

COMMERCE

Coty lifts FY24 outlook as prestige fragrances sales beat forecasts

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Due in large part to the popularity of licensed fragrances from luxury labels like Burberry and Gucci, the conglomerate is raising expectations for the period ahead. Image credit: Coty

By LUXURY DAILY NEWS SERVICE

U.S. beauty group Coty is seeing a spike in demand for the high-end products in its portfolio.

Following outlook guidance initially provided on its FY23 earnings call, the company is increasing its half- and full-year fiscal forecasts as prestige beauty does better than expected. Luxury fragrances from the likes of British fashion house Burberry and Italian fashion label Gucci, in particular, are credited with driving Coty's sales forward.

"The success of Burberry Goddess across key markets confirms that Coty is the go-to destination to create winning fragrances and execute unique and disruptive campaigns," said Sue Nabi, CEO of Coty, in a statement.

"Having spent the past three years strengthening Coty's fundamentals and elevating Coty's organizational capabilities across our categories, we enter the next phase of growth with best-in-class innovation and marketing power."

Beauty boom

Four weeks ago, Coty predicted that the company's core like-for-like (LFL) sales would grow by 8-10 percent in first half of FY24. Now, the figure stands at 10-12 percent.

Similarly, leaders previously placed core like-for-like (LFL) sales growth for the full year at 6-8 percent. Coty is upping this range, expecting the rate to land somewhere between 8 and 10 percent.

The popularity of a new release may be responsible.



Coty specifically points to heightened demand for prestige beauty products Burberry Goddess is a frontrunner. Image credit: Coty

The launch of Burberry Goddess has set the corporation on a path to success, a positive trajectory Coty attributes to a distinct scent, innovative packaging and "disruptive in-store activations."

According to a statement, Burberry Goddess was Coty's winning U.S. launch in August, reaching "market sales several times higher than recent competitive blockbuster launches."

In fact, two of Coty's properties are reportedly among the top five fall fragrances, pushing the company into a stronger position as it currently counts three fragrance lines among the U.S. top 10.

The rise in the annual sales forecast follows price hikes and the continuation of consumer habits that align with the "Lipstick Index," which assured the beauty market's boom, even in the face of the COVID-19 crisis, economic challenges and inflation fears.

Witnessing the resiliency of the category, a number of luxury entities are working to enlarge their footprints within the space ([see story](#)).

Coty, already a leader in beauty, has been doubling down on luxury beauty licenses specifically, in pursuit of higher profits. Prestige sales made up 59 percent of total FY23 revenues at the company ([see story](#)).

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