The Spanish brand PdPaola has managed to stand out in a fragmented and saturated industry, due to its unique product range and profitable business model. The Barcelona-based brand founded in 2014 by siblings Paola and Humbert Sasplugas already boasts 2,000 points-of-sale in 10 foreign markets and has been worn by celebrities such as macro-influencer Chiara Ferragni or supermodels Gigi Hadid and Taylor Hill.

After closing the 2021 financial year with a turnover of €30 million, the affordable luxury label is aiming to reach €52 million by the end of fiscal year 2022. Coinciding with the presentation of its renewed brand identity and logo, FashionNetwork.com interviewed the CEO of the company to understand its business model’s key elements and discuss the future strategies of the brand determined to expand abroad.
"Our strategy is based on organic growth achieved through a sustainable and profitable business, an attractive product and an aspirational image built on digital communication on social media platforms," explained Sasplugas.

PdPaola was created almost "by chance" from Paola's passion for architecture and design and Humbert's entrepreneurial background, having had a similar experience already launching the fashion startup Baravento. In its early days, PdPaola was focused solely on its domestic market.

From digital to retail and wholesale

The digital native brand entered the online market when it was at its peak. "At the time, we were competing against major brands that were still more focused on physical retail rather than e-commerce," recalled Sasplugas of a time when the digital channel was being heralded as a place brimming with opportunities. "For many years, attracting customers online was a balancing act. You had to be able to perfectly balance your value proposition with very well-thought-out content and tailor prices accordingly to tap into the opportunities for success that were out there," he said.

The digital strategy proved to be successful for PdPaola and, three years later, the brand entered the physical retail market.

"We have managed to grow by means of a hybrid channel: e-commerce, which represents 75% of our sales, and wholesale, which has a solid but slower market penetration", said the manager.

This "diversification strategy" has, according to the founder, allowed them to increase their brand awareness. Today, the brand is distributed by several international department stores such as El Corte Inglés in Spain, Galeries Lafayette in France, Christ in Germany, John Lewis and Selfridges in the U.K., Manor in Switzerland, and Simons in Canada, among others.

The pandemic struck when PdPaola had already established itself in the digital sphere. "Wholesale was still in its early stage for us. We were in the process of closing our biggest distribution deals and it was a slow start. For e-commerce, on the other hand, it was an excellent period. We were perfectly prepared," said the entrepreneur.

During the health crisis, "jewelry served as a way to escape reality and as an outlet for pleasure." Sasplugas expressed his satisfaction with himself and his company: "We were able to seize the opportunity and continue to grow." The brand currently employs 80 people of 16 different nationalities, 20% more employees than in 2020.
After overcoming the Covid-19 pandemic, PdPaola is now entering a new phase of growth where it expands from the online channel to a physical channel. Five months ago, the label opened its first flagship store in Barcelona, at number 572 Avenida Diagonal, but it already has its sights set on global retail expansion.

“To be an established brand you have to be everywhere and have an omnichannel strategy. The most profitable players in the market are the ones that know how to combine all channels. For many years, e-commerce has been the focus of attention, but is little by little becoming normalized and understood as a channel like any other in an omnichannel strategy,” said the CEO.

10 new stores abroad

PdPaola’s main markets include France, the U.K., Italy and Germany. By next year, the brand plans to launch a dozen stores in major European capitals such as Paris, London and Milan. In its own country, Spain, which generates 10% of its sales, the brand plans to open five other stores by the end of this year. In France, the brand plans to expand its number of points-of-sale in shopping malls.

“Accelerating in retail is one more way to compete against all other industry players that only sell online,” said the executive, pointing out the number of competitors online that are sometimes simply dropshipping from Asia at a low cost.

“Currently, pure players in e-commerce are going through a difficult, highly competitive time in terms of attracting customers,” explained Sasplugas, stressing that the future of e-commerce lies in customer loyalty.

“The oversaturation of advertisers has led prices to skyrocket, leading to natural survival. Brands that have succeeded over the past few years in decreasing the independence of acquisition channels will have a better chance of surviving in this digital wilderness,” he added.

The United States, which has become the brand’s sixth largest market in terms of sales, will also be highly prioritized by the Spanish brand.
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"It's a huge market, a large territory governed by the same linguistic, cultural, financial and acquisition channels," said Sasplugas, who has just returned from a trip to the country. He explained how American customers consume more and demand less than in Europe; a smaller, more fragmented region that presents greater operational challenges.

"To become the future Pandora"

The objectives for this "new stage of deployment", accompanied by the presentation of a new logo and visual identity, are clear to the CEO.

"We need to survive this period of uncertainty without depending too much on anyone and continue to expand in an orderly fashion, with an organized structure and defined roles in order to remain efficient," he explained, insisting on the importance of balancing growth with profitability. "We could have expanded much faster, but we preferred to continue to grow steadily and by consolidating," said the family business’ co-founder, who is not opposed to the idea of joining forces with an investor to boost its development in retail.

Sasplugas shows equal parts ambition and confidence moving forward. “Our value proposition is strong enough that we are in a position to become the future Pandora. We have a cross-functional brand that works well in many markets and channels. We are in no hurry, but we want to become a global company," he said of the brand’s potential.

“The opportunities are there; the market is there. It’s mainly a matter of execution, it’s up to us to play our cards right,” acknowledged the entrepreneur.

He hopes that PdPaola remains profitable in five years’ time and aims to reach a turnover of €150 million.

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