

COLUMNS

Armani right-sizes for new era

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Giorgio Armani is simplifying his company's operations. Image credit "SGP"

By **Paulo Chiele**

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There is no question that all major luxury brands have experienced sales and profits declines in the past few months of the public health crisis.

However, true engagement and solidarity have proven to contribute to brand appreciation and sales rebounds, with clients queuing for the latest launches.

Trying for size

The reported consolidated fiscal 2019 earnings of the Armani group totaling \$145 million on net sales revenue of \$2.5 billion have allowed the company to achieve the goal of returning to revenue growth a year in advance of its plan.

This is thanks primarily to the positive performance of comparable sales +7 percent compared to the previous reporting period in the directly managed store and ecommerce network, after a three-year period of planned overall turnover reduction as part of a strategy to streamline and upgrade the brand portfolio and distribution network, with a view to achieving medium- and long-term results.

In 2019, brand revenue, including licenses, amounted to \$4.9 billion, an increase of 9 percent compared to the previous reporting period, highlighting better performance than forecast, following the rollout of the strategy that provided for an exclusive focus on the Giorgio Armani, Emporio Armani and A/X Armani Exchange brands.

In this context, the classic diffusion lines Armani Collezioni and Armani Jeans were integrated and merged into the Emporio Armani and A/X Armani Exchange lines.

In addition to emergency management, the group immediately implemented more rational calendars for designing and shipping goods, and selling product in stores, aligning them with seasonality and the real needs of end-consumers a decision consistent with the principle of reducing inefficiencies and waste, and in line with the now widespread demands for sustainability that are crossing all sectors, per Armani.

Although it is not yet possible to accurately estimate the ultimate economic impact of the COVID-19 pandemic, the Armani group has both the resources and a solid capital and financial structure that will enable it to cope with

uncertainties and ensure it continues in implementing its strategic plan a plan based on quality and on the Armani brand identity, as well as on current and future corporate initiatives, per the company.

AMONG THE initiatives, honoring the healthcare workers is a priority.

The image of a doctor holding Italy in her arms, which has come to symbolize the fight against COVID-19, is the new subject of the mural in Via Broletto in Milan.

Giorgio Armani's words of encouragement appear next to Franco Rivolli's drawing in this sensitive recovery phrase: "To restart safely we still need her"

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