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Burberry confident about reaching financial goals despite profit decline

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Digital is a serious business for Burberry

By STAFF REPORTS

British fashion house Burberry's underlying adjusted profit before tax in the first half of the fiscal year was down 24 percent, aligning with the brand's expectations.

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In the six months ended Sept. 30, Burberry's revenue was 1.159 billion, or \$1.438 billion at current exchange, down 4 percent from the previous year. Since earlier this year, Burberry has been implementing strategies aimed at increasing its profitability after revenues fell.

Planning ahead

Burberry's retail growth, which included strong performance in the United Kingdom, was offset by its efforts to cut back on wholesale to better maintain its luxury positioning.

The brand's reported profit before tax was 102 million, or \$127 million, representing a decrease of 34 percent when adjusted to account for strategic actions.

Burberry's strategic plan revolves around five pillars, including focusing on product innovation and newness, digital upgrades, creating a more efficient and inspired workforce, increasing the productivity of stores and building brand reach and engagement. The label's three-year strategy intends to cut costs by 100 million, or about \$124 million per year by 2019, enhance productivity and spur revenue growth ([see story](#)).



Burberry store in New York's SoHo

As it did in May, Burberry plans to cut about 15-20 percent of its product offerings in November, which it says allows for greater visibility of new merchandise.

Burberry will also be rolling out a new store profiling model in November, localizing the store experience through in-house data and external information available on a local and global level, such as climate. Product offerings will be selected based on these insights, catering to the store's audience.

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 ([see story](#)).

"In May we outlined plans to evolve how we work as a business and to drive Burberry's future growth in a rapidly-changing luxury environment," said Christopher Bailey, CEO/chief creative at Burberry. "Since then, we have made good early progress towards realizing the significant opportunities ahead of us, as we begin implementing our five strategies. We remain on track to deliver our financial goals."

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