

Social media for the promotion of burberry products



**ASSIGN
BUSTER**

This report consists of a complete analysis of the marketing strategies that Burberry should use for the next 5 years to maintain its current market position. The main focus of this report is on making use of the Social media for the promotion of Burberry products.

Case Solution

Contents

Executive Summary

The key issues in this case are the deteriorating position of the brand which started of very successfully in 1856 as a retail store. Burberry then gave its licensing to other distributors and gone through acquisition later on it went global but it ruined its brand position and consistency Its distribution, branding media selection and pricing was not maintained. Again in 1990's the brand faced severe positioning issued when it moved to Asia and company hired a new CEO and new management took over the company to rejuvenate company's product line, pricing, and its standing. They made brand innovative, changed the target market and made the licensing very strong. They made the companies enjoy the boom but further decisions of line extension were still a matter of concern for the company. The actions they should take are the proper market survey and Research for the new product; they should carry out proper likeness test for the new brand. It should prudently define its distribution strategy along with the media strategy. They should go for proper planning before launch of new perfume and other brands this brand can be proved to be very successful if they would make it according to the taste of the target customers.

Introduction:

The company was established in 1856 as fabric retailer it gone through extensive brand extension in two decades through licensing and globalization, it made numerous distributions channels and operated in numerous countries. Company was purchased by GUS (Shipping Corporation) in 1955, it went through global extension in 1970's and before that it went for IPO (Initial public offering) of the shares. In 1990's company got lesser control on the licensing and distribution channels and they went into extensive brand line extension decisions which had a negative impact on the company's performance , quality focused was lost and company decided to change its positioning and licensing strategy along with the management. CEO got changed and Rose Marie Bravo took charge of the company and she changed the team and hired those who were fashion oriented and who knew the latest trends, she successfully made the company as one of the premium leading brand again , She proved to be the best CEO in year 2005. And the company went into numerous strategic decisions in her era and this era was considered as the best era for the company. Now the new strategic decision by the company to go through is line extension, brand extension and market extension. Next portion of the report deals with the Marketing Mix , analysis of environmental factors and decisions of company's strategic moves to make it market leader by proper positioning strategy.

Marketing Mix:

This portion of the report deals with the product, pricing placement and distribution strategy of the product.

Product:

Product line was very narrow in the beginning they started off with a fabric retail store then they produced a fabric that was breathable fabric they moved into the fabric for uniform of army in world war and this was the basic positive strategic move of the company. They went for diversification the later years they had numerous brands and products. They followed traditions with innovations and tried to follow same patterns.

Pricing:

It was a premium brand and their cost and prices were high but later on with their loose licensing policy and extension there was inconsistency in their prices which made companies image bad. It was perceived as an ordinary brand. Later on management worked on Premium pricing strategy to make its positioning and perception better in the market.

Placement and distribution:

Company's distribution was entirely based on licensing and company owned stores, initially it was following Exclusive distribution strategy, then it moved to extensive distribution strategy which ruined the brand image later on they went for selective distribution strategy and made strong control on licensing and distribution.

Promotion:

In initial days promotion was the biggest issue company positioned itself as the premium product and advertised by using the selective media in the beginning. Later on when the company went global it faced many issues in its promotion, media selection was not proper in other companies which

ruined the brand image, later with Rose Bravo and its new team more promotional activities were carried out. They hired new photographer, new agency and new media team; they launched new campaign and advertised in good magazines. They endorsed their products through several means. Celebrity endorsement was one way. They changed Company name and logo to give it a novel effect and made it innovative by changing its packaging.

Environmental Analysis

It is evaluation of the probable impacts of external and internal forces and conditions and their effect on the survival and growth of the company, so there are numerous factors that affected the companies positioning and branding lets discuss all of the factors in detail along with companies competitive advantage and Unique selling proposition.

BCG Matrix

According to the BCG matrix the product was in question mark stage in Asian countries as the market share is low because of bad economic condition, in some countries it was a Cash Cow and in UK and US this brand is proved to be Star with the high market share and high growth potential.

Porter's Five Forces:

Porter's five forces in this case can evaluate Burberry's position in the market as compared to its competitors, suppliers and customers.

Suppliers Bargaining Power:

It was a British based company and it was into production of its own fabric so in its case supplier's power was not the major issue. Initially it was not facing

any problem and there was consistency in its suppliers and it continued in the later years as well. So we can say that in this case Suppliers power was very low.

Customers Bargaining Power:

Customers bargaining power was also low in this case because the product was standardized and it was a premium brand with premium quality so customer had lesser bargaining power.

Substitutes:

Substitutes were the basic threat for the company as there were numerous products in the market that can replace the use of Burberry's products but its breathable cloth was the best one still they had to make their products outclass to combat the threat of substitutes by positioning their product as those which simply have no comparison.

Rivalry:

Rivalry and competition was strong. Foreign and Local companies were striving for share. Numerous brands were there in the markets which were offering the same products. And pirated products made more problems in Asia and other countries where there are lesser laws on pirating

Entrants:

The barriers to entry were very low as any company can jump into the line of fabric as the initial cost is very low but competing with a brand like Burberry was the basic concern for the companies.

Rivalry

Intense competition

(High)

Competitive Advantage:

Company's competitive advantage was its patterns, styles originality quality, Symbol of royalty, luxury and durability. Company was in the business for more than hundred years and it had gone through many hard times but it tried to regain its competitive advantage and its originality till the end. The companies motive was to provide functionality along with class,, it tried to meet customer expectations till the present date.

PEST Analysis:

Political environment

Political conditions did not have any impact on company standing as the policies of trade are seemingly pro-trade and there is no single evidence of political disturbance.

Economic environment:

Economic Condition was not very suitable for the company as this era was the era of recession so the company faced many points to take proper strategic decisions. It went thorough public offering and was being acquired by shipping company to sustain the business.

Social environment

Social environment was very good because people were more convenience and fashion oriented and they wanted innovation and stylish fabric which could also serve their functional need.

Technological environment

Company went through numerous technological changes by devising new ways of production of fabrics and efficient plants.

SWOT Analysis:

Strength, weaknesses, opportunities and threats we have identified from the case are given below.

Strengths:

Companies basic strength was its standing and its fame people used to trust the brand, it was more than 150 years old brand having extensive product line, its premium quality and trust it built up in years was its strength. Its functional fabric was its excellence.

Weaknesses:

The weaknesses of the brand are its perception. It was perceived as a conservative brand having old customers and no innovation, its price and distribution inconsistency made more problems

. Its image was eroding. Marketing plan and positioning was up-to-the mark.

Opportunities:

They have heritage and strong brand association. They can invent new product lines. They have capital so they can start with new products and can cater the needs of several markets. Global dealing with proper licensing was the biggest opportunity.

Threats:

The biggest threat for the company was the wrong strategic move, company had to compete in the market as many brands were in the marketing offering the same products .

Corporate Strategy Ownership:

Company had a single retail store in the beginning, then it went through the process of licensing and to Mitsui and Sanyo in Japan, then in went to Public offerings and global stores and distributions through wholesalers and retailers in year 1970, In year 1990 it took extensive licensing which proved to be damaging and later on after the change in management they made this licensing policy very aligned to the company policy. Now the company has 3162 wholesales, 434 departmental stores, 2728 specialty stores and its planning to have market extension in coming decade as well.

Target Market and Positioning Strategy:

Initially they targeted all age groups who belonged to all occupation groups, then with the deterioration of the brand they left with the age group which was above 40 so company took strategic move and became fashion oriented to target the younger segment along with the old age people. Positioning strategy of the product was very good in the initially days , it was positioned

as a premium brand and the brand of the adventurous people later on with its extension and weak licensing policies it went through numerous problems. It was endorsed thorough the adventurous people initially then its perception of quality and consistency went bad and later on with the change of management it was positioned as the product of sporty people.

Extensive Research and Development:

It is evident from the success of the brand that Burberry has had a very strong Research and Development (R&D) in the past. The higher management should ensure that before the launch of a new product in the market the marketing department is fully aware of the market the brand intends to target in order to get the wanted response from the customers. It is very important to keep the image of Burberry as a luxurious brand intact.

Suggestions:

In order to address the problems faced by Burberry for launching new products and brand in the market, the company should use the following strategies:

1. Brand Extension Strategy:

Burberry has now become a leading brand in the market. Burberry should make use of its Brand Name in order to develop an acceptance for the new and the upcoming products in the market. This would help Burberry to increase the Brand Equity. Burberry being a successful brand carries with it a very strong image with which the Burberry customers are highly associated.

Benefits of using Brand Extension Strategy:

There are a number of benefits attached to using the brand extension strategy which include the following:

Use of Burberry as the brand name will help the new products save a lot of time that they would otherwise take to establish in the market.

It would help the company to save the expenses of extensive advertising in case of new products.

The customer's perception of Burberry will help the new product to get easy attention from the existing customer base as well as the new customer.

Risks associated in Using Brand Extension Strategy:

Along with a number of benefits of using the brand extension strategy there are also a number of risks that are to be kept in mind while using this strategy. The risks include:

A wrong use of the Brand Extension Strategy can affect the Image of Burberry negatively.

Poor communication for the promotion of the new product or the brand can harm the Brand Equity of Burberry.

2. Stick to the Burberry Check – Brand Identity:

Burberry should not deviate from the check since it is the brand's identity.

The Burberry brand is recognized easily due to the check pattern. The customers strongly associate the check with the brand, so if the company decides not to use the check, it might end up in a gradual decrease in the

customer base. The customer's perception of the brand will get affected and hence it will destabilize the brand once again.

Advantages:

The use of Burberry check in the upcoming and new product has certain advantages which include the following:

Customer's association with the brand.

Easy recognition of the brand will help the new products to gain popularity in lesser time.

The image that Burberry has carried over the years will automatically be transferred to the new brand.

Disadvantages:

The target market will remain the same.

3. Use Social Media Marketing:

Social media is one of the strongest platforms for marketing now days. It has now become the hottest trend. The brands with an online existence are much popular than the ones without an online standing. Burberry should make use of the social media platform for promoting its brand. This will help the brand to:

Have an easy access to its target market. Since the target market of Burberry is the upper class, hence the best way to reach them is through social media.

Through social media Burberry create the image that other forms of marketing strategies can't do.

The social media platforms that Burberry should use include the following:

Facebook:

Facebook is one of the most used social media sites with over 300 million daily users from all over the world. The fastest growing age bracket of the Facebook users includes youth and the Facebook fan page should be created which should be properly monitored. The main objective of this campaign should be to get positive maximum exposure, increase fans on official fan page and ultimately make people come to the landing pages, for ensuring a sales conversion. To make this strategy successfully, Burberry should hire an agency to manage the fan page and hence keep it active through:

Facebook Activities

A dedicated team should be deputed to Burberry Fan Page which should be responsible of all the fan page related activities. An effort should be put to convert fans into potential leads and eventually customers.

a) Fan Page Creation

The company should create a Facebook fan page and bring in fans to create a community for Burberry serving as a platform to spread out the message to all the fans.

b) Fan Page Promotion

Burberry can have access to more than 200million fans over Facebook which can bring in maximum users and Burberry engage them through various activities.

c) Status Updates

A dedicated resource should be assigned to the page for the status updates on Fan Page. Statuses can be around

The latest offers

Social events conducted by Burberry

Fan page activities like competitions etc.

d) Content Dissemination

Content on behalf of Burberry should be disseminated on fan page. More interesting the content is, more chances are there that a user/fan will share it on his/her own wall which then can be viewed by their friends which leaves a viral effect.

e) Competitions and Polls

Competitions should be run on behalf of Burberry to engage maximum traffic on Facebook and Burberry giveaways should be given based to the winners from those competitions. This technique creates a trust among all the fans and helps enable the users to interact more.

f) Face Book Advertisements

Ads with a potential of high CTR (Click through Rate) should be displayed on Facebook, to attract relevant audiences on the page and increase the number of fans. This will not only help in increasing fans, but will also give the brand needed exposure.

Twitter Channel:

Twitter is the new trend in the social media wave and gives a more personalized look to the social campaign. In this we will be creating a twitter account by the name of the designer through which:

Burberry should be tweeting on Fashion happenings through Twitter

Sharing Launch Dates

Provide collection details

Public Relation Activities Coverage

Shows should also be promoted through Twitter

YouTube Channel:

A You tube channel integrated with face book, should be created, which should be used to launch and make the videos viral. In this Burberry should upload the videos of various events and shows. Some other high level activities in this category are as below:

Videos of Fashion shows to be uploaded.

This channel should be linked with both Facebook and Twitter.

Launches and Exhibitions coverage should be uploaded.

Conclusion:

Although Burberry has a strong standing in the market but it needs to focus on the modern ways of marketing to main its position and keep its image as a luxurious brand intact. The marketing strategies that Burberry should be using to remain in the market would be the brand extension strategy and the creation of an online presence through different media that would include Facebook, LinkedIn, Twitter and YouTube. The competition nowadays have become a major hurdle in the growth of any brand so, in order to give tough time to its competitors Burberry should increase its research and development and should bring in innovation by introducing new products and extending the existing product lines