

APPAREL AND ACCESSORIES

Ferragamo FY 2017 marked by retail channel declines

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Blogger Ginny Gardner for Ferragamo. Image credit: Ferragamo

By STAFF REPORTS

Italian fashion house Salvatore Ferragamo saw full year 2017 consolidated sale revenues decline by 3.1 percent compared to 2016.

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As of Dec. 31, 2017, Ferragamo reported its total revenues of 1,393 million euros, or \$1,727 million at current exchange rates, which factors to about a 1.4 percent decrease at constant exchange from FY 2016 when revenues totaled 1,438 million (\$1,783 million). Ferragamo also saw revenues in the fourth quarter of 2017 decline 8.4 percent.

Retail stressors

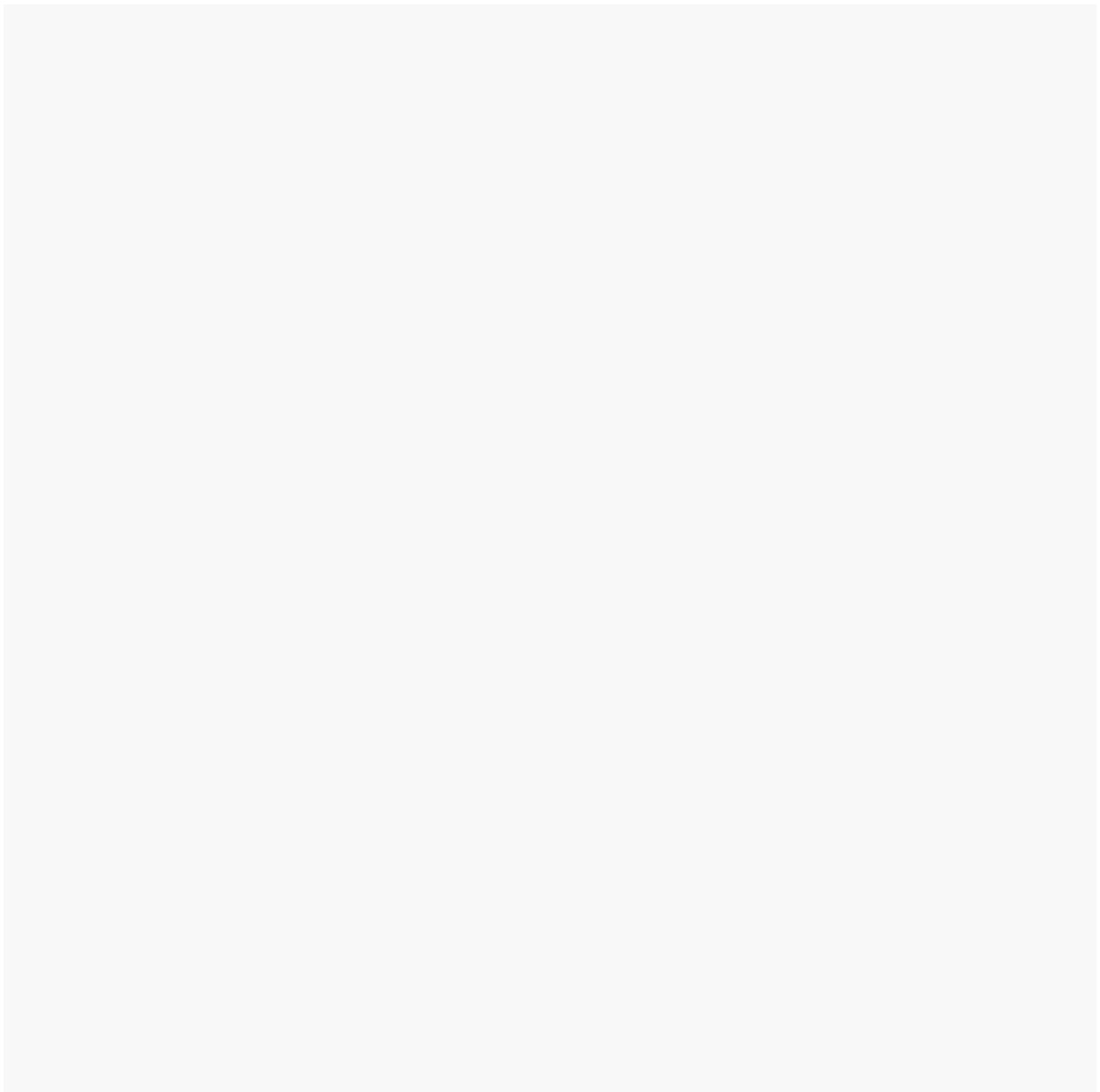
Ferragamo's Q4 2017 revenues were impacted by currency trends and due to a lower incidence of promotional sales in the primary channel compared to 2016.

At the end of Q4 2017, Ferragamo's retail network included 685 points of sales, including 410 direct-operated stores and 275 third party-operated stories in the wholesale and travel channels, including department stores and high-level speciality stores.

For the FY 2017, Ferragamo posted consolidated revenues with a decline of 0.8 percent at constant exchange rates versus FY 2016.

Ferragamo's wholesale channel was penalized in 2017 due to destocking activities, political tensions in South Korea and the strategic rationalization in Japan. This segment of Ferragamo's retail business had a decrease of 7.4 percent when compared to FY 2016.

By geography, Asia Pacific remained as Ferragamo's best-performing market, but in terms of revenues, the region also saw a decrease of 2.1 percent for the year. Ferragamo notes that this was caused by a significant decrease of Chinese tourists and negative performance in Hong Kong.



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A post shared by Salvatore Ferragamo (@ferragamo) on Jan 12, 2018 at 8:33am PST

Japan posted a 5.6 percent decrease in retail revenues as well, but in China, however, Ferragamo's retail channels saw growth of 2.5 percent in FY 2017.

Ferragamo reported a revenue decrease in Europe of 3.6 percent. The European market saw positive performance in the retail channel, but a negative trend for wholesale.

As for North America, Ferragamo recorded a revenue decrease of 4.2 percent due to negative department store sales. But, despite the Mexican earthquake that occurred in September, Central and South America saw a revenue increase of 2.0 percent.

By category, Ferragamo footwear and leather goods sales decreased 1.7 percent and 0.8 percent respectively, for FY 2017 from FY 2016. Ferragamo fragrances increased sales by 2.2 percent.

In fall 2017 it was announced that Salvatore Ferragamo's women's footwear and ready-to-wear collections will be headed entirely by Paul Andrew.

Mr. Andrew was hired by Ferragamo in 2016 as the brand's design director of women's footwear. The designer, who

founded his namesake shoe label in 2013, came to Ferragamo with experience working in other luxury labels including Donna Karan and Alexander McQueen ([see story](#)).

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