

RETAIL

Farfetch sees 46pc growth in revenue

May 14, 2021



Farfetch was recognized as a Time 100 Most Influential Companies of 2021 for relevance, impact, innovation, leadership and success. Image credit: Farfetch

By LUXURY DAILY NEWS SERVICE

Online retailer Farfetch is showing signs of positive growth with its newly reported Q1 financial results.

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The retailer saw its gross merchandise value (GMV) increase by \$304.7 million, from \$610.9 million in first quarter 2020 to \$915.6 million in first quarter 2021, representing year-over-year growth of 49.9 percent. Its digital platform GMV increased by \$295.1 million, from \$494.9 million in the first quarter 2020 to \$790 million in Q1 2021, a 59.6 percent growth.

"Farfetch is off to a tremendous start in 2021 with stronger than expected acceleration in the business in the first quarter and higher full-year growth expectations than initially anticipated," said Jos Neves, founder, chairman and CEO of **Farfetch**, in a statement. "Our brand partnerships have never been stronger, and our customer and brand building initiatives are resonating well to drive awareness of our value proposition and retention of our valuable consumers.

"I am also very enthused by the positive consumer reaction to our recent launch on Tmall's Luxury Pavilion, and the momentum building behind our Luxury New Retail vision as we see it being adopted by luxury partners around the world," he said. "I am more confident than ever in our position to go after the significant growth opportunities we see as a digital enabler of the global luxury industry a nearly \$300 billion opportunity which we remain laser-focused on and plan to continue investing behind to deliver significant value over the long-term."

Key figures

The increase in GMV primarily reflects the growth in digital platform GMV driven by strong order growth, new consumer acquisition and an increase in marketplace average order value (AOV) from \$571 to \$618 resulting from a higher average selling price, foreign exchange rate movements, higher full price mix of items sold and increased number of items per order.

During the first quarter of 2021, Farfetch saw y-o-y growth in transactions through websites managed by Farfetch Platform Solutions, primarily driven by incremental activity from newly launched ecommerce sites over the past year, including Harrods.com and **Off White** which were launched in first quarter 2020.



Farfetch collaborated with 30 Middle Eastern and international designers to release an exclusive capsule collection for Ramadan. Image credit: Farfetch

The increase in revenue was primarily driven by 68.1 percent growth in digital platform revenue to \$362.1 million partially offset by comparatively lower brand platform revenue growth of 4.5 percent y-o-y.

The increase in digital platform services revenue of 54.4 percent was driven by 59.6 percent overall growth in digital platform GMV with digital platform services first-party GMV, which is comprised of Farfetch's sales of owned-inventory including first-party original and included in digital platform services revenue at 100 percent of the GMV.

Digital platform services first-party revenue increased 58.9 percent y-o-y to \$104.8 million, primarily driven by the company's continued focus on growing New Guards direct-to-consumer sales on the marketplace and the respective websites of the New Guards portfolio brands.

In-store revenue increased by 25.4 percent to \$10.7 million and was primarily driven by the opening of additional New Guards portfolio brand stores over the past year, partially offset by temporary store closures and reduced foot traffic across its retail store network as a result of COVID-19 restrictions.

Farfetch's gross profit increased by \$67.5 million, or 44 percent y-o-y , slightly below revenue growth, to \$220.9 million in the first quarter 2021. Gross profit margin marginally declined y-o-y to 45.5 percent from 46.3 percent.

Last month, the retailer released its first annual Conscious Luxury Trends Report, which evaluates how consumers are shopping more responsibly, as awareness of fashion's sustainable shortcomings climbs around the globe.

By most accounts, interest in sustainable fashion from ethically-made products to circular initiatives has increased since the start of the COVID-19 pandemic, with Farfetch reporting that sales of its "Conscious" products grew 3.4 times faster than its broader offerings in 2020 ([see story](#)).