

Sexy Prada cannot escape luxury sector slowdown

Despite being ranked one of the world's "sexiest" brands in 2014 by BrandZ, Prada could not escape the slowdown hitting the global luxury sector.

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"An awful set of Q1 results" described by an analyst from Bernstein Research, the Milanese fashion house only had an underlying growth of 4% which was certainly less than expected, primarily driven by a weaker wholesale business but also due to anaemic Asia Pacific sales.

Further to this, Bernstein Research mentions that, "The issue now for Prada is whether the change in trend is just transitional or more structural in nature. After a stellar rise since listing on the Hong Kong Exchange in June 2011, Prada has felt the pressure of a luxury sector slowdown in Asia Pacific, where it makes more than a third of its sales, and its European home market." Sales in Asia Pacific rose just 3.9% in the first quarter after a 14% rise in 2013.

Some industry experts suggest problems may run deeper. Prada made its reputation as a purveyor of patterned silk skirts and casual black backpacks worn by European and Japanese women. Lately its designs have become more fashion-driven and based on primary colours – notably, a black, red and white silk dress, which looks like a nod back to designer Miuccia Prada's earlier styles, is fronting the new advertising campaign – which industry executives say appeals to Asian buyers, and plays well on social media, but may have alienated others.



Some analysts believe Prada has an issue in Europe where the brand appears less centre stage and "colder" than before. A decision to push its prices higher "is certainly not helping", he says. Sales in Europe were flat in the first quarter.

Source: Financial Times, (<http://www.ft.com/cms/s/0/3a45c36c-ed82-11e3-abf3-00144feabdc0.html#axzz3AzVRXrZG>)

Cost Cutting Measures for Prada

Prada is working on cutting costs to better react to business volatility. It is making a push to limit sales through department stores to boost revenues in a longer term. It also plans to expand in the rapidly growing menswear sector and open more stores in the U.S.

The poor results were compounded by unexpected weakness in leather goods which account for nearly three quarters of all retail revenue and in the Prada brand overall which accounts for nearly 85 per cent of all group retail revenue.

But let's understand from social media analytics perspective - Prada vs. Competitors

How's Prada's fanbase size compared with competitors?

	Louis Vuitton	42.98%	17,507,647 Fans
	Hermès	4.92%	2,002,018 Fans
	Gucci	34.22%	13,936,905 Fans
	Prada	10.60%	4,318,873 Fans
	ROLEX	7.28%	2,967,028 Fans

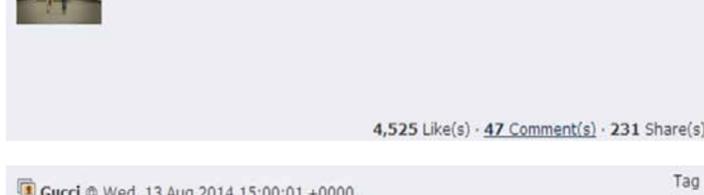
Louis Vuitton has the largest audience, which is 17,507,647 Facebook Fans. The competitive audience share is about 42.98% vs. Prada where the audience share is only 10.60%.

How does Louis Vuitton interact with their Fans? Can Prada improve?

Brands	Wallposts	Likes	Comments	Shares	Like Rate
	44	1,063,468	7,660	27,149	6.07%
	20	40,122	598	5,690	2.00%
	45	377,256	3,807	14,193	2.71%
	20	67,016	896	2,927	1.55%
	11	305,448	4,550	17,391	10.28%

Louis Vuitton is the most active one among the analysed Brands. It published 44 Wallposts which drives the highest interactions vs. Prada with only 20 Wallposts.

What is the most engaging content of your competitors?



The most Liked Wallpost of Louis Vuitton is about its participation in FIFA World Cup by creating classic traditional cases used for transporting the most precious belongings.

Hermes changes the cover photo and Gucci showcases the new shoes. Classic products & unique styles related to brands is a great way to engage fans and increase fan participation.

Benefits of using Social Media Analytics

Monitor: Simply knowing what's said online about the products and services related to your Brand.

Respond: Pinpointing conversations for responding at a personal level is another form of social media engagement.

Amplify: This involves designing your marketing activities to have an inherently social motivator that spurs broader engagement and sharing.

Lead: Social media analytics can be used most proactively to lead consumers toward long-term behavioral changes.

"The time is ripe for executive-suite discussions, on how to lead and to learn from people within your company, marketers outside it and most of all, your customers"

Analysis was based upon data, metrics and insights from the Klarity Analytical Dashboard.