# Kering reports 14% drop in first-quarter sales amid Gucci downturn and trade tensions



Kering, the French luxury fashion conglomerate that owns prominent brands including Gucci and Yves Saint Laurent, has reported a significant decline in sales during the first quarter of the year. According to the Daily Mail, the group's overall sales dropped by 14 per cent year-on-year to £3.3 billion. The decline was largely attributed to Gucci, whose sales plummeted by 25 per cent to £1.4 billion. This downturn has been largely linked to a decrease in store traffic.

The luxury fashion sector has been facing challenges amid a slowdown in consumer demand. Additionally, the ongoing trade tensions stemming from the United States, including tariffs associated with the trade war initiated by former President Donald Trump, have further impacted the industry. Kering’s Chief Financial Officer, Armelle Poulou, indicated that the company is likely to adopt a “careful, gradual approach” to pricing adjustments as a strategy to offset the effects of these tariffs.

Francois-Henri Pinault, Kering's billionaire chairman, expressed confidence in the company’s future resilience, stating, “I am convinced that we will come out stronger.” Despite this optimism, Kering has encountered difficulties in maintaining competitive standing against luxury rivals such as LVMH and Hermes. These competitors have successfully positioned their products as prestigious status symbols, which has helped sustain demand.

Kering’s shares have experienced a sharp decline, losing approximately half their value over the past year. This downturn marks the company as one of the poorest-performing stocks within the luxury goods sector at present.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.fashiondive.com/news/kering-revenue-decline-2024-gucci-yves-saint-laurent/739820/> - This article corroborates the report of Kering's significant decline in sales with a 12-14% year-on-year drop in revenue, specifically highlighting Gucci's 23% sales decline and Yves Saint Laurent's sales drop, attributing much of the downturn to reduced store traffic.
2. <https://moodiedavittreport.com/kering-group-posts-sharp-decline-in-full-year-sales-and-profits-but-eyewear-division-shines/> - This source confirms Kering's challenging market environment with softer consumer demand and details the impact of trade tensions and tariffs, including CFO Armelle Poulou's statement about a careful, gradual approach to pricing to manage these challenges.
3. <https://www.fashiondive.com/news/kering-fiscal-2023-earnings-4-percent-decline/706994/> - This report supports the narrative of declining performance in recent years for Kering across all its fashion houses and sets the context of ongoing difficulties contributing to the 2024 sales decline.
4. <https://metaversefashioncouncil.org/tpost/dni9fi72f1-guccie-struggles-weigh-on-kering-as-reve> - This source provides specific financial details on Kering’s lower gross margin and cost of sales, highlighting Gucci's struggles which heavily weighed on overall company revenue, aligning with the article's mention of Gucci's 25% sales drop.
5. <https://www.forbes.com/sites/rachelarthur/2024/02/11/kering-revenue-declines-23-as-gucci-struggles-and-rival-lvmh-takes-lead/?sh=41f6d7f57e3e> - This Forbes article details Kering’s competitive challenges against rivals like LVMH and Hermes, noting how those companies have maintained demand by emphasizing the prestige of their brands, corroborating the article's point about Kering’s struggle to keep pace.
6. <https://www.bloomberg.com/news/articles/2024-02-11/kering-shares-halve-amid-gucci-sales-slump-and-luxury-slowdown> - This Bloomberg article confirms the sharp decline in Kering’s stock value, which has lost approximately half its worth over the past year, marking it as one of the worst performing stocks in the luxury goods sector.
7. <https://www.dailymail.co.uk/money/markets/article-14640895/Luxury-giant-Kering-feels-pinch-Gucci-sales-slump-three-months-year.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data