

APPAREL AND ACCESSORIES

Ralph Lauren's Q2 revenues fall 9pc

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Ralph Lauren's Iconic Style campaign. Image credit: Ralph Lauren

By STAFF REPORTS

U.S. fashion label Ralph Lauren's efforts to increase the quality of its sales through more selective distribution and less promotional activity led to decreased sales for the second quarter of the 2018 fiscal year.

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During the second quarter, ended Sept. 30, the brand's total revenues were \$1.7 billion, down 9 percent year-over-year, in line with the company's expectations. Despite the company's revenue decline, gross profit was up, with \$995.8 million, compared to \$954.2 for the same period last year.

"We are focused on creating value for all of our stakeholders by continuing to drive productivity and re-igniting quality growth," said Patrice Louvet, president and CEO of Ralph Lauren Corp., in a statement. "While there is a lot of work to be done, I am encouraged by the early progress we are making across multiple fronts to strengthen our brand and better connect with consumers."

Progress report

While Ralph Lauren did have a revenue decline in the second quarter, the company noted progress in its efforts to improve its sales quality. As a result of lowering discounting across all regions, the brand's gross margins improved by 300 basis points over the second quarter of last year.

Ralph Lauren's North American sales were hit the hardest by its efforts to pull back on distribution and discounting. This strategy, coupled with lowered demand, led to a 16 percent drop in revenues for the region.

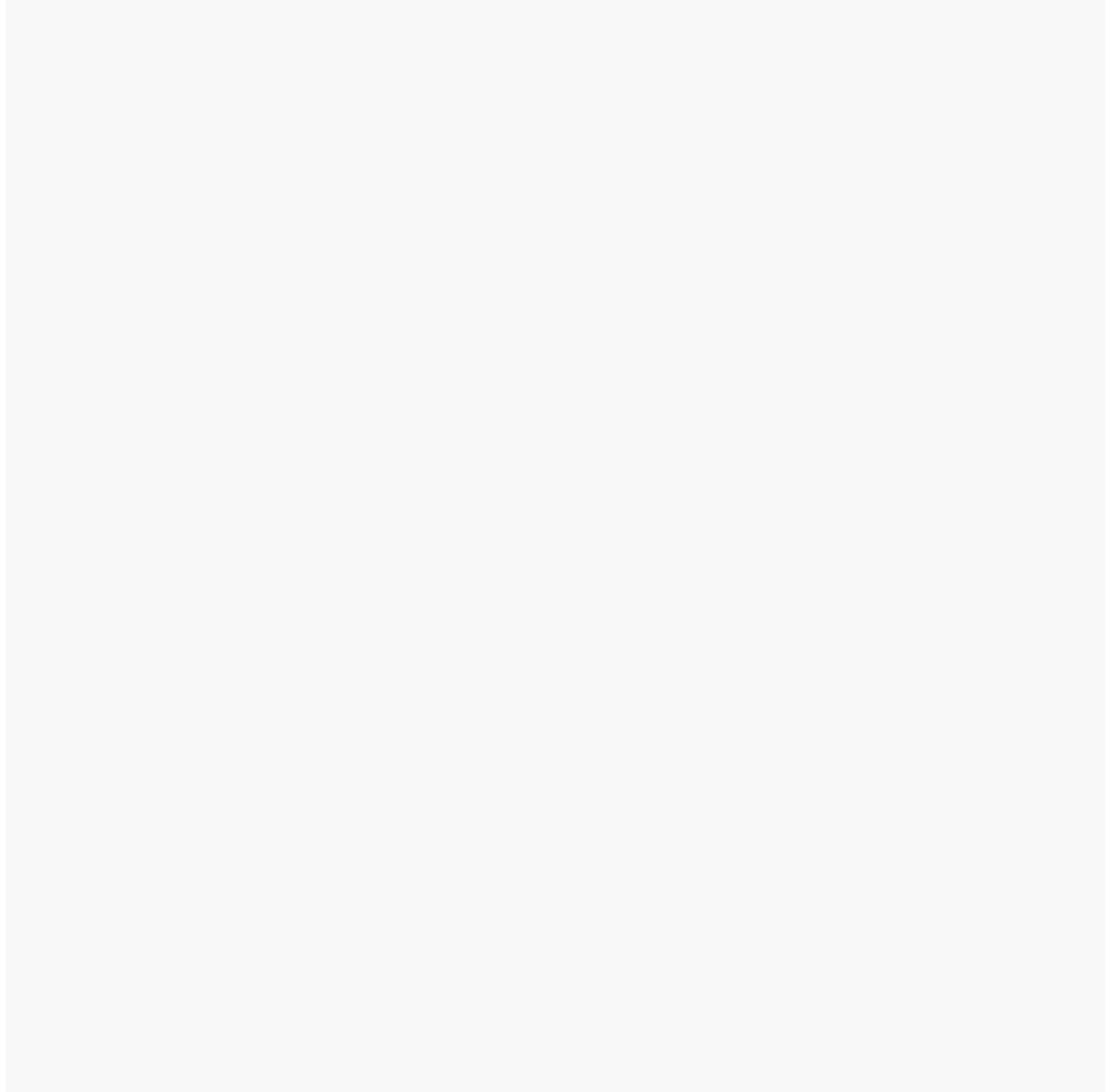
Europe was the only region to record growth for the company. While flat on a constant currency basis, European revenues increased 4 percent as reported.

While Asian sales grew 4 percent when measured in constant currency, Ralph Lauren's reported revenues in the region were flat.

Along with its efforts to reduce discounting, Ralph Lauren is also focused on increasing its digital presence and its footprint around the world. In China in particular, the company is now retailing on T-mall and JD.com, and it also launched a WeChat.

The company has also grown its digital and social media impressions.

Leading up to its New York Fashion Week presentation, the brand leveraged Instagram, intertwining storytelling with see-now, buy-now, as well as behind-the-scenes content.



Menswear patterns meet automotive inspiration in a look from the Ralph Lauren Collection Fall 2017 Fashion Show.
#RLFall2017 #NYFW Photo: @KevinTachman

A post shared by Ralph Lauren (@ralphlauren) on Sep 13, 2017 at 4:20pm PDT

The designer took on two rising trends in fashion week, hosting its runway presentation outside of New York and focusing on see-now, buy-now. However, Ralph Lauren made a stronger impact with its use of Instagram Stories and unique interpretations of the trends ([see story](#)).

Looking to also drive engagement, Ralph Lauren has released limited-edition products to drive excitement.

"I am pleased with the progress we are making as we continue to strengthen the foundations of our business and elevate the expression of our iconic brand," said Ralph Lauren, executive chairman and chief creative officer of Ralph Lauren Corp., in a statement. "Patrice has already proven to be an invaluable partner who is embracing our core values, bringing unique expertise and uniting and empowering our capable teams."

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