

Burberry eyes growth as tourists flock to Paris and Milan over the UK

Luxury fashion retailer [Burberry](#) has seen its revenues jump as it plans to double its sales of leather bags and shoes over the next few years.

The company posted revenues of £1.3 billion for the half year to October 1, up 5% from £1.2 billion posted a year ago.

This was driven by a double-digit increase in sales of leather goods, which jumped by 15% in the second quarter as its Lola handbag became a bestseller.

It also posted a 6% increase in its adjusted operating profits, from £196 million last year to £238 million this year.

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The company said it had increased its prices during the last half year in efforts to combat cost inflation.

Burberry's chief operating and financial officer Julie Brown said: "We are changing price as necessary. The range of price increases we have taken is between the mid-single digit to the high-single-digit level.

"The price changes that have been taken this year have been mostly in the rainwear, agility wear and scarf wear.

"As the season changes, the product changes, and therefore the price changes are not necessarily like-for-like – it is also about product transformation."

Burberry told investors of its ambitious growth plans, with a target to grow sales to £4 billion in the next three to five years and overall revenue to £5 billion.

It also plans to expand its accessories from a third to more than half of the group's total sales.

But it said it was mindful of the challenging economic environment and disruption in its biggest market, mainland [China](#), which has held on to a zero-Covid policy.

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Sales in the region declined by more than a third in the first quarter of the financial year as a result of the lockdowns, it said.

Outside of mainland China, sales of its outerwear products – which includes its well-known trench coat – jumped by nearly a fifth in the latest half year, with a particularly strong performance in menswear.

However, Ms Brown noted that the UK has seen shrinking levels of tourists visiting stores in the latest period.

She said: “We have seen an increase in tourists in America, but we are not seeing the same degree of tourists in the UK as we used to, as many are going into [Paris](#) and [Milan](#) and continental Europe instead.

“It is clearly one of the implications of the [VAT](#) retail exports being removed.”

Ms Brown explained that overseas visitors to the UK used to benefit from tax-free shopping – whereby they could reclaim VAT on items bought – but the scheme was removed at the start of 2021.

“It was a real incentive for the luxury shopper to come to the UK”, she said.

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Jonathan Akeroyd, Burberry’s chief executive, said: “Burberry has an extraordinary legacy, a unique British heritage and a very strong platform to build on, as shown in our half-year results.

“Our focus in this next phase is on growth and acceleration.

“We have a clear plan to achieve this across brand, product and distribution and a very talented designer in Daniel Lee, supported by a passionate team.

“I am confident in our ability to deliver our medium-term targets and realise our potential as the modern British luxury brand.

“I am excited about what we can achieve in pursuit of our long-term ambition to reach £5 billion in revenue.”