CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES

Ferrari: The Paradox of Continuity

By:

Erik Hoogervorst

Jenny Karlsson

Adithya Nidhi

Pan Xinyuan

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Corporate Brand Management and Reputation: Master's Cases

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

Editor

Mats Urde
Associate Professor
mats.urde@fek.lu.se

Head of master's course Corporate Brand Management (BUSN35), part of the master's program International Marketing and Brand Management.
Lund School of Economics and Management, Sweden.

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ERIK HOOGERVORST

JENNY KARLSSON

ADITHYA NIDHI

XINYUAN PAN

Ferrari: The Paradox of Continuity

On the top floor of Ferrari's factory in Modena, Executive Chairman and significant shareholder John Elkann has gathered the company's senior executives around the long walnut conference table. In the following month, Ferrari is expected to present its new long-term business plan to investors. The company's ambitious electric-vehicle (EV) strategy is the sole item on the agenda and the room is sharply divided, with executives holding strong and opposing views. However, everyone has the same goal in mind: To secure Ferrari's brand positioning in the past, present and future.

Background and History

Enzo Ferrari was born in Modena in 1898 and developed an early passion for engines growing up above his father's workshop. Watching Felice Nazzaro win the 1908 Coppa Florio race, was the beginning of a life long passion for race cars. At 18, following the deaths of his father and brother Alfredo, Enzo sought work and was employed by CMN, a company converting wartime vehicles into race cars. He began test-driving and racing for them. A few years later Enzo joined Alfa Romeo, where he achieved multiple race wins and founded and managed the Scuderia Ferrari racing team **(see exhibit 1)**.

Enzo eventually left Alfa Romeo to form Auto Avio Costruzioni, relocating to Maranello. In 1947, free from Alfa Romeo's imposed name restrictions, he produced the first Ferrari-badged car: the 125 S, featuring a V12 engine and the iconic prancing horse logo. The emblem combined elements from a WWI fighter plane, Modena's canary yellow, the Italian flag, and the initials "SF" for Scuderia Ferrari **(see exhibit 2)**.

Ferrari initially produced road cars to fund racing, often compromising quality and design. That changed in 1969 when Fiat acquired a stake in the company. Enzo retained full control of the racing division, while Fiat managed road car production, dramatically improving quality positioning Ferrari among top competitors like Porsche and Lamborghini.

Ferrari's F1 success with legendary race drivers Lauda, Schumacher, and Ascari elevated its global reputation.

Many car model names honored the brand's heritage: Dino 206 GT (after Enzo's late son), Testarossa (red cylinder heads), Enzo, 612 Scaglietti (after the coachbuilder Sergio Scaglietti), and Monza SP1/SP2 (an Italian race track).

Upon Enzo's death in 1988, his second son Piero Ferrari became sole heir. Piero, has had an integral role in the Ferrari corporation since the 1960s and is today Vice Chairman.

In 2016, Ferrari separated from Fiat Chrysler and listed on the NYSE as Ferrari N.V. Today, ownership is split among EXOR N.V. (21%), Piero Ferrari (10%), and public shareholders (68.19%).

Ferrari has throughout the years managed to keep the reputation of high quality performance luxury cars with a price tag to match. The Roma starts at around €127,000, while the SF90 hybrid can reach €523,000 before customization. However, collector demand remains exceptional. In 2018, a 1963 Ferrari 250 GTO sold privately close to €60 million beating a previous record in 2013, when a 1962 Ferrari 250 GTO sold privately for approximately €44 million.

The Incident

In 2019, Ferrari CEO, Louis Camilleri (64 years old at the time) stated in an interview *"I don't see Ferrari ever being at 100% EV. And certainly, not in my lifetime will it even reach 50%."*[1]

The following year Camilleri resigned and with his successor, Benedetto Vigna came a different strategic outlook. In 2022, Vigna presented an ambitious new electrification plan aiming for fully electric vehicles to make up 40% and hybrid cars another 40% of Ferrari's sales by 2030. The announcement landed at a moment when

[1] The Motley Fool, 2020

investor confidence in the company's long-term growth had weakened. The company's Price-to-Earnings (PE) ratio had fallen to its lowest point in years at 32.17.

Investor sentiment around Ferrari shifted. Analysts welcomed the move, arguing that the new commitment aligned Ferrari with long-term industry and regulatory trends. One Kepler Cheuvreux analyst even saw the move as a requirement to sustain further growth. Moreover, the new commitment also came at a time when Porsche had experienced years of widespread success with its fully EV sports model "Taycan" as well as Tesla's "Roadster" model.

Within six months, Ferrari's stock valuation soared. The P/E ratio rose to 54.39, representing a 69% increase in the multiple that investors were willing to pay. In the following two years, investors would reap profits of 167%.

Meanwhile investors embraced the new strategy, Ferrari customers displayed resistance to the commitment. For decades, Ferrari had cultivated a fan base of passionate "petrolheads" for whom the combustion engine was at the heart of a Ferrari's heritage, delivering much of the value that appealed to customers. One petrolhead referred to the founder, Enzo Ferrari's famous commitment to the combustion engine as the true heart of the car:

"I don't sell cars; I sell engines. The cars I throw in for free, since something has to hold the engines."[2]

Ferrari is a brand that seeks to create a truly special driving experience. The thrill of driving one is unmistakable, and the feeling can best be described by its owners. One GTC4 Lusso owner explained it as following:

"[S]tepping into the garage, seeing a Ferrari with your name on it, pressing the starter and hearing, feeling that big V-12 whump to life. No matter what you do, no matter where you go, you know today is going to be special, thanks to the succulent aroma of fine hides, the rapture of clicking off paddle upshifts as the engine wails to 8,000 rpm, the chassis hovering over the ground with a magical finesse as only the Maranello magicians can make possible."[3]

Not all customers agree with this perspective. One customer reacted to Ferrari's EV ambitions:

[2] La Repubblica, 2018
[3] Motortrend, 2017

"It shows Ferrari can evolve with the times and still make breathtaking machines."[4]

The CEO, Vigna, who spearheaded the EV-transition, does not see the combustion engine's roaring sound effect as an integral part of Ferrari's value proposition.

"People buy a Ferrari because when they buy a Ferrari, they have a lot of fun. They don't buy a Ferrari because A, B, C, D or a single element. It's a combination of things. When we do electric cars, we will produce them in the right way."[5]

Reports say that the customers of hybrid Ferrari cars rarely charge the battery on them. One customer acknowledged the electric option to be valuable, but not in the traditional Ferrari spirit.

"The engine is incredible. It doesn't disturb my neighbors"[6]

With the launch of Ferrari's first fully electric model, the Elettrica, scheduled for late 2025, has reported strong interest and healthy pre-orders. However, as the hype faded, the long-term demand remained ambiguous and feedback grew increasingly cautious. Developing a fully electric Ferrari had already required substantial investments in new technologies, facilities and in-house expertise.

A second fully electric model had originally been planned for release in late 2026 as the next step to reach its 40% commitment. However, amid softer than expected demand projections and uncertainty about the long-term demand for electric Ferrari's, the project was pushed back to 2028.

Now, seated around the long walnut table in the strategy room, Ferrari's leadership must confront a fundamental dilemma: ***Should Ferrari stay committed to its current electrification strategy, or reconsider its trajectory and preserve a predominantly combustion-engine future?***

[4] Reddit, 2025
[5] Autocar, 2025
[6] Reddit, 2025

Exhibits

Exhibit 1 – Founder, Enzo Ferrari

Source: Ferrari (2026)

Exhibit 2 – Ferrari Logo with Prancing Horse with initials "SF"

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