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COUTURE, FASHION AND LEATHER GOODS

Gucci owner Kering sees 13pc drop in Q3 2023 sales to \$2.33B

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Gucci, Kering's flagship brand, has seen a slowdown in sales after the departure of creative chief Alessandro Michele. Image credit: Gucci

By STAFF REPORTS

While LVMH, Hermès and Zegna posted positive third-quarter 2023 numbers, Kering suffered a 13 percent drop in revenue for the period to \$2.33 billion.

The Paris-based group, which owns such brands as Gucci, Saint Laurent, Bottega Veneta and now Creed, attributed the slack performance to ongoing macroeconomic conditions and slower demand across the luxury business.

"Beyond the challenging macroeconomic conditions and softening demand across the luxury industry, the change in our revenue performance in the third quarter reflects the impact of our decisions to further elevate our brands and their distribution," said François-Henri Pinault, chairman/CEO, in a statement.

"The organization we put in place in July will enable us to strengthen the steering of our houses in the current market environment and to reclaim our positions and influence," he said.

"With the acquisition of Creed completed last week, one of the world's most distinguished high fragrance houses has joined our family, propelling our ambitions in beauty onto the next stage."

Below is the [Kering](#) statement commenting on its third-quarter 2023 performance:

Group revenue was 4.5 billion in the third quarter of 2023, down 13% as reported and down 9% on a comparable basis, including a 6% negative exchange-rate effect and a 2% positive impact from the acquisition of Maui Jim.

- o Revenue from the directly operated retail network fell 6% on a comparable basis, reflecting lower traffic and contrasted performances across regions.

- o Wholesale and Other revenue fell sharply (down 20% on a comparable basis), due in particular to the Group's ongoing efforts to tighten its control over distribution.

In the first nine months of the year, the Group generated revenue of 14.6 billion.

Gucci: new chapter

In the third quarter of 2023, Gucci's revenue amounted to 2.2 billion, down 14% as reported and down 7% on a comparable basis.

Sales in the directly operated retail network fell 7% on a comparable basis during the quarter, with resilient performances in handbags and from the Valigeria collection. Wholesale revenue fell 17% on a comparable basis.

During the quarter, Gucci unveiled its new creative expression with Sabato De Sarno's debut collection for the House, and the management team is hard at work on the flawless execution of its strategy.

Yves Saint Laurent: mixed performance on a high base of comparison

Yves Saint Laurent's revenue in the third quarter of 2023 amounted to 768 million, down 16% as reported and down 12% on a comparable basis, with significant differences across regions.

Sales in the directly operated store network fell 4% on a comparable basis, due to a high multi-year base of comparison, particularly in the third quarter of 2022. The House achieved positive momentum in Women's ready-to-wear and is pursuing its strategy aimed at elevating its offering.

Wholesale was down 38% on a comparable basis.

Bottega Veneta: greater desirability and exclusivity

Bottega Veneta's revenue totaled 381 million in the third quarter, down 13% as reported and down 7% on a comparable basis.

In the directly operated retail network, revenue fell very slightly, down 2% on a comparable basis in the quarter. Wholesale revenue was down 30% on a comparable basis.

The Summer 2024 show was particularly well received and the House is continuing to enhance its exclusivity.

Other houses: performance affected by lower Wholesale, good momentum in Jewelry

Revenue from the Group's Other Houses totaled 805 million in the third quarter, down 19% as reported and down 15% on a comparable basis.

In retail, Balenciaga's growth was mixed across regions and was affected by a high base of comparison, while Alexander McQueen experienced a slowdown in the quarter. Negative trends were magnified by lower Wholesale activity at both Houses. Brioni's sales were up, driven by its tailoring as well as leisurewear offerings.

Boucheron's positive performance reflects the success of its High Jewelry and Jewelry collections. Pomellato achieved solid growth in its stores, while Qeelin showed excellent momentum.

Kering Eyewear: continuing growth

Kering Eyewear's revenue totaled 331 million in the third quarter of 2023, up 34% as reported due to the contribution of Maui Jim and up 2% on a comparable basis.

Growth was mainly driven by sales of optical frames following very strong sales of sunglasses in the first half of the year.

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