

APPAREL AND ACCESSORIES

## Burberry lays out cost-cutting measures following revenue decline

May 18, 2016



*Burberry's iconic trench coat*

By STAFF REPORTS

British fashion label Burberry's revenues dipped 1 percent for the 2016 fiscal year, leading the public company to unveil a three-year plan aimed at improving profitability.

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The brand's 2.5 billion pounds, or \$3.655 billion, in revenue for the year was slightly behind 2015's figures, but the brand remains optimistic about the future. The label is establishing a three-year strategy that will cut costs by 100 million pounds, or about \$146 million per year by 2019, enhance productivity and spur revenue growth.

### Three-point plan

Throughout the 2016 fiscal year, the brand already saved approximately 25 million pounds, or \$36.5 million, compared to its planned expenditures by closely managing funds.

This past year, Burberry shifted its runway show calendar, which reduces the number of shows per year from four to two ([see story](#)). Other key opportunities include 18 new store openings in cities such as New York, Seoul, South Korea and Tokyo, product innovation and digital initiatives including social media efforts and centralized inventory management across channels.



*Burberry store in New York's SoHo neighborhood*

Burberry's comparable sales were up 3 percent everywhere except Macau and Hong Kong, and its digital business

expanded throughout the year in all markets. Burberry's digital revenues rose at a compound annual growth rate of 40 percent from 2012 to 2016.

"While we expect the challenging environment for the luxury sector to continue in the near term, we are firmly committed to making the changes needed to drive Burberry's future outperformance, underpinned by strong brand and business fundamentals," said chief creative/CEO of Burberry Christopher Bailey in a statement.

"We continue to see significant opportunities ahead of us and have put ambitious plans in place to increase future revenue, enhance productivity and create a more efficient organization," he said. "In addition, the capital allocation framework announced today prioritizes the investment needs of the business and regular dividend payments to our shareholders, while balancing capital efficiency and flexibility."

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