# Dr Martens forecasts 69% plunge in profit amid troubled US expansion



Dr Martens is set to announce a stark profit decline this Thursday, as the British footwear brand grapples with dwindling sales and a problematic expansion strategy in the United States. Anticipation surrounds the forecast of a pre-tax profit plunging to £28 million for the financial year ending March 31, 2025—a staggering 69% decrease from the previous year’s figures. Sales figures are similarly sobering, expected to drop to £794 million from £877 million, which marks a significant challenge for the newly appointed CEO Ije Nwokorie, who succeeded Kenny Wilson in January.

Under Wilson's leadership, Dr Martens faced a tumultuous period characterised by five profit warnings that contributed to the company’s stock losing a remarkable 87% of its value since its high-profile flotation on the London Stock Exchange in early 2021. The brand, which once thrived as a cultural icon amongst punk rockers and skinheads, is now confronting the harsh reality of oversupply and decreased consumer demand, particularly in its largest market, the US. This situation has left warehouses filled with unsold inventory and prompted Nwokorie to implement a drastic cost-reduction strategy aimed at saving £25 million by March 2026.

From the outset, the company's expansion into the American market showed promise, yet, as recent reports indicate, consumer spending on higher-end products, such as Dr Martens’ $170 classic boots, has sharply diminished. This troubling trend led to a first-half pre-tax loss of £28.7 million, contrasting with a profit of £25.8 million in the same period a year prior. Consequently, Dr Martens aims to curtail operational expenses, including job cuts, to stem losses from falling demand and increased inflationary pressures.

Nwokorie, who prior to becoming the CEO served as the Chief Brand Officer and brings experience from Apple and Wolff Olins, is tasked with reigniting consumer interest in the brand. Recent marketing efforts, which coincide with the festive season, have shown early signs of positive outcomes, but the road to recovery remains fraught with challenges. Analysts express cautious optimism about Nwokorie's leadership. His understanding of brand dynamics and consumer engagement is seen as critical for reversing the company’s fortunes, yet doubts linger regarding the efficacy of turnaround measures without significant restructuring or strategic partnerships.

In parallel, as Dr Martens embarks on a path of recovery, it must contend not only with financial strain but also a changing fashion landscape, where competition from sleeker designs preferred by younger consumers threatens its longstanding appeal. Despite these hurdles, the company remains resolute in its desire to re-establish its footprint, particularly in the United States, where a dramatic increase in marketing investment has been pledged as part of its targeted recovery strategy.

In summary, Dr Martens must navigate a turbulent climate shaped by evolving consumer preferences and operational missteps. As it prepares for a grim financial forecast, the appointment of Ije Nwokorie injects a sense of urgency and renewed hope for revitalisation amid its storied legacy.

## Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/markets/article-14767553/Botched-expansion-puts-boot-Dr-Martens.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.reuters.com/business/retail-consumer/struggling-bootmaker-dr-martens-swings-first-half-loss-2024-11-28/), [[4]](https://news.sky.com/story/dr-martens-targets-25m-savings-as-profits-plummet-13145363)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/markets/article-14767553/Botched-expansion-puts-boot-Dr-Martens.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[5]](https://apnews.com/article/dr-martens-stock-revenue-decline-ceo-be84f545f5dbfdf623cba59c5abfea2b), [[6]](https://www.the-independent.com/business/dr-martens-shares-dive-to-record-low-after-profit-warning-and-chief-s-exit-b2529452.html)
* Paragraph 3 – [[3]](https://www.ft.com/content/1186d32c-a6dd-4af8-8e5e-c715bd17d137), [[2]](https://www.reuters.com/business/retail-consumer/struggling-bootmaker-dr-martens-swings-first-half-loss-2024-11-28/)
* Paragraph 4 – [[6]](https://www.the-independent.com/business/dr-martens-shares-dive-to-record-low-after-profit-warning-and-chief-s-exit-b2529452.html), [[4]](https://news.sky.com/story/dr-martens-targets-25m-savings-as-profits-plummet-13145363)
* Paragraph 5 – [[5]](https://apnews.com/article/dr-martens-stock-revenue-decline-ceo-be84f545f5dbfdf623cba59c5abfea2b), [[3]](https://www.ft.com/content/1186d32c-a6dd-4af8-8e5e-c715bd17d137)

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## Bibliography

1. <https://www.dailymail.co.uk/money/markets/article-14767553/Botched-expansion-puts-boot-Dr-Martens.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/retail-consumer/struggling-bootmaker-dr-martens-swings-first-half-loss-2024-11-28/> - Dr Martens reported a first-half pre-tax loss of £28.7 million due to weak demand in the U.S., its largest market. This contrasts with a £25.8 million profit the previous year. Revenue fell 18% to £325 million. To address declining profits and reduced consumer spending on expensive items like their $170 classic boots, the company is implementing cost-saving measures, including job cuts, expected to save £25 million by fiscal year-end March 2026. Despite these challenges, the festive season has provided a hopeful start, with positive early sales results from new marketing campaigns. Shares rose 16% after the announcement. Outgoing CEO Kenny Wilson will be succeeded by Chief Brand Officer Ije Nwokorie on January 6. ([reuters.com](https://www.reuters.com/business/retail-consumer/struggling-bootmaker-dr-martens-swings-first-half-loss-2024-11-28/?utm_source=openai))
3. <https://www.ft.com/content/1186d32c-a6dd-4af8-8e5e-c715bd17d137> - Ije Nwokorie, who joined Dr Martens in 2021, is now appointed as the new brand officer amidst the company's financial challenges. Dr Martens, known for its yellow-stitched boots and once popular among punks and skinheads, saw its valuation drop from a £3.7bn listing peak to £670mn following five profit warnings under CEO Kenny Wilson. Nwokorie has a monumental task of revitalizing the brand's fortunes, particularly after the latest forecast predicted a two-thirds decline in 2025 pre-tax profits. The incoming CEO is focused on marketing and demand generation, supported by new finance chief Giles Wilson. Investors and analysts express mixed feelings about the leadership change and suggest the company might benefit from external measures such as mergers or sales to address its poor stock performance and operational setbacks. Nwokorie's background includes roles at Wolff Olins and Apple, highlighting his brand visionary and commercial acumen crucial for Dr Martens' turnaround. ([ft.com](https://www.ft.com/content/1186d32c-a6dd-4af8-8e5e-c715bd17d137?utm_source=openai))
4. <https://news.sky.com/story/dr-martens-targets-25m-savings-as-profits-plummet-13145363> - Dr Martens has reported another sharp fall in profits following a 'challenging year' for the business. The struggling company said global pre-tax profits in the 12 months to March were £97m - a fall of almost 43% on the previous year. Revenue also dipped 12% to £877m - down from just over £1bn in 2022/23. The British brand blamed its disappointing performance on the US, its largest market, where it said there had been weak consumer demand and a 17% fall in sales of its boots. Kenny Wilson, who recently announced he would be stepping down as chief executive, said the results were 'as expected'. He added: 'We are clear that we need to drive demand in the USA to return to growth... and are executing a detailed plan to achieve this, with refocused and increased USA marketing investment in the year ahead.' ([news.sky.com](https://news.sky.com/story/dr-martens-targets-25m-savings-as-profits-plummet-13145363?utm_source=openai))
5. <https://apnews.com/article/dr-martens-stock-revenue-decline-ceo-be84f545f5dbfdf623cba59c5abfea2b> - Dr. Martens, a renowned footwear brand, has cautioned about a challenging year ahead, with a projected decline in wholesale revenue in the U.S., its primary market. The company's shares plummeted to a historic low of 0.62 pounds, closing at 0.67 pounds, a drop of more than 29%. This downturn is attributed to overexpansion and brand mismanagement. CEO Kenny Wilson will step down, with Ije Nwokorie set to succeed him. The anticipated revenue decline could significantly impact profits, potentially reducing pretax earnings by 20 million pounds. Dr. Martens does not plan to raise prices despite expected additional expenses related to employee retention and inflation. The brand, which has faced financial difficulties before, including near-bankruptcy in 2003, continues to grapple with competition from more fashionable, sleeker styles favored by younger consumers. However, it has seen some growth in direct-to-consumer sales in the fourth quarter and remains focused on reigniting demand for its iconic boots. ([apnews.com](https://apnews.com/article/be84f545f5dbfdf623cba59c5abfea2b?utm_source=openai))
6. <https://www.the-independent.com/business/dr-martens-shares-dive-to-record-low-after-profit-warning-and-chief-s-exit-b2529452.html> - Boot maker Dr Martens has said its boss will step down later this year after it warned over profits again in the face of weak US demand. Shares dropped by as much as a quarter to a record low as a result. The London-based company said its struggles in the US have continued into the new financial year, with US wholesale revenues due to be down by double-digits year-on-year. It said orders for items in its Autumn/Winter collection are 'significantly down' against last year. The retail firm predicted the drop in wholesale demand could knock profits by around £20 million for the year. Dr Martens also warned that it expects profits to also be hit by around £35 million due to continued cost inflation and investments through the business. The group said, in a worst-case scenario, it believes profits for the new financial year (full-year 2025) could plummet to a third of levels seen in the previous year. Chief executive officer Kenny Wilson said: 'The full-year 2025 outlook is challenging, and the whole organisation is focused on our action plan to reignite boots demand, particularly in the USA, our largest market. 'The nature of USA wholesale is that when customers gain confidence in the market we will see a significant improvement in our business performance, but we are not assuming that this occurs in FY25.' On Tuesday, Dr Martens also confirmed that Mr Wilson will leave the company this year after six years as chief executive officer. He will be replaced in the role by Ije Nwokorie, who is currently chief brand officer at the business, before the end of the current financial year. Mr Nwokorie has been a non-executive director at the business since January 2021, before taking over the chief brand officer role earlier this year. He was previously senior director for Apple Retail as well as chief executive of brand consultancy Wolff Olins. Mr Nwokorie said: 'I am thrilled that I will be the next CEO of Dr Martens. 'We have a phenomenal brand, an excellent product range and a passionate culture. I am looking forward to working with Kenny through this transition year.' Mr Wilson said: 'Dr Martens is an incredible brand powered by our fantastic people. 'After six years in the role, I feel that the time is right to hand over this year, and I am excited that Ije will be my successor. 'I have enjoyed working with Ije, both as a board member and in the executive leadership team in recent months, and I have seen his brand knowledge and passion first-hand.' ([the-independent.com](https://www.the-independent.com/business/dr-martens-shares-dive-to-record-low-after-profit-warning-and-chief-s-exit-b2529452.html?utm_source=openai))