

Burberry case study

Business



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She had led the brand to mass market success through marketing mix strategies by developing product diversification, adopting new promotional campaign and expanding new distribution network.

Despite this success, Ms. Bravo however concerned how to keep the track record while maintaining the prestige and exclusivity of the brand. She also concerned about how they should strategies their marketing effort as well as overall business management to meet new changing and more challenging business environment and market demand in order to grow, survive and sustain in the marketplace. 2. BUYERS SNAPSHOTS 2.

Significant Events Burberry, an iconic and authentic British luxury brand in fashion industry, was synonym with high-quality and durability product. It was founded by Thomas Burberry, a young dressmaker in 1856 in Basingstoke, Hampshire, England. Burberry initially operated in the very niche market whereby he was produced men's outerwear such as raincoat and boot to cater for travelers and sportsmen needs by using a high-quality garment and serve the purpose as weatherproof and comfortable. In 1901, the "Equestrian Knight" trademark has been registered using the word "Proms" which means "move forwards".

This reflects their vision to venture into the global market. It was proven by the establishment of the first foreign outlet in Paris in 1910, followed by South America, the United States and then Japan in 1915 by signing wholesale agreement as their retailer.

Then, in 1920, the iconic 'check pattern has been developed as a lining for Burberry product which conveys the recognizable brand image. In the early

years, Barberry has been regarded as prestigious and distinctive product due to their niche market which targeted upper-class people such as royal family, liberties and politicians.

Barberry gained the popularity further to the First World War when the Barberry coat (after that it was called as trench coat) had been using by British military. Barberry was taken over by Great Universal Stores (GUS) a strong British conglomerate, in 1955 to expand their business more globally. Since then, Barberry extensively established foreign outlets network in the United States of America, European countries and Japan through licensing agreement. However, in 1990s their image and reputation has been tarnished with the British casual cult and football hooliganism.

Further to this negative connotation and then collapse of Japan economy in the mid-1990s, had dragged Barberry into a catastrophic situation. The sales were declining and the brand slowly disappeared from customer's mind. Finally they lost their brand image and reputation. So then, Barberry management hired Ms. Bravo as a new CEO and new management team in 1997 to revamp the brand as well as expanding it. The brand then has been repositioned as "accessible luxury" with the objective to be as functional yet aspiration brand.

2. Product Range Barberry products are ranged in menswear, women's wear, children's wear and non-apparel product such as leather bag, cosmetics and timepiece. While for its clothing product, there are three categories, which are Barberry Prorsum, Barberry London, and Barberry Brito. Each category is having their very own marketing strategies. Each of brand categories

competes with its very own global competitors that have shown the similarities of key features between these two brands. Barberry Proms focuses on those who value being fashion forward and the collection is rarely seen on a street, but is meant for a runway.

Proms price range is the highest among the three Barberry brands that cost up to, £1,000. Prada made the closest competitor to Barberry Proms as they position their brand as modern, sophisticated, stylistic and craftsmanship of the highest quality. Whilst, Proms positioned itself as a premium collection, Barberry London is something like bridge line between Proms and Prada. The price and quality are between Proms and Prada. The collection is meant for easy to work that is suitable to be worn at work and fitting the body tight.

The closest competitor for this type of product category is Giorgio Armani that carries the same brand positioning as Barberry London. His casual wear range is named as Barberry Prada that competing closely with Polo Ralph Lauren which targeting younger customer and offer accessible and affordable pricing. Despite the point of parity that Barberry product has shown with its Global competitors, it shows point of difference, which cannot be copied by others and has TTS own competitive advantage where it portrays a heritage British luxury brand and it is the only one that has iconic checked pattern that shows its exclusivity.

By 2003, Barberry brand has gained popularity among urban young customer and hip hop musicians as they entered as in the list of Barberry customer base. This proved that Bravo and her team has achieved in turning around the luxury brand.

Famous celebrities such as Madonna and her daughter have been seen wearing Barberry brand during those days. Barberry had won recognition and awards for Contemporary Design Collection of the year from British fashion Council and Classic Design Collection of the year. The rubbery brand is known for its classic luxury brand with British legacy embedded in it.

In the year 2002, Bravo had gained reputation among one of the top executives and won in two successive years as CEO of the year. She's been at the top listed in the Wall Street Journal Europe in women business awards.

For her contribution to the fashion industry the Council of Fashion Designers of America has honored her in 2003. For the next five years, Bravo and her team are looking at the future of Barberry ND she emphasize in bringing the brand to the next level. She's still believe the brand has not reach to its full ability and a lot refining need to make before gaining to its maximum level.

The following is the strategy that she and her team will be focus on. 3. 1 Product Categories rave and her team are updating the product line through redesigning of all Barberry products.

During those years, some outdated products were removed and new look across all Barberry products. In 2003, new product line such as bandannas, miniskirts and boots were launched. The Barberry products can be categorized in to continuity or fashion oriented. Classic trench, duffel coats, handbags and scarves are all falls under continuity whereas fashion oriented are designed to response to current trends.

Barberry collections are range from women swear, menswear and accessories. Bravo and her team were also taking control over the design, sourcing, manufacturing and distribution of non-licensed Barberry product.

The management Nas looking on licensing arrangement either making new agreements or closes the old one to reduce inconsistencies in price, design and quality. The expansion of the Barberry portfolio product for high profile and high end are labeled as Proms. This high end product has a limited distribution that only appears in the show run or runways.

Towards the following year to come, the team needs to come out with new product line as part to the Barberry product extension. The targeted new product line is introducing children wear and product expansion in footwear and in Thomas rubbery.

These are part of their main strategic plans for expansion. For instance in autumn 2003, they launched a new perfume line (Barberry Bruit) in which the design of bottle features the brand check. This perfume exemplified charisma of English Oman in thirties. They are hoping this new perfume will have a great lasting impact as Channel no. 5.

With the new range of product line as in children wear or new perfume line will increase the product category and these products will open up new consumer market and increase the customer base of Barberry brand.

This will tend to increase sales and profitability. 3. 2 Popularity of the brand among non-target consumers Ere main target customer is someone who wants luxury and for functional purposes. Barberry targeted the niche

market in between labels of Polo Ralph Lauren and Giorgio Armani and between Coach and Gucci.

They targeted younger consumers in expanding the market and maintain the loyal base.

Since then, Burberry brand start to gain popularity among non-target consumers such as urban young consumers and hip hop musicians. A TV reality star of Big brother constantly won the Burberry brand. Even though all these shows optimistic signs that the brand aspire the youth but there a bit worried that this would push away their main core customers. With being popular to non-target consumers eventually will affect the Burberry brand positively and negatively.

Their brand is become popular among the hip-hop musician and urban youth is positively shows their campaign is working and success. Burberry as an accessible luxury in attracting non-target consumers had a negative effect that will bring different image to Burberry itself and will probably lose their main core customers. 3. 3 The Role of the Check Here Burberry check have been in appeared in all their luxury products from apparels to accessories. About 10% apparel that being sales featured the check, 10% in seasonal color variation, 40% of the check faintly use as a lining or piping and the rest of it will be without the brand check.

As for the accessories nearly 60% to 70% of the sales were with check.

Nearly 25% of the revenue derived from prominent check products. With the check, people would recognize immediately it's Burberry brand. Hence,

Bravo would like to pervasive the check in a strategic manner. So during this transition period, Bravo would like to minimize the use of the brand check in the next few years.

She has confidence that the Barberry would be able to sell more without the check at all. Her philosophy is to “ check under cover”, her way of promoting the brand so customers will hunt or look for the pattern either inside or outside a coat.

She’s also aware that on some customers who bought Barberry Just because of the Check. So the check management is important to Barberry. Basically the check reflects the history of the Barberry product.

The check is recognized by all demographics where it’s contributed to high sales. The limitation on the usage should be at minimal as to preserve the brand image as Barberry know as prestigious product like Louis Button, Channel or Coach. 3. 4 Sustainability of the Brand Positioning In promoting the new Barberry brand image, Bravo hired a tamed team who and experienced and appeared in Vogue, the Face and Vanity Fair.

The first advertisement Introduced a British model, Stella Tenant and in 1999 a model named Kate Moss pined in for advertising campaign. Bravo succeeds in positioning the luxury brand in between Ralph Lauren and Gucci.

She accomplished in fixing the Barberry brand to be healthier than it’s never been in the last five years. She’s now looking at how they can sustain the Barberry positioning in the long run between lifestyle and fashion. She

realized the stiff competition for Barberry would have in the next few years to come.

Everyone is competitor in the industry and everywhere people with high income will shop at discount warehouse or middle-income customer will shop at luxury retailers. Bravo recognized the next five years ahead would be even more official. The main task for her is to manage the popularity of the Barberry brand in a way that lays foundation for long run growth without become the victims of their own success.

Barberry already succeeds in positioning itself between luxury brands and by expanding their current product categories to new product line of handbags or new perfume line for women or men to increase the market share.

Barberry positioning as a functional luxury is quite competitive and will able to sustain in the long run. 4. 0 SITUATIONAL ANALYSIS Analyzing the SOOT of Barberry as depicted in Table 2, we can conclude that they re in position to capture demand from emerging markets as they have a wide geographical presence. They have also a strong managing team which lead the marketing and designing team to maintain the consistency of its brand.

Below are the details of the analysis:

Item	Description	Strength
Huge retail network, wholesale and licensing channel globally	Has a distinctive British heritage and one of the biggest fashion houses in UK	Granted Royal Warrants by Queen Elizabeth II and the Prince of Wales
One of the most 'liable companies in the world due to its legacy	Weakness	Very much accessible in the high-street, and has a low couture presence due to Buyers positioning
The brand can diversify into youth everyday fashion as currently		

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the apparels have too much of English appeal Opportunity Global expansion would help the brand grow worldwide More advertising and marketing would increase disability Threat High competition in same target segment like Gucci and Prada Threat from other competitive everyday brands in terms of pricing as well as availability The customers have higher bargaining power and low switching costs Table 2 : Buyers SOOT Analysis In order to determine the long run profitability of Burberry market segment, we use the Porter 5- Forces Analysis.

The details are as follows: a) Bargaining Power Of Customers Burberry has a unique customer segment, starting when waterproof and breathable gabardine fabric using by Thomas Burberry had created the customer base of people who went out in extreme condition. Later when Burberry introduced its check pattern and sass's, it became the signature trademark thus capturing other customer base such as politicians, celebrities and famous adventurers.

Throughout this time the brand always stuck to the niche customers that they got the brand age of being conservative and sturdy with the old customer base. This caused their customers to find other brands that can suit their fashion desires. Only when brand loyalty exists and the customers wanted to buy undifferentiated product, it is more likely to be to the designer than the retailer. The position of retailers is at the end of the value chain, means that they cannot integrate forwards and are obliged to offer customers what they want.

This strengthens customer power. B) Bargaining Power Of Suppliers Buyers raw material procurement is from relatively reputed wholesalers, leather, fur, Zebu cotton and Sandblasting.

The bargaining power is mainly with the suppliers of leather and fur raw materials. With increase in demands of those materials, mostly all brands produce their goods using these materials and hence the suppliers being few have maximum bargaining power. Barberry imports raw material from the best suppliers because they do not compromise on quality.

Suppliers with the best quality raw materials are few in number. C) Competitor Rivalry Barberry has 3 primary collections being womanlier, menswear and accessories. Its main competitors include Gucci, Prada and Coach. Coach primary positioning is on handbags along with watches and shoes to scarves and dog collars.

Coach is primarily in the accessory end of fashion and which is priced low, affordable, and accessible to the general population.

Other competitors being Gucci and Airman priced almost the same as Barberry but held a higher position than Barberry in the luxury brand section. To cope with these competitors, Barberry has adopted a term called continuous fashion. To respond to the day by day fashion trends Barberry introduces its products on a collection by collection basis. They have tried to maintain their collection and also kept in mind the competitor's collection, while brands like Coach and Gucci have more focus on accessories and Airman focus on the apparel.

Barberry has succeeded in handling both markets while remaining a luxury good.

By having different product lines within the brand, it allows Barberry to offer higher end products and products which are feasible to be purchased by the general population. D) Threat Of New Entrants rubbery being a well-established luxury brand is a fashion icon since so many years. It was positioned as functional luxury in the minds of consumers. The segments and the type of consumers which follow the brand are loyal. Barberry has set a position in the market, which the new entrants are not a major threat to Barberry due to its strong distribution network and international supply chain.

It has tied up its customers because of its authentic British heritage and unique positioning within the luxury area, which any new entrant will not have any impact on the Barberry sales. E) Threat Of Substitution Products Business environment in the fashion industry is highly competitive and trends are ever changing. In addition, luxury brand purchases represent a discretionary purchase thus there is always a risk that consumers may find other competitors' products which offer the same function are cheaper and more attractive. The threat may also come from extensive copying of Barberry product design. Some of the imitations were really similar to the genuine product that people may not be able to differentiate the difference.

5. BRAND POSITIONING In terms of brand positioning of its product mix, Barberry has placed itself in between brands such as Polo Ralph Lauren and Airman Exchange in apparel as well as in between Coach and Gucci in

accessories. The varieties of its product lines that appeal from hipster to the conservative 60 year old man has positioned its brand in the mind of consumers to be a functional luxury which satisfy different segments of population. Coach, is an American luxury goods focuses more on the low end cost of accessories and more accessible to the general population. Whereas, Gucci that is an Italian fashion positioning its brand as luxury accessories and maintain a premium pricing.

Polo Ralph Lauren and Giorgio Airman are among Top 10 Luxury Brand, Inch their marketing positioning is centered more towards apparel.

Polo offers a lower price than Barberry on the same Polo Tee and office wear. Giorgio Airman is still maintaining its luxury position in the market that offers premium price of compared to Barberry. The ability of Barberry to produce variety of product mix Ninth two main categories, which are fashion and continuity and its ability to position itself in the middle of top luxury goods makes Barberry sustainable and competitive over long term. Table below illustrates the brand snapshots of selected Barberry competitors :

Competitors	Primary Product	Originated from	Marketing Strategies	rand	Positioning
Coach	Accessories	United States	Low end cost for accessories,		
	More accessible & affordable				
Gucci	Accessories	Italy	Luxury Accessories &		
	High priced		Highest priced brand for accessories		
Polo Ralph Lauren	Apparel	United States	Low priced	Great brand equity and very well established	
				among consumers	
Giorgio Airman	Apparel	Italy	High priced	Maintain strong	
				luxury brand	

Table 3 : Snapshot of Barberry Competitors

Nat Brings Success to Louis Button? Barberry and LIVE Meet Hennessey Louis Button are among

top 10 global luxury goods players and striving to gain market shares through their own marketing strategy that they believed would boost higher revenue and customer loyalty.

Who does not know Burberry and Louis Vuitton that offer exclusivity and prestigious product that bring customer to a different level of personalized experience?

However, Louis Vuitton has been sustaining its brand as the world's leading luxury product group, with recorded revenue of \$22.8 billion in 2013, an increase of 19% compared to 2012. Whilst Louis Vuitton has increased tremendously in revenue gain, Burberry has recorded an increase in their revenue by 3% to \$4.2 billion, compared to \$4.07 billion in 2011.

These two brands show excellent momentum in Europe, Asia and United States. Despite of higher growth acquired by Burberry, it still loses to LVMH group in terms of market shares where LVMH has placed themselves as the top player among all luxury goods players. What makes LVMH is the best compared to any other brand?

The reason is its global appeal; exclusiveness, secretiveness and strong price premium make it, by far, the biggest name in luxury. Even Hermes, which portray their brand as small, private and extremely high end has lost to LVMH in market shares due to LVMH's ability to sell in the billions but present oneself as making each product with singular devotion and exclusivity. Left alone Burberry which now suffering too much to ubiquity, the new 'buzzword' of luxury, LVMH deprived its demand by existing Burberry lover.

The needs for Burberry to grow its wing into China market issued a profit warning in September 2013 as it shows a conflict perceptions among those consumers of what constitutes luxury.

LIVE is in the effort of maintaining its exclusivity and to curb the ubiquity by slowing down Chinese expansion by making their existing stores even more luxurious with pulp rooms and personalization to put a strong defend on its unique pieces, and not lust their logo. All its businesses demonstrated excellent momentum driven by innovation and the quality of their products to suit its customer evolving preference and expectations. LIVE has undergone a few promotion strategies since its introductory phase and was very careful with mass advertising to maintain its exclusivity. Below are among of the promotion principles that have been practicing by Louis Button that enable them to attain the success ever since its establishment.

Promotional strategies that contribute to its competitive advantage are:

Promotion 1: Principle Prohibiting Television Commercials

LB is avoiding the television commercials as a means of advertising media. LB has chosen “ richness” instead of “ reach” to attract and retain customer loyalty. Promotion 2: Principle of Emphasis on Publicity LB emphasizes publicity more towards public relation through mass media, such as magazines and newspapers more than average brands does. For instance, magnificent opening parties of Luvs large-scale stores are reported extensively in the fashion magazines. Promotion 3: Principle of Brand Muse LB has emphasized a few of celebrities who have taken a liking to and use a

brand or epitomize the brand to act as one of the promotional channel and show the exclusivity of the brand.

The old time celebrities that are normally related to LB brand are Audrey Hepburn, Lain Delano and Sharon Stone.

LB has never faded in style. LB and celebrities go hand in hand. The famed fashion label had a past collaboration Ninth rapper Kenya West, and stars such as Madonna have previously posed for their campaign. Promotion 4: Principle of Having Customers Lined up at Stores Most of LB customers are frequently seen lining up at the LB store waiting for their turn to be allowed entering into the stores. We are more impressed of this view rather than it is looked as pitiful. LB is creating an excitement for the customer who Nil be seen impatiently lining up and waiting to enter the store.

Promotion 5' Principle to the Excuse to Supply Shortages LB does not mass produced and have very limited number of product for certain collection. This is to stir up a sense of hunger in the customers' mind and serves as excellent PR and to avoid ubiquity that is now facing by Barberry. Aspect Barberry LIVE Signature Product Trench Coat Leather Goods Distinctive Feature Check Monogram Promotional Strategies 1. Digital Marketing Strategy Interactive Communication (Backbone, Twitter, Mainstream, Youth etc.

Online Monitor System Barberry Application 2. Principle Prohibiting Television Commercials. 3. Principle of Emphasis on Publicity. 4.

Principle of Brand Muse. 5. Principle of Having Customers Lined up at Stores.
5.

On top of this, Barberry been criticized for the tagging ‘ Made in retain’ when it had relocated its plant to China to combat with rising production costs. Another bombard that landed on Barberry was the announcement of the assignation of its CEO Angela Rareness to JoinApplein 2014, which resulted a 6% drop in the share price. All these clearly indicate that Barberry is heavily competed, and it is still struggling with ‘ brand sustainability. In order to address the problems faced by Barberry either now or then, we would propose some measures that we believe would restore the glory and assist the company to achieve sustainability advantage. Firstly, Barberry could re-visit its marketing communications mix. In the case study, Barberry engaged few established celebrities to do the advertisements

Inch contributed the whole repositioning and rebinding of the Company.

They Nerve able to portray themselves from old and contemporary outlook to modern, rash-lion-oriented and youthful. We would recommend Barberry to advertise in Cinemas for remarkable results, and also focus on internet to reach young targets. In order to draw attention to the variety of products that Barberry has, Barberry could deploy coupon sales by giving discounts, or introduce contests with lucrative prizes to increase awareness of its brand categories. We also recommend Barberry to eave tie-in promotions with other established companies such as departmental stores Marks & Spencer, Harrows or Peter Jones to increase pulling power.

Plans like organizing fashion shows in compelling way would address the outreach of non-target consumer problem, and introduce the types of ' Check patterns Barberry has in store.

A further study of the Consumers' cryptographic will certainly help Barberry to understand its consumers. Cause-related Marketing (CRM) has gained popularity whereby firms have alliances Ninth charitable organizations. Barberry could work Jointly probably with National Heart & Lung Institutes or Cancer Organization, and agree to donate certain percentage of sales to the organization. This would certainly attract the consumers to hit two birds at one stone, and eliminate the stodgy reputations of Barberry. rubbery would gain benefits by using interactive marketing such as E-shopping or E-catalogues in user friendly mode.

There are few visualization software Barberry could invest in to attract the young and sexy in order to have a glimpse of the products should it be worn by someone tall or fat. This will certainly impact Barberry In its brand positioning sustainability. Social media could be useful tool for Barberry to get consumers to share their experience, exchange views and ponder their experiential experience with Barberry. Nor-of-Mouth is powerful in getting the business to expand confidently, and spread TTS wing to other regions of the world cohesively. Nee recommend Barberry to continuously innovate and keep abreast with the trends of the market segments.

This means Barberry concentrates on the design and quality enhancements, by controlling the licensees to observe the by-laws.

Which means Burberry will take stern actions against those wholesalers who simply sell the reduces to other unauthorized distributors, and condone imitation activities. Sides the above, we recommend Burberry to conduct a study on the existing supply chain management, address the shortfalls and rectify the issues the earliest possible. This is to weed out potential competitors to gain advantage on Buyers Insaneness, and also to remain sustainable in brand positioning. Nee believe Burberry should consider Lean Six Sigma, though expensive, to eliminate eight potential wastage identified by the model at a rate of 3.

4 defects per million opportunities (DIP) such as waiting, defects, overproduction, non-utilized talent,