Ralph Lauren revenue sinks as pandemic hammers demand

Ralph Lauren Corp said on Tuesday its quarterly revenue plunged by nearly $1 billion, as it struggled with coronavirus-led store closures and a slowdown in demand for luxury goods across the world.
The big drop in revenue and a larger-than-expected loss pushed shares of the New York-based fashion house down nearly 7% in trading before the bell.

The company's revenue slumped 77% in North America, with analysts saying demand for high-end handbags, apparel and accessories is not expected to rebound quickly as the global economy enters a recession.

Ralph Lauren is more exposed to the health crisis than other apparel companies as its jackets, coats and dresses are designed for social or formal occasions, said Neil Saunders, managing director of research firm GlobalData Retail.

"While some customers have been prepared to pay premium dollars for luxury apparel, many middle-income shoppers have de-prioritized their spending on clothing in favour of spending on the home -- an area where Ralph Lauren does play, but not nearly as strongly as it should," Saunders said.

Ralph Lauren's net revenue fell 66% to $487.5 million, missing analysts' average estimate of $615 million, according to IBES data from Refinitiv.

Sales at European luxury goods giants LVMH, Kering and Hermes fell between 38% and 44%, much smaller falls than the numbers posted by Ralph Lauren.

Ralph Lauren also reported a mere 3% rise in North American online sales, a far cry from triple-digit sales increases recorded by a number of U.S. retailers.

The company reported a net loss of $127.7 million, or $1.75 per share, in the first quarter ended June 27, compared with a profit of $117.1 million, or $1.47 per share, a year earlier. Excluding certain items, Ralph Lauren reported a loss of $1.82 per share, while analysts were expecting a loss of $1.72 per share.