

APPAREL AND ACCESSORIES

Daniel Lee's first day: What is next for Burberry?

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In the last year alone, Burberry has parted ways with its CEO, CFO and COO, and as of last week, its CCO. What exactly is happening over at the house, and what could these shifts signal for luxury at large? Image credit: Burberry

By AMIRAH KEATON

After an executive reshuffling, British fashion house Burberry is in need of a fiscal makeover to transition towards greatness.

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A new era dawns on the luxury empire, as English designer Daniel Lee enters the arena, cutting Italian fashion designer and former creative director Riccardo Tisci's five-year run short. Between its exceptional executive turnover and major creative swaps, though, many are musing over what Burberry's most recent appointment means for both the brand and luxury at-large.

Daniel's First Day

The last five years has seen Burberry parting ways with two CEOs, its CFO and COO, and as of last week, its CCO.

Now, nearly five years after the departure of Christopher Bailey a Burberry mainstay who stepped aside from a 17-year stint at the company Mr. Lee takes the brand's helm with a bit of a burden to carry, a point to prove and a hopeful fiscal with which to continue the momentum.

The young creative maintains a proven ability to turn the ship around for labels that seem to have lost their grip on the current fashion zeitgeist.



Bella Hadid poses on a model horse for the brand's 2022 Lola campaign. Image credit: Burberry

It remains perfectly plausible that Burberry is looking to Mr. Lee to aid an issue of imbalance that has undoubtedly plagued Burberry for some time, in what can only be described by a fair level of internal turmoil, rooted in a few key factors.

To start, Burberry is not owned by a major fashion conglomerate. Instead, the company splits controlling shares amongst a litany of finance magnates.

The family-founded brand has faced an increasingly tricky and decreasingly personal ownership structure since its acquisition in 1955 by Great Universal Stores (GUS), which at the time was Britain's largest retail group.

GUS has since sold off shares to various buyers including one of the world's oldest investment firms MFS Investment Management, Inc., which holds a 7.5 percent stake in the company, and BlackRock, a 6.6 percent Burberry shareholder. Equity investment manager Lindsell Train Limited is Burberry's largest shareholder, at 9.7 percent.

A lack of fashion expertise as compared to its luxury conglomerate counterparts could be one of the keys to Burberry's struggling creative perspective. The entity goes up against leaders like Bernard Arnault of LVMH and Francois-Henri Pinault of Kering, who share creative directors, resources and visions between brands with synergistic ease between their respective portfolios, benefitting the whole in a way Burberry is not able to.

Though it seems Mr. Lee is up for the task, luxury's conglomerate leadership web is infamously difficult to penetrate.

Conversely, its strength may lie in an ability to be more nimble than its competitors, so to speak, though risk may be discouraged given the recent history of brand's strained fiscal standing.



Burberry's reported revenue decreases for its fiscal year ending March 27, 2021 were mostly due to store closures and reduced tourism caused by the COVID-19 pandemic. Image credit: Burberry

Burberry's earnings reports from the last few years tell a tumultuous tale – the brand's revenues experienced a steady decline since 2019, down 13 percent between the company's 2019 and 2021 fiscal years. Its stock price has followed suit, down 19.39 percent over the last five years as shown by Google's [Market Summary](#) tool.

For its FY19 fiscal, the company reported revenues of \$3,025,039,213 billion for the 52 weeks ending March 30, 2019, at current exchange. For its FY20 fiscal, the company reported revenues of \$2,928,178,351 billion for the 52 weeks ending March 28, 2020, at current exchange, representing a 3.2 percent decrease YoY.

For its FY21 fiscal, the company reported revenues of \$2,605,877,703 billion in the 52 weeks ending March 27, 2021, at current exchange, representing an even more severe YoY decrease, at 11%.

Its FY22 earnings report shows some signs that efforts are moving in the right direction. Burberry reported revenues of \$3,143,995,650 billion in the 53 weeks ending April 2, 2022, providing a restoration above pre-pandemic figures and a revenue increase surpassing 20 percent.

Thus, Mr. Lee enters his agreement peering over the precipice of Burberry's profits and public perception, its sharp edges illustrative of a need to continue driving revenue, avoiding any dips in earnings at all costs.

The final factor in Burberry's challenging trio is, as with any luxury label, its owners' roles in fostering a fleeting leadership structure, evidenced by the company's c-suite turnover.



Burberry has shown fiscal growth since the arrival of CEO Jonathan Akeroyd, who joined the company in October 2021, having previously served as CEO at Versace and Alexander McQueen. Image credit: Burberry

Besides Mr. Tisci, the week before last, chief financial officer and chief operating officer Julie Brown announced her plans to transition off the team by April 1, 2023, at the close of Burberry's fiscal, leaving for another industry entirely after having joined the team in 2017.

Last year, former CEO Marco Gobbetti stepped down from his post after spending five years repositioning the company, citing a desire to spend more time with family.

All of these behind-the-curtain changes have undoubtedly bore their impact on the house's output.

Stylistically, the label has struggled. Mr. Lee could help remedy a relatively rough situation, one that began in recent years with Mr. Bailey and continued under Mr. Tisci.

The creative's original Burberry appointment ([see story](#)) happened at the hands of the brand's former CEO after having worked with the designer during their overlapping time at Givenchy. Mr. Gobbetti was president and CEO of Givenchy from 2004 to 2008 and Mr. Tisci arguably reached a career peak as the company's creative director from 2005 to 2017, during a successful, highly-publicized stint.

In the interest of moving the brand further upmarket with strong haute couture demonstrations, Mr. Gobbetti tapped the designer ([see story](#)). Mr. Tisci's takeover did indeed signal a new chapter for the brand.

The creative attempted to modernize marketing efforts. Burberry teased Mr. Tisci's first collection with a makeover of its London flagship ([see story](#)).



Burberry's Regent Street flagship ahead of its September 2018 runway show. Image courtesy of Burberry

Under Mr. Tisci, the brand has attempted to modernize, with efforts like the introduction of the industry's must-have "it bag" and subsequent public relations and VIP push.

During his tenure, Burberry attempted to bolster additional executive ranks as well, notably tapping APAC expert Sam Fischer to join its board of directors as it prepares to grow its book of business in several Asian markets ([see story](#)).

Though the two share an alma mater both Mr. Tisci and Mr. Lee are graduates of London's famed Central Saint Martins. Mr. Lee's trajectory has taken a slightly sharper turn. Burberry's new creative lead brings years of experience to the house.

Having previously served as director of ready-to-wear design at French fashion house Celine in 2012, lending his hand to the minimalist aesthetic that launched the brand into fame under British fashion designer and former creative director Phoebe Philo while learning the art of reinvigoration from the best.

Burberry's bottom line is clearly in need of a buzzy boost, the type that Mr. Lee has historically been able to deliver to sleepy Euro brands in recent years, hitting at the core value of what this shift means for the brand. The move signals a heavy investment in financial growth, by way of a relevant design refresh, a move that has historically driven revenue for both its brand, and for luxury peers.

Burberry's stock shot up last Wednesday, upon news of the announcement, lending a particularly positive omen to the British brand.

The impacts of fashion's repeated CD shakeups

Mr. Lee's fresh design mind could fare as incredibly welcome at the heritage label. It seems that brand creatives appointed to helms are skewing younger and bolder.

In the wake of his transition, an ongoing trend has been revealed, one that skews towards fresh faces overtaking fashion's old guard. It seems luxury fashion is rewriting the rules with a new revival blueprint. As fashion month rolls on, the industry witnessed a massive amount of buzz around creative director debuts.

Last week marked a new beginning for Kering-owned Italian fashion house Bottega Veneta. Creative director Matthieu Blazy's inaugural fashion week presentation was met with much acclaim, attended by a wide range of celebrities and walked by stars like Kate Moss, who graced the show with her easeful gait.

Also new to Milan's stages was newly-appointed creative director and British designer Maximilian Davis ([see story](#)). On the heels of strong H1 profits ([see story](#)), the brand also rolled out a new identity under its novel lead ([see story](#)).

Of his opportunity to replicate his own wins and mirror the industry's budding formula for success, Burberry's newest employee appears ready.

"I am honored to join Burberry as chief creative officer," Mr. Lee said, in a [statement](#).

"I am very excited to be returning to London, a city that champions pioneering creativity and that continues to inspire me."

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