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## Ralph Lauren expects mainland China growth back to positive in Q2

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Ralph Lauren chief financial officer Jane Nielsen said: "We expect to be strongly back to growth in Q2 of this year in mainland China." Image credit: Ralph Lauren's Weibo

By [Yaling Jiang](#)

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Ralph Lauren Corp., owner of an umbrella of Ralph Lauren brands and the casualwear brand Club Monaco, reported double-digit revenue decline due to the **COVID-19** pandemic and **Hong Kong protests**.

While Asia experienced the largest fall group-wide in Q4, the company's chief financial officer said mainland China will get back on its feet quicker than others.

The U.S.-based fashion giant reported a revenue decline of 15 percent to \$1.3 billion in the fourth quarter of fiscal 2020, ending on March 28 of this year.

Asia, which accounts for around 16.5 percent of the group's revenue for fiscal year 2020, experienced the largest fall, declining 22 percent while compared to an 11 percent revenue decrease in North America and 19% in Europe during the same period.

The company is likely to report its Q1 of the fiscal year 2021 results in late August, which would cover a crucial period for its global recovery from roughly April to June.

But analysts are more interested in the future recovery rather than the past loss.

When **JP Morgan** analyst Matthew Ball inquired about productivity at worldwide bricks-and-mortar stores, Ralph Lauren chief financial officer Jane Nielsen gave an example of China's store performances as reference, stating: "Traffic remained weak in the initial weeks but with strong conversions. So buyers who were coming to the stores were motivated."

As February saw the biggest decline more than 80 percent there have been strong **recovery signs** in both March and April in Asia. "Everything was returning positive in early May [in Asia] as **Beijing** and other large cities' restrictions were lifted. We expect to be strongly back to growth in Q2 of this year in mainland China," Ms. Nielsen said in the latest earnings call, while suggesting that the recovery trajectory in North America may not look as positive.

Ralph Lauren has been noticeably **ramping up its presence** in Asia.

After CEO Patrice Louvet came into his position in late 2017, he has been **bullish on Asia growth** and relevant regional initiatives.

In China, Ralph Lauren launched ecommerce channels on its **Chinese Web site** and via its WeChat Mini Program in September 2018.

More recently, in addition to having more than 600 concessions within department stores, it had opened 10 new directly operated Ralph Lauren stores and seven Polo factory stores over the last fiscal year alone, faster than the pace of new store openings in other markets.

As the effects of COVID-19 continue in Europe and the U.S., the Greater China region's positive reopening appears to be a ray of sunshine for Ralph Lauren. If the company decides to continue its investment in Asia, now is a good time to do so.

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