

# *The Analysis of the Marketing Strategy of Burberry*

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**Abstract:** The motivation for buying luxury goods has become generalized: to bring psychological pleasure and satisfaction, to gain social prestige, to demonstrate purchasing power to others, and so on. This paper will focus on Burberry and analyze the position and reputation it has gained in the marketplace by evaluating three of its marketing strategies (social media, determining consumer buying tendencies and preferences, and public relations). In addition, this paper identifies the behavior and psychology of consumers when purchasing Burberry, respectively consumption for the image of the Burberry brand and the history of the brand, and consumption for Burberry materials. Burberry's marketing strategy has been successful to a certain extent, attracting loyal customers and gaining market share and status. Even though, the company has also faced numerous threats from fake Burberry products.

**Keywords:** Burberry, marketing strategy, consumer experiences

## 1. Introduction

The ever-changing global policies and market economies of today have undoubtedly created a complex market environment for companies. In response, companies need to constantly react to this market environment to maintain and improve their market position. Currently, the benefits of marketing strategy are reflected in the fact that it helps to meet the basic objectives of the company and makes it profitable and competitive [1]. Its role is to be applied over time and to take into account internal and external conditions to achieve the desired market position for the company. At the same time, building and managing brand value is an integral component of marketing strategy [2].

The company chosen for analysis in this paper is Burberry, one of the top luxury companies in the UK and worldwide, whose marketing strategy has attracted many consumers. At the same time, it has led to several potential threats. An analysis of Burberry's marketing strategy shows that Burberry relies on three main approaches (social media, determining consumer buying tendencies and preferences, and public relations). Burberry's tactics have enabled it to profit from its extensive network of retail, wholesale, and licensed channels and Burberry's focus on the consumer experience, but this has led to the potential threat posed to Burberry by many counterfeit products.

This paper begins by providing a detailed overview of Burberry, including its history and the aspects of the business it operates. This is followed by a presentation of Burberry's financial position in relation to stock data. And then it is going to focus on three aspects of Burberry's marketing strategy. Following this, Burberry will be assessed from a social media perspective and a

consumer behaviour perspective. Last but not least, Burberry will be analysed using a SWOT analysis.

## 2. Burberry

### 2.1. Overview

Burberry is a British luxury brand founded by Thomas Burberry in 1856 and headquartered in London. Burberry is famous for its distinctive check pattern. In the past decades, Burberry mainly produced raincoats, umbrellas, and scarves. Nowadays, Burberry mainly deals with clothing, fashion accessories, handbags, and beauty products, and is committed to emphasizing the concept of traditional British noble design [3]. With the widespread promotion and advancement of the internet and digital marketing techniques, Burberry's market positioning has changed to be more youthful, with ages generally ranging from 18-35 years old. In addition, Burberry operates in more than 50 countries through more than 400 stores. It is worth noting that Burberry has been actively pursuing a sustainable strategy in recent years. From the number of organic materials in its fabrics, and the number of carbon emissions in its production facilities, to its social activities through its benefits scheme to pay salaries. Currently, two-thirds of Burberry products meet at least one of these positive sustainability initiatives and Burberry plans to have all of its products contributing to the sustainability process by 2022.

### 2.2. Finance

Up to now, retail remains Burberry's dominant sales method, with retail revenue of £2.273 billion for the fiscal year, accounting for 80% of overall revenue, and total operating income of £2.83 billion, up 23% year-on-year. Compared to the fiscal year 2020, Burberry store sales increased by 30%.

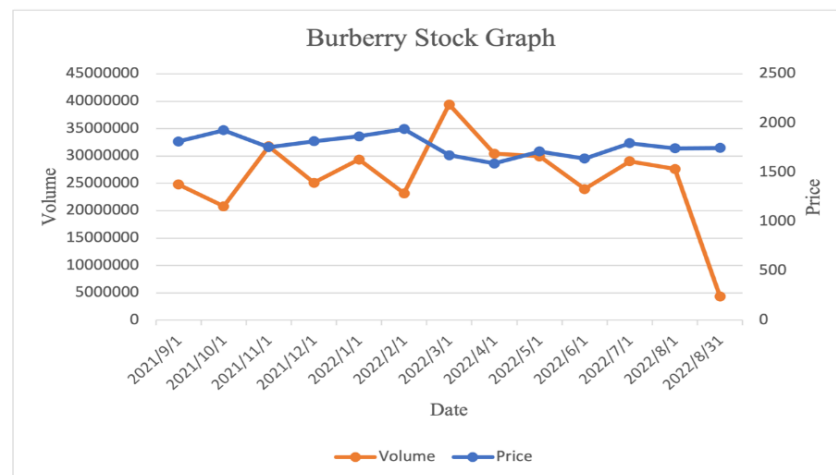


Figure 1: Burberry stock graph.

As the figure illustrates, Burberry's share price trend over the year, Burberry's price showed an upward trend from November 1, 2021, to February 1, 2022, increasing from £1,757.5 to £1,867.5 and Burberry's share price peaks on February 1. From February 1, 2022, to April 1, Burberry's share price showed a downward trend from £1,940 to £1,591. And the stock price on April 1, 2022, is at its lowest level in almost a year. Burberry's price showed a relatively stable trend from May to August 2022, with Burberry's share price at £1,748 according to the latest statistics on 21 August.

The volume is unstable compared to the price chart, and the volume fluctuates widely from month to month. The highest value of the volume was 39428015 on March 1, 2022, and the lowest value was 4353223 on August 31, 2022.

### **3. Marketing Strategies Analysis**

Marketing strategy is a process and a plan that a business uses to accomplish its marketing objectives and it includes decisions about marketing costs, the marketing mix, and the allocation of marketing resources [4]. Burberry's marketing strategy can be divided into three parts: social media, consumer behavior and psychologies, and public relations.

#### **3.1. Social Media**

In contemporary society, social media permeates all aspects of people's lives. Meanwhile, the importance of social networks and social media as a tool in today's corporate marketing strategy is increasingly recognized. What is more, this rapidly expanding marketing channel already has a reach of more than two-thirds of Internet users, offering unparalleled opportunities for brand and reputation building [5]. Burberry is proficient at utilizing social media for digital marketing. According to a 2011 report by social media agency Three-D, Burberry was ranked the most popular FTSE100 company on Facebook and Twitter [6]. It established the Art of the Trench social media platform in 2009 in order to incorporate some of its client feedback, and in 2014, Burberry expanded the Art of the Trench business, which has now entered Burberry's global marketplace. The site has now reached Burberry's global market, with an average of 1.4 million people watching their videos and over 24.8 million visitors viewing the site every day, and its online mobile sales have tripled.

#### **3.2. Consumer Behaviour and Psychologies**

In 2015, the total value of the luxury market exceeded US\$1 trillion and it is predicted to increase at an annual rate of 5% [7]. These figures reflect a contemporary consumer culture characterized by an increase in the desire for luxury products among consumers around the world [8]. The buying tendencies of Burberry's consumer base can be broadly divided into two areas: consumption for Burberry's brand image and brand history, and consumption for Burberry's materials.

Firstly, Burberry is the brand of the British Royal Family, with Princess Kate having worn Burberry ready-to-wear to various foreign events. At the same time, its long brand history has stimulated consumer buying behaviour. Burberry's philosophy is that clothing should be designed to withstand the vagaries of the British weather. As a result, Burberry's Gabardine is a material that is rainproof, breathable, comfortable, and stiff, while not softening over the years, making Burberry synonymous with quality trench coats and thus appealing to consumers.

#### **3.3. Public Relations**

The importance of public relations to a company lies in the fact that it helps to improve the relationship between the company and the public, and promote public awareness and understanding of the company, thus achieving a good corporate image and promoting the sale of goods and a series of other public activities. Burberry's PR capabilities are reflected in both its advertising and press coverage.

Burberry's advertising is focused on seasonal merchandise to coincide with retail shops, with two advertising campaigns launched each year focusing on the latest in fashion and lifestyle. These advertisements focus on breaking away from the traditional British image and aim to showcase the

brand image and brand portfolio advertisements. Another important component of Burberry's marketing strategy is fashion shows. Press coverage can improve Burberry's brand image, raise awareness of its products and increase overall sales. As part of Burberry's marketing strategy, Burberry actively uses the media to get its latest content in fashion, trade, and other publications, thereby enhancing Burberry's reputation and position.

#### **4. SWOT Analysis**

A company's strategic planning process is crucially dependent on its understanding of the business environment. The SWOT analysis is one of the most significant instruments for facilitating this knowledge, with the advantage of being able to effectively assess alternatives and complex decision-making situations [9]. When establishing strategic plans and decisions, helps firms better understand their internal and external business environments by analyzing and placing their resources and environments in four areas: strengths, weaknesses, opportunities, and threats [10]. Therefore, this section will focus on these four areas to analyze Burberry's marketing strategy in the international marketplace.

##### **4.1. Strengths**

Burberry's strength lies in its vast network of retail, wholesale, and licensing channels. This multi-channel sales model not only increases Burberry's market coverage and market share but also helps Burberry to obtain market information from different channels, making it easier for Burberry to grasp international market information and thus avoid the one-sidedness of a single channel. Furthermore, Burberry focuses on the consumer experience. In the luxury industry, insight into the ever-changing consumer and the emergence of new luxury consumer trends is essential [11]. Burberry uses the concept of 'emotional affairs' to build this relationship through digital channels and designs interactions that allow customers to engage with the experience and then communicate with others.

##### **4.2. Weakness**

With today's fierce competition from high-end fashion brands, brand innovation and performance on corporate social responsibility are largely influencing consumers' purchasing decisions as millennials and Generation Z gradually becomes the mainstay of luxury consumption. Burberry's growth in international market share has slowed due to a lack of innovation and the impact of the new crown epidemic.

##### **4.3. Opportunities**

With the saturation of developed economies, changing preferences in developing economies, and nowadays changes in education and lifestyles, these factors have contributed to a surge in consumer demand for quality goods and services, there is an opportunity to expand the Burberry global consumer market. Nowadays, consumers are paying more attention to sustainable fashion products. Burberry is launching its sustainable collection 'ReBurberry Edit' in 2020, which is made from emerging eco-friendly fabrics and each piece carries a new sustainable label.

##### **4.4. Threats**

One of the main issues facing Burberry is counterfeiting, which to some extent affects Burberry's brand equity. This is because trademarks and other intellectual property (IP) rights are critical to an

organization's reputation, success, and competitive position. The unauthorized use of these products and the distribution of counterfeit products can damage Burberry's brand image and profits.

#### 4.5. Advice for Burberry

Burberry has many strengths in its marketing strategy, including maintaining its brand image and connecting with consumers through digital channels, and meeting their needs more effectively. However, there are still a number of opportunities for Burberry to improve its operational efficiency. Firstly, Burberry needs to increase its exposure through social media by creating conversations that consumers can engage with to gain attention. Secondly, to create selling points through innovation. Von Hippel et al. argue that innovative services to match customers' needs increases the attractiveness of the firms' offerings while benefiting them [12]. For example, Burberry could attempt to collaborate with different brands or celebrities to create co-branded clothing and handbags.

#### 5. Conclusion

As a major component in attaining a company's goals in its target market, marketing strategy has become particularly crucial in the competitive world of luxury goods that exists today. In this paper, Burberry, the leading British luxury company and one of the world's leading luxury companies, has chosen to concentrate its marketing strategy on social media, determining consumer buying tendencies and preferences, and public relations. The brand has been examined in light of consumer desires to purchase it in order to satisfy their various needs for Burberry, including for brand image and history as well as for Burberry production materials. Burberry's social media channels have also been used to gain attention and views for the brand. In addition, the SWOT analysis indicates that Burberry's strength lies in its ability to maintain its brand image while focusing on the consumer shopping experience. Nevertheless, the strength of Burberry's innovation to meet the market remains a weakness. However, Burberry has also been able to capitalize on shifting consumer preferences and sustainable opportunities in the current market to develop marketing solutions. Finally, it is important to note that Burberry also needs to be aware of the brand threat posed by counterfeit goods. The shortcoming of this paper is that there are fewer data collected to support the view, and therefore it is difficult to give a more in-depth basis and view. More data on this topic could be used in future studies on this topic to support viewpoints and analyze more qualitative data to reach a more convincing conclusion.

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