

APPAREL AND ACCESSORIES

Prada looks to digital transformation as growth driver

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Prada's Pre-Fall 2017 campaign. Image credit: Prada

By STAFF REPORTS

Italian fashion group Prada's net revenues were down 5.5 percent in the first half of 2017.

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In the six months ended July 31, Prada's saw revenues of 1.469 billion euros, or about \$1.768 billion at current exchange, down from the same period in 2016. Restructuring in the face of challenges such as declines in Japan, the Americas and Europe, the brand is continuing its move toward digital as it seeks to promote growth.

Shifting strategies

Both Prada and Miu Miu's ready-to-wear merchandise performed well, while leather goods also saw positive response from customers across regions. The group notes in its results that it plans to continue to expand its offerings at different price points.

Along with fashion, eyewear and fragrance also performed well.



Prada's Cinema eyewear campaign. Image credit: Prada

Asia remained largely flat, helped by a 5.2 percent lift in sales in China at constant exchange rates. Japan, on the

other hand, recorded a sales decline of 14.2 percent as both tourists and locals decreased their spending.

Tourism was also the culprit in the Middle East, where visitors stayed away due to geopolitical turbulence. Here, revenues fell 11.7 percent.

A strong euro and a more stable United Kingdom led to a 7.7 percent drop in sales in Europe. Meanwhile, positive performance in Canada and Mexico could not offset declines in the rest of the Americas, with the region seeing 3.7 percent less revenues than last year.

However, even with these negatives, Prada has improved its gross margins to 74.1 percent thanks to decreased markdowns.

Prada was later to the ecommerce game than some of its competitors, but the group now operates online sales in all markets. The company's digital team is now working on creating an omnichannel shopping experience for customers.

Along with its digital focus, Prada is also making moves in its direct-operated store network, closing 13 boutiques and opening six locations in the half year.

In the half year, Prada has launched a new store image concept, selecting Porto Cervo, Sardinia, Italy as a testing ground ([see story](#)).

"The complex task of restructuring our operating processes, which is aimed at providing the Group with the tools needed to access an increasingly competitive market, is progressing well; however, more remains to be done," said Patrizio Bertelli, CEO of Prada Group.

"Having one of the best known and most respected international brands, with undisputed leadership in design and innovation, means we have to make choices in the pursuit of growth that privilege the preservation of the cultural and stylistic fundamentals that our brand identity is based on," he said.

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