

Analyst Rips Ralph Lauren Stock, Right After Glitzy Fashion Show

Barclays analysts are doubtful about a rebound for the iconic American retailer.

CATHALEEN CHEN Sep 20, 2017 2:40 PM EDT



For Ralph Lauren Corporation (**RL - *Get Report***), it's all style and no substance right now—at least in terms of its stock, according to Barclays.

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Despite Lauren's flashy show at New York Fashion Week, in which models fluttered down the runway next to 26 of the rarest cars in the world, the designer's stock rating on Wall Street saw a considerable decline this past year. Analysts at Barclay downgraded its rating to underweight, Tuesday, Sept. 19, citing the company's opaque turnaround plans for sales.

"RL's sales have been under pressure over the past couple of years amidst evolving consumer preferences and product that became less relevant," the analysts wrote, but specific initiatives have yet to be seen.

The brand kicked off a **Way Forward plan in June 2016** to revitalize the company, the first step of which was to close 50 stores and cut 1,000 jobs. More recently, to emphasize revenue growth, Ralph Lauren aims to increase its digital presence, CEO Patrice Louvet said last month.

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But Lauren's strong relationship with Macy's Inc. (**M - *Get Report***), which represents more than 10% of its overall sales, also causes concern, Barclays added. It faces heightened competition from fast fashion competitors like H&M (H & M Hennes & Mauritz AB) and Forever 21, all of which offers one of Ralph Lauren's more popular items, the polo shirt, at lower prices.

Barclay's gloomy outlook extends beyond Ralph Lauren. The entire apparel received a neutral view in its Tuesday report, in fact. "There is significant merit to the much-publicized concerns around the retail sector, as the combination of likely structural brick and mortar traffic pressures," it reads, citing risks prompted Amazon.com, Inc. (**AMZN - *Get Report***) and niche brands.

Other analysts, however, are warmer toward Ralph Lauren. The stock grew by more than 5% since its earnings release in August. The retailer beat Wall Street predictions and reported a **first-quarter adjusted earnings of \$1.11 per share**. Credit Suisse and New Constructs are among the analysts to upgrade the stock earlier this month. Louvet joined Ralph Lauren just last May, after a stint as president of the beauty division for Procter & Gamble Co. (**PG** - *Get Report*) .

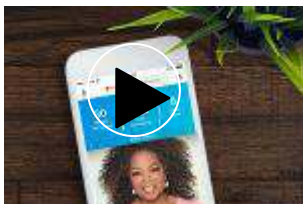
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