

At the age of 40, Mulberry plc is reinventing itself. It has always had significant overseas sales, so the question now will be can it translate its UK sales growth into international success? The likely answer is 'yes'. British luxury brands, such as Burberry and Paul Smith, are enjoying a strong period at the moment. One that targets a younger customer is likely to be well-received in America and Asia.

And where does that leave the workers? The Somerset factory now employs 195 staff, up from 110 employees 4 years ago. Chief executive Godfrey Davis admits that some customers complain when they realise their bag is made in China or Spain, but insists that everything is made with high-quality Italian leather. The quality is therefore assured and there are no questions about animal welfare standards — as might be the case with leather from China.

Conclusion

In April 2010, before the annual accounts were published, Godfrey Davis was quietly telling people to expect that 2010 sales will be \$70 million (up from \$59 million in 2009), and that profits will have grown from \$3.9 million to over \$6 million. The

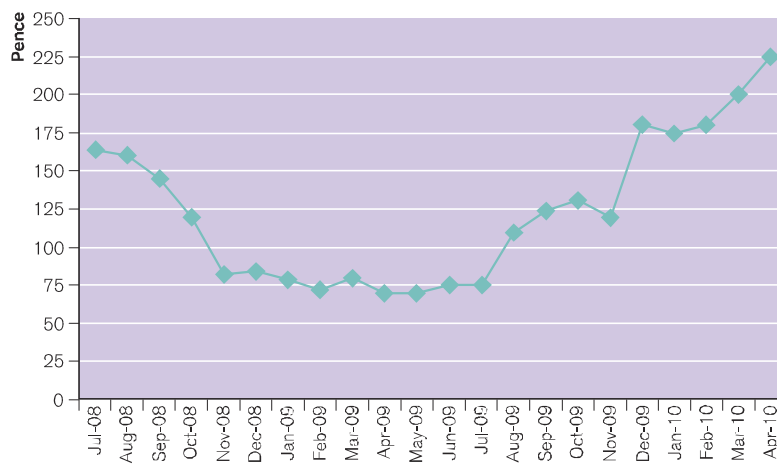


Figure 2 Mulberry plc share price, July 2008–April 2010

consequence of this turnaround has been that Mulberry shares rose by 200% between July 2009 and April 2010 (see Figure 2).

Davis can afford to feel very pleased. His cautious approach to finances meant the business could cope with the sudden downturn — and his eye for strategy has led to a growth in sales and profit that seems likely to keep the shares moving ahead for some

time to come. For now, Alexa Chung is just the celebrity to be associated with. But, unlike TopShop, whose image is wedded to an ageing Kate Moss, Mulberry will be able to find a new It-girl in the future. A well-judged strategy indeed.

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