

APPAREL AND ACCESSORIES

Prada revenues down 9pc in fiscal 2016

February 13, 2017



Image from Prada's fall/winter 2016 women's wear campaign

By STAFF REPORTS

Italy's Prada Group saw improvement in the second half of 2016, partly thanks to the company's increased focus on digital marketing and retail.

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For the entire fiscal year, ended Jan. 31, Prada's net revenues totaled 3.184 billion euro, or \$3.375 billion at current exchange, down 9 percent from the previous year. Echoing an increasing sense of optimism in the luxury industry ([see story](#)), Prada's sales picked up towards the end of the year, with January's results marking a return to growth.

Trending up

In Asia Pacific, the third quarter marked a turning point. China saw growth, while the declines in Macau and Hong Kong were not as steep as they were in other years.

Despite this more recent positive trend, the region's sales were down 12 percent at constant exchange.

As other brands have noted, Prada's European sales were hit by declining tourism, as travelers were venturing less to France and Italy. Bright spots in Europe were Russia, which saw double-digit growth, and the United Kingdom, which turned around a decline at the start of 2016.

Overall, Europe's sales were down 5 percent.

Slowing tourism also hurt Japan, which broke its trend of continual growth the past five years, declining 13 percent. Aside from less visitors from China, the appreciation of the yen also hurt Japan's results.



Prada on Mr Porter

The United States was also hit by reduced tourist traffic. Even with positive growth for the emerging markets of Mexico and Brazil, the Americas still recorded a drop of 12 percent.

Whereas Prada's direct-operated store sales fell 13 percent throughout the year, its wholesale channel was up 14 percent. This is partly attributed to Prada's entry into ready-to-wear ecommerce.

Prada began selling its women's wear on Net-A-Porter and its menswear on Mr Porter, drawing from the retailers' knowledge in the digital space ([see story](#)).

Licenses were also up 3 percent, with eyewear and fragrances bringing in 45 million euro in royalties, or about \$47.7 million.



Prada Candy campaign

"As noted in my comments on the first six-month results, this past year we implemented a profound phase of business process rationalization - still underway - and identified important strategies to secure the Group's future growth," said Patrizio Bertelli, CEO of Prada Group. "This included revising our digital strategy with the creation of a highly skilled team with professional experience from the digital technology and new media industries.

"In the meantime we are strengthening the retail management structure with the aim of integrating online channels with traditional channels in a truly innovative dimension," he said.

"I am confident that this new global vision will enable our brands to fully express their strong potential, and generate sustainable growth: high-quality products, high level of creativity in both communications and customer relationships.