

APPAREL AND ACCESSORIES

Prada returns to pre-pandemic sales in H2 2020

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Prada's business recovered in second half of 2020, thanks partly to growth in China. Image credit: Shutterstock

By LUXURY DAILY NEWS SERVICE

Italian fashion brand **Prada** has overcome some of the challenges of the pandemic with a recovery in sales in the second half of 2020, particularly in China, to finish 2020 with an operating profit.

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Despite the impact of store closures, which affected 9 percent of its business, Prada saw retail sales rebound to hit 2019 levels in the month of December, according to an unannounced business update ahead of March results. The improvement comes after the COVID-19 crisis sparked havoc in the first half of the year and triggered a 196 million euros operating loss, or \$241 million at current exchange.

"I am very satisfied with how we have faced the serious difficulties of the year just ended and how, despite the persistent uncertainty which will likely continue for the next months, we have managed to deliver positive results," said Patrizio Bertelli, CEO of **Prada S.p.A.**, in a statement. "[We] were able to respond rapidly and consistently to market changes, which has been appreciated by all of our customers."

Strong finish

In 2020's second half, Asia-Pacific proved the standout performer, with Prada's sales in China climbing 52 percent. Europe and Japan, meanwhile, were penalized by a lack of tourists while the Americas, the Middle East and Russia recorded positive performances.

Retail channels accounted for about 90 percent of total sales thanks to Prada's strategy of reducing wholesale transactions to protect the image of its brands.



China is still supporting much of the global luxury industry post-COVID-19, and Prada's sales in the country climbed 52 percent in the second half of 2020. Image credit: Shutterstock

Prada also noted that careful management of the quality and mix of its product repertoire contributed to the recovery of its margin and offset the deficit lodged in the first half of 2020. Its net financial position has also improved from the beginning of the year.

The business update is based on a preliminary review by Prada's board. The information could be subject to changes during the preparation of Prada's consolidated financial statements for 2020.

Prada is using the global pandemic as a period of self-reflection while it embraces ecommerce growth and recommits to the value of in-store shopping experiences.

In a discussion with Lauren Indvik, fashion editor of the *Financial Times* at the FT Business of Luxury Summit on Nov. 24, a marketing executive from Prada explained how the dominance of ecommerce in these difficult times has upended the status quo at Prada and triggered a time of reinvention ([see story](#)).

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