

The 2004/2005 financial year demonstrated that we are well on our way to making Esprit the leading lifestyle brand name in the world. The Group prospered by every measure. We continued to foster business growth, while delivering solid results and setting new record turnover, earnings and margins. But performance of this kind cannot be justified simply by facts and figures. Above all, we realized we have reached an important milestone: we have the right strategic platform and a scalable business model in place to accommodate sustainable growth for years to come.

Global brand, global organization – a competitive edge

Esprit was built with a relentless spirit of innovative and creative strategies. We operate under a simple business model that builds on complex infrastructures – three distribution channels encompassing wholesale, retail and licensing; a vertically integrated division-based structure consisting of 12 product divisions; 12 production cycles for each product line per year; an extensive operating and distribution network extending to four continents worldwide; uniquely efficient sourcing capabilities in Europe and Asia. All of these are built on the internationally recognized ESPRIT brand name. The strategic foundation has been laid for the Group to continue to grow profitably and to capitalize on future opportunities.

A balanced growth strategy

Esprit continued to develop brand recognition across targeted regions as well as extending its global reach through both wholesale and retail channels this year. In wholesale, we capitalized on the brand's increased dominance and focused on using partnership stores to further penetrate into existing markets while working with department store business partners to enter new ones. Brand recognition was built with customers in the recently entered Spanish markets as well as other new markets including Italy and Middle East through wholesale shop-in-stores and partnership stores. By expanding our own directly managed retail network, we established stronger brand visibility in cosmopolitan cities such as New York, London and Paris to strengthen ESPRIT's brand presence and build market share. Regionally, while the core Germany and Benelux markets continued their steady growth, developing European markets, including France, Austria and Scandinavia, also contributed at an accelerated pace and we saw over 35% of turnover growth in these regions. Our balanced wholesale-retail growth strategy, our diversification initiatives outside the core markets, together with a recovering Asian market and a disciplined growth approach towards potential markets such as the U.S. and U.K., enabled us to maximize the potential of the ESPRIT brand name and deliver growth with enhanced profitability.

Improving productivity and enhancing margins

During the year, we continued to grow profitably by intensifying our focus on productivity and efficiency. Our competitors move with the markets and our customers expect more newness from Esprit. Through our 12 product-divisions structure and 12 collections-a-year strategy, we were able to focus the attention of each product division on the unique demands of their competitive target market. We developed market-driven products that not only minimized our product risks, but also helped bring in more store traffic. New products were also launched during the year to further expand our customer base. More sophisticated products were introduced to trade consumers up in quality, and we also offered more starting price point merchandises to target the younger and more price-sensitive shoppers. Simultaneous initiatives including the setting up of more prominent visual displays as well as improving in-store customer service were also implemented to enhance the shopping experience, thereby increasing conversion rates and encouraging full-price sell-through. These measures, coupled with our commitment to democratic pricing through sourcing efficiency and diligent cost control through operating leverage, generated greater productivity and turnover as well as margin improvements.

Effective execution for sustainable long-term growth

Various factors come into play when we talk about the apparel industry. The end of the Multifibre Agreement brought an end to the quota system, but also brought about trade countermeasures. The potential further revaluation of the Renminbi and fluctuation of the Euro exchange rate may affect the industry's sourcing structure, and the continuous evolution of the consumers' tastes and spending patterns may force some companies to modify their product and pricing strategy. However, I strongly believe that a company's success and failure is not determined solely by macroeconomic factors but is also dependent on its ability to innovate, anticipate and adapt to the ever-changing global business environment. The flexibility of our international sourcing structure and the increasing scale of our business have helped us to efficiently control product costs and alleviate margin concerns. Most importantly, with stabilized costs and sustainable margins, we have been able to pass the additional cost savings back to the consumers by offering a combination of improved quality and lower priced products. We will continue to fine-tune the execution of our established business model to adapt to the changing circumstances and to ensure sustainable long-term growth while remaining focused on delivering products with the right balance of quality, value and style.

The future still holds considerable potential for Esprit

Esprit has delivered not only excellent results, but it has also established an effective business platform from which to capitalize on additional possibilities in new as well as existing markets. I thank the Esprit team for their dedicated and successful efforts in managing our development over the past several years. However, rather than rest on our laurels, we will continue to strengthen our operations in anticipation of future challenges and to pursue new initiatives to fuel sustainable development in the long-term. I believe the ESPRIT brand has potential for further growth and look to the future with confidence. The best is yet to come.

“the right strategic platform and a scalable business model are now in place to accommodate sustainable growth for years to come”



edc
by esprit



edc
by esprit

edc men

The trendy edc men creates youthful and chic looks for young and fun-loving customers. Its sporty element and exceptional details that add fashionable accents allow fashion-conscious individuals to express their own personal style.



edc
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A woman wearing a dark, quilted winter jacket with a fur-lined hood and a metallic beanie. She is posing with her hands on her hips.

edc
by esprit

edc women

One of the fastest growing segments in the company, this division appeals to trend conscious women. edc women maintains an up-to-date mix of items that fits women's outgoing lifestyle.

A woman with long brown hair, wearing a white and black patterned winter jacket with a green scarf. She has a wide-eyed, intense expression.

edc
by esprit

A woman wearing a plaid zip-up jacket over a red top and a wide, ornate brown belt. She is also wearing a colorful beanie and a necklace.

edc
by esprit