

APPAREL AND ACCESSORIES

Prada anticipates turning point in 2016 after declining H1 revenue

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Image from Prada's spring/summer 2016 campaign

By STAFF REPORTS

Italian fashion company Prada's net revenues fell 13 percent at constant exchange rates in the first half of 2016, but the brand is hopeful for the future.

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Prada Group's retail business declined from the same period in 2015, while wholesale held strong courtesy of new ecommerce partnerships. Reacting to the difficult climate in luxury being felt by a number of brands, Prada is strategizing for growth.

Focusing on the future

Prada's total net revenue for the six months ended July 31 was 1.554 billion euro, or about \$1.744 billion. This was a 15 percent drop at current exchange rates.

The decline was driven mostly by Prada's retail network, which fell 16 percent year-on-year. Tourist traffic was down in Europe and the United States, but Russia saw double-digit increases and favorable exchange rates following Brexit drove sales in the United Kingdom.

Prada's direct-operated stores in Japan had seen consistent increases since 2010, but this half sales fell 9 percent, attributed to a decrease in Chinese tourists due to a less favorable exchange rate. Elsewhere in Asia, Macau and Hong Kong's economic climates hurt sales, while Greater China on a whole appears to be improving.



Prada Candy ad

Prada's licensed business saw 8 percent growth in royalties, driven by eyewear and fragrances.

In July, Prada took a step into ecommerce with collaborations with MyTheresa and Net-A-Porter ([see story](#)), which it credits with helping its wholesale channel retain its numbers from 2015.

A direct-operated Prada ecommerce platform will launch first in China, Hong Kong and Singapore, with international roll-out expected within two years. Prada also plans to boost its digital marketing.

Product offerings will be reconfigured to cater to individual markets' needs.

Prada is also assessing its store network, with plans to close stores that are not strategically placed and open new locations in markets with strong opportunity.



Prada recently opened a boutique at GUM Mall in Moscow

"With the implementation of the first phase of rationalization of various management and operating processes and with the launch of a series of new initiatives that will allow the Group to respond quickly to the requirements of a rapidly evolving market, I see 2016 as a turning point," said Patrizio Bertelli, CEO of Prada, in a statement.