

RETAIL

Shanghai's luxury retailer Secoo sued by Prada

August 8, 2022



Prada's subsidiary in Shanghai has won a legal dispute to freeze Secoo's assets. But this is only the tip in the iceberg for the beleaguered retailer. Image credit: Shutterstock

By [Zihao Liu](#)

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Prada's Shanghai subsidiary has **won a legal case** against Chinese online luxury retailer Secoo, freezing \$1.63 million (11 million RMB) in assets from the latter. This follows disputes surrounding a 2019 **contract** that allows Secoo to sell Prada and Miu Miu products.

Prada is not the only brand to have beef with the platform: public records show that Secoo also has multiple contract disputes with other companies, as well as more than 1,000 ongoing **complaints** on the consumer rights protection platform, Black Cat.

Founded in 2008, Secoo was one of the first luxury resale sites in China, managing to outlive most of the competing sites launched around the same time.

In September 2017, Secoo was listed on Nasdaq, billing itself as the top choice for luxury e-commerce in China.

The Jing Take: Secoo's attempt to transition away from a pure luxury resale platform to a broader lifestyle and direct retail platform has been challenging.

Without a larger parent such as Alibaba or JD.com, it lacks the promotional support to bring in potential customers from an extensive portfolio of social media and ecommerce platforms.

Meanwhile, the retailer faces increasing competition in its core business and its foray into **livestreaming** has not saved sales from falling.

In recent years, the Shanghai company experienced various financial troubles including **fines** for fraudulent advertising, **missing payments** of tens of millions of RMB to more than 200 suppliers, and withholding salaries to its employees.

Secoo's performance was so challenging that its founder/CEO, Li Rixue, **considered** taking it private and delisting from the Nasdaq in January 2021. During that fiscal year, revenue reached \$460 million (3.13 billion RMB), marking

a 48 percent year-on-year **decline**, and net loss totaled \$83.8 million (566 million RMB), a 547 percent year-on-year increase.

Currently, the company is trading at 31 cents per share, a far cry from its \$12 per share upon debut. A lawsuit from a renowned brand such as Prada only makes Secoo's comeback all the more difficult.

*Published with permission from **Jing Daily**. Adapted for clarity and style.*

© 2022 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.