

COMMERCE

## Prestige beauty sales down 5pc at Coty, as luxury fragrance carries conglomerate

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Key fragrance launches lifted Coty's luxury category, with Burberry's Hero EDP and Gucci's Flora Gorgeous Jasmine taking top global sales spots for prestige fragrances. Image credit: Coty

By LUXURY DAILY NEWS SERVICE

U.S. beauty group Coty is offering a case study in olfactory success, despite overall sales declines experienced during the company's last fiscal quarter.

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Prestige beauty has slipped 5 percent year-over-year in net revenues for the period ending Dec. 31, 2022, which the company refers to as Q2. Key fragrance launches lifted the luxury category, however, with Burberry's Hero EDP and Gucci's Flora Gorgeous Jasmine taking top global sales spots for prestige fragrances.

"I am incredibly pleased by Coty's tenth consecutive quarter of delivering results inline to ahead of expectations, especially as most quarters surpassed expectations despite the highly complex external environment, with particular pressures this quarter from component shortages and FX," said Sue Y. Nabi, CEO of Coty, in a statement.

Demand for beauty products remains as strong as ever, fueled by consumers' desire for self-expression, confidence building, and well-being," Ms. Nabi said. "We are as confident as ever in our view that beauty remains a structurally attractive category, that will continue to outperform global economic growth.

"The 'fragrance index' remains in full force, as consumers turn to fragrances as mood-boosting and affordable luxuries in an uncertain environment."

Beauty and prestige

Coty is claiming a net income of \$235 million in Q2 2023, up from \$188.9 million in Q2 2022. The report shows a sales slip of 1 percent in H1 2023.

Comprising 63 percent of total sales, Coty's prestige category netted \$957.7 million, down 5 percent year-over-year in net revenues.

The category counts fragrances from Chlo, Gucci, Miu Miu and Tiffany & Co., as well as Hugo Boss ([see story](#)) and Jil Sander, both of whom Coty has renewed licensing agreements with in recent weeks, among its ranks.

Today, we announced our results for the second quarter of fiscal year 2023. Coty delivered strong 2Q23 results ahead of expectations, with LFL sales growth above the underlying beauty market, marking the tenth consecutive quarter of progress. Read more <https://t.co/4CWTeOXKiP>  
[pic.twitter.com/eGvYqkVyhP](https://t.co/4CWTeOXKiP)

Coty Inc. (@COTYInc) February 8, 2023

Prestige aside and across regions, total EMEA sales declined 10 percent, while sales in Asia Pacific declined 5 percent.

Challenges to Coty's Q2 fiscal growth included inflation, supply shortages and COVID-19 restrictions placed on shoppers in mainland China.

Additionally, the group felt the impact of the decision to exit its Russia operations following the geopolitical crisis in Ukraine. Outside of the EMEA and APAC regions, though, the conglomerate saw marginal success.

Noting that demand was offset by supply constraints in certain areas, sales in the Americas ultimately rose 6 percent.

In the U.S. particularly, retail sales of Gucci Beauty ([see story](#)) contributed to a sales jump of over 40 percent.

Despite continued high inflation rates, leaders expect to see modest gross margin expansion throughout 2023, thanks to savings and sound pricing execution methods.

Inclusivity appears to be the message upon which Coty is basing those future bottom lines, per a new campaign in which the conglomerate takes on outdated definitions of beauty ([see story](#)).

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