

A Look at Marco Gobbetti's Unexpected Leap From Burberry to Ferragamo

After four action-packed years at Burberry, Gobbetti is moving home to Italy, where he'll be charged with reviving the fortunes of Salvatore Ferragamo.

By [Samantha Conti](#) and [Luisa Zargani](#) on June 28, 2021



Backstage at Burberry RTW Fall 2021. Francisco Gomez de Villaboa/WWD

LONDON — [Burberry](#)'s loss will be Ferragamo's gain when [Marco Gobbetti](#) leaves England later this year and returns to his native Italy in a new chief executive role, although his unexpected exit has left some scratching their heads.

On Monday, [Burberry](#) Group plc revealed that Gobbetti, who took up his CEO role in July 2017, will be exiting at the end of the year in order to move closer to his family. Minutes later, [Salvatore Ferragamo SpA](#) confirmed that Gobbetti was taking on a similar role at the Italian company, and called an extraordinary board meeting for July 1.

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There was no mention of Ferragamo's current [CEO Micaela Le Divelec Lemmi](#), although rumors about her departing the Florence-based company have been circulating in Italy. Le Divelec Lemmi, a Gucci veteran who joined Ferragamo as chief corporate officer, was named CEO in 2018.

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On Monday, the markets frowned on both companies' moves. Burberry's share price on the London Stock Exchange closed down 8.7

percent at 20.55 pounds, while Ferragamo's dipped 2.7 percent to close at 18.79 euros.

A difficult four years at Burberry

Although Gobbetti's departure was unexpected, it's not a complete surprise given the difficulties and dramas that unfolded during his four years spent turning the brand around and cementing it in the luxury space.



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No sooner had Gobbetti taken up the top role than [Christopher Bailey](#), his predecessor as CEO and the brand's chief creative officer, announced his departure. As he got to grips with his new role, Gobbetti was under added pressure — from markets, the Burberry board and the press — to find a successor for Bailey.

It was no easy task in a hyper-competitive market, and with much of the top, expensive talent locked up by [Kering](#) and [LVMH Möt Hennessy Louis Vuitton](#).

After installing [Riccardo Tisci](#) in the role, Gobbetti then had to deal with the uncertainties — and the substantial costs — of Brexit, and the shift to more sustainable, environmentally friendly ways of working following Burberry's public rebuke for its past [practice of incinerating excess stock](#).



Burberry men's spring 2022
Courtesy of Burberry

Just as Burberry was making real progress with [Gobbetti's ambitious revitalization plan](#), COVID-19 struck and, like nearly every luxury CEO, he was quickly forced to change tack, give up a chunk of his salary, set layoffs, [ask his factories to make PPE](#) and navigate the company through worldwide lockdowns, and a freeze on international travel.

He was doing it all under the scrutiny of the stock market — and of the British press — the latter of which often grills Burberry about its luxury prices, splashy advertising campaigns, and commitments to U.K. employment, investment and manufacturing.

So it might not be that much of a surprise that Gobbetti wanted out, despite so much success with the brand.

In a statement Monday, he didn't offer up much in the way of explanation. "With Burberry re-energized and firmly set on a path to strong growth," he said, "I feel that now is the right time for me to step down."

Getting Burberry back on track

In the midst of the drama, Gobbetti set out a series of goals, and achieved them: Together with the team, he culled the wholesale business, nixed discounting and shortened the seasonal sales periods, putting the emphasis on full-price sales.

So determined is he to distance Burberry from discount culture that the brand plans to eliminate markdowns in mainline stores entirely by the end of the current fiscal year.

He shifted into top gear on the social media front, [opening a social selling store with Tencent](#) in Mainland China and the brand is set to unveil a new retail concept in Knightsbridge next month.

Gobbetti also put Burberry accessories on the map, broadening and enriching the offer, creating handbag families and a pricing architecture similar to those at other luxury goods brands.

In 2018, on Gobbetti's watch, [Burberry purchased its longstanding manufacturer CF&P](#), based in Tuscany, Italy. As part of that purchase, Burberry took on the craftspeople who had worked closely with the company for more than a decade.



FKA Twigs stars in the Burberry Olympia bag campaign. Courtesy of Burberry

At the time, Gobbetti described the move as a “major milestone for the brand and a statement of our ambition in this strategically important category.” His aim was to create a “center of excellence” for Burberry’s leather goods, covering all activities from prototyping, product innovation, engineering and the coordination of production.

“This will give us greater control over quality, cost, delivery and sustainability of our leather goods,” said Gobbetti, who had arrived at Burberry a seasoned luxury executive.

It’s no wonder that Ferragamo was keen on him, given that the Italian brand needs some turnaround magic of its own.

Early in his career Moschino served as CEO of Moschino, and later spent 13 years at LVMH, where he was CEO of Givenchy, working with Tisci. He later decamped to Celine, where he

worked with Phoebe Philo.

Burberry's share price has risen 37 percent since Gobbetti officially took over as CEO, although following Monday's news its shares have fallen and the stock is now trading around 25 percent higher than in July 2017.

As reported, Burberry emerged from the [COVID-19 crisis with fresh momentum](#), reporting an 11 percent decline in revenue to 2.34 billion pounds in the 12 months to March 27, 2021, a year scarred by store closures worldwide, a pause in long-haul tourism and uncertainty across all of the company's major markets.

The rebound in China has helped to bolster growth: In the fourth quarter, Burberry's same-store sales surged 32 percent.

Compared with the corresponding period in 2019 — well before COVID-19 struck — fourth-quarter comparable store sales were down just 5 percent, despite an average 16 percent of stores being closed due to lockdown.

Reported operating profit more than doubled to 521 million pounds in the 12 months ending March 27, including one-off adjusting items of 125 million pounds. The numbers reflected tight cost control and strong performance in full-price sales. Profit after-tax more than tripled to 376 million pounds.

Burberry even reinstated its dividend to 2019 levels, and said it plans to reintroduce a mid-year dividend in November. Sales growth is set to be in the “high single-digits” in fiscal 2021-22.

Some analysts believe that Burberry turned a corner under Gobbetti — even as work remains to be done.

“The departure of [Marco Gobbetti](#) seems the seal on a partially successful brand turnaround. Burberry is in a far better position today than when Marco took responsibility for it,” said Bernstein's Luca Solca.

He added, however, that the jury is still out on Burberry's continuing momentum. “We see both opportunity and risk,” he said, noting that Burberry is trading at a significant lower multiple compared to peers.

Burberry expresses its regret

Burberry's chairman Gerry Murphy expressed his disappointment that Gobbetti was leaving so soon. He said the CEO made an “immense contribution” to the company and

has had “a transformative impact, establishing a clearly defined purpose and strategy, an outstanding team and strong brand momentum.”

“The board and I are naturally disappointed by Marco’s decision, but we understand and fully respect his desire to return to Italy after nearly 20 years abroad. With the execution of our strategy on track and our outlook unchanged, we are determined to build on Burberry’s strong foundations to accelerate growth and deliver further value for our shareholders.”

Burberry said that Gobbetti, who earned a total of 2.25 million pounds in fiscal 2020-2021, will be treated in accordance with the company’s approved remuneration policy and his service contract for the remaining term of his employment.



Salvatore Ferragamo's "Enigma" online game. Courtesy of [Salvatore Ferragamo](#)

All share awards which are unvested at the point that Gobbetti leaves Burberry will lapse in full, and no further share awards will be granted. Full details will be disclosed on Burberry’s website after the fiscal 2021-2022 annual report is released next year.

It’s likely that Ferragamo will make up for the loss of share awards with a golden hello for a manager who commands great respect in Europe.

Giovanna Brambilla, partner at Milan-based executive search firm Value Search, described Gobbetti as “undoubtedly one of the international managers of Italian nationality of most value and experience among those active in the luxury sector” and underscored his “enormous” experience in “strategic revision and repositioning” of international brands.

Rodgy Guerrero, founder of Rodgy Guerrero and Partners, which specializes in the research and selection of managerial and creative profiles in the fashion, luxury, retail and design

industries called Gobbetti “the man of the relaunch, of the transformation, as he proved with his Burberry experience, testified by the increase in the value of the shares during his management.”

Challenges lay ahead at Ferragamo

He’ll certainly have to put those skills and experience to work when he’s back in Italy.

Gobbetti, Solca argued, will take over “another monumental challenge by becoming the CEO of Ferragamo. “The brand needs a thorough rejuvenation of its marketing fundamentals: product and communication, first and foremost.”

Flavio Cereda at Jefferies also argued that Gobbetti was facing “an equally demanding challenge at smaller brand Ferragamo,” and also noted that Burberry now faces a series of new challenges, including appointing a successor who broadly approves and agrees with the ongoing strategy and retaining Tisci. “To lose him too would be most problematic,” as Cereda believes that much of the brand is now associated with him.

However monumental, it is unlikely that Gobbetti will face the sort of challenges at Ferragamo as he did at Burberry.

At 3.17 billion euros, Ferragamo’s market capitalization is about one-third of Burberry’s, and it is listed on a smaller and less significant stock exchange than the LSE.



**Johanna Goodman for
Ferragamo. courtesy image**

Unlike Burberry, which is 100 percent listed on the stock exchange, the Ferragamo family still owns and part-manages the business.

The brand's source of sales is high-end leather accessories, which are less susceptible to seasonal trends or dependent on hot designers. They also bring higher margins and fall well within the methodical Gobbetti's area of expertise.

On Monday, Ferragamo revealed little, beyond saying that an agreement had been reached with Gobbetti to join Salvatore Ferragamo S.p.A. as general manager and CEO.

It said Gobbetti would take up the new roles "as soon as he is released from his contractual obligations." He already said he'll remain at Burberry until the end of 2021.

The potential ripple effects of Gobbetti's move

For both companies, questions remain.

At Burberry three major things are unclear: First, of course, is who the company will find to succeed Gobbetti. While he isn't leaving until the end of the year, that does not leave Burberry a lot of time to identify and recruit a successor, especially one without a noncompete contract that otherwise would restrict when the new CEO could join.

Second, whether Gobbetti's departure might precipitate an all-out takeover bid for the company from the likes of a competitor such as Kering or LVMH or a non-trade financial investor.

Cereda dismissed that speculation. "Burberry can be approached at any moment, and we would suggest the outgoing CEO would perhaps not walk away from his share awards if a discussion was ongoing or likely to be a [takeover] development. Also, we fail to see what difference it would actually make."

Finally, could Gobbetti's departure spur Tisci to exit? The two had already worked together at Givenchy, and are said to be close, although Tisci's collections at Burberry have been gaining sales and critical momentum.

Also, he's waved goodbye to Gobbetti before. Tisci spent more than a decade at Givenchy, where he was creative director from 2005 to 2017. While Gobbetti was the man who originally hired Tisci, the two overlapped at the company only a little more than three years when Gobbetti left for Celine.

Last year at the Fashion Awards, Tisci scooped a creativity prize for his fresh take on the fashion show during the COVID-19 crisis. He staged Burberry's September show in a forest, with no audience present and has continued to innovate, creating a blend of digital and physical shows and ad campaigns.



Burberry's Riccardo Tisci will kick off LFW with a livestreamed show on Sept. 17. Photo Courtesy of Burberry/Danko Steiner

Cereda argued that one of the challenges for Burberry going forward will be retaining Tisci. "To lose him too would be most problematic. Too much of the brand image is associated with him. Also, any new CEO better get along with him," he wrote.

Exane speculated that Tisci could follow Gobbetti to Ferragamo given that there's a job open there: Ferragamo's creative director Paul Andrew left in May. "The key aspect of Gobbetti and Tisci's mission at Burberry was focused on leather goods, however we note that they also had quite a lot of success with shoes (especially in the U.S.), which is also a core product category for Ferragamo," Exane noted.

To sell, or not to sell?

Analysts were forthcoming about the problems that Ferragamo is currently facing.

Exane underscored that Gobbetti will be the company's fourth CEO in five years: Michele Norsa stepped down in 2016 after a decade; Eraldo Poletto left in 2018 after less two years on the job, and it appears as if le Divelec Lemmi is set to leave soon.

“Since 2015 Ferragamo has been struggling with negative like-for-like and deteriorating operating margins, which we believe have been driven by an underinvestment in the company, especially in marketing,” Exane wrote. “The news should remove some of the speculation around the stock in relation to a potential sale by the controlling family, which seem to be willing to try to turn around the company before considering any sale.”

Marco Baccaglio, equity research analysts at Kepler Cheuvreux, said Ferragamo’s decision to hire Gobbetti, “comes as a surprise for investors, and not necessarily a good one, particularly as far as the results of the actions of the current management team go. On top of that, we would note that Gobbetti will not join immediately, probably further delaying the engineering and the execution of a new plan to revive the brand.”

Baccaglio also underscored that Ferragamo is “typically considered as a takeover target in the luxury industry, but is still an appealing brand with a still good positioning in some luxury categories such as leather goods and shoes. We believe that this news is reducing the chances that the brand might look for a partner, or be sold in the short term.”



Salvatore Ferragamo, pre-fall 2021 Courtesy of Salvatore Ferragamo

Guerrera believes that, in hiring Gobbetti, Ferragamo wants one more chance to turn itself around before seriously considering a sale or merger.

“With the previous management, Ferragamo did not succeed in completing a turnaround, in attracting a younger customer and realizing a necessary transformation for the growth of the

brand. I believe the company and the family will give this opportunity to Gobbetti before considering, partnerships or a sale.”

Rumors about a possible sale of Ferragamo have swirled for years, and have always been denied by the family, which has been easing out of top roles and hiring outside managers to take the business forward.

In the 12 months ended Dec. 31, Salvatore Ferragamo’s revenues fell 33.5 percent to 916 million euros, but the company reported a progressive improvement in the second half and a positive performance of the brand’s stores in the first nine weeks of 2021, topped by solid growth in China and South Korea and an 85.6 percent gain in the digital channel. In the three months ended March 31, revenues rose 10.3 percent to 245 million euros despite the ongoing lockdowns of stores in some countries, impacted by the pandemic.



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