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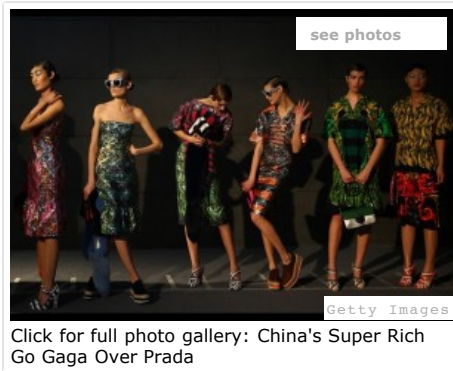
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LIFESTYLE

China's Super Rich Go Gaga Over Prada

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“Why buy just the handbag when you can buy the company.” This could be the growing sentiment among Hong Kong’s ladies who lunch once Prada starts selling its shares to the public. What better sartorial status symbol is there than the ability to proclaim that you own part of one of the most iconic luxury brands in the world?



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Everything seems set for the release of Prada’s shares to the public on June 14. This after several failed attempts at an IPO in the last decade.

Financial experts and luxury brand strategists view Prada’s decision to list in Hong Kong as an affirmation of the growing importance of the China market and its people’s insatiable desire for luxury.

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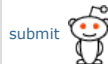
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“It means that Hong Kong is seen as a very important exchange and source of capital for global brands. This only bolsters Hong Kong and China’s credibility as a financial capital. Prada and its advisors probably saw more potential enthusiasm and valuations from eager Asian investors,” says Milton Pedraza, founder and CEO of the Luxury Institute, a research firm devoted to studying the behaviors of high net-worth individuals.

“China is a tremendously important market for the company, as well as Asia broadly. Listing in Hong Kong is profile-raising in the region. It will attract meaningful interest from Asian institutions as well as retail investors. The view is that the Hong Kong market could attract a higher valuation versus listing in European markets,” says an industry expert based in Hong Kong, adding, “This will clearly create more focus and attention on the Hong Kong market as a primary venue for luxury brands to list, be they Asian brands, or global companies with either a meaningful component, or at least the aspiration of sales and growth to be generated from China. There is no doubt Prada will be the first of many brands to pursue a Hong Kong listing.”

This move from Prada is sure to be emulated by other brands that want to gain a stronger foothold in the growing Chinese economy, especially when the initial figures and the performance of its shares are released. The luggage company Samsonite is set to offer shares in Hong Kong on June 16.

But how does this affect the Chinese? Will China’s luxury goods consumer lap up Prada shares as they do Prada bags and shoes? Will the Chinese’s love for luxury goods translate to wanting to invest in a luxury brand? “Chinese investors want to be global investors and they want to take majority shares in global brands,” says Patricia Pao, CEO of the brand strategy and consulting firm Pao Principle. “The Chinese cannot create brands and they recognize this. This is why I think they are looking to actively buy them.”

Studies done by the Pao Principle concluded that the Chinese consumer likes to stand out from their peers hence their desire to buy multiple items especially those that are limited edition pieces. Is there a better way to stand out from other luxury goods consumers than owning a piece of that designer Prada pie?

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ABOUT ME

I’ve always been interested in fashion and the business of fashion. I write about the latest clothes and trends just as much as I write about the commerce and trade of the industry. I also like to write about how history, art and popular culture relate to fashion. I have more than 10 years of fashion journalism background—a decade or so of writing and dressing in everything from Prada to Zara to Yves Saint Laurent.

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