

Mixed results for the 2023/24 financial year

BAUR Group plans to strengthen the retail business

The BAUR Group's performance in the 2023/24 financial year was significantly influenced by persistently adverse macroeconomic conditions and a marked reluctance to spend. Compared to the previous year, the Group, which is active in online retail and the service business, reported a 3.9 per cent decrease in sales volume. Group sales of EUR 841 million¹ (net external sales according to IFRS 15) thus stabilised at pre-corona levels in the volatile market environment. In the third quarter of 2023, the market volume in German e-commerce, which grew at a far above-average rate during the pandemic years, was below the comparable figure from 2019 for the first time. The online shop baur.de performed better than the double-digit decline in the industry average in the past financial year.

"We are drawing a mixed balance for one of the most demanding financial years in the company's recent history, which demanded everything from our teams," emphasises Stephan P. Elsner, Chairman of the BAUR Management Board. "Our operating business is faced with a number of challenges that have a direct impact on sales and earnings development. We are very satisfied with the progress of the ongoing transformation and the course we have already set, which is aimed at strengthening our retail business in particular and making it fit for the future. For example, we have made our organisation strictly customer-centric and data-driven in order to meet our customers' needs more effectively. In future, we will focus even more strongly on technology and AI, expand our product range and tap into new sources of income, for example in the area of retail media. Although we cannot yet expect a continuous market recovery in the current financial year, we are confident that the BAUR Group will return to its profitable growth path once the current market weakness has subsided."

Online retail: BAUR and UNITO each outperform the industry average

E-commerce in Germany experienced a pronounced dip in sales in 2023. According to the e-commerce association bevh, industry sales fell by 11.8 per cent. BAUR, with its online shop baur.de, recorded a moderate decline in sales of 3.7 per cent compared to the market trend, thereby strengthening its relative market position. The product ranges developed differently. While the order value for fashion increased slightly, technology/leisure and home remained below the previous year. In a consumer-unfriendly environment, two key figures that are of key importance for the long-term development of the company showed a pleasingly stable development. Both the number of customers (2.4 million) and new customers (440,000) almost reached the previous year's figures and continued to exceed the pre-corona level from the 2019/20 financial year.

The use of new technologies is the key to strengthening the retail business and makes a significant contribution to increasing customer satisfaction and providing them with a better shopping experience. "AI has been an integral part of our company's DNA and integrated into our business processes for many years. We will continue to consistently pursue this path," emphasises Stephan P. Elsner. Two current examples: BAUR is one of the first German-speaking online shops to test a search with generative AI based on Microsoft's Azure OpenAI service - the so-called "Search Buddy". For customers, the search field becomes an inspiration surface that enables human interaction and generates product recommendations for personal enquiries. The BAUR ChatBot "Kathi" has also been online since December 2023. It also works on the basis of a "large language model" and answers questions about the services and advice on baur.de. In contrast to the previous chatbots, which were primarily focussed on keywords, it is now possible to interact in full sentences and natural language. "Kathi" will be found on other pages in future, making navigation easier and enabling direct contact with customer service if required.

The UNITO Group, which operates in Austria, Germany and Switzerland with its brands OTTO Austria, Universal, Quelle, Ackermann, Jelmoli and Lascana, faced comparable challenges and negative influencing factors. Although sales fell by 3.8 per cent to EUR 349 million, UNITO performed significantly better than e-commerce in the DACH region. Universal and OTTO Austria performed well, increasing their respective sales by 5 and 4 per cent. The UNITO Group was renamed the Otto Austria Group with effect from 15 April 2024. The realignment of the employer brand is aimed in particular at utilising OTTO's high brand awareness to strengthen its position in the competition for talent and skilled workers.

Services division with different developments

The development of the BAUR Group's service business reflected the tense overall economic environment. On the one hand, business performance was characterised by declining volumes in logistics and customer service: BFS Baur Fulfillment Solutions managed to secure its earnings target despite declining sales. The fulfilment subsidiary restructured its sales organisation and acquired its first new customers for Customer Service.

On the other hand, the e-commerce service provider empiricom showed a pleasing development and made significant contributions to increasing the performance and sales efficiency of its clients. The full-service e-commerce partner implemented its first AI activities for baur.de and achieved significant improvements in shop performance for its clients. The so-called "Google Site Speed Index" increased by 20 per cent and is therefore a top value. At the end of February, empiricom entered into a strategic partnership with the service provider WIIT. The aim of the partnership with the leading provider of cloud and cyber security services is to be able to offer customers in Europe scalable and competitive products and services from the portfolios of both companies.

¹ on a comparable sales basis

Profile

The BAUR Group stands for an economically sound group of companies focussing on online retail and services with sustainable success. The core company of the group is BAUR with the online shop baur.de. In addition, the subsidiary Otto Austria Group, which is active in the DACH region, is responsible for brands such as OTTO Austria, Universal, Quelle in Germany, Ackermann, Jelmoli and Lascana. The Services division includes BFS Baur Fulfillment Solutions, BAUR Studios and the e-commerce service provider empiricom. BAUR has been a member of the globally active Otto Group since 1997. The company is based in Burgkunstadt in Upper Franconia. Another shareholder is the Friedrich Baur Foundation. As of 29 February 2024, the BAUR Group had 2,481 employees, 355 of whom worked for the Otto Austria Group. Including the logistics company Baur Hermes Fulfilment, a joint venture between the Group companies BAUR and Hermes Fulfilment, the number of employees totalled 3,949. The BAUR Group's net external sales in the 2023/24 financial year amounted to 841 million euros.

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