Burberry boosts profit guidance as full-price sales take off

By Sandra Halliday - 20 January 2022

Burberry's full-price sales continued to grow in double-digits compared with two years ago during its fiscal Q3 (the 13 weeks to December 25), underlining the ongoing recovery from the pandemic both at the luxury company and within the wider luxury sector as a whole.

Chairman Gerry Murphy said the growth reflected a “higher-quality business” and said its ‘focus categories’ — outerwear and leather goods — “performed strongly as we continued to attract new, younger consumers to the brand”.

As it awaits the arrival of new CEO Jonathan Akeroyd in April, it highlighted an acceleration in full-price Q3 comparable store sales that were up 10% compared to Q2 and rose as much as 26% against Q3 two years ago (2YOY).

That said, overall comparable store sales were flat compared to Q2 and down 3% 2YOY, but this was due to the planned reduction in markdowns as it “enhanced the quality of our revenues”. Retail revenue reached £723 million in the quarter.

It also said the quarter achieved the highest level of earned reach to date on Instagram, driven by brand activations including its pop-up on Jeju Island coupled with strong momentum on TikTok.

And it strengthened its position with those new and youthful consumers who helped to drive the double-digit growth mentioned above.
It saw ongoing full-price strength in digital channels too, with sales up in “high double-digits” on a two-year basis.

Assuming no further changes in the external environment, it expects current-year adjusted operating profit to grow in the region of 35% at constant exchange rate compared with the prior year. Analysts had expected a rise of around 19%. And it’s maintaining its medium-term guidance for high-single-digit top-line growth and meaningful margin accretion at constant exchange rates.

GLOBAL STRENGTH

The company said that regionally, full-price comparable store sales were driven by the continued strong performance in the Americas, a material sequential improvement in Asia Pacific as Covid-19 restrictions eased and improving trends in EMEIA, despite an ongoing lack of tourism.

It added that full-price outerwear sales grew 38% on a two-year basis, supported by a major campaign and the new elevated check range in its Birch Brown colourway. Leather goods saw full-price sales up 29% 2YOY as it extended the Lola family with the introduction of the crossbody, tote and SLG versions as part of its Winter collection.

And it continued to elevate the customer experience with the rollout of its new store concept. In total, it now has 31 stores in the new design, including its second flagship — Plaza 66 in Shanghai — and is on track to deliver around 50 new concept stores by the end of the financial year. "The new store concept is transforming how our customers experience our brand and product and is supporting revenue growth", it explained.

But it's also focusing on digital as it’s “seeing strong and increasing engagement with customers globally buying online as an outcome of enhancements we have made to the online purchase journey including greater personalisation”.

By Sandra Halliday

Copyright © 2022 FashionNetwork.com All rights reserved.