

Critics Love Prada. Shoppers Haven't. What Now?

One of the most influential luxury brands of modern times has not sold well in recent years. But there are signs of a comeback.

By Elizabeth Paton

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Image



Miuccia Prada at the Prada men's fall 2019 show in Milan. Credit Tristan Fewings/Getty Images

Like moths to a flame, 800 of the most powerful people in fashion are expected to swarm to a former gin distillery on the southern fringes of Milan on Wednesday afternoon. They will bat their wings at the doors of the [Fondazione Prada](#), the contemporary arts complex masterminded by [Miuccia Prada](#) and the regular runway venue for the brand powerhouse that bears her last name.

The likely reception for her spring 2020 collection? Rapturous applause.

One of the most anticipated events on the fashion week calendar, the Prada show has been hailed among the top 10 of the season by American Vogue for as long as the magazine has run such [rankings](#). In 2013, the British critic Alexander Fury said Mrs. Prada's ugly chic frocks "[have influenced the way entire generations of designers create clothing.](#)" For years, the entire front row would tote matching Prada bags, seeded among them by the brand, underscoring Mrs. Prada's status as one of the most powerful and admired women in the fashion business.

And yet, in late 2013, after almost three decades of commercial growth and despite glowing reviews about "[glamour that got under your skin](#)" (The New York Times) and "[resounding repudiations of milquetoast fashion](#)" (Financial Times), financial cracks began to show.

In 2014, Prada's [annual profit fell 28 percent](#) to 451 million euros (\$498 million today), after a slowdown in China and heavy brand investment. The next year [it was down](#) an additional 27 percent; [another 16 percent](#) in 2016 and [another 7 percent](#) in 2017.



Image

Patrizio Bertelli and Miuccia Prada in 2015 at the Fondazione Prada. Credit Vittorio Zunino Celotto/Getty Images for Fondazione Prada

Last year there was another lackluster set of full year results, although it [posted its first annual increase in revenue](#) in five years. That led to [the Hong Kong-listed Prada](#) losing [\\$864 million in market value](#) on a single day in March after investors were rattled by slowing Chinese demand.

What exactly has been going on? Is Prada destined to become a brand where business woes eventually all but eclipse a [powerful creative ability](#) to foretell the Next Big Thing in fashion?

After all, in 2017 Mrs. Prada herself [announced](#): “I don’t want to be judged by sales. My life is so much more important than sales. We’re not really a commercially driven company.”

Nevertheless, Prada has been trying to reverse its slide almost since the downturn began — and recently there have been signs of a comeback.

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Improved profit and a small increase in sales were included in the 2019 first-half results released last month, which credited the gains to its new products, a crackdown on discounts and restructuring its wholesaling. The company, which has 13,000 employees, also owns the Church’s shoe brand and the [Marchesi](#) pastry business.



Image

Lorenzo BertelliCreditBrigitte Lacombe

Succession questions, which have worried investors given that Mrs. Prada, 71, and her husband, Patrizio Bertelli, 73, the chief executive, own 80 percent of the company, have been quieted with the arrival of Lorenzo Bertelli, their 31-year-old son, who has traded racecar driving for a post as head of marketing and communications.

There are also strong signs that Prada’s sales appeal has improved across generations and geographies. The online luxury outlet [Matchesfashion.com](#) said Prada was

consistently in its top 10 brands when stocking women's wear and men's wear, with customers' appetites growing in recent seasons.

According to its fashion buying director Natalie Kingham: "Prada has always been very covetable. Now there are a new generation of fans in addition to the longstanding fans of Mrs. Prada and the brand."

The e-commerce aggregator Lyst said that online searches for Prada had increased by 156 percent this year. And the luxury consignment company the RealReal said Prada was the fourth most-searched brand on its platform. Still, the jury is still out on whether the turnaround can work.

Editors' Picks



Image

Backstage at the Prada women's ready-to-wear fall 2019 show. Credit Valerio Mezzanotti for The New York Times

"I believe Prada is doing a lot to improve and at one point, the results may come. But growth continues to be a challenge," said Luca Solca, a luxury analyst at Sanford C. Bernstein. "It is a beautiful brand run in a rather idiosyncratic way, though that was the case even things were booming."

Mr. Solca added that the share price had continued to “yo-yo up and down — but mostly down,” as investors dithered on whether they believed the turnaround was gaining traction, especially given that a weakened renminbi and [social unrest in Hong Kong](#) led to jittery demand from China, where Prada was still improving its retail operations and product assortment.

“Of course investors want to believe in Prada — it is one of the most iconic names in the business,” said Mario Ortelli, managing partner of the luxury consultancy Ortelli & Co. “But in the short term they can be nervous when its performance is so volatile and offset by the booming success of rivals like Gucci and Louis Vuitton.”

In a world where luxury brands have been corporatized and structured, Prada has long had some unusual business practices.

The senior Mr. Bertelli met his wife in the late 1970s when she was determined to take her family business’s products into the modern age, and Mrs. Prada has always said it was he who pushed the group’s ambitions forward. In the 1990s, as it entered new markets and product lines, Mr. Bertelli exasperated rivals by making inexplicable business decisions [that somehow worked out](#).



Image

The Re-Nylon backpack. Prada is marketing the material as regenerated, sustainable nylon. Credit National Geographic for Prada Re-Nylon

The volcanic relationship between the husband and wife duo — and their shouting matches — also became legendary. Mrs. Prada is “all intellect and ideas,” while Mr. Bertelli “brings it all down to earth,” a [New Yorker profile](#) noted in 2004. Despite growing scrutiny recently around the company performance, Mr. Bertelli has continued to make heavy investments in areas like manufacturing (a new 90,000-square-meter, or almost 970,000-square-foot, factory in Tuscany opened in 2015) and in Prada suppliers to secure control of the group’s supply chain. When asked why the company had stumbled, however, he kept his thoughts close to his chest.

“I would not say we made oversights. Rather there was an underestimation of the speed at which the market was asking us to make some changes,” the senior Mr. Bertelli wrote last week in an email, acknowledging the company’s foot-dragging when it came to the digital space. “For instance — digital transformation. Once we became aware of the need to promptly react, we stepped up our pace, rapidly caught up and bridged the gap.”

Sales today, he continued, were up across all geographies — with the exception of Hong Kong — reflecting a renewed focus on product and merchandising.

Looking back to past hits appears to have been key to Prada reclaiming relevance. Alongside new wins like the \$2,500 sellout Sidonie shoulder bag, [several Prada signatures](#) like Hitchcock-style knee-grazing skirts, chunky shoes and jersey T-shirt dresses with a contemporary twist have returned to the catwalk.



Image

A Linea Rossa ad campaign for spring 2020CreditThomas Lenthal

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Last year also saw the relaunch of Linea Rossa, the sports line known in the 1990s for its high-tech nylon materials and accessible prices. The updated iteration has proved very popular, Mr. Bertelli said, matching the wider trend toward [sports and streetwear](#) (and the related and increasingly [important millennial consumer](#)).

The company's digital shake-up is being spearheaded by Lorenzo Bertelli, who joined the family business 18 months ago, and was also behind the initiative to replace the nylon in its supply chain with a sustainable version by 2021.

The younger Mr. Bertelli conceded in a telephone interview that Prada had not been quick enough to see how the internet would upend the industry. But he said he was optimistic about the company's future, and he stressed that much of the hard work had already been done. His biggest challenge, he said, had been in getting to know the company culture.

"It took months and months," he said. "We had to show some employees how to use smartphones. We had to train people on how data could be used to improve our business. But they love Prada and want it to thrive and now have an understanding of what we have to do. I am young and I am positive: if I wasn't, I wouldn't be able to do this job."

Then there are the complexities of working with parents.

"Sometimes it can be a bit strange or harder, but generally it has been wonderful and it makes me happy to be doing it," he said.

Image



Ms. Prada with Mr. Bertelli , left.CreditGiuseppe Cacace/Agence France-Presse — Getty Images

As for his mother, in the days before her spring 2020 ready-to-wear show in Milan, Mrs. Prada — a woman who made her fortune on looking forward and challenging the norms of fashion — sounded sanguine.

“What could be new? What is not obvious? That has always been an obsession, since I was young. You progress and learn more by going against what you know, which is why when I do a show I don’t take the idea of failure into consideration,” she said, citing women and their differences, both internal and among one another, as another core inspiration.

“Of course, I am interested in why people buy things, but I can only listen so much to the consumer because we have so many different types who like our company so you cannot listen to everyone,” she said.

“People always say: ‘Why did you want to become big?’ I never wanted to become big. I want to be in touch and curious about people, politics, cultures, countries. If I do that, then I think I am doing my job right.”