

APPAREL AND ACCESSORIES

Coach, Burberry reportedly not in talks for potential merger

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Burberry promotional image for September Collection 2016

By STAFF REPORTS

After a day of rumors suggesting a merger between British heritage brand Burberry and U.S. fashion label Coach, sources have come out denying an acquisition.

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Burberry has been in a bit of a rut recently with declining sales and the appointment of a new CEO to replace Christopher Bailey in the role starting next year. Despite its current challenges, Burberry's shares increased by 6 percent today, after a financial blog claimed the British house was being acquired by another apparel and accessories group.

Rumor mill plaid

In its report, financial blog Betaville, said that Coach was considering purchasing Burberry under a merger agreement. The blog claimed that Coach is "working with corporate financiers on a potential combination with Burberry to create a \$20 billion luxury clothing giant."

From there, nearly every fashion publication picked up the story.

Sources speaking to [Reuters](#) have come out denying any talks or plans of a merger between Coach and Burberry. In a statement the source said, "This is completely speculative. There are no negotiations underway, Burberry is not talking to Coach."

While in talks with another source, the individual said that a merger between the two brands would be unthinkable because the two have very different strategies.



Coach pre-spring 2017

Burberry has declined to comment on the matter.

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

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.

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

Burberry'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.



Burberry Bridle handbag, September 2016 Collection

In July it was announced that Marco Gobbetti would become Burberry's next CEO, effective in 2017.

Current CEO Christopher 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](#)).

As for Coach, the brand has looked to regain its footing in the luxury landscape.

In January 2015, Stuart Weitzman was purchased by Coach in a transaction valued at up to \$574 million.

Coach purchased Stuart Weitzman from Sycamore Partners, and the acquisition complements the accessories maker's leadership role in the sector. With the designer footwear label under its umbrella, Coach's own brand will strengthen and grow ([see story](#)).

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