

Superdry to raise prices and stop sales to offset inflation costs

Superdry has said it will raise prices on some of its clothing and there will be no more sales at its stores as it tries to combat the increased costs it is facing due to inflation.

In a set of interim results for the 26 weeks to October 23, 2021, the Gloucestershire-headquartered fashion chain reported a pre-tax profit of £4m, up from a near £19m loss a year earlier, when shops closed during the national lockdown.

Group revenue stood at £277.2m, down almost 2% from the first half of the previous financial year (£282.7m) and almost 25% down the same period in 2020 (£369.1m).

The company said the decline in revenue reflected the continued impact of Covid-19 and its move to a full-price trading stance.

Its e-commerce revenue decreased 30% to £62.2m year-on-year, but this was largely offset by store sales which increased by 21.5% to £103m, while wholesale sales were up 2.7% to £112m.

As of January 17 the business had net cash of £20.4m.

Its board of directors said that while the Omicron variant of the virus had created more uncertainty it remained encouraged the brand continued to be “clearly resonating” with customers – reflected by a gross margin rate of 55.2%.

Jacket sales jumped 40% year-on-year and overall sales were up nearly 20%.

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The firm added that its performance over its peak trading period, had given it confidence it would achieve full-year expectations.

In an update also released for the 11 weeks between October 24, 2021, to January 8, 2022, revenue was up 19.6% from a year earlier (down 11.7% on a two-year basis) including a near 85% rise in stores (18.8% down from the same period in 2020).

Superdry chief executive Julian Dunkerton said while there were “clear signs” of brand financial recovery, the company expected to be impacted by inflationary cost pressures.

Mr Dunkerton told the PA news agency the company would raise

prices by around 2% on “selected products” due to rising costs.

He said it would reduce the number of items the retailer has on sale, something that has been part of its plan since before the pandemic.

Mr Dunkerton said: “No stores will ever have a sale again ... and discounting is limited to a shorter period online and very limited. So patently we are less affected because of that margin shift internally by the headwinds of inflation.

“But we’re talking about 2% price rises, far less than has been mooted in the press. We’re an affordable brand and we will remain so, and it’s very important that we do.”

Superdry operates more than 500 branded locations across 46 countries and owns around 140 stores across the UK and mainland Europe.

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