

APPAREL AND ACCESSORIES

Tapestry's Kate Spade acquisition boosts 2018 sales

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The addition of Kate Spade boosted Tapestry's revenue. Image credit: Kate Spade

By STAFF REPORTS

U.S. fashion group Tapestry's multi-brand strategy is paying off, as the company's sales for the 2018 fiscal year were up 31 percent.

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Along with revenue increases thanks to the addition of Kate Spade to its portfolio, the group also saw organic growth in the period ended June 30. This past fiscal year marked a turning point for the company, as what was formerly Coach Inc. rebranded itself into a trio of distinct yet united labels.

Group gains

Tapestry's sales for the fourth quarter totaled \$1.48 billion, with sales for the fiscal year of \$5.88 billion. For the year, the group's gross profit reached \$3.85 billion, with margins of 65.5 percent.

While the group overall saw positive results, Stuart Weitzman's sales fell in the quarter. Compared to \$88 million in sales during the fourth quarter of 2017, the brand's sales totaled \$73 million in the same period this year.

The footwear label has struggled with delays in development and delivery. Tapestry believes that the long-term growth potential of the brand is positive, having implemented new production procedures to combat the issues faced at the end of the fiscal year.



Stuart Weitzman's sales were flat. Image credit: Stuart Weitzman

Stuart Weitzman has also seen upheaval as both its CEO and creative director left the company ([see story](#)).

For the full year, Stuart Weitzman's sales were flat at \$374 million.

The Kate Spade brand has been pulling back its wholesale distribution, including its presence on flash sale sites. This has lowered its comparable sales 7 percent for the year, particularly due to the lowered ecommerce presence.

Kate Spade's sales for the fiscal year totaled \$1.28 billion.

Coach, meanwhile, was up 5 percent, with yearly sales of \$4.22 billion. The brand's results were helped by an increase in ecommerce.

Looking to gain more control of its global business, Tapestry has entered deals to buy Stuart Weitzman's business in Southern China and Kate Spade's operations in Singapore, Malaysia and Australia.

"Our strong fourth quarter results capped an excellent fiscal year 2018 performance for Tapestry which demonstrated the power of our multi-brand model," said Victor Luis, CEO of Tapestry. "We achieved our annual sales and operating income guidance, driving significant growth while earnings per share outpaced our forecast.

"It was also a year of many milestones, as we completed the acquisition of Kate Spade and evolved into a true house of brands, establishing Tapestry as our new corporate identity," he said. "Our company is built on shared values and a common operating platform while our brands retain their distinctive personalities, individual narratives and unique positioning."

To many, Tapestry, formerly known as Coach Inc., is considered the first American luxury goods group, but its CEO prefers not to define its three-brand portfolio by nationality.

Instead, Tapestry, which owns Coach, Kate Spade and Stuart Weitzman, prefers being recognized as the first New York-based house of luxury brands, which just happens to own brands from the U.S. While Tapestry's brands may have been founded in the U.S., nationality is not a focus due to the brand's global presence, including its corporate team, its real estate footprint and importantly, its consumer base ([see story](#)).