

APPAREL AND ACCESSORIES

Chanel shows signs of financial resilience

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Chanel's spring/summer 2021 ready-to-wear show at Paris Fashion Week. Image credit: Chanel

By LUXURY DAILY NEWS SERVICE

French fashion house Chanel demonstrated strong resilience across its product lines in 2020, despite a highly disrupted environment that led to the temporary closure of its boutique and manufacturing network.

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The brand saw a revenue of \$10.1 billion, down 18 percent compared to 2019, and an operating profit of \$2.05 billion, down 41.4 percent compared to 2019. Its positive net cash balance at the end of the year reflected Chanel's financial discipline and recovery in the second half of 2020.

"The strength of the Chanel brand was clearly demonstrated in 2020 as the business delivered a resilient financial performance in what was a very challenging period for our employees, our partners and for the business itself," said Philippe Blondiaux, global chief financial officer at Chanel, in a statement. "Chanel's focus on creativity and innovation, unique savoir-faire and the agility of our teams and our organization, helped to limit the impact of the crisis.

Bouncing back

In March 2020, Chanel launched Mission 1.5, its climate initiative in line with the targets of the 2015 Paris Climate Agreement. Chanel's progress against its science-based targets compared with 2019 included a decrease in total scope 1 and scope 2 GHG emissions by 27.1 percent, a decrease in scope 3 GHG emissions by 24.9 percent and getting 70 percent of electricity from renewable sources.

"The business has made early progress against the science-based targets we have set, as we look to accelerate the move to a lower carbon economy and help protect the world's most vulnerable communities and ecosystems from the impacts of climate change," Mr. Blondiaux said.



Chanel celebrated the centennial anniversary of its iconic N5 perfume. Image credit: Chanel

In September 2020, Chanel raised more than \$727 billion through the issuance of Sustainability Linked Bonds, diversifying its sources of funding while underlining its commitment to sustainability at the heart of its business strategy.

Ahead of the onset of the pandemic in early 2020, fashion sales recorded double digit growth in all categories, particularly due to the strong desirability of Virginie Viard's collections. Trading was subsequently impacted by COVID-related restrictions, but Chanel reacted by accelerating the development of new client facing tools with specific content, including an app launched in May, providing concierge shopping services to clients.

Fragrance and beauty focused on providing a seamless experience for customers, with strong growth in online sales partially offsetting the impact from the decline of travel retail. Skincare had a notably strong performance within the beauty segment, supported by Le Lift and Sublimage.

Coco Mademoiselle and Bleu continued their success, while N 5 has been preparing to celebrate its 100th anniversary in 2021, with Marion Cotillard as its new muse ([see story](#)).

Watches and fine jewelry sales bounced back due to the dynamism of Precious Jewellery's Coco Crush which saw double-digit revenue growth. 2020 also marked the 20th anniversary of Chanel's J12 timepiece, re-launched with the Calibre 12.1 movement designed by the Swiss watch manufacturer Kenissi.

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