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Hugo Boss recovery fueled by mainland China, ecommerce

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The Hugo Boss Pre-Fall 21 collection. Image credit: Hugo Boss

By LUXURY DAILY NEWS SERVICE

German fashion house Hugo Boss is reporting a steady recovery in the first quarter of 2021, driven by strong momentum in China and with online and casualwear sales.

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The group sales decline was limited to a loss of 8 percent in the first quarter, as sales almost doubled in mainland China. Although the effects of the COVID-19 pandemic still permeated sales, growth for Hugo Boss accelerated in China, where sales almost doubled and online, as sales increased 72 percent.

"Despite ongoing implications of the pandemic, especially in Europe, we have seen a solid and promising start into the year," says Yves Mller, spokesperson of the managing board of Hugo Boss AG, in a statement. "I am particularly pleased by the further progress along our strategic growth drivers online, mainland China and casualwear which have all seen momentum further accelerating.

"All this makes us confident for the remainder of the year as we expect both sales and EBIT to recover noticeably in the further course of 2021," he said.

Looking towards the future

In the first quarter of 2021, Hugo Boss continued its gradual business recovery, limiting the overall sales decline to 8 percent, currency-adjusted. In group currency, sales decreased by 10 percent to 497 million euros, or \$596,668,380 at current exchange.

The pace of the fashion house's recovery varied across regions during the first quarter, while sales in Asia Pacific rose to 101 million euros, or \$121,260,600 at current exchange, reflecting a currency-adjusted increase of 39 percent versus the first quarter of 2020. Growth was primarily driven by mainland China, where sales almost doubled compared to last year's period.

This is despite Hugo Boss being one of the brands that drew ire in China over concerns surrounding labor practices in Xinjiang ([see story](#)).

Europe, still feeling the effects of the pandemic, reported an average of almost 50 percent of their retail points of

sale closed during the first three months of 2021 due to lockdowns and other restrictions in the United Kingdom, France and Germany. Currency-adjusted sales in Europe decreased by 17 percent to 299 million euros, or \$358,928,700 at current exchange.

In the Americas, currency-adjusted sales decreased by 11 percent. Sales in the region amounted to 80 million euros or \$96,036,640 at current exchange.



The Boss x Russell Athletic collaboration includes menswear and womenswear collections. Image credit: Hugo Boss

In the United States, the group's sales decline was limited to 11 percent, currency-adjusted, reflecting an increase in local demand and positive consumer sentiment fueled by stimulus payments, economic data and vaccination progress.

Hugo Boss saw online currency-adjusted sales up by 72 percent, as the company's online flagship hugoboss.com expanded into 12 additional markets during the first quarter, increasing the global reach of the website to 59 markets globally. Online growth partially compensated for the decline in the group's bricks-and-mortar retail locations, as retail sales decreased 14 percent in the first quarter and wholesale sales increased by 1 percent, both currency-adjusted.

While both brands, Boss and Hugo, posted currency-adjusted sales declines of 8 percent and 6 percent, respectively, their casualwear offerings once again maintained a positive performance. Casualwear sales, which accounted for approximately 50 percent of total sales in the first quarter, returned to mid-single-digit growth, reflecting healthy demand across all product categories, including polo shirts, sweatshirts, tracksuits and sneakers, as well strong interest in the latest BOSS x Russell Athletic and BOSS x NBA casualwear capsules.

The fashion house launched BOSS x Russell Athletic on March 24, featuring pastel-colored shirts, T-shirts, sweatshirts, pants, caps and more. In a new vignette, viewers follow NBA player Dennis Schröder traverse through several different places, following a basketball, dressed in disparate fashions from the new collection ([see story](#)).

Overall, in the first quarter, Hugo Boss was able to record a positive EBIT of 1 million euros or 1,200,516 at current exchange.

The fashion is expecting gradual business recovery for 2021 after numerous setbacks stemming from the COVID-19 pandemic. Hugo Boss is confident however that the global retail environment will gradually improve over 2021, in the wake of vaccination distribution, reopenings and global progress ([see story](#)).