

Burberry brand faced
lot of problems
marketing essay



**ASSIGN
BUSTER**

Compare Burberrys market position relative to that of its competitors, including Polo, Armani and Gucci.

Answers: Burberry had positioned itself into a luxury lifestyle brand that was inspirational, stylish, and innovative brand. Burberry had targeted its brand in order to attract younger customer base along with the traditional stodgy looking, conservative and a customer based skewed towards the older generation. Therefore, the market positioning for Burberry can appeal to the hip 25-year-old man or the conservative 65 year old man. Burberry had become a brand symbolizing both luxury and durability.

Burberry was focused for a niche segment between brands such as Polo Ralph Lauren and Giorgio Armani in Apparel, and between Coach and Gucci in accessories. Burberry had a particular price point and for a particular price segment. Burberry was never just a classic brand or a brand always having a cutting edge but had always maintained itself as a accessible luxury brand.

The point of difference (PoD) which made Burberry unique was its functionality, i. e. the products had a purpose. Burberry was an aspirational brand with functionality which made it unique.

Burberry had comfortably nestled itself between a lifestyle (represented by Ralph Lauren) & high end fashion products (represented by Gucci) in the accessories and some men apparel and the high end brand in women's apparel and most men's apparel.

Market Share

In terms of Market share, the Exhibit13 display that Burberry has the fourth largest market share at 5. 2%. The relative performance of Burberry as compared to Polo, Armani and Gucci are as follows:

Players_____Market Share

Polo Ralph Lauren 9. 1%

Burberry 5. 2%

Gucci 4. 4%

Giorgio Armani 3. 5%

Source??

Accessories

Exhibit14 shows the sales of accessories in Eur(mn) of Burberry in comparison to the other brands. The accessories of Burberry had an sales of 445 Eur(million). In comparison to the other brands the sales of 2001 were:

Players_____Eur(Mn)

Gucci 1, 394

Polo Ralph Lauren 484

Burberry 445

Source??

In terms of sales Louis Vuitton had the most amount of sales. Gucci and Polo Ralph Lauren had more amounts of sales in terms of revenue as compared to Burberry.

Apparel

Exhibit14 shows the sales of apparel in Eur(mn) of Burberry in comparison to the other brands. The apparel of Burberry had an sales of 988 Eur(million). In comparison to the other brands the sales of 2001 were:

Players_____Eur(Mn)

Polo Ralph Lauren 3, 621

Burberry 988

Georgio Armani 661

Source??

In terms of sales, Polo Ralph Lauren had the most amount of sales. Burberry had more amounts of sales in terms of revenue as compared to Georgio Armani.

Advertisement Expenditure

The following is the amount of expenditure done by the fashion companies with respect to burberry's advertisement expenditure

Players _____ Eur(Mn)

Burberry 98

Giorgio Armani 72

Gucci Division 111

Polo Ralph Lauren 100

Gucci has spent the maximum on advertisement expenditure, followed by Polo and then by Burberry. Giorgio Armani witnessed the least advertisement expenditure for 72 million.

Source??

Question 2) Is Burberry's competitive position sustainable over a long term?

Answer: There are some constraints that Burberry is facing, these are :

The marketplace and current trends are constantly changing.

Everyone is a competition.

High Income people shop everywhere, and lower income people are starting to shop for for affluent brand names.

The brand's sales rely heavily on the Burberry check.

With emergence of new customer base, looking towards them might create a danger of alienating old client base.

The new management of Burberry has overcome these constraints efficiently, but with the rise in competition, the management has to work really hard to keep the brand contemporary and moving in the positive direction.

Question 3) Bravo's team is currently carrying out several initiatives including multiple collections, multiple channels and multiple licenses. What is the role of each of these initiatives in Burberry's overall business model?

Multiple Collections:

Under Bravo Burberry was positioned as a brand in between Polo Ralph Lauren and Giorgio Armani in apparels and between Coach and Gucci in accessories.

Bravo wanted the Burberry brand to appeal younger generation, while maintaining its old customer base. In order to reposition the brand and attract new customers base Burberry launched multiple collections. The other reason for launching multiple collections was to remain consistent with the current fashion trend in the market. Bravo's team started slashing the number of SKUs to eliminate outdated designs and had a consistent look across the products. Each season Burberry used to introduce 450 to 500 women's apparel styles and 330 to 350 men's apparel styles. These collection were very cross generational i. e. it targeted people in the age range of 25 to 60. In this way Burberry made itself more visible and easily approachable for the customer. In order to make people aware that something new is happening at the Burberry, a high profile high-end brand called Prorsum was introduced. Prorsum was available only in the best stores

of the world. Through its multiple collections Burberry was successful in creating an image of high fashion brand yet approachable for the customers.

Multiple Channels:

Burberry Brand faced lot a problem before Bravo joined due to parallel trading, which had a negative impact on its process and brand image.

Burberry had 3 channels of distribution retail, wholesalers and licensed partners. By the end of 2002 Burberry had nearly 3162 wholesalers worldwide which included 434 departmental store and 2728 speciality stores. Burberry also had 132 company owned stores all over the world. These company stores where designed to display the entire product range, showcase the company vision and were also used as a testing ground for new concepts.

Multiple channel helped Burberry increase its visibility among the customer, which in turn helped in acquiring new customers. Prices of products were raised to reflect the brands new positioning as a result the margin increased to 56% to 47%.

Multiple licenses:

Burberry exercised complete control over sourcing, designing, manufacturing and distribution. When specific expertise was required to certain product Burberry used licensees who had design, manufacturing and distribution. Burberry used licensees mainly in accessories business where they didn't have competitive advantage. Having control over the licenses, wholesalers and distributors helped Burberry in repositioning its brand and creating a positive image among the customers. In the process Burberry bought some

of the distributors to stop parallel trading and have a tighter control over the process.

Elevating the prices.

Control over communications – global communications.

Question 4) Has Bravo's team managed to elevate the overall status of the Burberry brand?

Answer: The Bravo team was very successful in elevating the overall status of the Burberry brand. This was not an easy task or something that was accomplished overnight. Bravo's goal when she took over was to transform Burberry into a luxury lifestyle brand that was aspirational, stylish and innovative. Some immediate changes made to Burberry to help accomplish this and elevate the overall status were cosmetic. This included changing the company's name from Burberry's to Burberry and introducing a contemporary new logo and packaging. Then Bravo went onto reposition the brand. This meant attracting younger customers while retaining Burberry's core customer base. The product line was also updated. The new product line included product classified as either continuity or fashion oriented. Continuity products were expected to have much longer lifecycles and fashion oriented products were responsive to fashion trends. Burberry also updated its product line to have three primary collections: womens wear, menswear, and accessories. With all of these new and radical changes, Burberry was able to elevate the overall status of its brand.

Balance between continuity and fashion oriented products

<https://assignbuster.com/burberry-brand-faced-lot-of-problems-marketing-essay/>

Balance between men's and women's wear (27% vs 33%) men's wear has relatively longer PLC

Balance between accessories and apparels

Balanced distribution - Sales = 39% DOS 52% Distributors 10% Licenses

Greater geographical balance - dependence on Asia 75%

Brand tier strategy - London, Prorsum, Thomas - Black. Blue.