Harvey Nichols profits surge but it warns of tough environment

By Sandra Halliday - 20 September 2018

Harvey Nichols had a good year in the 12 months up to March as its investments in its physical spaces really began to pay off. The company has just released results showing revenues rising 9% to £210 million during the year and earnings on an Ebitda basis up a stunning 102% to £14.7 million.

While its sales have been rising, that Ebitda surge mainly reflected the heavy investments the company was making in the year-ago period that dented the previous set of profits.

But that’s not to detract from its achievement in driving profits upwards and the company has been working hard to reshape its business to attract the modern luxury shopper in a hugely competitive market.

Half a decade ago, the once-must-visit retailer was beginning to look a little tired as much bigger rivals such as Selfridges and Harrods grabbed the headlines.

That drove the firm to a major investment plan centred on its Knightsbridge flagship and also to make the most in its marketing of its smaller size and more quirky, niche appeal.

“Our ambitious Knightsbridge store refurbishment plans have had a positive impact,” said joint chief operating officers Manju Malhotra and Daniela Rinaldi. But they warned that “the retail environment remains challenging and competitive. With this uncertain outlook, we are focused for the remainder of this year on continuing to drive sales and delivering an omnichannel experience for our customers.”

And there’s no denying that omnichannel is a key focus for the firm. As well as the multimillion spend on its flagship store around menswear, beauty, fine jewellery and womenswear, the company has added plenty of new technology to help unify the digital and physical experiences of its customers.

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That goes from tech that links shoppers with in-store experts to other innovations that allow it to make video displays in its flagship shoppable. The company has also linked with Farfetch to add to its online options.

Those developments and the recent opening of its refurbished designer womenswear floor in Knightsbridge suggest that the results released this time next year could be equally impressive.

But while much of the focus has been on its online operations and its Knightsbridge flagship, the company is keen to stress that it hasn't neglected its other stores and continues to invest in them too. There are eight stores in total in the UK and Ireland and eight internationally.

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