



BURBERRY

Global Retailing
Universal

A decorative border with a plaid pattern in shades of tan, brown, and red is located on the left and bottom edges of the slide.

Topics of Discussion

- ❑ Company Overview
- ❑ Distribution Strategy, Regional Mix, Product Mix
- ❑ Macro-forces that affect the Burberry brand & company
- ❑ Brand Positioning in the UK & US
- ❑ UK vs. US Market & Customer Comparison
- ❑ SWOT Analysis
- ❑ Final Recommendations

Burberry History

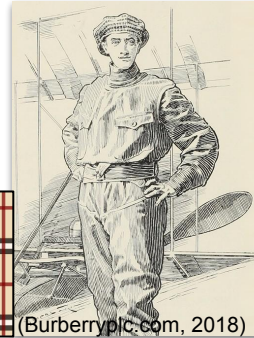
- According to Burberry's company website, the brand was founded in 1856 by Thomas Burberry and began as a manufacturer of the hard wearing fabric, gabardine.
- Arctic explorers, aviators, and the British Army have all worn Burberry throughout the company's history, cementing its legacy as a heritage brand.



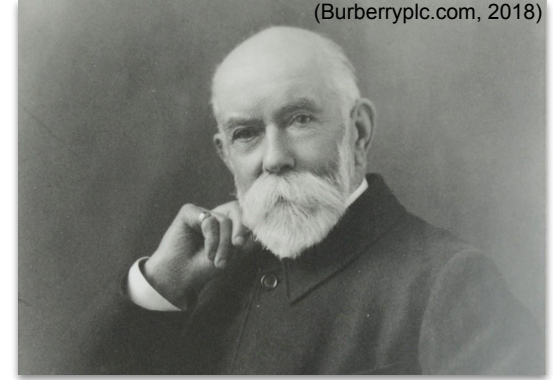
(Burberryplc.com, 2018)



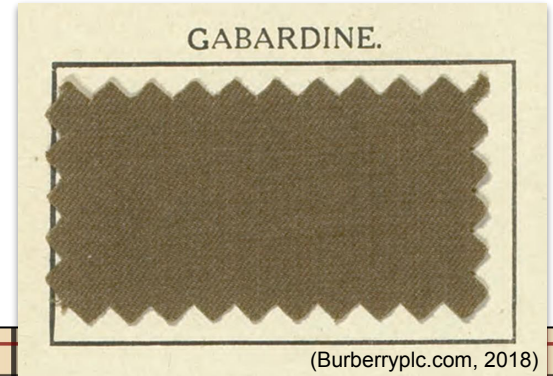
(Burberryplc.com, 2018)



(Burberryplc.com, 2018)



(Burberryplc.com, 2018)



(Burberryplc.com, 2018)

2016/2017 Financial Highlights

Revenue (Year to 31 March)

£2,766 m



Net Cash (As At 31 March)

£809 m



Profit Before Tax (Year to 31 March)

£395 m



Burberry News

- Former Givenchy designer Riccardo Tisci is now the chief creative officer, to succeed Christopher Bailey (Financial Times, 2018)
- Burberry's chief marketing officer Sarah Manley is to step down at the luxury retailer this summer (Daily Mail, 2018)



(House of Solo, 2017)



(The Cut, 2018)

Distribution Channel Mix

Retail:

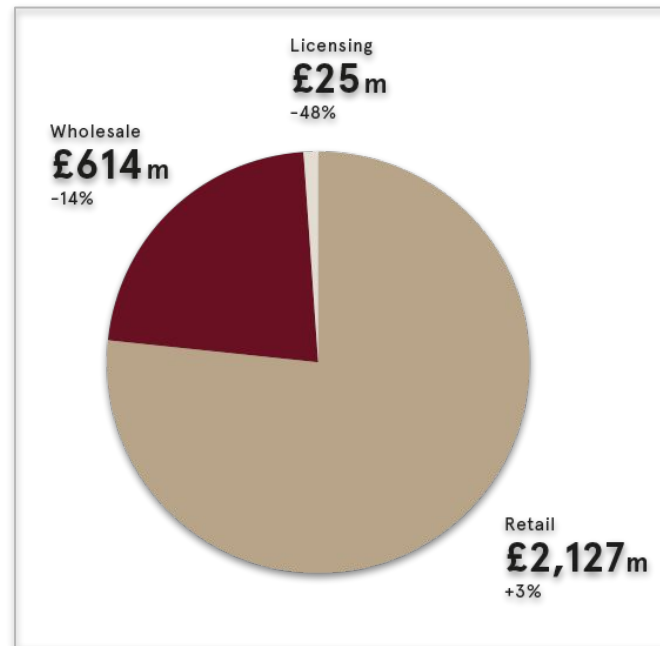
- Accounts for 77% of revenue (compared with 70% three years ago)
- Includes sales through; 209 mainline stores, 200 concessions, predominantly through department stores, E-commerce and 60 outlets

Wholesale:

- Accounts for 22% of revenue
- Includes sales to department stores, multi-brand speciality accounts, travel retail and franchisees who operate 48 stores. It also includes sales of Beauty products to 80 global distributors
 - Revenue down 14% underlying
 - Half of this decline due to a 20% decrease in beauty wholesale

Licensing:

- Includes income from Burberry's global product licensing (eyewear and watches)
- Revenue down 48% underlying due to expiry of the Japanese licence



(Burberry, 2017)

Regional Channel Mix

Americas

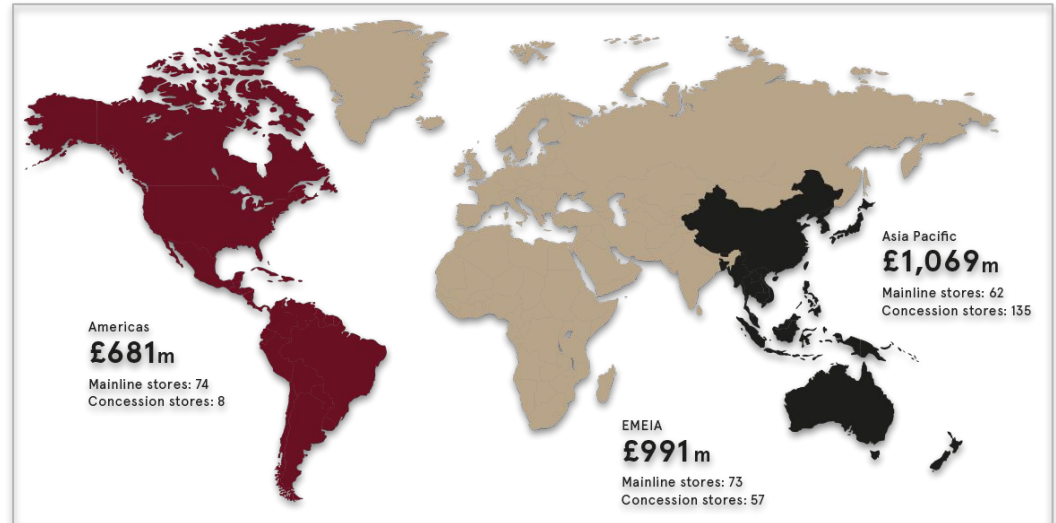
- Accounts for 25% of global retail/wholesale revenue mix
- Revenue down 11% underlying
- 74 mainline stores, 8 concessions

Asia Pacific

- Accounts for 39% of global retail/wholesale revenue mix
- Revenue unchanged year-on-year
- 62 mainline stores, 135 concessions

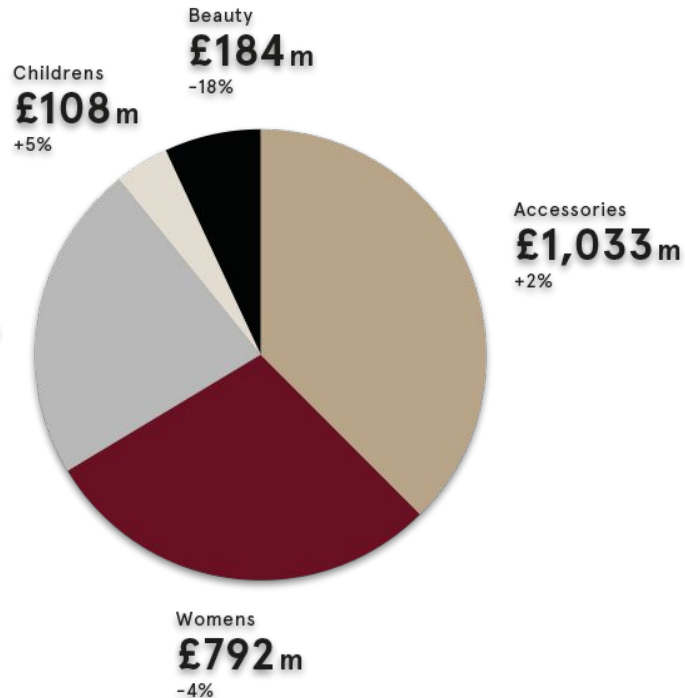
Europe, Middle East, India and Africa (EMEIA)

- Accounts for 36% of global retail/wholesale revenue mix
- Revenue up 3% underlying
- 73 mainline stores, 57 concessions



(Burberry, 2017)

Product Mix



Accessories

- 38% of retail/wholesale revenue with 2% underlying growth
- Strong growth in women's handbags - an area of strategic focus

Womenswear

- 29% of retail/wholesale revenue with -4% underlying decrease
- Positive response to newness and newly launched Tropical Gabardine

Menswear

- 22% of retail/wholesale revenue with 1% underlying growth

Childrenswear

- 4% of retail/wholesale revenue with 5% underlying growth

Beauty

- 7% of retail/wholesale revenue with -18% underlying decrease reflecting brand elevation actions

Macro-forces for the UK and US: Economic

BREXIT

- Affects the **UK market**
- Motivated poor predictions for the UK economy in 2017 with emphasis on consumer confidence
- Proved to be less detrimental than expected:
GDP up 0.7% from 0.6% previously.
(BBC, 2017)

Currency Value

- Affects the **UK and international customers**
- Value of the pound fell in 2016, and is trading 15% lower comparative to the US Dollar
(National Office of Statistics, 2018)

Currency Value Cont.

- In 2016, The United Kingdom became the cheapest country to buy luxury goods in because of the drop in value for pound sterling
(Mintel, 2016)
- Gives the international consumer more purchasing power

Consumer Spending

- Affects the **US market**
- Consumer spending is expected to increase by 2.5% this year in the US
(USA Today, 2018)

Macro-forces for the UK and US: Social

Connecting Themselves to Cause:

Burberry shows its support of the LGBTQ+ community with the use of the **rainbow check** in their latest campaign. (Vogue, 2018)



(Independent, 2018)

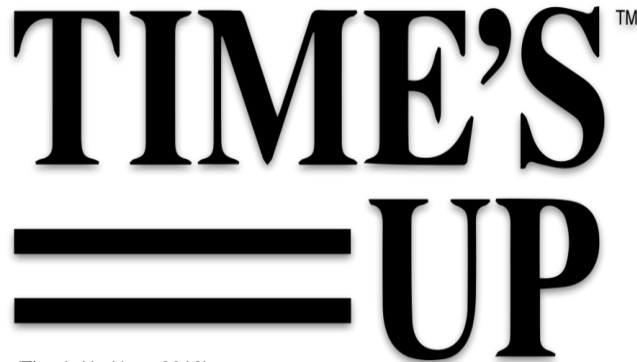
“My final collection here at Burberry is dedicated to - and in support of - some of the best and brightest organisations supporting LGBTQ+ youth around the world,” said Bailey of his last project at the house.” (Vogue, 2018)



(Burberry, 2018)

Macro-forces for the UK and US: Social

- Burberry's support of the LGBTQ community also connects to the growing Me Too and Time's Up movements that are overtaking Hollywood
- Christopher Bailey's positive characteristics make him a role model for other fashion industry leaders. (Business of Fashion, 2018)

The logo for the Time's Up movement. It features the words "TIME'S" and "UP" in a large, bold, black serif font. Between them is a thick, black horizontal double line. A small "TM" trademark symbol is located to the upper right of the word "TIME'S".

**TIME'STM
==
UP**

(Time's Up Now, 2018)

The logo for the #MeToo movement. It consists of the text "#METOO" in a bold, white, sans-serif font, centered on a solid red rectangular background.

#METOO

(Lethaby, 2018)

Macro-forces for the UK & US: Environmental

- Consumers more aware of a sustainability companies - WGSN 2018
- 65% of US Millennials claim to buy responsible products wherever possible - *conecomm.com*

BURBERRY FOUNDATION AWARDS £3 MILLION GRANT TO THE ROYAL COLLEGE OF ART IN LINE WITH BURBERRY'S NEW FIVE-YEAR RESPONSIBILITY AGENDA



Burberrypplc.com - press release - 22 June 2017



Process	<u>Internal manufacturing</u>	Not achieved*
Burberry is committed to ensuring its future resilience by integrating sustainability decisions across the business and collaborating with suppliers.	Reduce the energy use from Burberry's two UK manufacturing sites by 25%**	achieved*
	<u>Suppliers</u>	Not achieved**
	Work with key suppliers to assist them in reducing their energy use by up to 20%**	achieved**
	<u>Mills</u>	Not achieved**
	Work with key mills to assist them to reduce their water consumption by up to 20%**	achieved**
	<u>Transport</u>	Not achieved*
	Reduce carbon emissions from the transport of Burberry products by 10%**	achieved*
	<u>Distribution centres</u>	Achieved*
	Reduce energy use in Burberry's five third-party distribution centres by 10%**	Achieved*

Macro-forces for the UK & US: Technological

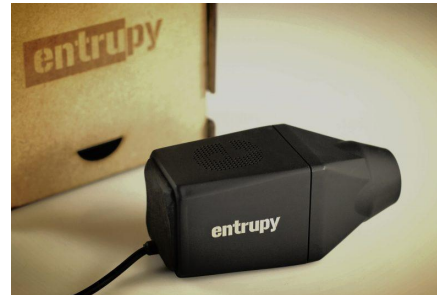
- AI (Artificial Intelligence) (Forbes, 2014)
- Big Data (Forbes, 2014)
- "Walking through our doors is just like walking into our website" (Forbes, 2014)

- Counterfeits (Forbes, 2014)
- 98% detections (Forbes, 2014)
- Shut down other sellers (Forbes, 2014)

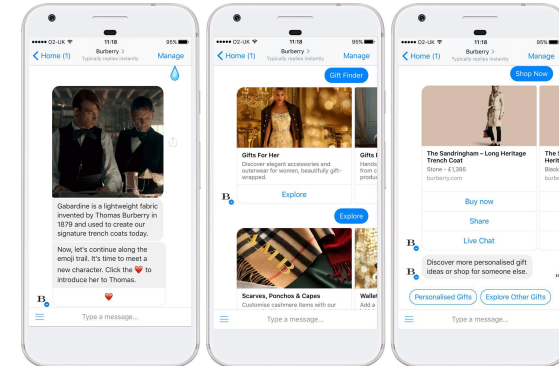
- 2016 LFW
- Facebook "chatbots" (Forbes, 2014)
- Able to share and buy



(Bangkok Post, 2012)



(nextshark.com, 2017)



(Forbes, 2017)

Comparison of the UK & US Market

UK Market

- A survey conducted by Mintel about consumer **attitudes towards luxury brands/products** shows that:
 - 51% of 2000 participants value quality over brand name alone
 - 38% believe luxury experience vs luxury product
 - 36% believes that if a brand is too accessible it loses its appeal
 - 20% found it frustrating to see luxury items before they are available for purchase (Mintel, 2017)

Similarities

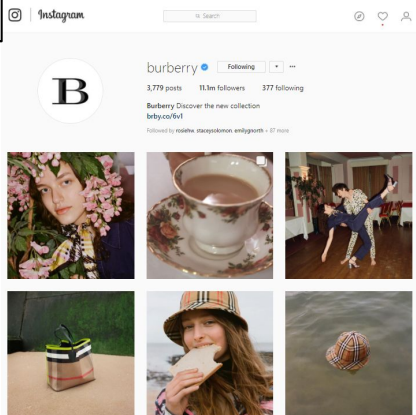
- Garments are valued at the same price in both Pounds Sterling and American Dollar. (Burberry, 2018)
- **12.3% of the UK market is luxury,** whereas it is **12.8% for the US** (Edited, 2018)

US Market

- A survey conducted by Mintel about consumer attitudes towards luxury brands/products shows that:
 - 57% of 2000 participants value quality over brand name alone
 - 45% luxury experience vs luxury product
 - 29% believes that if a brand is too accessible it loses its appeal
 - 10% found it frustrating to see luxury items before they are available for purchase (Mintel, 2017)



Authors own image - Burberry Regent Street Store 2018

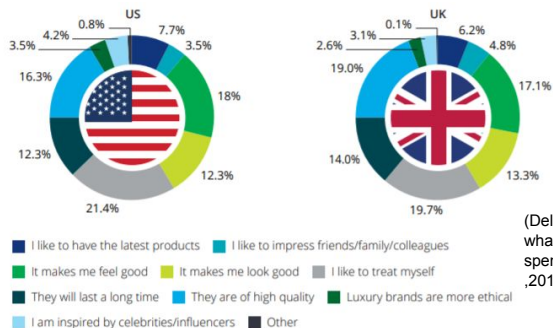


instagram.com/Burberry 2018

UK Customer & US Customer

- Millennial generation
- Male/Female
- City based
- Cultured and educated
- Enjoys heritage brands & their ethos
- Fashion focused
- A regular user of social media
- Aware of sustainability and the environment
- Shops at other luxury brands

Above bullet points from primary & secondary research - Burberry.com 2018, Burberry Annual report, Drapers.com



(Deloitte - Bring it on - what makes millennials spend more? Report ,2018)

GUCCI

(Gucci, 2018)

(Ralph Lauren, 2018)

RALPH LAUREN

20% of mobile searches were facilitated via voice with 95% accuracy. ComCore suggests that by 2020, this figure will jump to 50%. - Mary Meeker's 2017 Internet Trends report



(Burberry.com , 2018)

CUSTOMER EXPERIENCE WILL REFLECT OUR POSITIONING

To ensure our distribution is consistent with our brand positioning, we will rationalise non-luxury wholesale and retail doors, with an initial emphasis on the US and then DMEK. We will transform our in-store experience by refurbishing our stores and enhancing our luxury service. We will continue to lead innovation in digital, delivering personalised experiences and true omnichannel services.

UK & US Market - Brand Positioning

Luxury Pricing



(Internetretailing.net, 2018)



(Nowfashion.com, 2018)



BURBERRY
ESTABLISHED 1856

(Burberry.com, 2018)

Mass Market

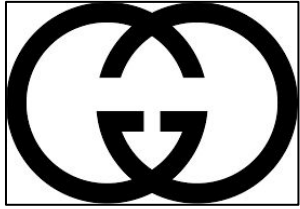
Exclusivity



(truevintage.com, 2018)

Affordability

Gucci



(Gucci, 2018)



(Top Hot Lyrics, 2017)



(Wikipedia, 2018)



Instagram

Search



gucci

Following



4,338 posts

22.4m followers

137 following

Gucci

[on.gucci.com/BloomAcquaDiFiori](https://www.gucci.com/BloomAcquaDiFiori)

Followed by colympios, a_jima83, hilaryduff + 61 more



instagram.com/gucci

- Gucci hits a younger demographic that as well asserts more street credit. (Vogue, 2017)
- Brand-visibility and pop culture. (referralcandy.com, 2017)
- Social Media (referralcandy.com, 2017)

(Gucci.com, 2018)





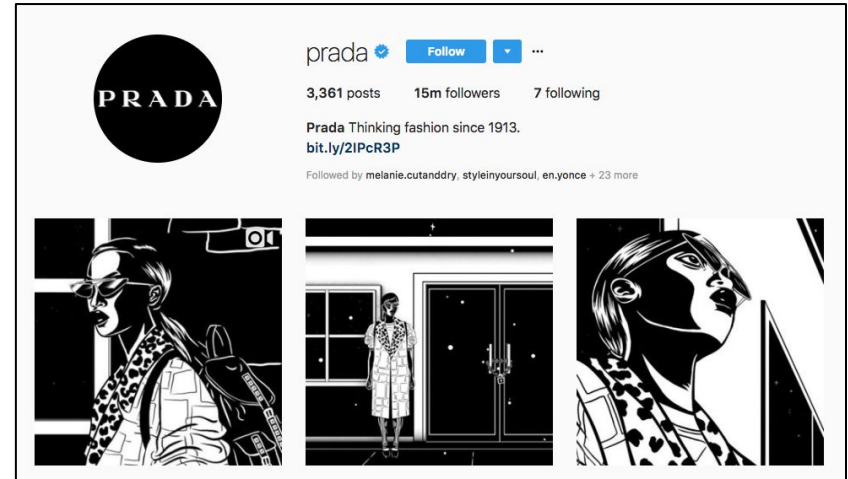
PRADA

- Turn around in customer target to millennials (bbc.co.uk, 2016)
- #PRADA365
- "Potential launch of 'shoppable' content with selected key items on instagram". (bbc.co.uk, 2016)

Customer:

- Both younger and older customer
- More conservative
- Traditional wear

(howfashion.com/brands/prada, 2018)



(instagram.com/prada, 2018)



(instagram.com/gucci, 2018)

- Creating a new position for CMO
- "Timeless. Classic. American. Style."

Customer:

- Targets babyboomers
- Business/ Every day wear

SWOT

Strengths

- Burberry is a heritage brand, founded in 1856, so it has a loyal customer base and strong ties to English history (Burberry, 2018)
- Burberry is a leader in integrating their social media platforms with their communications strategy (Commercialising Creativity, 2014)

Weaknesses

- A new creative director and chief marketing officer have started at Burberry, leaving the company vulnerable (Financial Times, 2018)
- The brand is currently in a transitional period until December 2018, meaning Bailey will still be providing support (Vogue, 2018)

Opportunities

- Burberry can grow their website and their E-commerce business (Burberry, 2018)
- With accessories being one of their highest selling product categories, enhance the store assortment by simplifying the product offer (Burberry, 2018)

Threats

- Burberry's competitor, Gucci, has much more appeal to younger demographics and is seen as "cooler" than Burberry (Vogue, 2017)
- Brexit goes into full effect on 29 March, 2019, when the UK officially leaves the EU (BBC, 2018)

Recommendations

Consolidation

"After a decade of global expansion, Burberry plans to work with its existing retail space to make it more productive, introducing more events and experiences." (Intel, 2017)

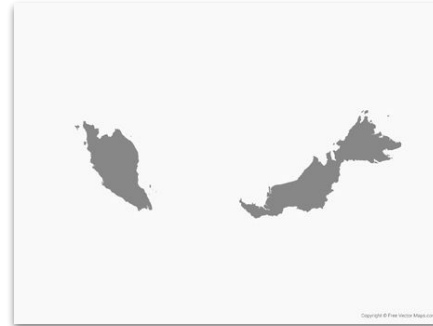
- Burberry is currently in the process of consolidating by closing down stores, with special focus on concession stores (Intel, 2017).
- Surveys show that 38-45% of participants value the "luxury experience" in conjunction with purchasing luxury items (Intel, 2017).
- **Ultimately:** Focus on **improving** the experience of customers in store. How else do we give them **the "Burberry Experience"**?

Recommendations

Consolidation

“After a decade of global expansion, Burberry plans to work with its existing retail space to make it more productive, introducing more events and experiences.” (Mintel, 2017)

- Expand the presence of in-store tech in markets that **prioritize** the value of **tech** and **luxury**.
- Primary market of interest: **Malaysia**

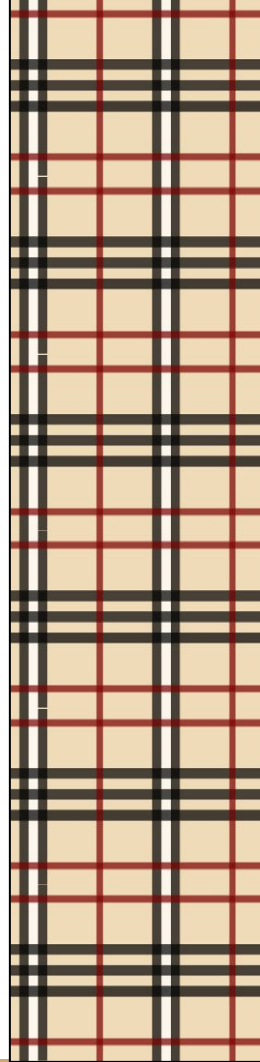
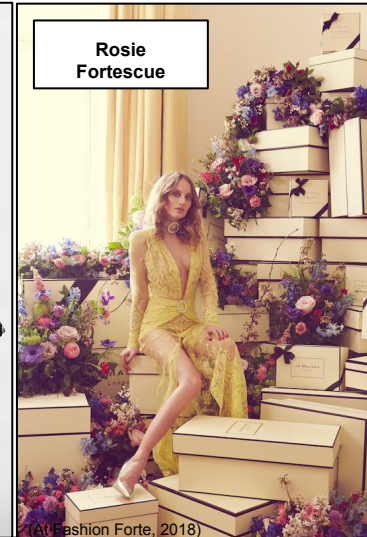
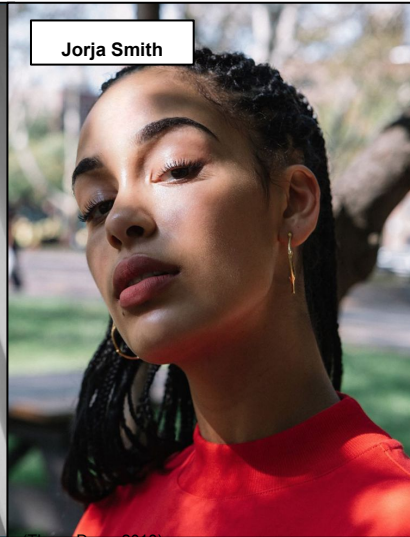


(Vector Map, 2017)

Recommendations

Brand Representation

- Inspired by the success of the Rainbow Check campaign



Recommendations

Marketing with sustainability and consumers at heart Factor

“Millennials are twice as likely as the overall investor population to invest in companies actively involved in good social and economic practices” WGSN, 2018 - Sustainability and the Consumer

Objective

- With all sustainable information from Annual reports, burberry.com, etc

Marketing

- Use social media stories such as Instagram:
- “The average time people spend on instagram is 32 minutes”

Our Company ^

Our History

Burberry Group Plc

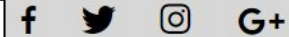
Careers

Corporate Responsibility

Site Map

(Burberry.com , 2018)

FOLLOW US



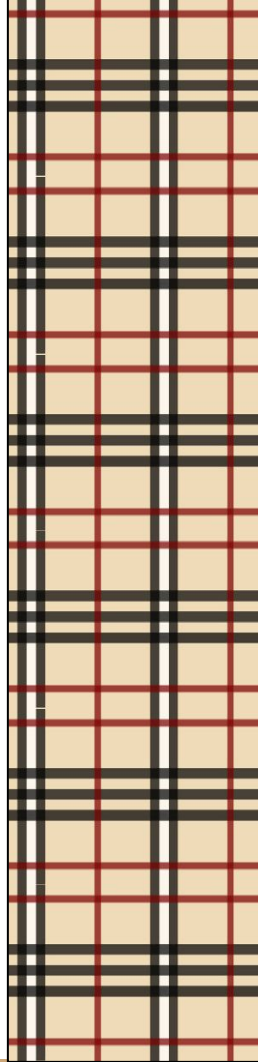
(Burberry.com , 2018)



WGSN, 2018 - Marketing in 2018 - top trends - 2018

Questions?

Thank You



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