The Digitalization Road of Burberry

GROUP 6
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Abstract
With the development of internet, the world is becoming unprecedented connected. In 2014, there are over three billion global internet users and the number is still increasing in a pace of 10% growth every year. Among the users, 1.3 billion are active Facebook users and 31 million have a twitter account. Business men with visionary mindset are taking advantage of the opportunity to dig gold in the online world. And traditional businesses also try to expand themselves into the e-commerce field to meet the consumer shift in a more efficient way. While in luxury field, most brand were holding doubtful attitude towards digitalization since the industry always has the most prestige image and highly focuses on the exclusivity of both brand and consumer experience. Burberry, the previous royal brand, who used to serve the upper class with 158 years history, became the early player in the trend of digitalization among luxury brands. The movement leaded the brand to boosting growth but also brought up questions to the industry: Should luxury brands go to digital? How to keep the luxurious image while going into the mess media? Will it change the traditional way of luxury brands doing business? What the brand can benefit from digitalization?

Key words
Luxury brand, Digitalization, E-commerce, Technology, Digital marketing, Social network, Content, Consumer Engagement, Offline, Online, Consumer experience, E-commerce
LERNING OBJECTIVES

In a the background of brand digitalization, the case focus on

• **Re-Branding**
  – How the brand combined re-branding strategy with digitalization?
  – In which way the brand targeted its consumers?
  – How did the brand improve services and distribution channels?
  – What is brand digital asset?

• **Luxury Brands’ Paradox**
  – Whether brand value will be diluted by Internet?
  – How brand to leverage the democratization and profitability by going digital?
APPRAOCH and STRATEGY

Questions

• As a traditional British luxury brand, what drove Burberry to be the early player in digitalization? Analyze the situation when Burberry started brand digitalizing.
  SWOT analysis

• How did Burberry success in brand digitalization so far?
  Re-branding strategy (product, service and asset), multi-national strategy

• What is the influence to brand itself and other luxury brands after Burberry going digital?
  Re-branding strategy, Paradox of luxury brands

• What is the next step should Burberry focus on in order to keep the first player advantage?
  Growth and profit issue

• What’s your opinion about luxury brands entering e-commerce field? Do you think it’s an opportunity for further growth of traditional luxury brand?
  Environment analysis
Q1. What drove Burberry to be the early player in digitalization? Analyze the situation when Burberry started brand digitalizing.

- Brand heritage and craftsmanship
- Highly recognized brand with well-know trench coat and signature Burberry Check
- The visionary brand leaders- Angela Ahrendts and Christopher Bailey
- Going public

- The lack of consistent strategy for branding.
- Cluttered structure in managing product, the trench coat heritage was diluted.
- Stagnant growth in sales (less than 4% growth rate in 2006)
- No distinguish marketing campaign, low presence.

- The rapid growth of web2.0 and Internet.
- Increasing internet users are shopping online, e-commerce is a booming market.
- Luxury consumer group shift to younger targets, especially in emerging market.

- The increasing competition from French and Italian luxury brand made the situation even fierce when more marketing budget was allocated by those competitors.

**Conclusion**

In order to pursue the growth and turn around the stagnation, Burberry took the opportunity of Internet booming and we2.0 to re-brand, targeting on younger group, while differentiating itself from competitors.
Q2. How did Burberry success in brand digitalization so far?

Digitalization Strategy of Burberry

<table>
<thead>
<tr>
<th>Internal Management</th>
<th>Implementation of Technology</th>
<th>High Quality Content Generation</th>
<th>Active Interact on Social Media Platforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Integrated IT department</td>
<td>- Implant RFID technology into the retail store</td>
<td>- Art of Trench: innovating trench coach culture</td>
<td>- High presence and regularly news feed in different</td>
</tr>
<tr>
<td>with other divisions.</td>
<td>service</td>
<td></td>
<td>channel</td>
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<tr>
<td>- Created social media department and insight &amp; analytics department</td>
<td>- Being creative by using 3D tech in fashion show</td>
<td></td>
<td>- Christopher Bailey is highly personally involved</td>
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<tr>
<td>- Internal information</td>
<td>- Cooperation with Google in Burberry Kisses</td>
<td>- Burberry Acoustic: establishing music culture</td>
<td>- Consistent within multi-platforms</td>
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<tr>
<td>platform: Burberry talk</td>
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</table>

Empower Burberry’s digitalization strategy sustainability in long run

Enhance consumer experience while presenting an innovative brand image

Build brand online culture. Create stickiness to the content (esp, music)

Approach to young target group. Increase the consumer engagement

**Conclusion**

So far, Burberry’s digitalization is huge success for re-branding. It built a younger and modern image for the brand by its online marketing, but still kept it high-end image by quality content and edgy technology experience. The brand already has a comparable complete system for managing digitalization and a consistent strategy in the long run.
Q3. What is the influence to brand itself and other luxury brands after Burberry going digital?

**To Burberry**

- Brought high exposure than traditional marketing tools (advertisement or solely offline campaign)
- Innovated the new business model of combining off-line operation and events with online experiences consistently, driving sales on both-end go up.
- Digitalization is a crucial approach for the brand to reach its new target consumers, the digital asset is strongly supporting the re-branding strategy

**To Competitors**

- Some of the brand who were holding doubts felt the urgency to exploit social media platforms when increasing number of luxury brands started to take online field more seriously.
- Generate the imitation of Burberry’s strategy while some brands show the inconsistency between the brand offline and online performance.
- Due to the industry trend, brands are actively building digital asset, yet, some don’t have an clear strategy or goal when following the tendency.

**Conclusion**

Burberry’s digitalization served its re-branding goal consistently by attracting and satisfying new target consumers in a way they prefer. The success of Burberry and the other early adopters, in fact, pushed the digitalization widely spread within the luxury industry.
Q4. What is the next step should Burberry focus on in order to keep the first player advantage?

<table>
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<tr>
<th>Keep Competitive Edges</th>
<th>A Step Further</th>
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<tr>
<td><strong>High-Tech Implementation</strong></td>
<td>- Implement high-tech experience to a wider range in global flagship stores, not only in the London one.</td>
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<tr>
<td>Keep enhancing exclusive experience both online (campaigns) and offline (retail) by implanting new technology into luxury image</td>
<td>- The need to build user database collecting from current platforms for further ecommerce development</td>
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<tr>
<td><strong>High Quality Content Creation</strong></td>
<td>- Develop smart phone Apps for Burberry Acoustic and Art of Trench to enhance engagement, which additionally benefit the brand to collect data.</td>
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<tr>
<td>Keep building brand online culture by Burberry Acoustic and the Art of Trench to enhance target consumer’s engagement to the brand and nurture potential consumers.</td>
<td>- Need creative storytelling videos that can go virus to enlarge the brand influence on its targets.</td>
</tr>
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<td><strong>The Innovative Spirit</strong></td>
<td>Incubate a powerful digital team with audacity and visionary (After Angela Ahrendts left Burberry, Christopher Bailey takes double responsibility to the brand)</td>
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<tr>
<td>One of the most important factor that drove Burberry’s digitalization is the experimenting spirit of the brand leaders, which empowering the brand keep innovating.</td>
<td>In order to keep the Burberry’s first player advantage, the brand needs to keep strengthening its competitive edges while find the solution for the further developing, eventually bringing the growth to the brand.</td>
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Q5. Opinions about luxury brands entering e-commerce field.

**Pros**
- Lack of the luxury shopping experience, which is also a key part of brands building prestige image.
- Dilute the luxury image of the brand since the online channel is accessible to everyone.
- Take advantage of the trend of increasing online luxury shopping and the increasing younger luxury consumers, especially in Chinese market.
- Achieve higher profit when the cost of distribution and stocking is cut down.
- Multiple platforms expand the distribution channel.

**Cons**

<table>
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<tr>
<th>E-commerce Opportunity</th>
<th>Pros</th>
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<td>Link online and offline shopping (order online, collect offline)</td>
<td>- Lack of the luxury shopping experience, which is also a key part of brands building prestige image.</td>
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<td>More efficiency for rich people what doesn’t have time to shop</td>
<td>- Dilute the luxury image of the brand since the online channel is accessible to everyone.</td>
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<td>Use multi-channel to distribute affordable items, e-commerce website(Amazon, in-tweet purchasing)</td>
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**Conclusion**

The e-commerce is an inevitable trend. Luxury brand should take the opportunities to boost the sale of affordable entry level product through internet by targeting the internet users by taking advantage of multi-platforms. while still keep the most exclusive products into offline retail channels.
THANK YOU