

New Retailing Mode: Analysis on Burberry's Marketing Strategy Through Literature Review

Shiting Li^{1,a,*} and Huijie Shen²

¹*School of Education, Shanghai International Studies University, Shanghai 201600, China*

²*Shanghai Shangde Experimental School, Shanghai 201315, China*

a. 0201163018@shisu.edu.cn

**corresponding author*

Abstract: The new retail model is one of the focuses of today's research. Researchers have found the progress of the new retail model of luxury goods, but there is still no unified explanation on how to transform and utilize the new retail to make money. Therefore, this paper focuses on explaining how to solve this problem. This study is a case investigation of omnichannel strategy, a new retailing mode, exploited by the fashion luxury brand Burberry within a few years. By reviewing its development and performances, and referring to the current state of marketing, this study analyzed several advantages of its multichannel strategy and pointed out the weaknesses of this new mode. The findings show that this innovative and customer-oriented brand has utilized digital element both in offline and online stores, emphasizing the uniqueness and exclusiveness of features in luxury brand, to meet customer's emotional needs and provide seamless, supreme shopping experience. However, relatively lacking in the promotion of sustainable concepts and gradually losing pricing advantages, compared with its counterparts, the findings suggest that Burberry reconsider and implement their initiatives. Hence, this study also offers practical suggestions for further steady development in the mobility of personnel and capital.

Keywords: omnichannel strategy, customer experience, Burberry, literature review

1. Introduction

As everybody knows, nowadays, there are more and more new luxuries on the market. With the new technology development, many luxuries start doing online business. So, today, Burberry as the essay's brand to have in-depth study. Burberry, an old British luxury, is famous for its plaid shirt, homeware and its long history. Starting of the brand is Thomas Burberry who was the Burberry brand the creator of the trademark, which is impervious to rain, practical, durable and breathable. In 2014, this brand spread all over the world, after a few months, it opened its own online shop. So, many researchers use many economic strategies to find out how to improve the new retailing mode between the luxuries, and also, the luxuries want to use the modern technological ways to extend their customers and enhance their turnover ratio. So, many researchers use many economic strategies to find out how to improve the new retailing mode between the luxuries, and also, the luxuries want to use the modern technological ways to extend their customers and enhance their turnover ratio. The paper aims to investigating a new retailing mode through analyzing Burberry's marketing strategies. The research method of the paper is literature analysis. The luxury-Burberry is chose as a luxury

brand to emphasize the topic. The paper will find out how Burberry does retail online and offline. The paper is divided into three parts: the advantages on online retailing and the disadvantages on offline retailing.

2. A Brief Summary of the Brand's Development

2.1. Philosophy and Performance

As a renowned luxury brand with a rich British heritage founded in 1856, Burberry now owns over 500 directly operated stores around the globe [1]. According to the Interbrand Best Global Brands 2022, Burberry, up 1 place, ranks as 96th in the list with \$5917 million of its brand value [2]. Over the years, it has gained loyal customers in such markets: America, EMEIA and Asia Pacific. Guided by the philosophy “Creativity Opens Spaces” and with the ambition to be a true luxury pioneer, Burberry has continuously pushed boundaries by developing outerwear (especially the trench coat and signature tartan lining pattern, emblems of its rich heritage), and expanding leather goods portfolio for people, thus building intimate connection with its customers [3]. More importantly, among three pillars of its framework for long-term value creation, brand advocacy and community, store performance, and digital and omnichannel are key drivers [3].

2.2. The Current State of Marketing

Since 2017, Burberry has positioned to be a true luxury brand, and started the five-year Responsibility strategy — Creating Tomorrow's Heritage, progressively. With the ambitious plan comprising stimulating positive changes through products and strengthening consistent relationship with stakeholders, the conclusion of the strategy in FY 2021/22 indicated that Burberry has made significant progress in the last year. According to its 2021-22 Annual Report, the Group generated revenue of £2,826m and operating profit of £543m, increasing by 23% and 38% at CER respectively, still robust with the disruption from COVID-19 pandemic [3]. Total revenue by channel indicated that Retail contributed most with £2,273 to its total revenue. Other two channels, Wholesale and Licensing, helped the company obtain £512 and £41 in the ending period. In FY 2021/22, it closed 35 stores and opened 38 stores globally. Among its regional markets, Asia Pacific with 224 stores has accounted for the largest part of total revenue, £1,276m last year, followed by the EMEIA region (Europe, Middle East, India and Africa) with 111 stores for regional revenue of £813m and Americas with 83 stores, £696m. Next, the Group, with lofty ambition, has planned 65 stores for FY 2022/23 [3].

2.3. The Targeted Customers

With the impact of new technology and COVID-19, the composition of luxury consumers has been largely young generations, or Gen-Z who are tech-savvy and seek uniqueness, hoping some luxury brands to help them stand out in the crowd [4]. Burberry witnessed this generational shift, requirement and potential growth of the market, so accordingly the company attached the importance to this consumer group by continuously improving their offering like the introduction of NFT collections, adding newness to their ad campaign, resetting appearances of physical and digital stores, and smoothing shopping experience, to satisfy their emotional needs.

3. Analysis of Online and Offline Marketing Strategy

3.1. Efficient Utilization of Technological Power

Burberry makes use of the technological power, by resetting the theme of physical stores, and renovating the appearances, to either convey brand value or provide seamless, unique customer experience. Flagship stores, concept stores and social retail stores opening in major cities globally, especially in Shanghai, Shenzhen and Chengdu inspire customers' imagination to be immersed in brand's social activities, having a deeper understanding of the philosophy by creative communication. New technology used in the offline stores brings coherently efficient shopping experience for customers. For example, the use of VR technology helps fashion lovers to experience shop simulation by trying hundreds of outfits in a showroom for a short time before purchasing them [5]. QR code makes it possibility for customers to scan and get mass of information related with the brand history, philosophy, and more importantly, to know the product series or limited version of they currently exhibited in the store before making a purchase. To smooth shopping experience and add innovative element into the store, creative sales experts are equipped with digital tablets to have a whole control and manage the in-store inventory efficiently and offer practical recommendation of purchase for consumers. Thus, by well combining emerging digital technology into thoughtful, unique offline service, Burberry, to a great extent, fills the gap between customer's requirements and what the brand provide for at present, to elevate customer experience.

Dedication to different customer bases Burberry also boasts for its continuous engagement with customers from different markets in terms of culture, countries and regions. Outstanding examples are their tailored promotion in China, which has been generally regarded as the emerging economy by most renowned luxury brands, and the Middle East. After its failure attempt at launching Chinese New Year campaign in 2019, because of the wrong understanding of the Chinese festival, the brand rethought profoundly and succeeded in launching a series of films exploring love and warmth in interpersonal relationship in the 2019 Chinese Valentine's Day [6]. This campaign has received positive responses, for Burberry well seized the core of Chinese culture and society, which upholds collectivism, harmony, love and happiness [7]. Its limited version of products not only display the understanding of such distinct cultural elements, but also reflect the brand's aesthetics. Other examples related with cultural offerings involve limited collections for celebrating local calendar moments in the following years. Besides, Burberry pays closer attention to and is dedicated to the customers in the Middle East. According to Burberry 2021-22 Annual Report, the company launched their first astronomy-inspired capsule collection [8]. With boosting communication with global customers, the brand can also have more access to data of customer behaviors in turn, and then take steps to conduct market research accordingly, in order to well resonate with consumers in subsequent development.

3.2. Deficiency in Implementation of Sustainable Concepts

Burberry has invested efforts and capital in promoting its product lines and services through the combination of tradition and innovation on integrated channels, while deficiency in pioneering the concept of sustainability is still obvious in its initiatives. As luxury customer distribution changes, younger generations (Gen-Z, tech-savvy and seeking uniqueness) who account for a great amount of proportion of the total luxury consumers number, are now putting much emphasis on the core concepts, like environmental protection and sustainability, and are hoping to discover a certain luxury brand that may match with these ideas. Given that now this group of people carry a potential and represent the future fashion trend in consuming market, the brand should pay great attention to and show concerns for their needs and qualms. Considering the status of sustainability elevated in brand

development, the concept should also be reflected in the process of offline sales, despite applying it into supply chains and the use of raw materials. For instance, for articles worn for years or undesired, the stores can recycle them properly and make fit alterations. In such a way, materials are put into reuse and costs of raw materials lowered to some extent. More importantly, it reinforces customer's awareness of the brand and builds a strong brand image in terms of sustainability.

3.3. The Media of Marketing Strategy

Burberry has pointed out that the customers' age is between 15 and the older in the world. Luxury brands are trying to enter Chinese market to expand their own business in China. Burberry enhances a lot on the new retailing. Burberry has done a lot in the digital transformation of luxury brand marketing. Based on the attention and survey results of the Chinese market, it is found that there are many potential consumers in the major social networks in China. Since 2009, Burberry has been widely distributed on well-known social networks, such as Weibo, Dou ban, Kaixin001, etc.

3.4. Digital Marketing

The brand puts all its wight on its internal team, which sets up a team dedicated to e-commerce and digital strategy. This project was the most famous project of Burberry which called the experiences. The two existing "retail theaters" in China are located in Beijing and Shanghai. There is no cashier, and the clerk records the purchase records of the users through the iPad, so as to provide more targeted services. More importantly, it uses chips implanted into specific items of clothing to turn the mirror into a screen for viewing videos and details of clothing. Burberry uses technology in its stores, which simplifies and enriches the process of observing, touching, trying on, and buying: Through the live show, consumers can understand the new models of this year. Through the chip implantation, consumers can deepen their understanding of the fabric while touching it. When trying on, they can compare the effect of trying on the fabric through the video, and finally simplify the tedious purchasing procedure [9].

3.5. The Disadvantage of New Retailing Mode

Some people analyze the international luxury goods companies' distributions channel strategy in China. Based on direct distribution channel and indirect distribution channels, the author found that the function of distribution channels can nofonbbok118.com download had no watermark undertaken sales functions provides, but also can achieve marketing functions in the Chinese market. Then, the paper studied the cases of English luxury brand Burberry Group and Sparkle Roll Group on their distribution channels. Through analyzing "Burberry digital the author found that main consideration factor of a luxury brand distribution channel strategy includes financial strength, product series of brand and the characteristics of the target market. Product series is also an important factor of distribution channels. Luxury companies should adopt different mode of distribution for different products. For the core products, luxury companies tend to adopt the mode of direct ownership, while for subsidiary products or entry-level luxury brand, the luxury company is to adopt the method of commissioned distributors. Luxury brands tend to adopt the mode of Wholly owned and gradually expand their distribution channels in the Chinese market. The original document distribution channel structures as well as Sparkle Roll Group Luxury World structures [10].

4. Suggestions

With modern technology and excellent sewing techniques, Burberry has classified variable items to show the consumers, such as make-up, women's clothes, men clothes, and some outdoor products.

Having direct control over what Chinese customers want is so important. Chinese tourists are another big source for Burberry, she said. More than 30% of British business is owned by the Chinese. They also contribute to Burberry's profits when they travel. Due to tariff and other reasons, the average model essay of British Burberry is about 40% cheaper than that of Chinese Burberry. Since 2010, Burberry has changed its attitude towards Chinese people from soliciting business to actively catering to them. Previously, the luxury brand had launched a blue label and a black label collection for the Japanese market, which were sold only in Japan. The change started with the Xintiandi flagship store. Burberry's publicity postures this time presents the characteristics of "one family", quite close to the people. Barley even acted as host at the opening himself. He is known as Britain's answer to the Tom Ford that made Gucci so successful. It has opened many stores and has an online shopping mini program. However, offline physical stores sometimes can't do as convenient as the online shopping programs, because if there is a shortage of goods in the offline stores, then the consumers cannot try the goods and buy it, this causes in losses. The offline stores can provide consumers to try goods which they want, have some social activities: watching model show and enjoy entertainment activities.

Although Burberry have many offline stores and online shopping mini program, the majority of money made by offline physical stores. Their main goal is giving the consumers high quality of service and experiment. If some consumers buy fake goods in Burberry, they also solve the problem in their best. Many consumers really like this, so most of them would like to buy goods in the offline physical stores.

5. Conclusion

This study based on literature review examined how Burberry has implemented and enhanced omnichannel strategy and the effects of providing more satisfactory consumer experience and adding newness and vitality into the brand's value in consideration of the technological development and customer's needs. Further, this study also pointed out the weaknesses or room for improvement reflected from the execution of the strategy both online and offline. Notably, despite analyzing much human and technological capital the brand has invested in the integrated strategy in order to press home their advantages, this study gave specific suggestions on managing two categories of channels to further improve the initiatives. In sum, Burberry has exploited technology like Augmented Reality (abbreviated to AR), Virtual Reality (abbreviated to VR) and QR code to inject great vitality into the market, in order to arouse consumer's curiosity, and inspire them to explore the brand's philosophy and its innovative fashion style. Meanwhile, its framework created more possibilities for sales assistant to face e-commerce customers and in turn for customers to be immersed in private, supreme service. Moreover, the brand's personality is always consistent with demand. Though regarded as a hero by its customers in the past, Burberry is a step ahead of using social platforms like Snapchat, Weibo and Dou ban which younger generations are obsessed with to launch its innovative product collections, enhancing customer memory points and building a more creative image. With network effects, the image of a combined lifestyle is fortified, thus enhancing brand loyalty and recognition. As for desires of different regional markets, Burberry put much emphasis on cultural factor and show their strong will to better understand and cater to customers' emotional appeal by bringing forth new ideal products. In light of the benefits and drawbacks mentioned above, several suggestions are raised. To consolidate the innovative band image, Burberry should continue to expand and tailor their product categories, creating more touch points and interactions with its consumers. In terms of facing potentially rising markets, like the Asian country China, the brand ought to gain better knowledge of the consumers and actively respond to their needs and the social trend. Through researching the real case Burberry, this study analyzed the potential benefits in adopting the new retailing mode that can bring to the development of luxury brand, contributing to possible evaluation and reference for the industry in terms of executing new marketing strategies, winning high recognition among consumers

and sustainable growth in the future. However, lacking specific data to further support the findings and investigation of certain customer base, a relatively comprehensive analysis aimed at different regional markets will be planned to conduct and go deeper into the local strategy of integrated channels.

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