at which the chairman of Sogo, the Japanese department store, was giving a speech, and being invited to visit Japan afterwards. He told me that everything about Prada today as an international brand stemmed from that visit to Japan.

**Mr Bertelli:** Do you remember I did a lot of drawings while you were there?

**Mr Ji:** Yes, I recall you drawing a chart, illustrating the fact that since 1991, Prada’s business growth has been amazing, and that its international growth also stemmed from that moment. You

## **‘Mr Ji is like an elephant, and it’s much better to avoid a clash with him because you could get crushed if you go against him.’**

pretty clear that China would become the market it is today, once it started tackling the social differences within its huge population. At the time, few people had access to – I wouldn’t call it consumerism – but to all those goods that make life easier and more pleasurable: a house, a car, a TV, all those amenities that we are all used to.

**Could you talk about bringing Prada into China? What conversations did you have to have with local Chinese partners to make this a reality?**

**Mr Bertelli:** Working with partners like Mr Ji has been absolutely instrumental in making ourselves understood. He was one of the first people in the Chinese market who truly understood luxury. I remember the opening of SKP in Xi’an – the Terracotta Army

**notion of ‘Made in Italy’?**

**Mr Bertelli:** Yes, I sensed that immediately, for the simple reason that what we call ‘Made in Italy’ is a reservoir of know-how and crafts and skills that are simply not available in other countries. It is like champagne being unique to a specific region in France. Made in Italy is made here; it is in our DNA.

**Mr Ji, what were your earliest experiences of connecting with Western luxury fashion houses?**

**Mr Ji:** Over the years I’ve had the privilege of meeting and becoming friends with the owners and CEOs of many of the luxury fashion department stores and brands, and I have learned a lot from them. I have specific memories of meeting Mr Bertelli for the first time: I remember being in his office and him

also told me that one day the Prada IPO would take place in Hong Kong.

**Mr Bertelli:** I have always told you everything, Mr Ji, including that the IPO would happen in Asia. Mr Ji is an excellent man; he is very strict and severe and demanding, but in good ways. Ultimately, Mr Ji, I want you to know that if Prada has the status it now enjoys in China, it is thanks to your work and your time.

**Mr Ji:** I am grateful that my interaction with Mr Bertelli has always been frank and to the point, because I have learned a lot from those conversations.

**Mr Bertelli:** Let me explain something about Mr Ji: his greatest gift is his perfect sense of timing. Although his process can be relatively slow, it is always carefully thought out and planned throughout. And he always reaches the objectives that he has in mind.

**Mr Bertelli, you say Mr Ji is strict and severe in a positive way. Could you give me an example of this in your business relationship?**

**Mr Bertelli:** When he speaks about business, Mr Ji makes his own opinions and comments known. He might say, ‘Why don’t you do this or that? Why don’t you consider other options?’ But really, as soon as either of us suggests something, he expects it done. It is not necessarily a discussion; it is more like a proposal and I have to deliver what I’ve promised. He is like an elephant, and it’s much better to avoid a clash with him because you could get crushed if you go against him.

**In what specific ways does Mr Ji represent a strategic partner for Prada in its rapport with the Chinese market?**

the capital that he invests in major brands. He is the best defender of his market and our brands. Of course, he is not the only one: Isetan does the same in Japan, as does Lotte in Korea – and I don’t want to downplay the importance of other players in the Chinese market – but I have to say that SKP is the real champion in the Chinese market.

**How do the differences between Western and Chinese consumers shape the ways Prada operates in China?**

**Mr Bertelli:** It’s more relevant to look at generational rather than geographical differences. If you consider Gen Z, I don’t see much difference between Chinese and Europeans, whereas there is a vast difference between Chinese and European generations born in the 1960s and 1970s. For millennials and Gen Z,

**Mr Bertelli:** Mr Ji understood perfectly that he couldn’t just open boutiques. He had to present an entirely new concept, with restaurants, bars, spectacle and entertainment at the core. The key thing is that the *quality* of experience is always maintained. One thing I want to tell you, Mr Ji. I know you don’t particularly care for it, but you should open SKP in Shanghai. I tell you every time we meet, but you never listen to me.

**Mr Ji:** We have so many opportunities in China; it is not only about Shanghai.

**Mr Bertelli:** Come on, Mr Ji! Shanghai is a symbol, a name; it is the most international city you have, akin to Los Angeles or New York. It is a global city. So listen to Patrizio and open in Shanghai!

**Mr Ji:** I certainly don’t deny Shanghai’s market position, but we need to

**‘Even in the smallest market in a tiny Chinese town, you pay with your phone. Whereas in Italy, it is still not that common to use even a credit card.’**

**Mr Bertelli:** I don’t know how he does it – maybe it’s purely instinct – but he has such a profound understanding of the quality of Prada, and in particular an appreciation of when a product is just right. The other thing is his extraordinary ability to look ahead and foresee the future. That gives him the insight to find the best architect for his stores, to have the best product merchandisers, and so on. In this respect, he is not European at all.

**What about pure business projections?**

**Mr Bertelli:** It’s simple – the first rule for Mr Ji is to respect the brands. He is not about making quick easy cash; he doesn’t want to depreciate his capital or his assets. He doesn’t like to do end-of-season sales; he wouldn’t want to cheapen Prada like that. He protects

it is a more globally level playing field because people are using the same digital tools more or less. Chinese consumers were actually the first to adopt digital systems on a wide scale; they were even faster than the Japanese. Just think of payment systems: China is totally cashless now, even in the smallest market in a tiny town, you pay with your phone. In Italy, we are still far from that; it is still not that common to use a credit card, while paying with your phone is out of this world. Even the platforms in China are different and much more active and quicker. It is our job to get up to Chinese speed.

**Mr Ji describes SKP-S as more visual feast than just a shopping experience.**

**What do you think of this evolution of shopping as cultural experience?**

be patient and make the right decision instead of just expanding for the sake of expansion. China is not just Shanghai; there are many other beautiful cities.

**Mr Bertelli, you’re being the elephant now.**

**Mr Ji:** Now you have a proper insider discussion, Jonathan, not just an interview. You’ve got proposals coming from either side, just like the private meetings Mr Bertelli and I always have. In terms of SKP-S, Prada has without any doubt been the role model in all aspects. That is because Mr Bertelli truly understood the objectives of SKP-S; he understood the importance of connecting with the next generation of customers. So I must say this to Mr Bertelli: so many young customers instantly fell in love with the Prada store in SKP-S,

and not just with the product or with the visual merchandising. They loved *everything* in the store!

**Mr Bertelli:** I knew from the beginning that SKP-S would need to be a retail offering that would change three or four times a year, and that it would need to be a physical representation of what young customers see in the digital world. That is the core of the strategy – a physical experience and location that changes almost as frequently as a digital one.

**Mr Ji:** We rotate a few times each year, but it isn't just rotations for the sake of rotations; it is the stories, themes and message that you create while making those rotations. Some brands rotate their products and their physical space two or three times a year, but what they are offering actually leaves

**you reconcile the time, expertise and resources required to deliver Prada quality with the sheer scale of the Chinese market?**

**Mr Bertelli:** That's really the heart of the matter. It's certainly not easy, but I can try to explain how we proceed. We don't rely on an external creative studio, so as soon as we start designing and creating our products, we know the problems we will have to solve. Nothing happens in isolation; everyone is involved with their skill sets and capacities from the very beginning. From an outsider's perspective this might sound messy, but it is the only way to really come up to speed with the whole process. Inside Prada, there are maybe 50 different people across multiple departments perfectly aligned with what SKP-S means and what it requires – store

**Mr Bertelli, how do you feel about SKP's strategy of focusing on physical retail, while not yet developing e-commerce? It feels almost counter-intuitive to modern life but has been one of the fundamental reasons of its success.**

**Mr Bertelli:** That would be my choice and my attitude, too. The reality is that Mr Ji made this decision and the results are what we see; he is absolutely right. Of course, Mr Ji is always free to decide to increase his presence on e-commerce platforms at any given time in the future. All the products we do for SKP are exclusive; they're not available anywhere else on the retail market or on e-commerce platforms. It is SKP's own exclusive product.

**Mr Ji, could you tell me a bit more about the strategy of exclusive prod-**

**'All the Prada products we do for SKP are entirely exclusive; they're not available anywhere else on the retail market or on e-commerce platforms.'**

the customers underwhelmed and disappointed. Many of the creative directors in Europe ignore the fact that SKP-S is a very important platform, one they should really engage with more to create a deep connection with young Chinese customers.

**Mr Bertelli:** The idea is that every time you have a rotation, you need to accompany it with something really special and unique.

**Mr Ji:** Some other brands just don't have this clarity of vision.

**Mr Bertelli:** Having a vision means you need a lot of people to develop it, which is expensive, and lots of brands just play safe with their money.

**Mr Bertelli, what about the challenge of keeping up with the pace and the requirements of SKP? How do**

**furnishings, fixtures, products, photography, campaigns.** We're currently working on a beautiful SKP project for late April based on the idea of camping. I love the project; it is going to be very successful.

**Mr Ji:** I've seen it and I love it, too.

**Mr Bertelli:** The camping project will continue throughout the year and we'll provide different products for each season. It is almost like a movie that will go on for eight months, chaotic but very interesting. We're designing it like the script for a movie, changing things and rearranging them as we go along, and we will keep fine-tuning them throughout the duration of the project. We want to include some kind of 'living pictures', with real people interacting with the presentation. The effect we want is like when you walk past a film shoot.

**ucts? How many brands provide exclusive products and what percentage of their overall stock is exclusive?**

**Mr Ji:** It depends on each individual brand's strategy, their own broader ambitions for the Chinese market, and their own judgements about SKP. Let's continue to take Prada as an example: Mr Bertelli and the Prada company have clearly come to the conclusion that if you make that investment in SKP – with exclusive products and collections – you will get better returns. There are other brands that want to do similar things, although some may not have the skills, financial resources or infrastructure to achieve this level of ambition. What I can say with certainty is that no other company currently has 50 people with such a good understanding of how SKP works, and no other company

has leadership as strong as that of Mr Bertelli. As Mr Bertelli said, it is not a question of isolated work – it requires an entire system.

**Mr Bertelli:** It takes leadership, yes. At Prada, we really want to be able to do things that no one else does; my wife, Miuccia Prada, and I both feel the same about this.

**Mr Ji:** Always embrace the dream. Without it, it would not have been possible.

**Mr Bertelli:** You are like my alter ego in China.

**How important is it for Prada's creative leaders – Mrs Prada and Raf Simons – to visit somewhere like SKP? The tangible connection between creator and consumer feels increasingly important.**

**Mr Bertelli:** The power of the brand is

**has forced upon the fashion industry.**

**Mr Ji:** We cannot underestimate the impact Covid-19 has had on the human race, not just fashion. For our industry in particular, any business dependent on travellers or tourists is experiencing a lot of challenges, so at SKP we have needed to focus more on the needs of local customers. We need to look into how to improve the offerings in each of our local markets, to enhance the customer experience. Any improvements in a store's physical experience enhance brand perception and that should not be underestimated. Perhaps the most important thing is that the whole human race is in the same boat, so we have to be united. There needs to be more communication, more understanding, and more mutual respect and trust. That's the only way to meet the

they can buy all brands in China, perhaps better than in Europe. The European market may not go back to the same volumes as pre-pandemic, that is not certain. We will need to evolve in terms of products, identity, communication. We need to follow the cultural changes in countries and new generations. Chinese 20-year-olds today are totally different to Chinese 20-year-olds from two or three decades ago; these customers today are totally aware of our products and our market. We need to work in sync with the countries where we operate and the customers we serve. In the past, it made sense to have the same product everywhere in the world, but the big growth areas have been in tropical areas, equatorial areas, where temperatures are totally different to the markets we used to

## ‘China will have to shed its identity as a big-volume producer and once it does that, it will become the owner of quality.’

not sufficient; we firmly believe in direct contact. I have visited China countless times over the past 30 years. Miuccia was there back in the 1970s when it was practically closed; she travelled around by train for a month. Fashion designers who lock themselves in an ivory tower are just too far removed from reality. Of course, in the past year we have all been relying on digital communication, which is useful but not enough. It takes away so much personality from our connection to the world. You learn so much more by walking around a street market than by reading reports. Taking a train, walking around the streets, observing people, going to popular restaurants, that is how we learn.

**You alluded to the pandemic. Let's discuss the impact and changes that Covid**

challenges of the future. SKP has to create closer connections, more collaborations, and a deeper sense of partnership with brands. These things will enable us to overcome future difficulties.

**Mr Bertelli:** The global pandemic has highlighted two fundamental things, at least as far as Europe is concerned. In our industry, brands cannot thrive by just selling to Asian tourists in Europe; we also need to focus on our own local customers in Europe and Mr Ji has said the same thing needs to happen in China. I agree that we need to be absolutely respectful of each other, not make any distinctions between different countries, and respect the Chinese market. When the pandemic closed the border Chinese customers had to shop far more at home. In this past year Chinese consumers have understood, I'm sure, that

serve. Look at the climatic differences between Beijing and Hong Kong. We have to cater for different climatic and physical needs, and not just cultural differences, with products that have to convey the brand's identity. Sometimes clients are criticized for being too demanding, but they know their products; they're demanding for a reason. What really changed the market was the iPhone and the iPad hitting the market in 2009 and 2010; that brought about a huge change in our habits. Our approach to the market has had to change radically, not only with the products, but also with the way we present them on the market.

**How do you envisage the evolution of the Chinese market, and what effects will this have on global fashion?**

**Mr Ji:** The next decade in China is going to be key, because it is the first decade in the next stage of China's economic development. We just finished the parliamentary sessions today in China, which created a five-year plan of national economic development focused on developing quality. The fashion industry in my opinion will grow at least three-fold in the next decade. More and more young people will embrace the industry. We need to create products, systems and structures that win the respect of these new generations. The demand for and the needs of the fashion industry in China are going to be huge, and the market will become more and more challenging. Like Mr Bertelli just said, Chinese 20-year-olds are so much more knowledgeable than 20-year-olds in China 30 years ago. They are far

years old; I am not sure I will live until I am 85. I will leave the responsibility of guiding my son on this journey in the hands of Mr Ji.

**Mr Ji, you just mentioned the parliamentary discussions about quality. We talked earlier about the value of the 'Made in Italy' label; do you think in the future that the 'Made in China' label could become a leading global symbol of quality?**

**Mr Ji:** Producing a high-quality product is not the same as creating a high-quality brand. This is quite a delicate situation in the fashion industry. The creativity in a brand involves much more than just production and manufacturing. In China, building a world-famous brand requires guidance from the international brands.

quality. The same goes for hi-tech: in 10 years' time, 'Made in China' will be a label synonymous with high quality. I am sure you agree with me.

**Mr Ji:** Yes, the development of higher quality is inevitable in China. We have to use as few resources as possible to create as much value as possible. High-quality manufacturing is not simply a question of products; it is also about protecting the environment. That is now a very clear government objective: we want to push economic development, but we should not sacrifice the environment in this pursuit. It is, of course, a very difficult task to accomplish. The term 'high-quality development' sets a high bar. We need to change people's mentality; they need better schooling, better housing, a more dignified life. To create future infrastructure for the lux-

## 'The Chinese fashion industry will grow at least three-fold in the next decade. We need to create products that win the respect of new generations.'

more demanding, and will make their own decisions about which brands they'll continue to embrace and which they'll abandon. They will make their own decision about which department stores they want to go to and which ones they will ignore. So the whole industry will become even more fiercely competitive. In the next decade, leading brands will become stronger, while the brands at the bottom will find it increasingly difficult. We have to set the bar really high for ourselves. We need to be agile and more flexible and active in terms of innovations. We have to do all of this in order to embrace the future.

**Mr Bertelli:** I agree entirely with Mr Ji. I was reflecting on the complexity of the market; it is going to become really selective and demanding. I am comfortable with that situation. I am 75

**Mr Bertelli:** I think Mr Ji is being overly cautious. Let me take an example. In 1960, the Japanese started working in the camera industry; Olympus, Nikon, Canon, everyone started making cameras. When I was a boy, I remember people said that Japanese cameras were not top quality; we were used to buying German or Swiss brands, the same for hi-fi audio. Now we take it for granted that top-quality cameras and hi-fi come from Japan. As far as technology is concerned, China is following in the same footsteps as Japan a few decades ago. Think of Volvo, which is now owned by a Chinese company and has made progress in quality. Its newest cars are just fantastic, especially the electric ones. China will have to shed its identity as a big-volume producer and once it does that, it will become the owner of

ury fashion industry in China, we will need an excellent creative education system, with good role models who can pass on their expertise and knowledge. All these aspects are included in the so-called high-quality development, as is our service sector, and the retail industry, online and offline. Better experience, better offerings, better service are all essential elements. The future will see us become more integrated into the rest of the world; more Europeans might start coming to China to create brands. It will be very interesting over the next decade. If you were 30 years younger Mr Bertelli, you would probably have already come to China to start your business.

**Mr Bertelli:** *Twenty years younger!* Actually, if someone could guarantee that I would be as fit as I am now when

I am at least 80, then I would come over and start my local business right now! I'd need a good partner though.

**Given China's economic and social development of the last 30 years, are you surprised not to see more Chinese luxury brands emerging?**

**Mr Bertelli:** Yes, I've often thought about this, but I can't give you a sensible answer. Mr Ji should answer this.

**Mr Ji:** I think this is a problem we come across in the process of knowledge accumulation. I firmly believe that China will produce a number of internationally recognized brands in the future, but it just won't happen in the short term. It will take time. Secondly, the overall luxury fashion industry infrastructure in China is not sophisticated: we need more creatives, pat-

**provenance? Where location is no longer significant to success?**

**Mr Bertelli:** It is highly unlikely to be a new brand, but Prada and other brands are looking at the global market. I agree with Mr Ji that we are understood globally, and not just in terms of luxury, but also in what we want to communicate. We communicate through products, as well as through lifestyle and the concepts we hold dear, such as art, the art foundation, the America's Cup; everything we do. Prada is definitely trying to enhance the brand itself without necessarily always thinking we come from Italy. This is what we are trying to do, and it takes time for a big organization to do that.

**Mr Bertelli, do you think there is an opportunity for Italian brands to**

**And Mr Ji, what have you learned from Mr Bertelli and Prada?**

**Mr Ji:** Cultural respect, sufficient sharing and frank communication. More specifically, I've gained great insight into brands and the luxury industry from Mr Bertelli. I've learned how to lead and to manage a luxury brand. And in particular, I've learned to value the right attitude about details and product quality. Every time we meet, I learn so much. I know that we belong to the so-called older generation, but we need to keep challenging one another so we maintain our passion for our respective work. So many times Mr Bertelli has complained about the slow speed of my decision making, but every time we have achieved the shared target.

**Mr Bertelli:** No, you are not slow! You just reflect on things, and that is differ-

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ternmakers, an entire support system. This system is well established in other industries in China, but for the fashion industry, the infrastructure is not yet in place. We need time to develop this. Regardless of the sector, you need to achieve global status to be a great brand. Prada is such a great brand loved by so many different customers in so many different regions and countries: Europeans and Asians, and Americans, too. It is about your creativity and your dedication to quality and the details in the craftsmanship. There is also, of course, the brand marketing. You need all of that in place to become a brand that has international prestige.

**Could you imagine a time when a successful new global brand emerges that has no specific geographic or cultural**

**transfer 'Made in Italy' skills at scale to somewhere like China? Can those skills be transferred out of their original context?**

**Mr Bertelli:** I think that we could do it and we will *have* to do it. We shouldn't be afraid of this or hold back. It is part of this overall global integration that we all require. We mustn't consider people as opponents; we have to let globalization play out and eventually it will turn out to be positive for all.

**Finally, Mr Bertelli, what have you learned from Mr Ji and SKP?**

**Mr Bertelli:** First of all, and this has always been in my nature, is respect. I apply that to how we work together in a very open way without any double crossing or trickery. I trust Mr Ji personally a lot. It is very simple.

ent. That is why I said you are like an elephant – but an elephant has a huge brain! I should add that I started my career aged 18, and I have learned a lot from many people. My advice would be to try and look for as many Mr Ji's in your life as possible. I have been lucky to have had several along my career. My first partnership in Japan in the 1980s was with a distribution company called Miami, whose CEO, Kiichiro Funai, was very helpful. When I said I would like to start my own business in Japan, he had nothing against it and actually helped me. I can compare Mr Ji to the past CEO of Isetan in Japan; he was a dear friend. You need to look for the right partners, and most importantly, you have to be willing to listen to them.

**Mr Ji:** Thank you for your time and for your kind words.