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Burberry achieves strong digital growth as store closures linger

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Burberry stands out as a benchmark for ecommerce. Image credit: Burberry

By LUXURY DAILY NEWS SERVICE

British fashion label Burberry experienced strong sales growth in mainland China during the third quarter of its fiscal year, both in-store and online, as it continued to face challenges amid the COVID-19 pandemic.

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Long-term store closures brought on by the pandemic, as well as planned reductions in markdowns, contributed to a decline in retail comparable store sales for the quarter ended Dec. 26. Digital full-price sales were up more than 50 percent, a promising sign for Burberry's strategic objectives.

"Despite the challenging external environment, we made good progress on our strategic priorities in the quarter," said Marco Gobetti, CEO at Burberry, in a statement. "We saw a strong increase in full-price sales as our collections and communication resonated well with new, younger clientele as well as existing customers.

"Our localized plans and digital capabilities helped drive growth in rebounding markets and we implemented our planned reduction in markdown," he said. "While the short-term outlook remains uncertain due to COVID-19, we are well placed to accelerate when the pandemic eases."

Strategic shift

During Q3 FY2021, COVID-related store closures averaged 7 percent on top of reduced operating hours. At the height of closures, 62 locations, accounting for 15 percent of Burberry's store footprint, were shuttered.

Additionally, Burberry continues to scale back markdown periods and products in an effort to strengthen the brand's reputation for exclusivity and luxury ([see story](#)). Leather and outerwear saw the strongest gains in full-price sales.

This shift, taken with the store closures, led to a decline in comparable store sales of 9 percent. Retail revenue for Q3 2021 totaled 688 million pounds, or about \$939 million at current exchange, down from 719 million pounds, or about \$981 million, in Q3 2020.

Despite the aforementioned limitations, Burberry experienced single-digit full-price sales growth during the quarter, although the brand declined to give precise figures.

Burberry further noted that there was double-digit growth in full-price sales in the Americas, mainland China and Korea. Full-price sales among newcomers to the brand also grew by double digits.

In Asia Pacific, comparable store sales were up 11 percent, propelled by strong growth in mainland China and Korea.



Burberry saw a triple-digit boost in digital sales in China. Image courtesy of Burberry

Comparable store sales were down 8 percent in the Americas, despite a mid-teen increase in full-price sales. This was offset by Burberry's decision to reduce markdowns in the market.

EMEIA Europe, the Middle East, India and Africa saw the steepest declines, with comparable store sales falling 37 percent. Burberry, along with other luxury houses, is struggling in the region because of significantly lower tourist demand.

Furthermore, EMEIA saw the largest shift in store closures amid a resurgence of COVID-19 cases and deaths. After store closures in EMEIA averaged 5 percent during Q2 2021, this jumped to an average of 19 percent in Q3.

Finally, Burberry saw another period of strong ecommerce performance.

Digital full-price sales grew more than 50 percent year-over-year, with a triple-digit jump in mainland China.

Burberry is driving growth through inspired customer journeys, bridging the gap between digital channels and stores by leveraging digital technology.

During the [National Retail Federation's Big Show](#) digital conference on Jan. 14, vice president of digital technology at Burberry Rajeev Aikkara shared insight into the brand's efforts to redefine customer experiences and enable cloud-based business agility. In conversation with global retail lead at [Amazon Web Services](#) Tom Litchford, they discussed different ways brands can leverage digital foundations for successful businesses ([see story](#)).