

APPAREL AND ACCESSORIES

Michael Kors' luxury strategy helped boost sales in Q4

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Michael Kors' revenues were up in fiscal 2018. Image credit: Michael Kors

By STAFF REPORTS

U.S. fashion group Michael Kors Holdings' revenues rose 10.8 percent year-over-year in the fourth quarter of fiscal 2018, attributed partly to its efforts to elevate its product offerings.

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For the quarter ended March 31, Michael Kors made progress in its Runway 2020 plan, with its results exceeding expectations. In addition to efforts around its namesake label, Michael Kors started investing in Jimmy Choo's future growth, as it aims to turn the footwear maker into a \$1 billion brand ([see story](#)).

"Fiscal 2018 was an exciting year for our company as we established a foundation to support long-term growth," said John D. Idol, chairman and CEO of Michael Kors Holdings, in a statement. "We created a global fashion luxury group with the acquisition of Jimmy Choo and completed the first year of our Runway 2020 strategic plan for the Michael Kors brand, ending the year significantly ahead of our expectations."

Elevated earnings

Michael Kors' revenues for the fourth quarter totaled \$1.18 billion, \$107.9 of which came from Jimmy Choo.

Gross profit increased 14.5 percent to \$709.8 million.

Both retail and wholesale revenues were up, but Michael Kors' licensing activities saw their revenues decrease 11 percent.

Consumers responded positively to Michael Kors' elevated product selection, helping to raise its comparable sales by 2.3 percent.

Michael Kors has also updated some of its stores to a new luxury concept. These locations are outperforming others.

As part of Runway 2020, the brand also launched a KorsVIP loyalty program, which has seen more enrollments than expected since its debut.

For the fiscal year, Michael Kors' revenues were up 5 percent, totaling \$4.72 billion.



Michael Kors is investing in Jimmy Choo. Image credit: Jimmy Choo

"Looking to fiscal 2019, we have a number of initiatives planned to drive growth in both of our luxury brands," Mr. Idol said. "For Michael Kors, we expect growth to be led by our retail business, as we remain focused on executing initiatives across fashion luxury product, brand engagement and customer experience.

"For Jimmy Choo, we will continue to make strategic investments to expand our retail fleet globally, capitalize on the significant opportunity to grow our accessories business and increase brand engagement through glamorous red-carpet marketing communications," he said. "Additionally, we will continue to explore acquisitions to complement our existing luxury portfolio.

"Overall, we are well-positioned to deliver long-term growth and enhance shareholder value by executing on the strategies in place for both Michael Kors and Jimmy Choo."

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