

CONSUMER ELECTRONICS

## Bang & Olufsen revenues fall in Q3 amid transformation

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*The world of television has experienced rapid change and brands need to keep up the pace or risk being left behind. Image credit: Bang & Olufsen*

By STAFF REPORTS

Danish electronics and audio company Bang & Olufsen's sales declined 18 percent in the third quarter of fiscal 2018-19, leading it to adjust its outlook for the year.

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The company originally expected its revenues to be flat this year, but it is now projecting a 10 percent decline in sales. Bang & Olufsen has been working to revamp its retail distribution, but the progress has not been as speedy as expected, leading to the sales warning.

"We've clearly been too optimistic in how fast we can transform the business and our ability to deliver high growth during this transition," said Henrik Clausen, CEO of Bang & Olufsen, during a conference call with investors.

### Retail revamp

In the third quarter for the fiscal year, the brand had revenues of 710 million Danish kroner, or about \$107 million.

Bang & Olufsen's television sales fell, leading to a 34 percent decline in its staged category during the quarter. While revenues were down, unit sales were up.

The company has also faced struggles as it updates its retail placement to be more about pulling consumers toward it than relying on push-style marketing.

In EMEA, Bang & Olufsen is reducing its monobrand partners, favoring its strongest locations. Both In EMEA and in the Americas, the brand is introducing a new setup for multi-brand placements, but the introduction has not happened as fast as expected.

The only region that has achieved growth for the fiscal year to-date is Asia, which has been helped by new retail partners in China.



*Beoplay's H4 headphones. Image credit: Bang & Olufsen*

Throughout the year, Bang & Olufsen has limited its launches to ensure that what it is releasing is up to standards in craftsmanship and technology.

"We are now looking into a year with a strong roadmap of great, innovative products, which will support the growth of our business," Mr. Clausen said.

Bang & Olufsen has discontinued its share buyback program that started in September, and it said that it can no longer meet the three-year targets it had set. New targets will be announced as the brand releases its results for the full year.

Indicative of Bang & Olufsen's effort to offer retail experiences that draw consumers in, the company recently took inspiration from music for a pop-up in New York's SoHo neighborhood.

The Music Box, located at 121 Spring St., brought together the brand's collections in a conceptual environment designed to be photogenic. Offering an alternative to traditional retail, the temporary space looked to engage through exploration and experiences ([see story](#)).