

APPAREL AND ACCESSORIES

Ralph Lauren's transformation plan exceeds goals

May 14, 2019



Ralph Lauren's 50th anniversary runway show. Image credit: Ralph Lauren

By STAFF REPORTS

During the 2019 fiscal year, Ralph Lauren grew its marketing spend by 13 percent as part of its Next Great Chapter plan to modernize and appeal to the next generation of consumers.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

This past fiscal year, ended March 30, was the first year that the brand initiated its transformation effort. Ralph Lauren's revenues declined 1.5 percent in the fourth quarter, but its total fiscal year sales were up 2 percent to \$6.3 billion.

"This year we marked an incredible milestone for our business and our brands 50 years of inspiration, passion and innovation," said Ralph Lauren, executive chairman/chief creative officer of Ralph Lauren, in a statement. "As we celebrate our rich history, we are even more inspired and motivated to continue to build the future for our company, and I am so proud of the work our teams are doing to deliver for consumers around the world every day."

Turning the page

Ralph Lauren has been reaching out to a younger audience through a personality-centric marketing strategy and brand alliances. For instance, the company collaborated with skate brand Palace and has also established new distribution deals with specialty retailers, opening it up to a new audience.

The brand also cast model Taylor Hill in its Romance fragrance campaign, speaking to the social media generation ([see story](#)). Ralph Lauren has been leveraging celebrities and influencers to appeal to different parts of its customer base.



Ralph Lauren's Romance campaign. Image credit: Ralph Lauren

Ralph Lauren notes that its unit sales were up 8 percent in its own stores for both the fourth quarter and the year. It has also raised sell-through rates on categories such as outerwear and denim through revamped marketing and merchandising strategies.

The brand's digital revenues were up 11 percent in the year on a constant currency basis, and it is working to further develop its partnerships with online wholesalers.

Asia saw strong growth, with revenues up 11 percent during the year. Europe also exceeded the average with a 5 percent increase.

In the fourth quarter, Asia and Europe saw respective growth of 6 and 4 percent, while revenues in North America fell 7 percent.

Looking ahead, Ralph Lauren expects its net revenues will rise between 2 and 3 percent on a constant currency basis for the 2020 fiscal year.

"Our Next Great Chapter plan is off to a good start in its first year, we outperformed our commitments across key metrics, including revenue, quality of sales, operating income and EPS," said Patrice Louvet, president/CEO of Ralph Lauren, in a statement. "It has been an exciting year of progress and continuous learning in our multi-year journey.

"We returned to revenue growth one year ahead of plan, average unit retail was better than we expected across all regions and channels as we continued to elevate the brand and we saw particular strength across our international regions as we invested in product, marketing and distribution," he said. "Looking ahead, we will continue to put the consumer at the center of everything we do, elevate and energize our brands and drive operational efficiency to achieve long-term, sustainable growth and value creation."