

APPAREL AND ACCESSORIES

Burberry sees profit growth in midst of leadership changes

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Burberry's profits come at a time of change for the British brand. Image credit: Burberry

By STAFF REPORTS

British fashion house Burberry's profits have grown significantly in the last year as the brand continues its re-energizing streak.

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The brand reports a 4 percent increase in profits over the last 12 months, cementing its long period of growth. A slate of new leadership has led the brand to revitalize itself and expand its presence into new markets.

"Burberry's published Q4 results show a positive growth plus 2 percent year-on-year but quite flat growth compared to other luxury brands," said Pia Ostermann, beauty and fashion research analyst at [Euromonitor International](#), London, in a statement. "Several factors have to be taken into consideration as Burberry is in the midst of re-energizing the brand, with changes in management and a new strategic direction.

"Gucci experienced a similar transformation in 2015 with Alessandro Michele, who had been promoted to creative director," she said. "Since then there has been a focus on millennials, which has driven the rapid growth of the brand.

"Millennials are becoming a key demographic for luxury brands, and Burberry has a competitive advantage as it is considered a digital pioneer, for instance with enabling consumers to shop instantly from the catwalk."

Operating profits

Burberry is one of the more successful fashion brands in the business today, driven primarily by its digital savvy and willingness to engage in markets such as China.

In the past 12 months, Burberry's share prices have grown by 4 percent, putting them at 18.75 pounds, or about \$25 at current exchange.

There was also a 2 percent uptick in underlying revenue and a 4 percent increase in operating profits.

Burberry's recent efforts have seen the brand expanding internationally. For example, Burberry has acquired its longtime leather goods partner CF&P to aid its ambitions in the category.



Cara Delevingne for Burberry. Image credit: Burberry

The Italian-based CF&P has worked with Burberry for more than a decade on leather goods. With the acquisition, Burberry is gaining CF&P's craftsmen, operations and inventory ([see story](#)).

Burberry is also legally going after Target in a copyright infringement case that claims the latter used the brand's iconic check print.

Target is being sued for damages of \$2 million over a multitude of products that Burberry alleges infringed on its copyright. The British label is demanding Target stop producing anything with its copyrighted print, as well as compensating Burberry for the cost of damages and legal fees ([see story](#)).

"Burberry is known for its trench coat, ready-to-wear and their check print, however it has not been traditionally considered a bag brand by consumers," Ms. Osterman said. "With a sharper focus on leather goods, it gives the opportunity to appeal to the younger consumer.

"The early signs of broader millennial appeal is evidenced by influencers who are increasingly posting images of the brand on social media, and the Burberry iconic check print has been particularly pervasive," she said.

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