B U R B E R R Y
JOUSTING FOR REDEMPTION

MANAGEMENT DECISION

Management Decisions

Four-pronged Strategic Plan by CEO Angela Ahrendts

As new CEO, Angela Ahrendts, was appointed, her first decision was to "Leveraging the Franchise" by Enhancing consumer responsiveness. In order to achieve this, Burberry would need to operate at a higher efficiency and more effectively by means of coordinating the use of its brand assets and establishing an integration of its global organization. The first major step of the process involved removing the iconic Burberry check pattern from 90% of the brand's designs, therefore minimizing the brands association with hooliganism. Revitalizing the brand was a hard, expensive and tedious process which involved buying back all 23 licenses (took several years) Burberry had sold to allow other firms to apply its check on their garments, including dog apparel accessories.

Secondly, the brand needed to strive for optimization of operational activities by trying to achieve recognition for product and marketing excellence. This included centralising manufacturing in Castleford, West Yorkshire. She received little gratitude for this action. Within the first year she had removed the Hong Kong design team and closed factories in New Jersey and the Rhondda Valley, South Wales. Ending its operations in the Welsh factory, led to a political firestorm and as a result she had to explain the decision to parliament.

Thirdly, she announced that Burberry would transition into becoming the world's first fully digital luxury company; a remarkable step into the future given its long history. Transitioning its operation processes from a static wholesale model to a dynamic retail model. This acceleration of retail-led growth excellence meant placing relentless focus on revitalizing Burberry's heritage to the digital generation, more specifically targeting the "millennial" consumer. This multi-sited ecosystem was being built and Burberry had the necessary data to substantiate the move to go digital. Subsequently they didn't have the money to play in traditional media. However, possessing the knowledge that every pound spent digitally would provide the reach to gain a return of investment tenfold greater than solely physical stores, Burberry took the decision to invest around 60% of their marketing budget in digital channels and platforms.

Fourthly, she called for a new corporate communications strategy to be created in order to complement its new digital platforms while still being true to itself. In addition, new flagship stores were opened with integration of innovative in-store concepts (such as live-streaming fashion shows in store). The key to their success in bridging the gap between digital and physical experience was the addition of an emotional dimension to their communications. These rebranding improvements allowed Burberry to strengthen their brand identity-brand image congruence.