Burberry delivered a Q1 trading update on Friday and had both good news and bad. CEO Jonathan Akeroyd said on the upside that he “was pleased to see our more localised approach drive recovery in EMEIA, where spending by local clients was above pre-pandemic levels”.

However, the performance “continued to be impacted by lockdowns in Mainland China”, which is key market for the business.

At least the firm’s “focus categories” — that’s leather goods and outerwear — “continued to perform well outside of Mainland China and our programme of brand activations boosted customer engagement”.

And he added that “while the current macroeconomic environment creates some near-term uncertainty, we are confident we can build on our platform for growth”.

So what does all that boil down to in figures? Q1 retail revenue rose 5% to £505 million but was flat on a currency-neutral basis. Comparable store sales increased only 1%, but excluding Mainland China, they grew as much as 16% with EMEIA comp store sales up an impressive 47% as the region recovered from the pandemic.
It saw “double-digit” comparable growth in leather goods and outerwear outside Mainland China with the Lola handbag range “performing well, supported by new shapes”. Plus there was a “good performance from rainwear and jackets”.

Looking at the good news from EMEIA in more detail, the company said it saw “an increase in spending by clients in their home markets to above pre-pandemic levels”. Its localised approach, “together with increased tourist spend from the Americas has helped to mostly offset lower sales to Asian and especially Chinese tourists”.

In Mainland China it saw a 35% decline due to Covid restrictions, while Asia Pacific as a whole fell 16%. It started the quarter with around 40% of its distribution disrupted by lockdowns in Mainland China, including its digital hub. Disruption continued for the first two months but all stores reopened by the end of the period. At least the declines in Mainland China were partially offset by strong performances in the recovering markets of Japan and SAP.

Meanwhile, the Americas decreased 4%, “slowing against very tough comparatives”. But it saw “good growth in outerwear with bags also outperforming”.

Globally, its marketing clearly paid off in improved sales as it expanded the Lola range, and its high levels of engagement on social media helped drive traffic to its website and also helped it add almost half a million new profiles to its global customer database.

As well as various pop-up and virtual initiatives, plus special activations for Pride and the Platinum Jubilee in the UK, the company continued “to elevate the customer experience in stores”.

It rolled out its new design concept to six more locations in the quarter, including two stores in Japan, one in Hong Kong, China and three in EMEIA. It remains on track to achieve its target of adding 65 newly designed stores in FY23 in addition to the 47 it rolled out last year.

By Sandra Halliday