

APPAREL AND ACCESSORIES

## Prada looks toward omnichannel investment for maintainable growth

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Prada spring/summer 2017 campaign image

By STAFF REPORTS

While Prada Group saw signs of stabilization in the second half of the 2016 fiscal year, the Italian fashion company's revenues declined 10 percent for the full year.

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The group's revenues for the year ended Jan. 31 were aligned with expectations, with a total 3.2 billion euros, or \$3.4 billion at current exchange. Prada, as with many other luxury players, has been instituting cost saving measures as it looks to create growth in a challenging climate.

Looking up

Prada's efforts to curb costs are showing signs of success. The group's operating expenses were 10 percent lower in 2016 than they were the year before.

The brand's wholesale revenues were up 13 percent to 504 million euros, or almost \$535 million, partly driven by new retail relationships. In 2016, Prada began to sell its ready-to-wear online for the first time in partnership with Net-A-Porter and Mr Porter ([see story](#)).

Licenses for eyewear and fragrances brought in 45 million euros, or \$47.7 million. This was up 3 percent from the prior year.



## *Prada Candy scent*

This growth was counteracted by a drop in Prada's direct-operated store sales, which generated only 2.6 billion euros, or \$2.8 billion at current exchange, 14 percent less than 2015.

Prada's European sales fell 5 percent for the year at constant exchange, partly due to reduced tourist traffic in key market such as France. A weaker pound piqued interest in U.K. shopping, while Russia also performed well with double-digit growth.



## *Prada store in Moscow's GUM*

While Asia Pacific was down 12 percent overall, the region is showing signs of improvement.

Growth in Mexico and Brazil could not make up for declining tourist numbers in the United States, with sales in the Americas falling 12 percent.

The Middle East and Japan also saw double-digit drops in sales. The latter's strong yen deterred Chinese shoppers, breaking the country's five-year trend of growth.

"The Prada Group has delivered a satisfactory set of results in-line with market expectations for 2016, a challenging year of transition for the company," said Patrizio Bertelli, CEO of Prada Group, in a statement. "Our offer has been enriched with products that stand out for their innovative style and quality, while at the same time we have also streamlined and rationalized the cost structure across all business lines.

"The retail strategy has shifted from geographical expansion to network rationalization and digital integration," he said. "We have created new store concepts to enhance customer experiences, with initial encouraging results.

"To integrate the retail and online channels, we will continue to dedicate significant resources to developing an omnichannel offer, through the roll-out of our global digital platform, collaboration with e-tailers, and in-store digital integration.

"With this goal we have built a new team that will bring further expertise to the group's digital strategy. I am confident that our creative vision combined with investment in online and offline engagement with our customers put us firmly on the path to sustainable growth."