Showroomprivé adopts new strategies after 2017 sales grow but EBITDA shrink

By Matthieu Guinebault - 9 March 2018

Last year, French event sales group Showroomprivé generated a revenue of €655 million, equivalent to a 21.4% increase. EBITDA however shrunk by 53.8%, reaching €13.1 million, only 2% of revenue.

The decline was due to increased logistics costs, boosted by the outright purchases made, to investment, notably on the recruitment front, and to a reduced ability to absorb fixed costs. As a result, the group's senior management announced a series of new policies at the publication of Showroomprivé’s annual results.

"We are launching our 'Performance 2018-2020' plan with a focus on two elements: in 2018, the priority is to allow the group to realise its full potential, notably by placing the emphasis on its two mainstays, brands and members; and in 2020, to exploit new growth opportunities to the full. The plan will allow us to sustain a healthy, profitable growth," said the website's co-founders Thierry Petit and David Dayan. "We have complete confidence in our sector's potential and in that of our company within it. We enjoy an ideal market positioning, notably thanks to the strategic partnership with [mass-market retailer] Carrefour," they added.

Specifically, this year Showroomprivé will focus on its relationship with brands and website members. Operational effectiveness will be enhanced by reorganising the company in six functional units. The finance department and its operations will be boosted, and a new policy of partnership with strategic brands will be adopted. Cross-company steering committees will be created, and forty engineers will be hired. On the marketing side, the approach which prioritised a drive for new customers will be replaced by a loyalty strategy, focusing on brand preference.

In the longer term, the priority for 2020 is to exploit new growth and profitability opportunities. This will involve internalising part of Showroomprivé’s logistics operations, after the €11 million investment in an automated
warehouse. Showroomprivé will offer media and data deals to brands, while the partnership with Carrefour is expected to bring about "a strengthening of the range, the deployment of a click-and-collect network, co-marketing initiatives and data sharing."

A tough fourth quarter

Showroomprivé's organic growth during the year was 13%. The French business grew 14%, or 9% in like-for-like terms. Showroomprivé's international revenue grew 55% (+34% in like-for-like terms) and now accounts for 18% of the group's total business. Average customer expenditure increased 6%.

Product-wise, fashion sales grew 23%, accounting for 53% of total sales. Mobile devices remained the main gateway to Showroomprivé, generating 82% of traffic (+5 points) and 62% of sales (+7 points). However, the website's growth was affected by what turned out to be a tough year-end period, according to the senior management: "The fourth quarter was tougher than expected (+10%), notably due to the fact that commercial performance on certain product categories that are traditionally strong at the end of the year was weaker than expected, while the massive advertising around Black Friday had the effect of staggering Christmas shopping."

In 2017, Showroomprivé acquired the French leader in cosmetics event sales, Beautéprivée, and also finalised the purchase of Italian website Saldi Privati. But the main corporate news was the sale of the group's shares held by the Conforama group to Carrefour.

By Matthieu Guinebault
Translated by Nicola Mira

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