China and digital strength are key for SMCP despite wider sales fall

By Sandra Halliday - January 29, 2021

SMCP’s Q4 and full-year sales figures on Friday showed just how hard it has been hit by a year that was dominated by the pandemic. The owner of Sandro, Maje, Claudie Pierlot and De Fursac said that its sales fell to €873 million in 2020, down 23.9% on an organic basis during the year, or 22.9% reported. Like for like sales fell 28.6%.

The company had battled major headwinds during the year, including lockdowns and enforced temporary store closures around the world.

The biggest sales fall was in the Americas (-36.8% organic), but EMEA excluding France (-30.1%) struggled too. France fell 23.1% and APAC dropped 9.5%.

And for the fourth quarter, the organic sales figure was 19.4% lower at €251.9 million, as store closures during November and December in Europe hit it hard. Reported sales fell 20.5%. Q4 organic sales dropped 33.3% in EMEA, 27% in the Americas, and 18.6% in France, but actually managed to rise 1.9% in APAC.

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Weak tourism flows and lockdowns in key markets such as the UK, Germany and the Netherlands were problems in EMEA and the company said the UK, Italy and Spain continued to be affected the most.

Over the year, it saw a strong performance in digital with a 27.6% sales increase, including a 43.1% rise in Q4 alone. It also managed its costs and its cash flow well during the two periods.

Sandro remains its largest brand, even though its sales fell 24.9% on a reported basis during the year to €414.3 million. They were down 22.3% in Q4 to €155.8 million.

Maje dropped 23.2% in the year to €336.8 million and 16.2% in Q4 to €98.5 million. Meanwhile the other two brands combined fell 14.2% to €121.9 million in the year and 26% to €32.3 million in the quarter.

Most of that sounds like bad news, of course. But the year and the quarter did have some bright spots as that digital increase proves. The company also opened new directly operated stores over the last 12 months, including 12 in APAC, two in EMEA and seven in the Americas. But it closed nine locations in France as it optimised its network. In Q4, Sandro, Maje and Claudie Pierlot all opened in Portugal and De Fursac opened in Luxembourg.

The company said that the year’s fast digital sales growth (and even faster digital increase in Q4) was boosted by several new initiatives such as live-streaming and virtual shopping.

And the accessories category was generally strong for the firm. That was helped by the company promoting a dedicated range of small leather goods for Christmas, as well as the success of the M Bag for Maje and the Yza Bag for Sandro.

And there’s that sales increase in the Asia-Pacific region during Q4 to take into account as well. The company said that it was mainly driven by a 21% increase in Mainland China as physical shops performed well, even though the rest of Asia was still being impacted by anti-coronavirus measures.

CEO Daniel Lalonde called out the recovery in China since June as a particular reason for optimism and said that the strong cost and cash management the company put in place helped to limit the impact of the crisis. He added that the company made “solid progress towards our digital roadmap with the launch of new omnichannel services and in our approach to millennials, particularly in China”.

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