

# CORPORATE BRAND MANAGEMENT AND REPUTATION

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## MASTER CASES

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### **BURBERRY** **JOUSTING FOR REDEMPTION**

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**BRENDON CASE**

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First Edition  
Student Case Papers

# 2018

## **Corporate Brand Management and Reputation: Master's Cases**

The "Corporate Brand Management and Reputation: Master's cases" is a case series for applying the case method of teaching and learning in higher education. The cases are relevant to brand strategists in private and public sector organizations, as well as academics and students at universities, business schools, and executive education.

The cases are written by groups of master's students as a course project. The specially developed case format is defined as: *"A management decision case describes a real business situation leading up to a question(s) that requires assessment, analysis, and a decision reached by discussion in class. The alternative approaches and recommendations from the class discussion are followed by a description of the choices made by the case company. This description is then discussed by the class."*

The student groups select the topics of their case providing updated and relevant insights into the corporate brand management. The cases can be used as "written cases" (handed out and read in advance, later to be discussed in class) and/or as "live case" (presented by the teacher following a discussion in class). Each case includes teaching notes, visuals with speaker's notes, learning objectives, board plans, and references.

The mission of the series is *"to develop cases for discussion providing insights into the theory and practice of corporate brand management and reputation, with the intent of bridging the gap between academic teaching and managerial practice."*

The series is a result of co-creation between students and teachers at the elective course Corporate Brand Management (BUSN35 – five-credit course/eight-week half-time studies), part of the master's program International Marketing and Brand Management at Lund School of Economics and Management, Sweden. The cases represent the result of the intellectual work of students under the supervision of the head of course.

Although based on real events and despite references to actual companies, the cases are solely intended to be a basis for class discussion, not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. The cases are free to be used and are to be cited following international conventions.

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**BURBERRY**  
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**WRITTEN CASE**

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## Introduction

The end of the much-heralded Burberry revival looked to draw towards its end: the infamous Burberry check had risen to become the ultimate symbol of the tacky nouveau-riche subcultures. In 2006, the luxury brand reached a tipping point whereby the recognition of its brand dilution had reached a new height. Rose Marie Bravo, whom had been CEO of the brand since 1997 now faces a dilemma common to all publicly traded luxury concerns: how to keep the brand growing for stockholders without giving up the exclusivity that made it so desirable in the first place.

## Background and History of Burberry

Today the symbol of British 'Fashion Royalty', the Burberry brand's humble beginnings are firmly rooted in the town of Basingstoke (England), where Thomas Burberry opened his first store selling men's outerwear in 1856. The brand's first step to achieving global recognition occurred at the turn of the 20<sup>th</sup> century, when it employed the use of Gabardine - a robust fabric that offered water resistant features as well as being a breathable material - in its winter garments. This textile innovation proved to be immensely popular for military purposes and by the early 1900's Burberry had been commissioned to produce the army officer's raincoat, an essential element of the standard issued service uniform for the British forces.

The design of the raincoat continued to evolve and during the First World War the distinctive Burberry check pattern was first featured on the inside linings of the so-called "Trench coat", taking its name from its military associations. In addition to its widespread use during the war, the Burberry gabardine fabric was also adopted by celebrated explorers, such as Sir Earnest Shackleton and Captain Scott during their groundbreaking expeditions to the Antarctic.

From a commercial point of view, three of the most significant events in the brand's history were the opening of their first London store in 1891 and their first international store in Paris (1910). In 1920, Burberry entered into a partnership with

retailers in Japan, facilitating the distribution of their products under various licensing agreements.

In 1955, the British retail giant *Great Universal Stores* acquired the Burberry brand, facilitating its expansion and access into new attractive markets such as the United States of America, Europe and in particular, Asia. In addition, licensing agreements were granted to third parties which helped to expand the range of products on offer to consumers, as well as increase its presence in foreign markets. Due to the strong relationships formed with its distributors and the enormous success the brand received by consumers in Japan, Burberry had become too reliant on this one market as a source of its revenue. The volatility of its strategy became evident by the 1990's when Japan suffered its first major economic shock, causing the brand's profit to drop by 60% (£62m to £25m) in 1997.

At this point, unfortunately, the Burberry brands problems had only just begun. Aside from its poor financial performance the company's brand image was about to begin a journey of transition which would see its perceived value diminish, thanks to the very same strategy that enabled its successful expansion into the attractive overseas market; licensing deals. In the following section titled '*Situational analysis*' we will explore the branding issues in more detail.

## The Situational Analysis

There was a time, back in the good old days, when the British country seemed to be coated in a perpetual layer of Burberry check. It surfaced on everything - on coats and purses and scarves; on suitcases, handbags and skirts.<sup>1</sup> The streets would erupt with Burberry umbrellas once it rained. The extent of Burberry's problems was typified by the fact that in 1997 the brand was available in more than 60 different stores in central London but was not stocked by the capital's most prestigious retailers such as Selfridges, Harvey Nichols or Harrods.<sup>2</sup>

The new Burberry management team sought to radically reposition the company in 1997. Its primary asset, the Burberry brand, was being undermined by a declining image and consisted of a being overly reliant upon a narrow customer base comprising of middle aged, fashion-conservative men. In addition, the team recognised their need to address the problems associated with their inadequate control over product design and distribution arising as a result of indiscriminate licensing and distribution agreements.<sup>3</sup>

A new strategy sought to reposition the Burberry's brand as a distinctive luxury brand with a clear design, merchandising, marketing and distribution strategy. This in order to appeal to new, younger, fashion-forward customers, while still preserving the traditional customer base.<sup>4</sup>

However, there is one image in the history of Burberry that sticks in mind and this is a picture of the actress Danniella Westbrook in 2002 (see exhibit 1) clad top to toe in Burberry check: the hat, the skirt, the scarf, her baby dressed up to match. The end of the much-heralded Burberry revival looked to draw towards its end: the infamous Burberry check had become associated with a downmarket image in the cheapest form of disposable rip-off fashion. Burberry in particular has been susceptible to the devaluation of their brand equity due to the extent of counterfeit activities. Such events have led to diminishing the firm's image and "essence of the brand" in the eyes of potential consumers.<sup>5,6</sup> According to the International Anti-Counterfeiting Coalition, Counterfeiting is responsible for losses of \$200 billion per year.<sup>7,8</sup>

Three years onwards in 2005, the Essex girl look had been replicated all over the country, stimulated by a flood of counterfeit Burberry check at market stalls across Britain and the association of chav (a young lower-class person typified by brash and loutish behaviour) with Burberry created for a large sum of tabloid jokes. If that wasn't enough, Kate Moss and the high-profile campaigns to promote the brand, which made her into the face of Burberry, were facing tabloid allegations of drug-taking.<sup>9</sup>

Later that year, in a country home near New York City, the phone rings. It is Rose Marie Bravo, the then chief executive of Burberry. She wants Angela Ahrendts to take on the mantle of the 156-year-old British label.<sup>10</sup> The decision is made and on her first day the newly appointed CEO flies in to classic British weather, grey and damp, but it soon becomes clear that none of the around 60 people in the executive board are wearing a Burberry trench coat. She doubts whether any of them even owns one, showing little love for the brand. So if little appreciation for Burberry products is shown by the top individuals, despite the great discount they can receive, how can we expect customers to pay full price for them. Speaking of customers, upon reviewing Burberry's business report, she discovers that over 75% of the brand's customer-base is located overseas in the far east while only 25% of sales come from the domestic market.<sup>11</sup> She concludes that the British public too, have lost their love for this icon heritage brand that was once endorsed by royalty.

**Taking on the role of Angela Ahrendts and the executive board of Burberry, how would you bring back the Burberry brand from the brink of failure?**

Exhibit 1      Actress Danniella Westbrook (Source: Daily Mail, 2002)



## End Notes

<sup>1</sup> Barton, L. and Pratley, N. (2004). The Two Faces of Burberry. *The Guardian*. Available online: <https://www.theguardian.com/lifeandstyle/2004/apr/15/fashion.shopping> [Accessed: 29 January 2018]

<sup>2</sup> Fletcher, R. (2003), "Brava, bravo!", *The Sunday Telegraph*, 5 October. Available online: <http://www.telegraph.co.uk/finance/4494116/Brava-Bravo.html> [Accessed: 29 January 2018]

<sup>3</sup> Fletcher, R. (2003), "Brava, bravo!", *The Sunday Telegraph*, 5 October. Available online: <http://www.telegraph.co.uk/finance/4494116/Brava-Bravo.html> [Accessed: 29 January 2018]

<sup>4</sup> Burberry Group PLC (2003). Burberry Group plc Annual Report and Accounts 2002/03. [online] Burberry Group plc. Available at: [http://www.annualreports.com/HostedData/AnnualReportArchive/b/LSE\\_BRBY\\_2002.pdf](http://www.annualreports.com/HostedData/AnnualReportArchive/b/LSE_BRBY_2002.pdf) [Accessed 16 Feb. 2018].

<sup>5</sup> Arghavan, N, & Judith Lynne, Z 2000, 'Do counterfeits devalue the ownership of luxury brands?', *Journal Of Product & Brand Management*, 7, p. 485, Emerald Insight, EBSCOhost, viewed 1 February 2018.

<sup>6</sup> Greyser, S. (2009). Corporate brand reputation and brand crisis management. *Management Decision*, 47(4), pp.590-602.



<sup>7</sup> Furnham, A, & Valgeirsson, H 2007, 'The effect of life values and materialism on buying counterfeit products', *Journal Of Socio-Economics*, 36, pp. 677-685, ScienceDirect, EBSCOhost, viewed 1 February 2018.

<sup>8</sup> Chaudhry, P, & Walsh, M 1996, 'An Assessment of the Impact of Counterfeiting in International Markets: The Piracy Paradox Persists', *Columbia Journal Of World Business*, 31, 3, pp. 34-48, Business Source Complete, EBSCOhost, viewed 1 February 2018

<sup>9</sup> Bothwell, C. (2005). Burberry versus The Chavs. *BBC News*. Available online: <http://news.bbc.co.uk/2/hi/business/4381140.stm> [Accessed: 1 February 2018]

<sup>10</sup> Neate. R. (2013). How an American woman rescued Burberry, a classic British label. *The Guardian*. Available online: <http://news.bbc.co.uk/2/hi/business/4381140.stm> [Accessed 1 February 2018]

<sup>11</sup> Moon, Youngme E., Erika Kussmann, Emma Penick, Susan Wojewoda, and Kerry Herman. "Burberry." Harvard Business School Case 504-048, October 2003. (Revised January 2004.)