DECONSTRUCT 4.0

LUXURY FASHION INDUSTRY
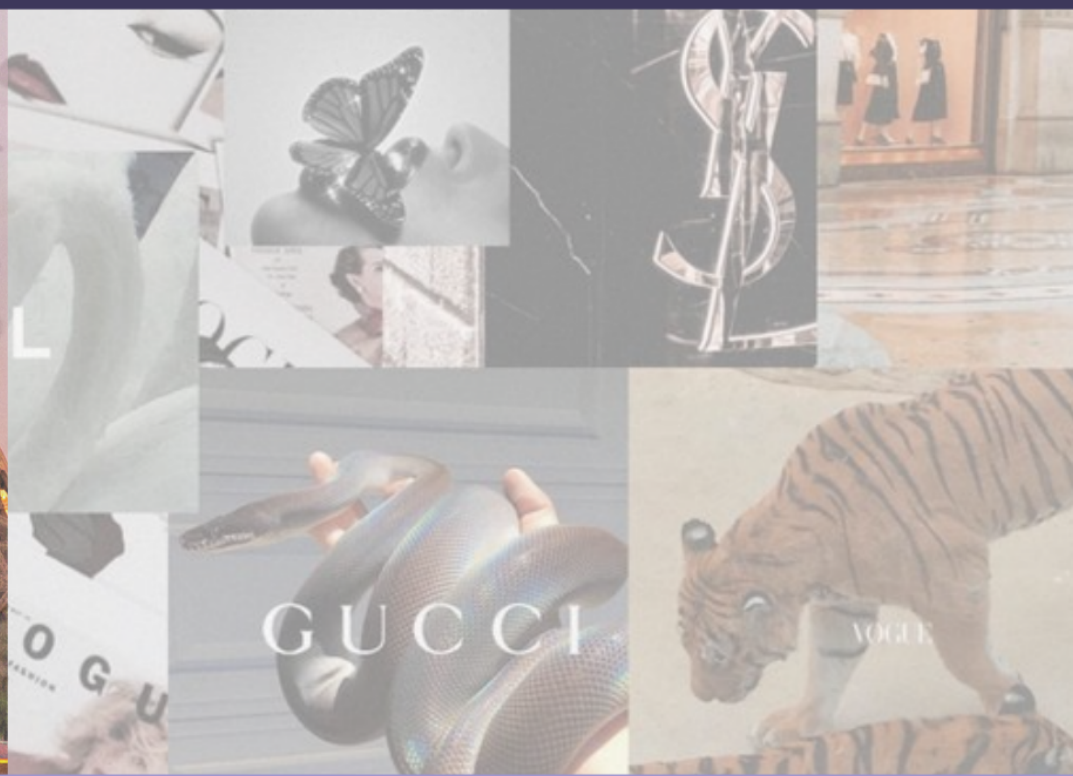
TABLE OF CONTENTS

LUXURY FASHION INDUSTRY

Gucci, Prada, Dior, Chanel, Celine, YSL, Dolce & Gabbana, Hermès, Louis Vuitton, Valentino, Tiffany & Co., Cartier... These are just a few brands in the ever-growing luxury fashion market. The industry caters to a diverse and wide range of consumers. Unfortunately, today's "fast fashion" world is not a testimony to the industry's sustainability. The fashion industry has had to use multiple strategies and tactics to maintain and in some cases increase its customer base and income.

While the word 'luxury' is derived from the Latin word "luxus," meaning "superabundance" or "excess in the way of life or a display of wealth aimed at satisfying desires that transcend real needs", the luxury fashion industry does not have any widely accepted definition. This is because the term 'luxury' is highly subjective and varies according to time, place, and people. In most circumstances, luxury fashion is associated with high prices, top-notch quality products, extraordinariness, rarity, aesthetics, etc.

Various authors have tried to identify the key target audiences of this complex industry. The hierarchy model of luxury goods, proposed by Allérès, divides this market into three main categories, each catering to a different social class:

1. Inaccessible Luxury: includes highly limited, custom-made products with undoubtedly high prices. These products are sold through a very selective network and give the consumers a feeling of unparalleled rarity and exclusivity, allowing them to realise the wishes of a "clique". This consumer class may be associated with haute couture and very accurately represents the traditional idea of luxury.

2. Intermediate Luxury: includes products with a slightly lower level of uniqueness and are produced in larger quantities as compared to inaccessible luxury. The prices are relatively lower than the class above; but they are not affordable by all. These products are also distributed through selective distribution channels and include prêt-à-porter or ready-to-wear collections.

3. Affordable Luxury: includes products that cater to a larger group of customers who wish to experience the world of 'luxury' subject to income restrictions. These products usually include trinkets, accessories, eyewear, etc.

Due to unforeseen circumstances, in recent years, many brands have been struggling to find a way to supply products to their target consumers. Despite the challenges faced, the global luxury fashion industry generated a revenue of $27,306 million (approx) in the year 2021 in the United States alone. Furthermore, the industry is expected to grow by 4.27% every year (CAGR 2022–2025). The fact that, even in today's world, where there are numerous affordable fast fashion brands ready to provide consumers with similar products at a fraction of the price, the luxury fashion market appears to be standing tall with little to lose, is simply incredible and commendable.

During most of the nineteenth century, in the aristocratic and artisanal paradigm, things were handcrafted by trained artisans and relied on high quality, eventually rare, raw materials; and were marketed primarily in the local markets. However, later, industrialization resulted in tremendous productivity improvements, which further allowed international sales to take place, thereby laying the groundwork for what is now global luxury conglomerates like Gucci and Prada. The industrial organization structure was eventually formed in the field of fashion throughout the 1980s. Versace, Armani, and Trussardi, among other Italian designers, surpassed their French counterparts during this period in terms of quantity and turnover.

Since the second part of the twentieth century, there has been a trend toward massification in the fashion business, resulting in modifications in both supply and demand. The "democratization of luxury" has flourished as a result of rising mass production, bringing not only the wealthiest individuals to the market, but also, increasingly, a huge portion of the population as a whole, thus breaking down the strong social stratification. The so-called "Neo-Luxury" market caters to a majority of middle-class consumers by providing high-quality goods and services at a lower cost. The global luxury fashion sector is currently undergoing a demographic shift.

With digitalization influencing consumer behavior and trends, luxury brands are understanding the need to keep up with the trends. Baby boomers and Gen X – those born after WWII and up until 1980 respectively – dominated the premium market just a decade ago. In today's world, the majority of luxury customers are under the age of 40. The main consumer groups in retail are currently Generation Z and millennials, who largely prefer digital modes of shopping.

Out of all the luxury companies in the world, only two have remained in the marketing and consulting firm Interbrand's annual ranking of the world's most valuable brands since 2000, namely, Gucci and Louis Vuitton. They continue to do exceptionally well as compared to their counterparts even during the pandemic times.

After plunging due to the global health crisis, the personal luxury goods market returned to pre-pandemic growth in 2021, with sales estimated to top 283 billion euros ($325 billion) by year-end, according to a new report by Bain & Company. That would represent a slight increase from then-record sales of 281 billion euros ($318 billion) in 2019.

Personal Luxury Goods Sales Estimated to Beat Their Pre-Covid Record
In Billions of Euros
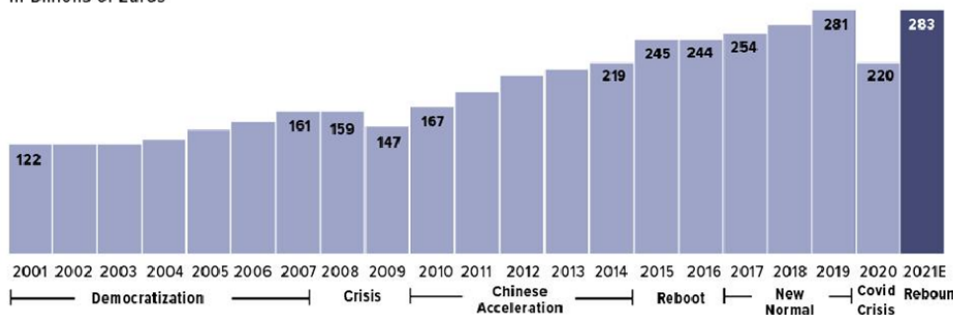
Source: Bain & Company, U.S. Global Investo

As inferred from the graph, sales in the pre-covid era were approximately 281 billion euros, and dipped sharply when the pandemic hit. But, the industry nonetheless had a rebound in the year 2021. This may be explained by the Lipstick Effect - where people still buy less costly luxury goods even in times of crisis. Revenue in the Luxury Goods market is expected to amount to US$337,314m in 2022 and grow annually by 4.69% (CAGR 2022-2025).

Modern Indian middle-class consumers are rising upwards socially and looking for a higher quality of life. This has led to the aspirational Indian middle-class, who wants to live the global lifestyle. Purchasing luxury goods is a means of satisfying these aspirations.

India is one of the world's fastest-growing luxury marketplaces. The Indian luxury industry is predicted to expand from $30 billion in 2017 to more than $200 billion by 2030, but Covid-19 wreaked havoc on all businesses, including luxury. Economic development, improved connectedness, and governmental reforms are all expected to boost the segment's growth over the next decade, providing a variety of chances for luxury brands to reach young, affluent, networked, and confident Indian consumers. While Mumbai and Delhi have a bigger number of HNI (high-net-worth individuals), tier 1 and tier 2 cities have accounted for a greater number in recent years. In India, luxury accounts for around 45% of the market.

"A growing number of young working women (with high paying jobs) having increased awareness of global fashion and beauty trends are driving up the demand for high-end luxury products and accessories across various segments be it jewellery, watches, apparels, footwear, cosmetics, and others," noted a report-cum-survey conducted by the Associated Chambers of Commerce and Industry of India (Assocham). Considering the current low levels of penetration even as an increasing number of affluent women are entering the consumption curve, there is a huge scope for leading global luxury retail brands to expand their India footprint, by focusing on "women special" product portfolio and carrying out innovative marketing campaigns. Rising purchasing power, growing awareness of global brands coupled with a better distribution channel of luxury products will contribute to the growth of the luxury industry in India, noted the survey-cum-analysis.

SHINING FUTURE Luxury market is looking up with rising No. of super-rich

6,884
No. of UHNWIs in India in 2020; it is projected to rise 63% to 11,198 by 2025

113
No. of billionaires in India in 2020; it is estimated to rise 43% to 162 by 2025

30%
Of Indian luxury consumption happens overseas

80%
Of global luxury sales today are "digitally influenced"

ONE FIFTH
Of global luxury sales (current size €1 trillion) will be online by 2025

Source: Knight Frank Wealth Report 2021; McKinsey

With the growing middle-class wealth in India along with increased internet penetration, there is a new segment of first-time buyers who find value in luxury goods and look for luxury deals. A lot of Indian fashion retailers are shifting their focus to 'accessible luxury' or brands that occupy the space between luxury and high-street brands, both in terms of pricing and perception. There is more traction towards bridge-to-luxury brands when it comes to clothes. Items from these brands are priced anywhere between Rs 3,000 and Rs 20,000 for accessories and apparels. These brands are becoming popular among consumers looking to get above premium high-street brands such as Zara and Tommy Hilfiger but can't afford high-end luxury brands such as Louis Vuitton, Gucci, or DiorRetailers.

Luxury consumers are present in different geographical areas that the brands cannot always reach. Thus, they need to adopt innovative distribution strategies like trunk shows and exhibitions in tier 2 & 3 cities. This strategy was adopted by Judith Lieber who conducted trunk shows in cities like Ludhiana and Indore. A collaboration between designer brand, Sabyasachi Mukherjee and international brand Christian Louboutin illustrates the collaborative approach of two non competing luxury brands that showcased the best combination of culture, craft and design sensibilities.

1. **Value proposition:**

Individuals earning high income often perceive non-luxury goods to be inferior or of lower quality compared to luxury goods. This is the main driver of demand for luxury fashion products. For the HENRYs (high earners not rich yet), luxury fashion products can provide a sense of acceptance into the elite part of society and improve self-esteem. Luxury fashion products are also often bought to enhance self-worth and status. Luxury is not just an attribute of the product but is what the product represents. Today, fashion is not just a means to cover oneself but a way to express one's identity.

2. **Particular Products:**

The Luxury Fashion segment includes ready-to-wear apparel, footwear, handbags and clutches, clothing accessories such as gloves, neckwear, belts, sunglasses, wristwatches, hats and caps.

3. **Target Market:**

Millennials i.e. individuals in the age-group of 23-38 years form the majority of the market for luxury fashion goods. People in the age group of 16-22 years, called the GenZ, form the next group of consumers for luxury fashion products. Gucci was one of the first brands to acknowledge this segment by redesigning their entire brand line and expanding from traditional runway shows to influencer marketing. Ideally, brands focus only on high net worth individuals who aren't influenced by prices while making a buying decision, however, with the democratization of luxury, brands have also begun focusing on other segments as well.

4. **Value:**

Every luxury fashion brand has to be unique in order to survive in the industry. Innovation and tailored experience is what draws customers towards luxury brands. For example, it takes around 48 hours to make a Hermès bag, and thus the company makes only 15 bags a month. The designers making the bag are also required to pass numerous tests to get selected.

In order to make their brand symbolic, luxury fashion companies also try to convey long standing heritage stories to create an idea of something precious. These brands also work towards creating an exclusive image for themselves through premium pricing, limited supply and geographical constraints. Not only do they work on differentiating product attributes but also on providing the best customer experience.

5. **Pricing**:

Luxury brands are known to price their products at a premium; however, these prices often say a lot about the product's quality, heritage and exclusivity. These products are priced high because the cost of raw materials and quality of craftsmanship needed to manufacture them is pretty high. In order to maintain the brand's integrity, luxury brands need to overcome inconsistency in pricing in different countries due to reasons like currency fluctuations, taxes, etc. During the pandemic, many brands tried to increase their prices in order to sustain their margins. Strong brands succeeded, however, the ones with weak market footing ended up losing out on sales. Slashing prices through discounts has also proven to be detrimental for luxury brands as this dilutes the brand's image in the eyes of loyal consumers. Thus, the key to pricing for luxury fashion brands is to maintain consistency.

6. Marketing Strategies:

Initially, brands only relied on magazine ads, billboards in duty-free stores and TV ads , but in order to survive in the digital world, luxury fashion brands have now adopted the omnichannel route. Rather than promoting their products most luxury fashion companies try to raise awareness about their brand through visual social networking sites like pinterest. Companies also hire professional and creative agencies to create their brand's online image. Communicating their heritage and story is another effective tool used in marketing. Some Luxury Fashion houses like Gucci even use memes to better connect to GenZ and millenials. Luxury fashion products are promoted in a very ethereal way where communication is often vague, artistic and highly representative to give a sense of the product's superiority. While marketing luxury products, brands make sure that the company doesn't chase customers but the customers chase the company. In order to seek attention, brands limit supply and access to create a sense of urgency among customers.

7. Supply Chain:

In order to maintain quality, luxury fashion brands try to maintain full control on the supply chain. Right from sourcing raw material to running retail stores, brands try to establish 100 percent control. These brands limit distribution channels to directly managed flagship stores and showrooms to provide special customer experience and also avoid selling their products through general merchandise stores, where various other brand products are displayed. Luxury fashion brands also avoid licensing to third party sellers, because licensors need to earn a profit after paying licensing fees which can only be achieved by compromising on quality of the products or the service.

CRITICAL EVALUATION

Animal rights:

Good On You CEO, Gordon Renouf says, to calculate each brand`s score on animal welfare, the platform rates brands on the basis of publicly available information across five key aspects: whether or not the brand has a welfare policy and how good the policy is, what materials they`re using and whether or not they've committed to banning exotic skins and fur, what certifications the brand is working with, how transparent and traceable their supply chain is, and how strong their governance model is. These metrics are used to give each brand a score out of 100, which results in a rating of: "great"; "good"; "it's a start"; "not good enough" and "we avoid". Seven luxury brands received a score of 0% and the lowest brand ratings, including Hermès, Prada and LVMHowned Fendi, Louis Vuitton and Dior. According to the report, a rating this low is reserved for brands which do not have much transparency about their position on animal welfare, have not taken any steps to address animal welfare or may be using fur, exotic skins, and angora in their products. For all low performing brands, what had "the most adverse impact on their scores" was the continued use of "unacceptable" animal products.

Exploitation of labour:

KnowTheChain`s 2021 Apparel and Footwear Benchmark Report recently ranked 37 of the world's biggest fashion companies on a scale of 0 to 100 on their efforts to fight forced labour, with 100 representing the best practices. The group identified allegations of forced labour in the supply chains of 54% of companies that were examined. "What stood out to us is that the average score for the sector was 41 out of 100, which constitutes a significant failure to address risks," said Felicitas Weber, project director at KnowTheChain. The report also found that the world`s largest luxury brands are among the worst offenders in addressing the worst forms of exploitation in their supply chains, with an average score of 31 out of 100. French luxury goods company Kering (owner of the Alexander McQueen and Gucci labels) scored 41 out of 100, LVMH (owner of the Christian Dior and Louis Vuitton labels) scored 19 out of 100. Tapestry (owner of the Coach and Kate Spade labels), which was assessed for the first time this year, scored 16 out of 100.

Destination shopping:

Due to better bargains because of VAT refunds, wealthy and rich Indian customers who are able to purchase luxury brands still like to go shopping abroad at places like Europe, Dubai in spite of availability in India. (World trademark review).

Government regulations:

Since early 2016, there has been a heightened regulatory scanner, with measures such as PAN cards for high-value transactions above Rs 2 lakh, cash purchase limitations, or even raising of customs charge to up to 25% depending on category, scare numerous buyers. There was also an extra 1% tax on luxury expenditures that was imposed but was repealed a year later in 2017. (Khosla, 2018). The duties on luxury items are among the highest in India. Retailers must reduce their margins to keep costs similar to other marketplaces, resulting in lower profitability. (Mishra, 2010).

Limited retail space:

The retail sector in India is still mostly unorganized. Many premium businesses are delaying their development ambitions in India due to exorbitant leasing rates. At the present selling density and rent, luxury companies are struggling to break even. Most Tier 1 and Tier 2 cities also have a dearth of shop space. Aside from a few high-end malls and hotels in major cities, luxury companies do not have many places to set up business.

Counterfeiting:

The market for counterfeit luxury products hit an all-time high of Rs. 60 billion in 2018 and is anticipated to expand further in the future years (World trademark review, 2018). Brand owners are concerned that a high quantity of counterfeits may result in brand dilution. Smartphone Internet usage has also resulted in fresh sales channels for counterfeit items.

PANDEMIC EFFECT

Amidst the pandemic, luxury fashion brands had to develop an incredibly dynamic approach to seize every single available opportunity.. Otherwise, with reduced purchasing power in the economy, these companies could very well have gone out of business.

For starters, brands like Versace, Michael Kors, etc. capitalised on the ongoing need for masks and converted them into a trendy fashion item that people desire. Consequently, they began producing face masks and selling them to bring in revenue that was tumbling due to the reduced demand for other goods offered by them.

Although Chanel refrained from entering the online market, most brands took to expanding their e-commerce business by working on their websites and online stores in order to make it more convenient for customers to purchase high-end watches, shirts, shoes, etc. remotely. Moreover, they even promoted their products heavily on pre-existing e-commerce platforms like Amazon. These e-commerce operations comprised the majority of the industry's revenue during the pandemic.

Upon analysing the sales from the e-commerce stores, these companies discovered that some places in the world had an unexpectedly high demand for their goods. This was contrary to their prior beliefs. Their previous demand forecasting models considered places like New York, Los Angeles, Miami, etc. to be the ones that generated the most sales. This was because the majority of real-time stores were located there and the financial and cultural aspects in those areas aided the demand for luxury goods. However, during the pandemic, they realised that there were unexplored opportunities in places like Austin, Houston, etc. As a result, many luxury fashion companies started devising plans to set up physical stores in such places.

To reinforce their digital presence, various brands started bringing out virtual collections of their products. Gucci launched the 'Gucci Garden' on Roblox, a popular gaming platform. Here, the audience could use their avatars to try on and purchase the brand's digital collection. Ralph Lauren floated a virtual collection of clothes that could be worn by the online personas of various people in games and simulations. Surprisingly, these virtual items were even resold for prices higher than that of the physical item due to their astronomical demand in this new world. Luxury brands have found a way to leverage the recent buzz around Metaverse.

With the recent buzz around the Metaverse, luxury brands have found a way to use it to their advantage. Since some of the notable names have also started showing interest in Metaverse-related assets like cryptocurrencies, NFTs (non fungible tokens), real estate, etc. it is a fantastic indicator for these brands to segway into this fictional world.

For instance, Gucci recently launched its very own virtual space called 'vault' in which they sell NFTs of various items like clothes, watches and other collectibles. There are also opportunities to sponsor concerts and events within the Metaverse or video games like Fortnite.

Since virtual items only require ideation and appeal, these brands don't have to engage in physical production, thereby saving a lot on costs. Furthermore, if a certain brand has established its name in the market as a prestigious fashion label, the face value is enough to generate demand. So, it makes the virtual world a brilliant avenue for such brands.

This also proves that some brands are quite open minded when it comes to recognising and monetising new opportunities. These opportunities can be supremely lucrative if identified correctly and executed while keeping in mind consumer preferences and convenience.

CASE STUDY- PRADA

Prada is one of the iconic brands of the fashion industry. The brand's designers have always worked hard to stay innovative while keeping a historically elegant aesthetic.

HISTORY

The brand has become synonymous with flair and grandeur since Mario Prada debuted a tiny boutique in Galleria Vittorio Emanuele II, a shopping centre in Milan. Prada was named the 'Official Supplier of the Italian Royal House' in 1919. As a result of this honour, Prada was able to use the House of Savoy coat of arms and knotted rope motif in their trademark logo. The brand then went on to become an emblem of the Italian nobility.

Mario Prada did not believe that women should work outside, because of the patriarchal culture of the time. He didn't hire any of his female relatives to work for him. Ironically, his only son was uninterested in the family business. Luisa Prada, Mario's daughter, took over the family firm and oversaw it for nearly two decades. Her own daughter, Miuccia Prada, joined the company in 1970. In 1977, Miuccia Prada met Patrizio Bertelli, a young Italian who owned a company of leather products. He joined the Prada family firm, and his collaboration with Miuccia changed the course of Prada's history. Prada's business expanded because of Miuccia's refined imagination and Bertelli's entrepreneurial insight. The business has grown from a family-run, one-store operation to one of the world's major producers and retailers of premium products and haute couture in less than a century.

LOGOS TRANSITION

When Prada was appointed as the official apparel supplier for Italian monarchs in 1919, the original Prada emblem was created. Back then, incorporating distinct aspects of the House of Savoy's heraldry into its logo, helped Prada achieve prominence. However, over time, the business dropped the monarchical motifs from its design, leaving just the brand's popularity to speak for itself. As a result, the rope, coat of arms, and even the ellipse were removed from the logo, leaving only "Prada". The Prada emblem, like the brand's apparel and accessories, is simple but exquisite.

PRODUCT CATEGORIES

Prada is known for its sophisticated, high-end items for men and women across all demographics. They offer a diverse selection of high-end, ready-to-wear clothing, leather goods, eyewear, aromas, homewares, footwear, and watches, all of which contribute to their product division. Women's jewellery, cosmetics, and purses are all exclusive to Prada. They offer the Miu Miu line of merchandise for the younger demographic. Under the Linea Rossi brand, Prada offers a sports and leisure range.

Prada has proved that brands can be more successful together through its collaboration with LG, which started back in 2006.

MARKETING STRATEGIES OF PRADA (3Ps)

1. Price:

Due to its extensive product line, Prada employs cost leadership in its marketing mix strategy. They command a higher price because they have strong brand value and quality, which lead people to not hesitate to buy their expensive products. Prada bags range from $300 to $3000 in price, while clothing costs between $200 and $2000, shoes between $300 and $700, sunglasses between $200 and $300, fragrance between $50 and $200, skin care between $50 and $200, and accessories such as gloves, caps, and belts cost between $200 and $400. The prices differ depending on the country. Prada's rates are significantly higher than Gucci's and Louis Vuitton's, and yet they still have a stronghold on the market. Prada makes more than $4 billion in revenue every year.

2. Place:

Prada ensures that its image reflects the brand's character. Prada has engaged the services of renowned and internationally acclaimed architects Rem Koolhaas and Herzog & de Meuron to design "Prada Epicentres" at various places. These boutiques were created to provide clients with a one-of-a-kind Prada experience. The original epicentre debuted on Broadway in New York and has gone on to become the most prominent of all modern retailers worldwide. They also have flagship stores in Australia, Indonesia, India, Canada, Austria, the United Kingdom, Germany, Hong Kong, Southeast Asia, Russia, Europe, the United Arab Emirates, and the United States of America. Their products are sold in a variety of boutiques throughout the world, including malls, megastores, and multi-purpose buildings. They opened their largest boutique in Dubai's Mall of the Emirates. Prada has 618 retail units, the oldest of which is in Milan, Italy. The Prada Foundation purchased Ca' Corner Della Regina, a 13th-century mansion in Venice, and transformed it into an exhibition space. They also have an online presence through their own e-store as well as well-known e-commerce sites. The Prada website is a full e-commerce store that allows users to buy the brand's products from anywhere in the world. The brand is also available for purchase on a number of multi-brand ecommerce sites, allowing customers to shop online.

3. Advertising and promotion:

Prada has always placed emphasis on innovation and originality, and they've come up with a variety of strategies to advertise their brand. To advertise their brands, they have always used an extensive promotional mix advertising model. Prada has its own website that showcases each of their products in great detail, guaranteeing that clients receive accurate information about each item. Prada puts on fashion presentations that have been shown to be incredibly effective and convincing, particularly in the fashion industry. They had a number of runaway shows with music composed by a well-known French artist, as well as numerous Prada models and actors who later appeared in their advertising campaigns, making a stronger impression on shoppers. They also ran advertisements in magazines such as Vogue and Elle. Miuccia Prada arranged a travelling art gallery to interact with the younger population that her Miu Miu brand sought. The Prada group is committed to environmental protection and recently participated in a charity event in Milan to raise awareness about breast cancer prevention. With all of these promotional measures, they have managed to establish a significant global presence.

PRADA x ADIDAS COLLABORATION

By initiating a collaboration, Adidas and Prada opened a new chapter in their alliance. With a range of clean and sharp geometries, expertly made in Italy by Prada artisans, the exclusive collection illustrates a relentless dedication to ecologically aware innovation. Prada's luxurious pedigree meets Adidas' unrivalled sporting tradition in this collection of footwear, clothes, and accessories. Both brands share a commitment to sustainable development with the use of Re-Nylon, a revolutionary material made by recycling plastic trash gathered from oceans, fishing nets, and textile fibre waste that can be cleansed and recycled endlessly without losing quality. Prada's distinctive bucket hat and the renowned Adidas Originals Forum sneaker are among the bold and sophisticated items that bear the obvious DNA of both Adidas and Prada.

PRADA COMPETITORS

The Prada Group, as a high-luxury brand, has a lot of rivals like:

1. Gucci Group
2. Luxottica
3. Hermes
4. Louis Vuitton
5. Ralph Lauren
6. Burberry
7. Armani
8. Chanel
9. Jimmy Choo
10. Vermani and others...

These are some of the top key players within the industry, with French conglomerate LMVH (owner of brands like LV and Dior) being the biggest player in terms of revenue until last year.

SWOT ANALYSIS

Strengths

1. Prada is a very well-known premium fashion house around the globe.
2. One of this brand's distinguishing features is the automation of its numerous production steps. As a result, it has enabled more efficient resource utilisation and lower operating expenses. It has also put in greater effort and consistency in its product quality, as well as the flexibility to adjust production according to market needs. As a result, the manufacturing flow has accelerated, and the quantity of products produced per day has increased to satisfy market demands.
3. It is associated with a great sense of exclusivity and elegance.
4. Prada is a well-known brand name because of effective advertising and branding in print, online, and social media.
5. The company employs more than 12,000 solidly trained individuals, making it a very strong workforce.
6. Prada has a long history in the premium market, dating back to 1913.
7. Prada is involved in the fashion industry through shows, boutiques, and the production of perfumes and high-end watches, among other things.

Weaknesses :

1. There is a lot of rivalry for the brand, which means there is a lot of brand flipping.
2. Fake Prada products have a negative impact on the brand's reputation and business.
3. Although Prada invests in research and development, it does it at a lower rate than its industry competitors.
4. Many of Prada's properties are rented rather than owned. As a result, it would have to pay a significant rental fee, significantly raising its operational costs. Because of the fluctuating rental property, which would have an impact on the earnings, this is a brand vulnerability.
5. Prada has attempted and failed to merge with other companies. Many acquisitions have been stymied due to the brand's current structure and ethos. This is a significant flaw for the brand because it halts its expansion.

Opportunities

1. The typical household income has risen, as have the spending habits of its members. With new clients pouring in to buy Prada's products, the company will have additional potential to flourish.
2. The emergence of a slew of new specialized markets has provided Prada with a plethora of new avenues through which to sell its goods. Prada can take advantage of these markets by expanding its sales channel.
3. Prada can work with prestigious hotel chains and exclusive clubs to attract wealthy clients.
4. Taking advantage of the digital medium to expand its reach in areas where it is not already available, as well as forming collaborations with fashion firms to raise awareness.

Threats

1. In its market, Prada sees a lot of competitors. Competitors also have more technological advancements. Most industry competitors pose a threat since customers will be drawn to new content, potentially resulting in a decrease in profit margins.
2. Economic changes that may diminish reliance on high-end fashion.
3. The brand's supply has increased over time, while the number of suppliers has decreased. Prada's input costs could therefore rise as a result of this.
4. Because of the brand's multinational reach, the variable exchange rate poses a substantial danger to its business.

CONCLUSION

The Prada Group is an experimental factory of ideas that has turned into a significant participant in the luxury business. The birth of the group's brands—Prada, Miu Miu, Church's, Car Shoe, and Pasticceria Marchesi—represents the answer to societal investigation, while also functioning as precursors and pioneers of ever changing scenarios, turning into an organisation whose vision places uncompromised quality, labour valorisation, and freedom of expression at the centre of its motivating and operational principles.

CONTRIBUTORS

1. Akanksha Bhatt
2. Garvit Verma
3. Kartikeya Aggarwal
4. Kashish Bansal [Design]
5. Sanskriti Saraff
6. Shipra Chauhan
7. Subhashini
8. Yuvraj Sehrawat