

APPAREL AND ACCESSORIES

Burberry shows optimism despite challenging climate

July 13, 2016



Burberry's runway show in February 2016

By STAFF REPORTS

British fashion label Burberry's comparable sales were down 3 percent in the first quarter ended June 30.

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After seeing its profits fall in fiscal year 2016, Burberry has begun to implement cost-cutting measures aimed at spurring growth ([see story](#)). While no dramatic upswing was seen this quarter, Burberry is optimistic for the future of its company, with new leadership in the wings to help tackle the complexities of today's luxury market.

Looking ahead

Burberry's retail revenue was flat year-on-year, with 423 million pounds, or about \$557.8 million, in sales. Aside from Macau and Hong Kong, Asia Pacific grew, and the United Kingdom delivered a single digit growth compared to the year-ago.

American demand was uneven, with sales from tourists down.

Digital is a growth driver for the brand worldwide, with 60 percent of its traffic now coming from mobile devices.

During the same time, the brand focused on in-store experiences, booking more personal appointments in the quarter and hosting a greater number of craftsmanship demonstrations at its retail locations.



Burberry trench coat demonstration at its Regent Street flagship

This quarter, Burberry also unveiled its first advertising campaign since announcing its new direct-to-consumer approach. The campaign, simply titled Burberry 2016 rather than the fall season, marks the brand's transition from seasonal collections to a broader strategy that acknowledges its global consumer base and the rising expectation of "see now, buy now" commerce ([see story](#)).

"In what remained a challenging external environment, underlying retail sales were flat in the first quarter," said Christopher Bailey, chief executive officer and chief creative at Burberry, in a brand statement. "In this context, we continue to focus on managing our business with agility whilst implementing the ambitious evolution of our strategies and ways of working we outlined in May, to position Burberry for long-term growth.

"These plans are now well underway and on track to deliver our financial goals," he said. "This progress, together with our recent management appointments, gives us real confidence for the future."

Burberry is also looking ahead to new executive leadership.

The company has announced Marco Gobbetti as its next CEO, with the executive slated to take over the role next year.

Current CEO Mr. Bailey, who has been criticized for his inability to keep Burberry profitable, will retain his position as chief creative officer and take on the title of president when Mr. Gobbetti takes on the role of CEO. As Burberry looks to turn its sales around, the company has unveiled other changes at the top ([see story](#)).