

APPAREL AND ACCESSORIES

Kering's confidence continues toward year's end, led by Gucci and Saint Laurent

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Saint Laurent, spring/summer 2017

By STAFF REPORTS

French conglomerate Kering Group, which counts Gucci and Saint Laurent within its stable, has recorded an 11.3 percent increase in its luxury activities for the third quarter of 2016.

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As a whole, Kering's third quarter 2016 revenue saw an acceleration of 10.5 percent, for a revenue total of 3.185 billion, or \$3.469 billion at current exchange. When examining only the luxury brands within its portfolio, Kering saw revenues increase by 11.3 percent on a comparable basis, led by Gucci and Saint Laurent, both of which continue to gain market share.

Rounding third

The performance of Kering's luxury brands generated 2.115 billion, or \$2.303 billion at current exchange. The quarterly increase of 11.3 percent on a comparable basis, and 12 percent as reported, is the fastest growth for a quarter in three years.

Kering's sales in direct-operated stores also saw double-digit growth across its market geographics, excluding Japan. The conglomerate saw a 24 percent growth in Asia-Pacific, a 17 percent rise in the North American market and a 12 percent increase in Western Europe.



Bottega Veneta fall/winter 2016

"Our excellent sales in the third quarter underscore the relevance of our strategy and the effectiveness of its execution," said Francois-Henri Pinault, chairman and CEO of Kering, in a statement. "In a complex environment, we stepped up the pace of revenue growth and continued to gain market share.

"Thanks to the creativity of our brands and the outstanding customer experience they offer, we achieved double-digit increases across all geographic regions excluding Japan," he said. "Gucci and Yves Saint Laurent performed remarkably well. We have laid the foundations for steady, sustainable growth, and are highly confident about the full year."

Both Gucci and Saint Laurent recorded double digit growth during the third quarter. Gucci saw a 17 percent increase and Saint Laurent was up 33.9 percent.

Gucci significantly outperformed the sector with sales rising sharply across product categories and markets, with Japan being an exception. As a whole, Japan has seen lackluster luxury sales.

The Italian fashion house saw success for its handbag offerings and has received positive responses from the direction of Alessandro Michele. Gucci's digital strategy is also excelling, notable its capsule collections sold exclusively online, such as the #24HourAce initiative ([see story](#)).



Gucci cruise 2017

Gucci's Web site ecommerce increased by more than 50 percent during the third quarter.

Bottega Veneta's sales were impacted by slower tourism in Western Europe and Japan, with revenue decreasing by 10.9 percent on a comparable basis. Sales slightly improved from the second quarter, seeing growth across all main markets in Europe and Asia Pacific, with Hong Kong as the exception.

Similar to Gucci, Saint Laurent also saw strong growth for the third quarter. Sales increased across regions and product categories. During the quarter, Anthony Vaccarello presented his first collection for Saint Laurent on Sept. 27 during Paris Fashion Week ([see story](#)).

Elsewhere in the luxury sector, Kering noted a 2.5 percent increase for its brands' sales. Balenciaga, Stella McCartney and Alexander McQueen posted growth of approximately 10 percent or higher. Brioni did well via its direct-operated stores in North America, but its wholesale business held the menswear label back.



Metallica for Brioni

Kering's jewelry houses, including Boucheron and Pomellato, generated double-digit growth. Those in its watch category are still feeling the effects of a challenging market, but are continuing to adapt offerings and communications.

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