Sandro owner SMCP eyes bigger China push, marketing investments

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SMCP, the fashion group behind brands including Sandro, said on Monday it would ramp up spending on advertising and focus store openings mainly on the Chinese market, pausing efforts elsewhere after years of rapid expansion.

The French group, which is owned by China’s Shandong Ruyi had multiplied its shop network in recent years, with over 80 new stores every 12 months, though it also cut back on openings in 2020 due to the coronavirus pandemic.

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In a strategy update, SMCP said it would reduce the rate of openings to roughly 40 a year between 2021 and 2025, as part of efforts to improve its like-for-like sales growth - a measure that strips out new stores and currency effects.

It said half of those openings would be in China, a major market for high-end fashion groups, which are increasingly having to cater to Chinese customers at home as the COVID-19 crisis hammers travel.

With brands including Sandro, Maje and Claudie Pierlot, SMCP operates in what is known as the affordable luxury segment, selling dresses into the 250-to-400-euro ($295 to $473) price range.

Retailers were hit hard by the pandemic, after governments forced shops to close during lockdowns, and SMCP’s sales fell 10.6% like-for-like in the third quarter from a year earlier.

It took aid in the form of a 140 million-euro government guaranteed loan earlier this year.

Like rivals, the company said it would invest more in increasing online sales, and CEO Daniel Lalonde said each brand would double its marketing spending from 2021.

SMCP aims to derive half its growth from Asia-Pacific by 2025. The region makes up a quarter of revenue now.