

APPAREL AND ACCESSORIES

## Hugo Boss sees Q2 growth despite US decline

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BMX rider Chad Douglas for Hugo Boss. Image credit: Hugo Boss

By STAFF REPORTS

German fashion group Hugo Boss' sales and operating profit rose slightly in the second quarter, but it faced challenges in the United States market.

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The company's sales were up 2 percent year-over-year to 675 million euros, or about \$748 million. Hugo Boss is working to boost the efficiency of its organization through cost management, which is expected to have a continued positive impact on its operating profit.

### Growth plan

Hugo Boss' sales in the Americas declined by 3 percent in the quarter, largely due to troubles in the U.S., such as weaker tourist spending and a promotional sales environment. In 2018, there was a positive impact from tax reform, which has lessened this year.

Other regions performed better. Asia-Pacific sales were up 8 percent, and mainland China comparable store sales rose by double-digits.

The company's home market of Germany also saw a sales decline, which was offset in Europe by gains in the United Kingdom and France. Sales in Europe were up 2 percent.

Hugo Boss' retail sales increased 3 percent, while its online business climbed 16 percent.

The group's operating profit rose by 3 percent in the quarter.

As part of its strategy to boost growth, one of Hugo Boss' priorities is personalization.



*Boss Made for Me. Image credit: Boss*

The brand recently launched Boss Made for Me, a bespoke offer that enables clientele to mix and match options to create their own designs. After debuting in select European markets, the service will be expanding.

Another element to the company's plan is a new store concept, which is being rolled out through renovations of key boutiques.

Reaching out to younger generations, Boss has tapped British musician Liam Payne and Taiwanese-Canadian actor Mark Chao as brand ambassadors.

Boss also emphasized the wearability of its classic suits with the help of an athletic group of influencers.

As casual wear has taken hold of high-end men's apparel, suits have become less prominent. By working with a range of athletes for its #SuitChallenge, Boss is showing consumers there is still a place for tailored suits, including more adventurous settings ([see story](#)).

"In an ongoing challenging market environment, we have increased both our sales and operating profit in the second quarter," says Mark Langer, CEO of Hugo Boss, in a statement. "For the second half of the year, we are now expecting a significant acceleration in sales and operating profit development.

"This will make a decisive contribution to the achievement of our full-year targets," he said. "Key drivers will be our partnerships in the online business and the ongoing optimization of our store network."