

CORPORATE BRAND MANAGEMENT AND REPUTATION

MASTER CASES



BURBERRY: CHIC OR CHAV? THE MURKY HISTORY OF THE LEGENDARY CHECK

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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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WRITTEN CASE

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Burberry: Chic or Chav? The murky history of the legendary check

While the famous English luxury ready-to-wear brand Burberry has been flooding the most beautiful districts of the United Kingdom for several decades, the brand's essential emblem is turning the heads of an entire population and gradually arousing lust of a social class envious of wearing this iconic brand. However, the brand's rise was short lived as it was muddled with financial troubles due to consumers losing interest due to the deteriorating reputation as well as the company being stuck in the past with seemingly no end to its misery in sight. The reputation of Burberry took a nose-dive in the early 1990s, as the bourgeoisie and the aristocracy were no longer the only ones to proudly display the colors of the brand. So-called "chavs", hooligans and even artists supporting the "chav" culture were akin to the Burberry style, consequently alienating the fashion house's initial clientele. The rise of counterfeit products sporting the iconic Burberry check were also on the rise due to extensive licensing deals globally in pursuit of expansion.

The history of Burberry highlights the importance of maintaining the brand image and aligning a company's core values with its offerings. Strategic leadership is also crucial for a brand to provide value to customers and maintain its competitive advantage.

Background and History of Burberry

In 1856, Thomas Burberry founded an outerwear clothing brand in London that would become one of the most influential of its time: Burberry. The brand has gained popularity with the English society, especially thanks to the outdoor outfits created from gabardine, a new material patented by the founder of the brand. In 1891, the brand opened its first store in London and, in 1910, Burberry opened its first international store in Paris. The brand raised its popularity through the 1910s by dressing Roald Amundsen, the first man to reach the South Pole, and Ernest Shackleton, an English explorer. Then, the brand continues to equip the bravest English adventurers, notably in 1924 with George Mallory one of the first to attempt the ascent of Everest. Moreover, Burberry gained even more notoriety during the

First World War when the brand was commissioned to create equipment for trench soldiers. This is how the "trench coat" was born, the flagship product of the English designer at the present time after gaining popularity with the population in the post-war period.

In 1955, a new page turned for the management of Burberry when it was reincorporated by the English conglomerate Great Universal Stores (GUS), which changed the guidelines of the company. Burberry products, therefore, increase in its catalog with the addition of suits, accessories, and sportswear. Moreover, the GUS facilitated Burberry's expansion to new attractive markets such as Asia, Europe and the U.S. It was not until 1997, following the arrival of Rose Marie Bravo as CEO of the company, that Burberry now became a luxury fashion brand with mass-market reach. Nevertheless, Burberry became too dependent on the Japanese market due to the high demand of the Burberry's products so that in 1997 when Japan suffered its major economic crash, the brand's profit plummeted by 60% causing a loss of £37 million.

Further, until the end of the 1990s, Burberry was the reference brand for English gentlemen, even the aristocracy. Later, in July 2002, the Burberry Group plc floated on the London Stock Exchange and quickly constituted one of the FTSE 100 Index as its reputation increased, as evidenced by its 73rd rank of the Interbrand's Best Global Brands report in 2015.

Ultimately, the London-based luxury brand has been thriving for years while remaining true to its four brand identity's core values: creatively open, open and caring, forward-thinking, and proud of our heritage. More specifically, Burberry emphasizes an element of the latter: "Championing contrasts from royals to rebels", which takes on its full meaning in part of the history of the fascinating, yet controversial, English luxury brand.

The Incident

In the 1920s, Burberry took a completely different turn in terms of its brand image when its iconic check was created. This Scottish red, white, black, and beige tartan was originally designed for the brand's coats, and it took almost forty years for it to become the brand emblem it is today. Then, during the 1960s people began to ask for Burberry's check on more clothes and accessories, such as scarves or caps. However, a problem arose rapidly regarding the brand image of Burberry: the brand was mainly carried by a clientele based on middle aged and fashion-conservative men. Soon, the company had to face problems associated with inefficient control over product design and distribution caused by poorly managed licensing and distribution agreements, which led to the rise in of counterfeit activities.

Meanwhile, as the brand started to thrive among the wealthier customer segment, nation's footballers, actors, and pop stars, it soon became synonymous with a brand referring to elite, high social status creating desires among the popular, the

working, and even underprivileged social classes. Among them were the football hooligans or "chav", a slang term which, as the Merriam-Webster dictionary describes, designates a young person in Britain "stereotypically known for engaging in aggressively loutish behavior especially when in groups and for wearing flashy jewelry and athletic casual clothing (such as tracksuits and baseball caps)", see Exhibit 1. Quickly, the chavs adopted the Burberry style, even though most of their clothes or accessories were counterfeits. From then on, tracksuits and Burberry check baseball caps became synonymous with "chav" culture, a symbol of belonging exclusively to this customer segment. Football fans were becoming so passionate about the brand for its meaning and social associations that they earned the nickname "Burberry Lads". Moreover, the change in the brand reputation was also partially caused by lower priced products and by celebrities wearing Burberry and identified with "chav" culture

Thus, by the end of the 1990s, Burberry's brand reputation started to decrease following a loss of pre-established target customers: the bourgeoisie and the English aristocracy. This period marks not only a hard blow for Burberry but also for other brands such as Gucci and Chanel whose clothes were adopted by a social class with lower incomes, thus gradually failing the brand image perceived by the initial customers.

When in 1997, Great Universal Stores called Rose Marie Bravo to the post of CEO of Burberry, the situation had deteriorated so much that people wearing Burberry check garments were being banned at some venues. Moreover, prestigious stores like Selfridges or Harvey Nichols no longer presented any pieces of the English brand, and Harrods meanwhile, only carried the traditional raincoats. Therefore, without the presence of the brand in these renowned stores, the fate of the neglected brand inevitably began to crumble.

In 2001, the biggest fear for Burberry was brand dilution, which can be defined as the weakening of a brand due to excessive and unreasonable brand extensions. In other words, brand dilution can happen when tapping into inappropriate niches, and it might seriously damage the brand equity or the brand image. For Burberry, the change of niche was done without their knowledge and at their expense. Before they knew it, Burberry was manufacturing everything from dog leashes to collars. Not long after, both the association with an undesired customer segment, and the pattern of Burberry starting to appear on household appliances and bikinis all over the United Kingdom, caused crucial damages to the near-perfect reputation of the brand established with care for over several decades. Due to this rapid rise in negative reputational associations and the escalation in the number of counterfeits devaluing their brand equity, Burberry was forced to halt the production of one of its flagship products: baseball caps.

In 2002, the peak of the Burberry controversy was reached with the photo of Danniella Westbrook (see **Exhibit 2**) which made the front pages of the tabloids by fueling the media storm and which still marks pop culture to this day. On the latter, ~~we can see the soap opera British star her baby almost entirely dressed in Burberry~~

from head to toe. Although innocuous today, the class-conscious British media picked up on the matter and widely mocked the brand. An excerpt from a Guardian article echoes this:

“But there is one image in the history of Burberry that sticks in the mind, with the same lingering cloy as a half-sucked toffee: a picture of the actress Danniella Westbrook clad top to toe in Burberry check: the hat, the skirt, the scarf, her baby dressed up to match, as if she had gorged herself upon it, rolled about in it like a pig in muck. It looked like the end of the much-heralded Burberry revival: the Burberry check had become the ultimate symbol of nouveau rich naff.”

In December 2005, Great Universal Stores divested its remaining interest in Burberry. The same year, Rose Marie Bravo gave up her position as CEO to Angela Ahrendts to try to restore Burberry in the hearts and minds of consumers as a luxury clothing brand with a close association with British culture and heritage. Though, the latter found out that 25% of the brand’s sales come from the United Kingdom, while 75% come from the overseas markets.

Overall, from the perspective of consumers and stakeholders, such events have led to a weakening of the image and reputation of the company, which if not quickly resolved, could possibly damage the brand without possible backtracking.

Thus, as a consultant, the board of directors hires you to suggest changes for Burberry to recover from its reputational and organisational downfall. Knowing all these elements and the potentially irreparable and decisive consequences that these can have on the brand image and the company itself, please answer the two questions stated below:

If you were part of the board management, how would you approach the reputational crisis brought on by the Chav culture?

What long-term strategic changes would you implement to restore the brand image and reputation and re-establish Burberry as an iconic luxury fashion brand?

Exhibits

Exhibit 1 Hooligans or “chav” wearing Burberry



Exhibit 2 Danniella Westbrook (Source: Daily Mail, 2002)

