

APPAREL AND ACCESSORIES

## Burberry retail revenues rise 3pc in Q1

July 12, 2017



*Burberry February 2017 collection. Image credit: Burberry*

By STAFF REPORTS

Returning customers' strong spending helped boost Burberry's revenues for the first quarter of the 2017 fiscal year.

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During the three-month period ending June 30, the brand's retail revenues grew 3 percent to 478 million pounds, or \$616 million at current exchange. Beyond changes in strategy to adapt to the evolving luxury market, this quarter also marked a shift in leadership for Burberry, as Marco Gobbetti took the helm as CEO earlier this month, taking over the position from chief creative and president Christopher Bailey.

"I am delighted to have started as Burberry CEO," said Mr. Gobbetti in a statement. "We are pleased with our performance in the first quarter, while mindful of the work still to do.

"This is a time of great change for Burberry and the wider luxury industry," he said. "I look forward to building on the foundations Christopher and the team have put in place and creating new energy to drive growth."

### Growth plan

Rebounding Chinese consumer confidence helped grow sales in Asia, making up for declines in South Korea, Burberry's third largest Asian market.

Meanwhile, the Middle East, Europe and Africa saw growth in the high single digits even with declining tourism in destinations such as Italy and economic challenges in the Middle East.

In the Americas, Burberry recorded lowered sales driven partly by the strong U.S. dollar, which kept tourists from spending.

Burberry, as with a number of other retailers, has noted declining foot traffic in its stores. However, the brand's conversions are up, as those who do visit are more apt to buy.

Counteracting this lowered number of potential customers walking through its doors, the label has invested in its outreach to existing clients, which has helped grow sales.



*Burberry's SoHo store in New York. Image credit: Burberry*

The brand also had less store space this quarter as it changes its footprint, which it attributes to a 1 percent revenue reduction.

Looking ahead, the label is planning to make its existing stores as efficient as possible rather than opening new locations to drive growth.

Other retail moves by Burberry include reducing the assortment of products available in-store to help its boutiques maintain merchandise availability and the launch of a new point of sale system in the U.K. This system, which the brand plans to roll out further, allows for refund of VAT for tourists as they make their purchase.

As an early adopter of digital, this is also a key pillar for Burberry's plans. Mobile now represents about 40 percent of Burberry's direct to consumer revenues.

Beyond an ecommerce vehicle, mobile is also a tool for consumer engagement. Burberry's WeChat in particular grew its reach three times over with help from an influencer campaign for its DK88 handbag, the best selling style this quarter.



*Burberry's DK88. Image credit: Burberry*

The brand has projected that its wholesale revenues for the first half of this fiscal year to be flat, with a decline in the second half as it looks to more closely control its brand's distribution.

Licensing, on the other hand, is set to grow 20 percent thanks to the new Burberry Beauty partnership with Coty. This alliance is still on track to start later this year ([see story](#)).