

APPAREL AND ACCESSORIES

Prada sees sales growth in H1 amid retail strategy shift

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Ad campaign for Prada's fall/winter men and women's collections. Image credit: Prada

By STAFF REPORTS

Italian fashion group Prada is seeing success from its strategy to eliminate seasonal markdowns, as its full-price sales were up in the first half of the year.

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Prada has been undergoing a shift in its retail operations, as it aims to create more consistency in pricing across both its direct-operated retail and wholesale placements. In the first half of the year, through June 30, the company's revenues were up 2 percent.

"Our strategic decision to stop seasonal markdowns and to rationalize the wholesale channel has been well received by the market: full price retail sales increased across the main geographies and product categories, reflecting the soundness of our choice," said Patrizio Bertelli, CEO of Prada, in a statement. "We believe that improving consistency in pricing will reinforce the relationship with customers and enhance product value."

Pricing policy

Prada's own retail channels took a slight hit in the first half, falling 3 percent due to the impact from phasing out markdowns.

As of May, the group decided to rationalize its wholesale partnerships, reducing the amount of product distributed to retailers. By pulling back on third-party retail availability, Prada is aiming to create less disparity in pricing.

Since wholesale has not yet been impacted by the rationalization process, this channel saw a 15 percent growth in the first half.

On the conference call detailing the results, Mr. Bertelli said that he sees the brand relying more on its own retail channels in the future.

Prada's European sales were up 6 percent, driven mostly by wholesale. Local consumers in Japan and the Americas helped to grow the regions' revenues by 5 percent and 6 percent, respectively.

While mainland China saw growth, the protests in Hong Kong led to a 4 percent decrease in the Asian region.

Ready-to-wear sales were up 8 percent. During the half, Prada brought back its sporty Linea Rossa collection in certain markets, catering to the streetwear crowd.

Footwear and leather goods were flat year-over-year. Prada says that in the shoe category, it is seeing success with sneakers.

Prada is focused on having novelty within its collections. Earlier this year, the brand launched Re-Nylon, a collection of handbags made out of regenerated materials, putting a sustainable touch on its classic designs ([see story](#)).



Actress Bonnie Wright appears in the new Prada Re-Nylon video series. Image credit: Prada

Along with investments in retail and product development, Prada is focusing on technology. During the first half of the year, the company created a new retail innovation department that will focus on areas such as client service and CRM.

In May, Prada extended its partnership with software developer Adobe to drive a more analytical approach to its customer experience.

Prada will tap Adobe's technology for a worldwide network solution for customer experience management for added personalization. The partnership is part of Prada's digital transformation plan that launched two years ago, which focuses on one-to-one relationships with customers ([see story](#)).

Along with Adobe, Prada is working with Oracle for areas such as inventory management and financial planning.

A new version of the Prada Web site will debut this October.

"We are strongly committed to driving digital technology across the business, leading to more efficient decision making, as we are aware that digital innovation is key to compete in an evolving market," Mr. Bertelli said.

"Executing this program is the necessary step towards sustainable revenue and margin growth, which we will target by strengthening our brands' cultural heritage essential to our group's future."