# Burberry eyes recovery with classic focus amid trade headwinds and market uncertainty



Investors are cautiously optimistic that Burberry can successfully navigate its current challenges and restore confidence in its turnaround strategy. The British luxury fashion house, listed on the London Stock Exchange, is preparing to unveil its full-year financial results, which follow a turbulent period marked by trade disruptions and a struggling luxury market, particularly in key regions like the United States and China.

After announcing a strategic £40 million cost-cutting initiative last November, Burberry is projected to report an operating loss of approximately £7 million for the year ending March 2025. Analysts are expecting, however, that the company will achieve an adjusted profit of £11 million. It had previously indicated that its second-half results were set to "broadly offset" the losses incurred during the first half of the fiscal year, with group revenues predicted to reach around £2.5 billion—a significant decline of 12% from the previous year.

The company’s share price has suffered lately, particularly following tariff announcements made by Donald Trump. His imposition of steep tariffs on Chinese exports prompted reciprocal measures from China, raising alarms about the future of trade between the two largest economies. This is especially pertinent for Burberry, which relies heavily on the Asian market, sales in which have already been adversely affected. Significant declines in demand from Chinese consumers, a demographic critical to Burberry's revenue, have been reported, contributing to the downward pressure on sales.

Despite these setbacks, the brand is taking proactive steps to rejuvenate its image and performance. At the start of the year, Burberry reached out to investors, affirming that it was addressing its challenges with "urgency" and noting early signs of recovery in Asia, even if overall sales in the region saw a nearly 10% drop during the third quarter.

CEO Joshua Schulman, who has a track record from leading brands like Coach and Michael Kors, has outlined a strategic pivot focusing on classic offerings, particularly the iconic trench coats and scarves for which Burberry is renowned. This includes adopting a more cautious pricing strategy for bags and shoes, aiming to appeal to a broader customer base while retaining the brand's luxury essence. After a reported 20% decline in revenue during the first half of the financial year, Schulman’s plan has been well-received by the market, with shares seemingly buoyed by optimism for the brand's future trajectory.

The company’s latest festive season performance has also sparked hope, as Burberry reported a smaller-than-expected decline in comparable store sales—only 4%—as opposed to the anticipated 12%. This stronger performance was particularly driven by robust sales in the US market, where interest in the brand's signature products has remained steady. Schulman has stated that the brand's festive campaigns have successfully resonated with consumers, contributing to a renewed interest in Burberry’s classic items.

Looking forward, Burberry remains focused on a sustainable path towards profitability. With ambitious plans to return to £3 billion in annual revenue, the company is keen on honing in on its core products and enhancing the efficiency of its retail operations. Schulman continues to emphasise the importance of maintaining Burberry's heritage while adapting to contemporary market demands.

As Burberry prepares to share more detailed insights into its financial standing and ongoing strategies, the luxury brand is keenly aware that its recovery hinges on overcoming the immediate trials posed by trade uncertainties and a shifting consumer landscape. Investors are hopeful that the upcoming results will provide clarity on how these factors are influencing the company’s path forward and whether it can sustain its momentum amidst ongoing challenges.

### Reference Map

1. Paragraphs 1, 2, 3
2. Paragraphs 2, 5
3. Paragraphs 3, 5
4. Paragraphs 2, 5
5. Paragraphs 4, 5
6. Paragraphs 1, 4

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.theindustry.fashion/investors-pin-hopes-on-burberrys-recovery-amid-china-and-us-trade-upheaval/> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/retail-consumer/burberry-announces-turnaround-plan-sales-continue-slide-2024-11-14/> - Burberry has announced a strategic pivot to highlight its classic trench coats and scarves, coupled with a more cautious pricing strategy for bags and shoes. CEO Joshua Schulman, who previously led Coach and Michael Kors, presented this plan following a reported first-half financial loss and a launch of a £40 million cost savings initiative. The market responded positively, with shares surging over 14%, despite a 40% decline in 2024. Schulman's plan emphasizes disciplined branding, leaning into 'timeless British luxury' with lower-priced entry-level products while maintaining the luxury status. Burberry's first-half performance showed a 20% drop in revenue, with significant losses in the Asia Pacific region. Despite rumors, Schulman refrained from commenting on potential takeover bids, indicating Burberry's intent to stay independent and targeting a return to £3 billion annual revenues.
3. <https://www.ft.com/content/e76477d1-10ca-4b68-8c87-c013fd5dd372> - Burberry's shares surged by 15% following an announcement of better-than-expected festive sales, as the British luxury brand's comparable store sales dropped only 4% versus the anticipated 12%. This was primarily due to robust performance in the US market, especially in New York, reflecting patterns observed in other high-end brands like Richemont. Despite these positive figures, Burberry faces challenges with a sales decline in Europe, the Middle East, Africa, and especially in the Asia-Pacific region, where mainland China saw a 7% decrease. CEO Joshua Schulman, who took charge in July, is focusing on revamping the brand towards its classic outerwear staples and implementing cost-saving measures. Although optimistic about avoiding a full-year operating loss, Schulman emphasizes the early stage of the company's transformation. The brand also aims to maintain its luxury status while exploring a broader range of price points.
4. <https://www.ft.com/content/d2c5d710-bc89-405b-8ec6-4d48c5277eda> - Burberry's shares surged nearly 15% after new CEO Joshua Schulman announced measures to stabilize the company following a half-year loss. Schulman revealed a £40 million cost-saving plan and set a £3 billion annual revenue target without a specific timeline, promising to correct the course for sustainable growth. Despite previous management's failed upmarket strategy, Schulman emphasized maintaining Burberry as a luxury brand with a broader range of price points. The company, dealing with a significant stock decline and a 22% revenue drop to £1.1 billion, reported an £80 million pre-tax loss. Schulman, highlighting Burberry's heritage, proposed focusing on core products, enhancing store productivity, and reducing inventory to revive the brand, while being optimistic about the resilient Chinese market.
5. <https://www.reuters.com/business/retail-consumer/burberrys-quarterly-sales-drop-less-than-feared-2025-01-24/> - Burberry reported a smaller-than-expected 4% decline in quarterly comparable store sales, driven by a robust holiday season in the US, signaling progress in its turnaround efforts. The brand's shares surged by 16%, reflecting increased investor confidence. CEO Joshua Schulman attributed the positive results to effective festive campaigns focusing on trademark products like trench coats and scarves, resonating with a broad customer base. The strategy aimed to rejuvenate interest in Burberry's iconic items and attract new customers. Sales in the Americas grew by 4%, while declines in other regions like Asia Pacific and EMEIA were less severe than in previous quarters. Sales markdowns and improved full-price sales contributed to better performance, and Burberry anticipates potential profitability for the fiscal year despite a prior operating loss. Third-quarter retail revenue was recorded at 659 million pounds, down from 706 million pounds the previous year.
6. <https://www.burberryplc.com/news/financial/2024/interim-results-for-26-weeks-ended-28-september-2024> - Burberry's interim results for the 26 weeks ended 28 September 2024 revealed a net loss of £74 million, down from a profit of £158 million in the same period last year. Revenue slid 22% to £1.09 billion. CEO Joshua Schulman emphasized the urgency to stabilize the business and position Burberry for sustainable, profitable growth. The company initiated a £40 million cost-saving program and focused on core products, including outerwear and scarves, to reignite brand desire. Despite challenges, Burberry aims to return to £3 billion annual revenues and maintain its luxury status while exploring a broader range of price points.