Dr Martens strides ahead, American market grows fastest

By Sandra Halliday - July 29, 2021

Dr Martens continued its run of strong performances in the latest quarter and on Thursday the footwear specialist reported a 52% rise in group revenue for the three months to June 30.

Importantly too, the company said it “achieved continued growth in e-commerce against a triple-digit growth rate last year and the reopening of our own-stores drove a strong retail recovery through the period”.

It also saw a return to more “normalised” wholesale shipments over the period.

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And while Q1 is always its smallest period (being the end of the Spring/Summer season), its larger Autumn/Winter season starts from Q2 and its performance to date “gives us confidence for the remainder of the year”, CEO Kenny Wilson said.

So, let’s look at the numbers. Q1 group revenue reached £147.3 million, which was up 52% compared to the same quarter in 2020, and up 64% on a constant currency basis.

But while the comparisons with 2020’s admittedly difficult period undeniably flattered the figures, on a two-year comparison, revenue was up an impressive 31% on a reported basis and 40% in constant currency.

The “significantly altered picture” concerning stores this time round resulted in retail revenue more than tripling year-on-year. And the performance of its stores improved as the quarter progressed, “particularly those in the US and provincial UK”.

But while the two-year-comparison performance for the company as a whole was good, as expected, retail revenue was down 6% for the quarter on that basis, although there was good news given that the retail performance was positive in June.

E-commerce revenue rose 11% reported year-on-year and 19% on a constant currency basis against a very high comparative (e-tail had been up in triple-digits a year ago due to widespread store closures). On a two-year basis, e-commerce revenue was up 155% reported and 166% in constant currency terms.

Wholesale in the latest quarter was “very strong… as customers normalised shipment timings back towards Q1”. As a result, wholesale revenue rose 50% year-on-year and 64% in constant currency, with particularly strong shipments in the Americas.

But the comparisons were fairly easy as wholesale was devastated this time last year with many orders were rescheduled into Q2 during 2020. That said, on a two-year basis, wholesale revenue was up 23% reported and 30% in constant currency terms.
All three of its regions saw good growth, although the Americas was a standout, recording a triple-digit revenue rise. That echoes other fashion-focused firms that have reported ultra-strength in the American market with Sandro and Maje owner SMCP also reporting triple-digit growth there only this week.

The Americas was the firm’s strongest region in Q1 with revenue up 106% reported and 132% in constant currency.

Of course, the American performance for Dr Martens was helped by the fact that throughout Q1 all US stores were open, while UK stores only opened from mid-April, and Continental Europe stores reopened through May and June.

In EMEA, Q1 revenue rose 'only' 30% (or 36% constant currency) as stores reopened, e-commerce stayed healthy and it saw a “good” wholesale performance.

APAC revenues rose 17% (or 30% constant currency), with good growth across all channels.

At the moment, Japan remains the “most impacted” of its markets, with its stores there seeing varying capacity restrictions and a few locations still closed. But the situation everywhere was still better than a year ago when the vast majority of its stores globally were closed or subject to significant Covid-19 restrictions, denting sales.

So what’s it expecting for Q2? As mentioned earlier, the performance so far is encouraging, but the comparison against those rescheduled wholesale orders will be tougher. It’s expecting some disruptions to continue and said that “like many others across the industry, we are experiencing inbound shipping delays and other operational challenges due to Covid-19”. But it still expects to meet its guidance for FY22 and over the medium-term.

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