

Asos sees sales drop amid delivery and consumer spending woes

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Online fashion firm Asos has revealed sliding sales in its festive quarter as it took a hit from delivery disruption and slumping consumer spending.

The group said UK sales tumbled 8% in the four months to December 31, in stark contrast to high street rivals such as Next that have benefited from shoppers returning to stores over Christmas in the face of [Royal Mail](#) strikes and delivery disruption.

Asos said it is slashing costs to boost its profitability, but confirmed it continues to expect to make a half-year loss.

It revealed further details of its ongoing turnaround plans and aims to drive £300 million of profit and “cost mitigation measures” in the first half, with the group shutting three storage warehouses in the UK, [Europe](#) and the US, while it said it is also trimming some of its office space but not closing sites.

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It is also axing 35 unprofitable brands as part of the efforts.

The group is hoping the overhaul will “more than offset headwinds” from inflation and rising return rates to drive a “modest improvement in full-year profitability”.

Jose Antonio Ramos Calamonte, chief executive of Asos, said: “We have made good early progress against a number of measures to simplify the business, including repositioning our inventory profile, reviewing our operational model in our top markets and reducing our cost base.

“While there is more to do, I am pleased by the progress made in this period and am confident in the direction we are going.”

Its update showed total group sales fell 3% excluding [Russia](#) and on a constant currency basis.

European sales lifted 7%, while they were 15% higher in the US.

Rest of world sales plunged 30%, the group said.

New boss Jose Antonio Ramos Calamonte is leading an overhaul to turn around its fortunes.

Actions include better stock management, cost cutting, a review of its flagging international businesses and updating the group’s culture, including a leadership team reshuffle and

new hires.

It has also said previously that it is cutting jobs to save around 10% in staff costs, with around 100 jobs going at the group.

And Asos said it has pushed through low-single digit percentage price hikes to help offset inflation pressures.