

ANALYSIS

In a market where many are struggling, SuperGroup is performing strongly. **Becky Waller-Davies** looks at what the retailer is doing differently

How did SuperGroup dodge the fashion retail doldrums?

SuperGroup's latest set of results were impressive, bucking the fashion market's downward trend, and profits and sales are shooting up.

Like-for-likes rose 11% in the 52 weeks to April 23, while pre-tax underlying profit is expected to be between £72.5m and £74m. That is up from £63m for the previous year.

Even better, unlike some rivals, there was no mention of the weather anywhere in SuperGroup's update.

The figures were notable in a fashion market in which many are struggling. But they are more remarkable when it is considered that, not so long ago, the Superdry brand owner was among them.

In October 2014 new chief executive Euan Sutherland was forced to issue a profit warning. A few months later, SuperGroup reported a 4% slip in like-for-likes, while profits plunged by nearly a third. So how has it turned around?

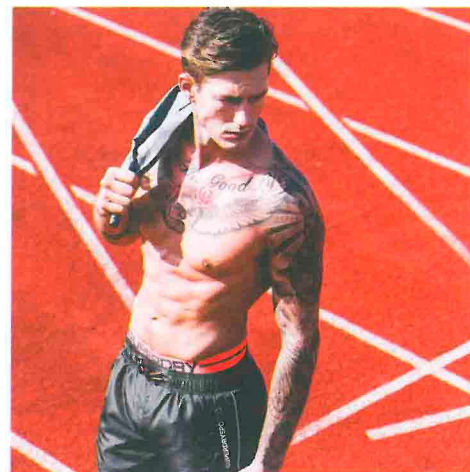
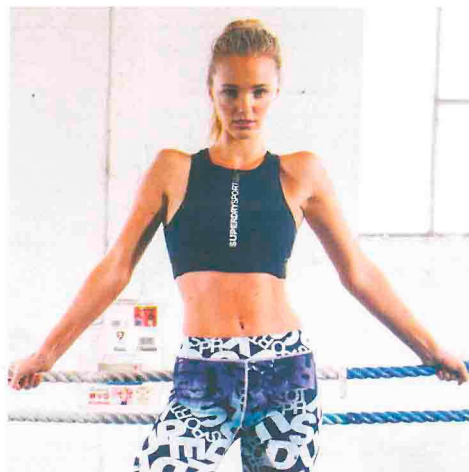
The retailer points to a bigger focus on womenswear and its men's premium range as two key reasons for the strong performance.

Peel Hunt analyst John Stevenson agrees there have been "significant range improvements and investment in the design team" and observes "while the SuperGroup graphics and imagery remains a key part of the brand, range development and innovation continue to accelerate".

Analysts were also impressed by SuperGroup's offer in terms of product that is not tied to one season.

"Superdry's transseasonal ranges are more aligned with the manner in which consumers shop than many other retailers"

Nivindya Sharma, Verdict



Superdry flexes its muscles in the athleisure sector launching a new range last November

"Superdry's transseasonal ranges are more aligned with the manner in which consumers shop than many other retailers," says Verdict analyst Nivindya Sharma.

"Consumers' shopping habits are changing, and seasonal product drops are increasingly irrelevant when shoppers prefer to buy across seasons."

Seasonless ranges – clothes that can be worn all year round – have proven to be a success at other fashion retailers. Businesses as diverse as Debenhams and New Look have brought in key pieces to bridge the seasons.

And a selection from Marks & Spencer's autumn collection arrived in stores last week, rather than landing as part of the traditional seasonal 'big drop'. M&S focused on seasonless pieces, which can be layered to wear at any time of the year.

Finally, Superdry has sought to capitalise on athleisure, with a high-profile range launch last

November fronted by *The Wire* star Idris Elba.

Tapping into the athleisure trend is a smart move and fits with Superdry's existing strengths. The market has grown 42% in the past seven years and is now worth \$270bn (£194bn) globally, according to Morgan Stanley. The bank predicts that it will grow another 30% by 2020.

Sharma argues that this range will have "driven spend from existing shoppers while recruiting new ones".

She notes that shoppers are "increasingly demanding value for money, and incorporating fabric and technology innovation into key ranges, such as sports and activewear, will help Superdry provide more value to existing and prospective customers – thereby positioning it well for long-term growth".

While the fashion market may continue to bring challenges, SuperGroup's product strategy should help it dodge those fashion doldrums once again.