

COMMERCE

Prada nets 2015 growth in Japan, as China continues to cool

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Still from Prada's "Real Fantasies Spring/Summer 2016" film

By STAFF REPORTS

Italian fashion house Prada saw a 26.6 percent drop in profits in the 12 month period ending on Jan. 31.

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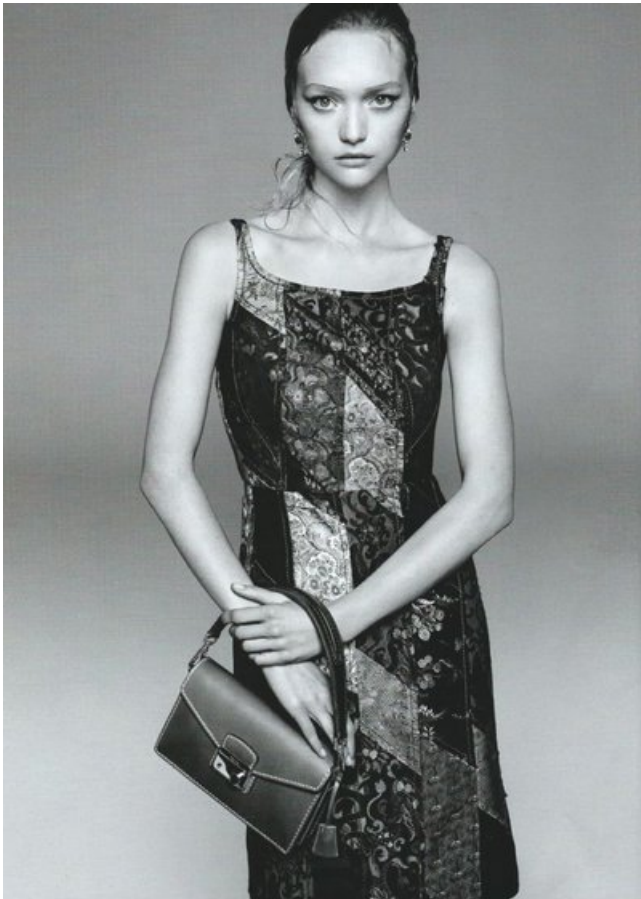
Prada's profits dipped to \$364 million compared to \$590.4 million from the year ago, while sales in the 12 months totaled \$3.91 billion compared with \$4.67 billion in the previous fiscal year. Prada has been challenged by the slowdown in China, which has begun to affect the Italian brand's bottom line.

Prada's purse

The brand's retail network saw a 2.6 percent increase to \$3.0597 billion. Prada's wholesale business saw a decrease of 16.5 percent, marking a \$88 million loss to total \$444.6 million.

Prada's specific markets saw growth despite its overall revenue results. Europe for instance saw a 5.9 percent increase, giving a boost to the weakened euro and attracting Asian and American consumers during the first half of the year.

Japan also saw a positive trend in 2015, recording a 10.7 percent growth governed by Chinese tourists ([see story](#)). Indeed, China's home market remains negative with the Asia Pacific region as a whole declining 4.4 percent.



Prada spring 2015

Due to favorable exchange rates, United States market sales grew by 5 percent. But, Prada recognizes that the strengthened U.S. dollar has negatively impacted tourists from China and South America. The strong U.S. dollar has also shifted U.S. consumption toward Europe.

Prada-owned Miu Miu saw a revenue growth of 10.3 percent for 2015.

"Throughout 2015, the luxury goods market had to deal with an economic environment characterized by volatile financial markets and by heightened geopolitical tensions in different regions across the world," said Patrizio Bertelli, CEO of Prada, in a statement.

"These conditions are still present and 2016 is expected to be affected by instability which makes any short-term forecasts uncertain," he said. "Bearing this in mind and in order to ensure the group achieves satisfactory profit levels, we have recently implemented a thorough review of all operating processes.



Prada menswear spring/summer 2015

"The results, in terms of greater efficiency and productivity, will be apparent in the months to come. We will pay particular attention to new forms and methods of communication designed to develop a relationship between our brands and an even larger audience, based on permanent dialogue embracing the various parts of the Prada universe.

"At the same time, we will continue to pave the way for the sustainable long-term growth of the group with investments aimed at enhancing the distinctive features that make our brands unique: excellent product quality with contemporary and innovative design and capacity to interpret the desires of our even more sophisticated and demanding consumers."

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