

COMMERCE

Kering comparable luxury sales up 2.6pc in Q1

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Gucci spring/summer 2016 collection

By STAFF REPORTS

French conglomerate Kering's luxury sales in the first quarter of 2016 were buoyed by Western Europe, Japan and emerging markets, as it managed growth in a challenging environment.

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The group's luxury revenue in the first quarter was 1.804 billion euro, or \$2.036 billion, up 2.8 percent as reported and 2.6 percent on a comparable basis. Kering attributes the growth in its couture and leather goods businesses to a strong performance in its direct-operated retail network.

Looking ahead

Gucci is still benefitting from a feeling of newness, with retail sales in the first quarter up 3 percent compared to the same period in 2015. The brand's total revenue for the quarter was 894 million euro, or \$1.009 billion.

The flagship apparel brand of the group has been making moves under its new creative direction, with a revamped retail format and new department store relationships, including space in New York's Bergdorf Goodman.



Gucci space within Bergdorf Goodman

Bottega Veneta's sales were down 7.6 percent as reported, or 8.3 percent on a comparable basis. The brand was mostly hurt by the strength of the U.S. dollar and by Asian tourists avoiding Europe and other parts of the globe following terror attacks.

On the other hand, Saint Laurent continued its strong growth, with comparable sales up 26.5 percent to 269 million euro, or \$303.6 million. Whereas Gucci and Bottega Veneta saw net store closings in the quarter, Saint Laurent added a boutique, bringing its total store count to 143.

Watches had a tough quarter, as they dealt with difficult markets.

A number of Kering's fashion brands are currently in a state of change, as new creative directors have been installed at Saint Laurent and Brioni this quarter. Demna Gvasalia just presented his first collection for Balenciaga, which will enter stores in the second half of the year.

Gucci is in for more changes as it experiments with its runway format. Brand president and CEO Marco Bizzarri announced during his keynote at the International New York Times Luxury Conference on April 5 that the brand will begin showing its men's and women's wear together in a single show per season starting in 2017. Fashion is trying to find a winning format for the runway show, which causes creatives at large houses to stage numerous spectacles a year ([see story](#)).

"Kering's solid first-quarter 2016 performance in a challenging market environment bears testimony to our focus on driving organic growth," said Francois-Henri Pinault, chairman/CEO of Kering, in a brand statement. "The new creative energy is maintained at Gucci and the brand's new collections continue to draw an enthusiastic response.

"We are confident that we can extend our growth trajectory over the full year thanks to our multi-brand model, our continued strict operating and financial discipline and the top-quality work of all our teams."

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