

APPAREL AND ACCESSORIES

## Burberry retail revenue up 2pc in H1

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*Lily James for My Burberry Black, Copyright Burberry/Mario Testino*

By STAFF REPORTS

The devaluation of the pound boosted Burberry's United Kingdom sales in the first half of the fiscal year by 30 percent.

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Burberry, as with much of the luxury industry, is focusing on creating growth in a challenging global market. Burberry's first half revenues of 1.159 billion, or around \$1.4 billion, were down 4 percent, but its retail sales saw a slight uptick from 2015.

### Combatting challenges

While Burberry's retail channels performed well and digital outperformed, these positives were negated by difficulties in wholesale and licensing as Burberry implements its brand elevation strategy. This included the canceling of its license in Japan.

Wholesale revenue was down 14 percent, with wholesale beauty revenue down almost 20 percent.

The label's comparable sales were down 3 percent in the first quarter and up 2 percent in the second, leading to negligible change for the half.

In Asia, single digit growth in comparable sales in Mainland China was offset by challenges in Hong Kong and Macau.

Europe's domestic consumers are unable to counteract the sales missed by declining tourist traffic. The Americas had uneven demand, and American tourists' spending was down.

In September, Burberry launched a new Web site. It also released its first direct-to-consumer collection coinciding with its runway show, which it says it has seen a strong response to.



*Burberry campaign for its first see-now, buy now collection*

For the rest of fiscal 2017, Burberry projects that its retail revenue will be hit by its approximate 15 planned store openings.

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.

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 ([see story](#)).

"In a challenging external environment, we continue to focus on product innovation, retail productivity and digital leadership, against a backdrop of sustained action and investment to deliver long-term outperformance of our brand and business," said Christopher Bailey, chief creative and CEO of Burberry.

"The progress we are making to improve our ways of working, the agility of our teams to react to changes in consumer behavior and the strength of our brand give us confidence for the future," he said. "We remain on track to deliver our financial goals."

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