

RETAIL

Burberry lowers outlook over store closures in China due to coronavirus

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Burberry's structured TB bag was reimagined for 2020 Chinese Lunar New Year in vibrant shades of red a symbol of joy, vitality and prosperity in China complete with its Thomas Burberry Monogram clasp. Image credit: Burberry

By DIANNA DILWORTH

Burberry has closed 24 of its 64 stores in mainland China and the remaining shops have cut hours and see major declines in traffic, having a negative impact on the British fashion label's retail sales in the coronavirus-plagued country and its Hong Kong special administrative region.

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The London-based company also said that due to increased travel restrictions, a decrease in Chinese tourism to Europe and other destinations could have a negative impact on global sales. The company is strategizing to offset the decrease in sales in China, but it may take a hit for the current year since its fiscal period ends in March.

"The outbreak of the coronavirus in mainland China is having a material negative effect on luxury demand," said Marco Gobbetti, CEO of Burberry, in a statement. "While we cannot currently predict how long this situation will last, we remain confident in our strategy.

"In the meantime, we are taking mitigating actions and every precaution to help ensure the safety and wellbeing of our employees," he said. "We are extremely grateful for the incredible effort of our teams and our immediate thoughts are with the people directly impacted by this global health emergency."



Interior of a Burberry store. Image credit: Burberry

Engine of growth

The brand said it supports the Chinese government in its efforts to fight the virus and will continue to work in tandem with local authorities and partners.

As **Burberry** looks to rebound, the marketer will focus on key growth initiatives to support a recovery in luxury demand. The firm will share a retail trading update following its financial year-end.

Strategically, the brand will focus on newness and fashion, as it looks to engage customers globally.

Burberry has marked a positive response to its brand repositioning and new product under new chief creative officer Riccardo Tisci.

China is one of Burberry's biggest markets.

While the company has not confirmed if plans have changed, Mr. Tisci plans to take his first Burberry show to China as the British fashion brand doubles down on plans to push for more revenue from Chinese operations.

The fall-winter collection 2020 will be presented April 23 in Shanghai for both menswear and womenswear. The show will include new looks designed exclusively for the event and sale in China.

"My first years at Burberry were focused on establishing and defining my new identity for the house," Mr. Tisci said in a statement last month. "Now we are ready to take this vision outside of London in new and exciting ways.

"Doing a show in China is a first for me," he said. "It's a country that has always been so supportive of me and the moment will be a culmination of everything the teams and I have been working towards since I first started.

"It will be a celebration of our collections and our new attitude in one of the most innovative and inspiring cities in the world."



Burberry Chinese New Year campaign 2020. Image credit: Burberry

Upping collections from market

China is a key focus for Burberry this year.

The London-based company started the year with a Lunar New Year campaign and limited-edition capsule complemented by a new online game honoring the Chinese Year of the Rat ([see story](#)).

Later in the year Burberry will unveil its new social retail store in Shenzhen Bay as part of an exclusive deal with Chinese tech company Tencent. The store will blend social media and retail ([see story](#)).

Among its peers, Burberry has always been a frontrunner in tapping technology for retail and marketing.

For example, the company introduced a new set of Burberry sleeves with a preview of its runway watercolor print that was created by hand in its London studio and debuted on the spring-summer 2020 runway.

Available on Instagram, shoppers on Jan. 17 were able to buy only 140 pairs worldwide from noon GMT (7 a.m. Eastern Time, New York) for 24 hours. The line was called the **B Series**.

"Over the next 12 months, we will be focusing our communications on the highest visibility touch points to deepen the emotional connection we are building with luxury consumers," Mr. Gobbetti said last month in a statement.

"We want to continually inspire our customers," he said. "The show is the latest in a series of exciting events we have planned this year in China, one of our most important markets, as we set out on the next phase of our transformation."

Burberry Chinese New Year 2020 campaign

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