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Festivalgoers help Burberry to best sales in 18 months

Sarah Butler

Shoppers snapping up Burberry wellies, scarves and jackets for music festivals have helped the fashion brand to its best sales performance in 18 months despite lacklustre spending by tourists around the world.

Sales of the luxury British brand fell by 2% to £433m in the three months to the end of June, with a 1% decline at established stores, an improvement from the 6% fall in the previous quarter and the best performance since Christmas 2023.

Shares in Burberry rose by more than 4% yesterday morning on the better than expected performance, as its chief executive, Joshua Schulman, who was appointed a year ago, attempts a turnaround.

Sales rose in Europe and the Americas but continued to fall in Asia, including the Chinese market, which accounts for 30% of sales.

Schulman, the former boss of the US brand Coach, said: "It's a tough macro [environment] out there and we are taking things step by step but we are optimistic about the quarters ahead and the business in general."

He said Burberry had appealed to "elite VIP" customers with events linked to its partnership with King

Charles's Highgrove estate and also to a younger luxury customer through

◀ *Burberry's boss said festival-linked popups had helped it appeal to younger luxury customers*

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festival-linked popups featuring DJ sets in shopping centres. A trial of dedicated "scarf bars" in stores has also gone well and the company plans to install 200 in total.

"We are appealing to a much broader range of luxury consumers," he said, with the change in marketing drawing in younger, high-spending extrovert consumers who want to stand out from the crowd, as well as more mature brand loyalists.

Adam Cochrane, an analyst at Deutsche, said further growth would be largely dependent on Burberry's ability to "replicate the success" of its core products in other areas.

The company said it was "still in the early stages of our turnaround" with aims to continue simplifying the business and improving productivity and cashflow.

It expects to achieve £80m of its planned £100m cost cuts this financial year, with the remainder next

year, and has reorganised the business under four regional heads.

The company said in May it was cutting up to 1,700 jobs, including an entire shift at its Yorkshire raincoat factory, in an effort to make £60m in cost savings on top of a £40m savings programme announced in November.

Schulman said Burberry's autumn ranges were being "well received", although the external environment "remains challenging".

He added: "Over the past year, we have moved from stabilising the business to driving Burberry forward with confidence. The improvement in our first-quarter comparable sales, strength in our core categories, and uptick in brand desirability gives us conviction in the path ahead."

He called on the government to implement policies that would "encourage tourism" as he said: "International consumers are not shopping in the UK to the extent we would like due to the lack of a VAT refund scheme." The scheme was phased out under the last government.



