

# Evaluation of burberry's market position



**ASSIGN  
BUSTER**

**Critically evaluate Burberry's market position relative to that of its competitors. What has been the impact on their position in choosing Emma Watson for their latest advertising campaigns ?**

**Burberry : Finds a position among the Top Ten Luxury Apparel Brands and Emma Watson proves to be a catalyst .**

Burberry is a iconic brand best known for its “ Britishness” , in recent years has undergone a image overhaul having been described as ‘ an outdated business with a fashion cachet of almost zero' by leading fashion analysts in 1998 (Finch and May, 1998). By 1997, the annual profits of Burberry had gone to £25 million from £62 million (Moore, C., Birtwistle, G., 2004) . Over past few years, Burberry has become in themselves the sign of reinventing and extending product lines to adapt to the taste of times.“ Our objective was to distil what the Burberry brand stood for and determine how to make it relevant for today's consumer” Bravo stated (Alderman, 2002). However, changes focused on brand repositioning turned revenues of £427. 8 million in 2001 into £715. 5 million in 2005 (Burberry Group, 2005).

Burberry adopted a strategy to create a market position to explain its growth and extend the customer base by offering “ Accessible Luxury” when most other brands were struggling to acquire a broader clientele. Burberry repositioned themselves and opened a flagship store on Bon Street in London (Moore, C., Birtwistle, G., 2004) placing it store among Gucci, Versace, Prada and Chanel. Approximately, Burberry operates in the global luxury sector to about £145bn (Burberry Plc, 2009c). Jaeger recently bought Aquascutum and the annual turnover for both brands together was £300m. Whereas, Burberry's current capital is about £ 2. 1bn.

Burberry is considered among the top ten luxury brands. Burberry's

competitors differ through its categories and price ranges or diffusion lines. Burberry is positioned between Polo Ralph Lauren and Armani considering apparel and Coach and Gucci for Accessories. Giorgio Armani, Coach, Donna Karan, Escada, Gucci, Max Mara, Polo Ralph Lauren, Tod's, Hermes, LVMH, PPR, Prada, Chanel and Richemont are a few among Burberry's competitors (Burberry Plc, 2009c). However, even after the recession hit Burberry has achieved to increase sales up to £1, 202m by 31st march 2009. In 2008/09 there was a sales increase through retail by 14%, 2% in wholesale and 9% decline in licensing which contributed to overall 7% revenue increase from the previous year (Burberry Plc, 2009a).

Comparing with the market Burberry Prorsum competes with Armani Black Label, Gucci and Prada. Burberry London Women is placed between Armani Collezioni and Ralph Lauren. Burberry London Men is between the gap of Zegna and Ralph Lauren. Tommy Hilfiger, Armani Jeans and Polo Jeans are the competitors for Thomas Burberry. Most of the Japanese brands like Ozoc, Michel Klein are a tough competition to Burberry Blue while Paul Smith competes with Burberry Black. In recent years Burberry has expanded its product lines which helped to improve on brand standing and growth. Many other fashion brands are following the same strategy to stand the competition like Armani extension into Armani Casa, Armani hotels etc.

According to the top 15 luxury brands listed by Interbrand (2009) Burberry is eleventh in the list and among top ten if only apparel brands are considered. Also, comparing the brand values for the year 2008 and 2009, it can be concluded that competitor's brand values declined. Only Hermes managed to get a 1% increase in their brand value AND Polo Ralph Lauren is not listed

<https://assignbuster.com/evaluation-of-burberrys-market-position/>

among top 15. Most of the brands managed to climb the ladder on global ranks, Burberry achieved 98th rank in top 100 global brands 2009.

The market brand position of Burberry in terms of valuation can be compared through below segments :

- **European Apparel Brands:**

companies like Escada, Hugo Boss, H&M and Benetton are competitors in terms of product mix and the business model. Though few companies work on lower price range, few brands are tough to compete in terms of the value they offer to consumers.

- **US Apparel Brands:**

Polo Ralph Lauren, Tommy Hilfiger competes on basis of product mix and has more mature business.

- **Luxury Goods Brands:**

brands like Hermes, Coach, LVMH, Tod's .

Performing better than competitors and beating analyst expectations, Burberry sales rose by 4.6 % to £ 343m by September. Share price for Burberry doubled during the past year providing a good defense against competitors. Its market position is mainly in the fashion oriented mature sectors focusing on ready to wear and some accessories peers. Burberry continually tries to consider the cost effectiveness in maintaining the quality and enhance the product while trying to achieve competitive pricing and improving efficiency in sourcing the goods. Even in recession it continues expansion in other markets, for instance the launching kidswear store in US. Also, tailoring the merchandise mix according to the climate to attract more

<https://assignbuster.com/evaluation-of-burberrys-market-position/>

customers, some products are displayed only in selected stores for instance, the New York store provides service for customized trench coat, Beverley hill store contains light weight products etc.

Comparing revenues below, 33% of non-apparel to 67% of apparel is a correct balance for a brand to display its products and innovations to provide their customers a wide variety. Where brands like Armani, Channel and Polo Ralph Lauren gain most revenues through apparel while others like Coach depend on the accessories.

Burberry trench coats were worn by Hollywood stars like Humprey Bogart in Casablanca, Peter Sellers in The Pink Panther (Jackson and Shaw 2009, p. 77). Burberry strongly believes that marketing and management are very critical to its success hence, it focuses on coverage in Editorials, advertising, fashion shows both domestically and internationally and has a website, twice yearly ad campaigns focusing on leading lifestyle and fashion publications and fashion shows in Milan.

In order to reflect the essence of the brand , create brand awareness and sustain brand's aura, Luxury brands often feature models, celebrities or famous personality's as they help wield an enormous power in fashion circles and help in making up or destroying a brand. Burberry uses a lot of images of London to represent it English lifestyle with a British celebrity. Burberry had renowned personalities like Stella Tenant, Rachel Weisz, Agyness Deyn, Lily Donaldson and Kate Moss endorsing the brand. Kate Moss was the most popular and high profile face Burberry had. While, other celebrities like Jerry Hall, Nicole Appleton, Jarvis Cocker and Beckhams also contributed.

The beautiful, elegant Emma Watson “ the Harry Potter ‘ actress, a leading style icon is the new face of Burberry. Advertising campaign images of Burberry featuring Emma Watson as the face of Burberry were unveiled on 9th Jun 2009. Chistopher Bailey ( Burberry's Creative Director) who said “ Having known and admired the lovely Emma Watson for some time, she was the obvious choice for this campaign”. “ Emma has a classic beauty, a great character and a modern edge. Her charm, intellect and brilliant sense of fun made the whole shoot feel like a picnic on the Thames” he added.( Craik, L. , 2009).

The advertising campaign was shot by renowned fashion photographer Mario Testino in Westminster, central London which is the global Headquarter of Burberry and directed by Bailey who considered Watson to strong enough and came up with the idea of presenting only girl surrounded by the young Cool British guys. The images in this campaign capture Watson wearing the classic trench coat looking winsome, accompanied by male models Tom Guinness, Charlie France and Douglas Booth. The images represent the rich history associated with the brand as well as the modernity of Burberry which emphasises on the beauty, timelessness and strength of the brand noteworthy at present.

Emma Watson has been globally very popular due to her Harry Porter movies for years now. Watson's popularity and appeal as a leading style icon she has a huge fan following, which the brand uses to target a new young set of customer. Watson's high profile catwalk at the London fashion week in September 2009, helped the company to raise its profile in UK . It can also be assumed that the new ad campaign helped the brand to attract more

customer base and resulting in sales increase which is evident from the sales figures for 2009. Burberry mentioned the increase in the second quarter sales climbing from 4.6pc to £343m. Financial Analyst and business advisors have forecasted that the tax profits will increase towards £190m ( Hall, J. 2009)

The linkage of Emma Watson as the face of Burberry has also helped the brand to increase the sales of handbags and pull on scarves called snoods. The analysts were proposed rise in the profits due to the increase in sales which helped Burberry to beat the market expectations in second quarter of financial year . However, It seems to a bit risky decision for Burberry as she is bound to get a bit older.

To conclude, Burberry is an example of complex channel and distribution for luxury fashion ( Moore and Birtwistle, 2004 ) and proved its potential to be a tough competitor by making positive growth of brand value even when economic scenario is not very supportive. Burberry's decision of choosing Emma Watson for their ad Campaigns has proved beneficial for them to increase sales and profits, also, she reflects the same charm and personality as the brand. However, brand understands that the real task is to implement effective strategies in business that can develop and manage a brand. It is not only celebrity that brings success to the brands. Burberry proves to be approachable as the products not only have good aesthetics but also due to durability, functional and practical proving to be inclusive yet offering friendly prices. This results in higher brand value and brand appreciation.

**REFERENCES:**

Alderman, E. (2002)' Luxury and the downturn: diamonds in the rough', International Herald Tribune, 6 December 2002.

Baker, M., Foy, A,( 2003) Business and Management Research. United Kingdom : Westburn Publishers Ltd.

Bergin, O. (2009) Emma Watson as the new face of Burberry. Telegraph [Internet] 9 June 2009. Available from Accessed on 17 December 2009.

“ Bravo” for Burberry- From bust to boom- creating a luxury fashion brand (2005), Strategic Direction, Vol. 21 No. 1, pp 22-24 , ISSN 0258-0543.

Burberry (2002), Burberry PLC Annual Report and Accounts 2001-2002, Burberry, London.

Burberry Group (2005), Annual Report and Accounts 2004/2005, Burberry Group, London.

Burberry plc (2009a), Annual Report 2008/ 09, Burberry Group, London, [ Internet] 15th June 2009. Available from < <http://smartpdf.blacksunplc.com/burberry2008-09ara/>> ( Accessed on 17 December 2009)

Burberry plc ( 2009b )Investor pack- November, Burberry Group , [ Internet] 2 December 2009. Available from ( Accessed on 17 December 2009.

Burberry plc ( 2009c ) Corporate Profile, Burberry Group, [Internet]. Available from < <http://www.burberryplc.com/bbry/corporateprofile/markris/>> accessed on 16 December 2009.



Burberry Group plc - London United Kingdom , Overview(2009) Hoovers- A D&B Company [Internet]. Available from Accessed on 13 December 2009.

Burberry Toasts a lift in sales ( 2009 ) The Independent ( London, England). 15 October 2009, P. 44.

Burberry Worries Investors ( 2005) [Internet]. Available from Accessed on 27 November 2009.

Chadha, R. , Husband, P. (2006) The cult of the Luxury Brand- Inside Asia's Love Affair with Luxury. London Nicolas Brealey International pp. 25-63, 149, 178, 267-77, 280.

Chiefs call for tighter business models ( 2009) The financial times, 5 October 2009, p. 17. Accessed on 24 December 2009.

Clark , N. (2008) Burberry's Sales soar as Debenhams struggles , The Independent -Business, 16 April 2008 [Internet]. Available from Accessed on 13 December 2009.

Craik, L. ( 2009) Harry Porter Star Emma Watson Charms Burberry. London Evening Standard, 9 June 2009 [ Internet]. Available from . Accessed on 13 November 2009.

Diamond , J., Litt, S. (2003) Retailing in the new millennium, New York : Fairchild Publications. p. 21-23

Easey , M. ( 1995) Fashion Marketing, India, Blackwell Publishing , pp. 174-177.

Everywhere is home for the global top one hundred (2008), Strategic Direction, Vol. 24 No. 5, pp 14-17 , ISSN 0258-0543.

Finch, J. and May, T. (1998), “ Reputations: putting a zip in a Burberry”, The Guardian, 27 June.

Hall, J. ( 2009 ) Emma Watson helps Burberry beat expectations. The Telegraph- Telegraph. co. uk, 14 October 2009 [Internet]. Available from < <http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/6328699/Emma-Watson-helps-Burberry-beat-expectations.html>> Accessed on 17 November 2009.

Interbrand (2009) Leading Luxury Brands 2008 Rankings, Branding Studies- The Top 15 Luxury Brands, Interbrand-Creating and managing brand Value, [Internet]. Available from Accessed on 27 December 2009.

Interbrand (2009b) Best Global Brands 2009 rankings, Interbrand-Creating and Managing Brand Value, [Internet]. Available from Accessed on 27 December 2009.

Jackson , T., Haid, C. ( 2006 ) : Global Luxury Brands-trademark/ Intellectual Property In Jackson, T., Shaw, D. The Fashion Handbook, London: Routledge , pp. 72-81.

Jackson , T., Shaw, D. (2006) The Fashion Handbook. London : Routledge, pp. 61-3. 72-81, 105-08, 127.

Jackson, T., Shaw, D.( 2009) Mastering Fashion Marketing. Wiltshire: Palgrave Macmillan, pp. 12-15, 63, 161-63, 247-250, 288-98.

<https://assignbuster.com/evaluation-of-burberrys-market-position/>

Keynote ( 2009) Report Search [Internet]. Available from < [http://www.keynote.co.uk/market-intelligence/search/quick?query= burberry](http://www.keynote.co.uk/market-intelligence/search/quick?query=burberry) >. Accessed on 18 December 2009.

Kiley, D. (2007), “ Best global brands”, Business Week, Vol. 4005, August 6, pp. 56-63.

Kollewe, J., Wearden, G.(2008) Burberry sees profits rise while Laura Ashley Suffers. The Guardian , Financial section [ internet] 29 May 2008, pp 26. Available from Accessed on 18 December 2009.

Leroux, M. ( 2009 ) Child's play for Burberry . The Times, 15 October 2009, p. 51.

Luxury Goods. Lex Column ( 2009 )The Financial Times, 21 November 2009, pp 24.

Main Movers ( 2009 ) , The Independent ( London, England) , 10 December 2009, p. 52.

Malem Wendy (2008) Practitioner Paper Fashion designers as business: London, Journal of Fashion Marketing and Management , Vol. 12 No. 3, pp. 398-414.

Milligan , L. ( 2009) Emma Watson Exclusive. Vogue. com [Internet] > 12 june 2009. Available from Moore, C. and Fernie, J. (2004), “ Retailing within an international context”, in Bruce, M., Moore, C. And Birtwistle, G. (Eds), International Retail Marketing; A Case Study Approach, Elsevier Butterworth-Heinemann, Oxford, pp. 3-37.

<https://assignbuster.com/evaluation-of-burberrys-market-position/>

Moore, C. and Birtwistle, G. (2004), " The Burberry business model: creating an international luxury brand", International Journal of Retail & Distribution Management, Vol. 32 No. 8, pp. 412-22, ISSN 0959-0552.

Neumier, M. (2006) The Brand Gap. United States of America: AIGA.

Okonkwo, U. (2007) Luxury Fashion Branding. Hampshire : Palgrave Macmillan, pp. 15-25, 30-37, 132-67, 173-78, 227, 260, 278-83, 310

O'Neill, L. (2009) From Hogwarts to Burberry: Actress Emma Watson graduating into high fashion as new face of label. NYDaily News. com [Internet] 9 June 2009. Available from Accessed on 17 December 2009.

Pringle, H. (2004) Celebrity Sells. India : John Wiley & Sons , LTd.

Satherley, J. ( 2009) Emma Watson unveiled as Burberry Babe [ Internet] 9 June 2009. Available from  
ile:///C:/Users/Admin/Desktop/burberry/research/Emma%20Watson  
%20unveiled%20as%20Burberry%20babe%20%20%20Metro. co. uk. htm> .  
Accessed on 16 December 2009..

Vine, S. ( 2009) Copy Emma Watson's Burberry Look. The Times-TimesOnline [Internet] 10 June 2009. Available From Accessed on 17 December 2009.

Werdigier, J. ( 2009) Burberry Looks Online for Ways to Gain Customers. The New York times-Global Business [Internet] 9 November 2009. Available from . Accessed on 12 December 2009.

**IMAGE REFERENCES :**

Image No. 1: Burberry previous ad campaigns by Koko Royle ( 2009)

Burberry Handbags resist the chav scandal [Online Image]. Available from < <http://www.kokoroyale.com/fashion/profiles/burberry-handbags-resist-the-chav-scandal/>>

[ Accessed on 29 December 2009].

Image No. 2 : Rosie Huntington and Sam Riley in Burberry Fall 2008 Ad

Campaign by Foster, K. ( 2008) Rosie Huntington-Whitley for Burberry autumn/winter 2008-9- revealed [Online Image]. Available from < <http://www.catwalkqueen.tv/2008/06/2.html>> [Accessed on 14 December 2009].

Image No. 3 : David & Victoria Beckham for Emporio Armani by Jane, Tina

( 2009 ) Celebrities for Luxury Brands'09 Ad Campaign [Online Image].

Available from <

<file:///C:/Users/Admin/Desktop/burberry/research/jan/Celebrities%20for%20Luxury%20Brands'%2009%20Ad%20Campaign.htm>> .[Accessed on 14 December 2009].

Image No. 4 : Madonna for Louis Vuitton by AmyGrindhouse ( 2009) David &

Victoria Beckham Armani Fall 2009 Ads [Online Image], 2 July 2009.

Available from < <http://amygrindhouse.com/david-victoria-beckham-armani-fall-2009-ads.html>> [Accessed on 14 December 2009].

Image No. 5 : Emma Watson For Burberry- Autumn/Winter '09 Campaign at

Burberry Plc ( 2009) About Burberry- Ad Campaign [Online image]. Available

from < <http://www.burberry.com>.

com/en-row/#/en-row/aboutburberry/adcampaign> . [Accessed on 17 December 2009]

Image No. 6 : Burberry Spring/Summer 2010 Ad Campaign for Burberry Prorsum at Burberry Plc ( 2009) About Burberry-Introducing Spring/Summer 2010 [Online Image]. Available from < [http://www. burberry. com/en-row/springsummer2010/#/s9](http://www.burberry.com/en-row/springsummer2010/#/s9)>.[ Accessed on 29 December 2009]

Image No. 7: Burberry Spring/Summer 2010 Ad Campaign for Burberry Prorsum featuring Emma Watson at Burberry Plc ( 2009) About Burberry-Introducing Spring/Summer 2010 [Online Image]. Available from < [http://www. burberry. com/en-row/springsummer2010/#/s9](http://www.burberry.com/en-row/springsummer2010/#/s9)>.[ Accessed on 29 December 2009]

Image No. 8: Burberry London ad campaign for Spring/ Summer 2010 at Burberry Plc ( 2009) About Burberry-Introducing Spring/Summer 2010 [Online Image]. Available from < [http://www. burberry. com/en-row/springsummer2010/#/s9](http://www.burberry.com/en-row/springsummer2010/#/s9)>.[ Accessed on 29 December 2009]

Image No. 9: Emma Watson for Burberry Brit Spring /Summer 2010 Ad campaignat Burberry Plc ( 2009) About Burberry-Introducing Spring/Summer 2010 [Online Image]. Available from < [http://www. burberry. com/en-row/springsummer2010/#/s9](http://www.burberry.com/en-row/springsummer2010/#/s9)>.[ Accessed on 29 December 2009]