

RETAIL

## Burberry sets sights on China and young consumers as retail sales fall

January 21, 2021



*Burberry's Christmas quarter is not looking too merry, with COVID-induced store closures and travel restrictions resulting in a 9 percent drop in store sales. Image credit: Shutterstock*

By [Julienna Law](#)

Subscribe to **Luxury Daily**  
Plus: Just released  
State of Luxury 2019 **Save \$246 ▶**

Burberry's Christmas quarter is not looking too merry as COVID-induced store closures and travel restrictions resulted in a 9 percent drop in comparable store sales, following a growth of 3 percent the year before.

The iconic British brand, known for their dapper trench coats and checked scarves, stated on Jan. 20 that retail revenues came to 688 million (\$936.7 million), down by 5 percent with exchange rates kept constant.

Although **Burberry** managed to achieve high single-digit full-price sales growth, this was offset by reduced tourist traffic and trading restrictions. In total, 62 stores worldwide remain closed, and more than a third are open with limited hours.

Much of the weak performance was pinned on the Americas and EMEIA (Europe, the Middle East, India and Africa). Revenue in these regions tumbled 8 percent and 37 percent, respectively, following extended travel bans.

Looking ahead, the London-based company expects its home market to become less appealing for luxury shopping as the **United Kingdom scraps its VAT (value-added tax) rebate** starting this year.

"This development, which will reduce the attractiveness of the U.K. as a destination for luxury shopping, will have limited impact on revenue in the current year given the low levels of tourist traffic, but is expected to have a more significant impact when travel flows resume with sales likely to shift between countries," Burberry **commented**.

However, it is not all bad news.

For one, the luxury retailer reported strong sales growth in the Asia-Pacific region, with comparable store sales up 11 percent largely thanks to Mainland China's double-digit growth.

As such, Burberry has made moves to court its Chinese shoppers, from releasing a **Year of the Ox capsule collection** to launching its first bespoke film **A New Awakening** with popular actors Zhou Dongyu and Song Weilong.

Moreover, Burberry's digital strategy is panning out. Online full-price sales growth rose more than 50 percent during

this period, with the Chinese market in triple digits, driven by popups and local activations.

"We continued to use our digital capabilities to link customers to our stores in periods of limited traffic or lockdowns, including through our new live chat functionality on .com, virtual appointments and virtual client events," the company stated.

In many ways, Burberry's digital adoption has set the standard for luxury.

Beyond these site functionalities, the brand has also explored gaming and virtual fashion through its [partnership with Honour of Kings](#), as well as the launch of its own game, [B Surf](#), released in tandem with its TB Summer Monogram campaign.

Unlike Chanel and other counterparts that have been [resistant to ecommerce trends](#), Burberry has been quick to embrace platforms like TikTok and Twitch, along with [augmented reality](#) and social retail.

And this digital-centricity has resonated well with younger consumers who are helping to drive the brand's full-price sales.

In particular, by partnering with renowned footballer Marcus Rashford MBE, the brand saw its Instagram engagement double compared to second quarter, with an image of the prominent athlete becoming Burberry's most liked post ever.

The success of this campaign not only reiterates the importance of brands picking the right influencers, but also reflects Burberry's increasing ventures into streetwear and leisurewear categories that remain ever-popular as the pandemic rages on.

*Published with permission from [Jing Daily](#). Adapted for clarity and style.*

---

© 2021 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.