

Burberry

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The recognition of the need for change and the analysis for the external driver of change that Burberry management could locate were the triggers that brought the company to undertake a process of change without delay.

This company was founded over 150 years ago by the 21-year-old entrepreneurial minded Thomas Burberry. Before the accelerating rates of globalization from late 90s to the 2000s, Burberry was doing very well in production and sales. However, the way technological development provoked the acceleration of globalization changed how people all over the world do business (Hodges & Gill, 2015, p. 116). The economic crisis hit the world market and business in “2008 and its long tail raised the prospect of an extended crisis” which undermined the social and political trends in the world, and created long term economic destabilization, and caused “unprecedented challenges on a global scale” (Hodges & Gill, 2015, p. 118). Hodges and Gill (2015) discuss that innovation and technology advancement” will create new opportunities and generate value, successfully exploiting new and improved technologies, techniques and services, overcoming cultural and process barriers (p.122).

When the economic crisis hit the world, Burberry was not exempted from “feeling the pressure of the economic downturn” despite its strong financial health over many past decades. With the advancement of technology and sudden spread of social networking technologies, the global business movement also shifted rapidly. The buying power shifted from visiting physical stores to buying almost everything online: clothes household appliances, school supplies. Entertainment gadgets, even vehicles, food, everything. Individual users of social network turned to online shopping (Hodges & Gill, 2015, p.123).

Social media accelerated so fast in the late 2000s that Burberry leadership had to take a stand to develop strategies to regrow its revenue. In 2009, Burberry revenue had “dropped from 18 and 15% respectively in the previous two years to 7% that year, excluding the impact of foreign exchange rates,” at the same time, its operating profit margin went down from 15% to 9.8%. (Business Today, 3 February 2013, in Hodges & Gill, 2015, p.124). An important role the leadership has to play in implementing change is to lay out a vision followed by strategic actions to take, that is build a data base of supporters who will endorse the strategy, “then guide and coordinate the process by which the strategy will be implemented (Yukl, 2013, p. 83).

At this point Burberry’s leadership had to recognize “the potential need for change” that according to Hodges and Gill (2015) can be done through “conducting an analysis of the external environmental and an internal assessment of the organization” which involve the collection and study of information on specific areas such as economic, social, technology, including legal factors, market analysis, “competitors and key trends that might positively or negatively affect the organization’s continued success” (p. 147). From its founding to 2009 Facebook alone already had 175 million users, and 600,000 people were joining it every day.

Burberry had quickly applied the principles of recognizing the need for change and how to make change happen. The leadership knew that building a social media presence was necessary. It had joined Facebook but was seeking how to allocate marketing and public relations with dedicated technology personnel. Burberry undertook study after iconic brands like Google, Apple, that were blowing up social media hard. Burberry followed their footsteps and began “to develop a campaign that was innovative” and that would draw younger consumers. They launched a website with a brand-new idea: customers could sign up and share pictures of themselves with Burberry clothes on, and this was for them an opportunity to pose as models for

15 minutes on Burberry's website. That could allow other customers to admire the latest clothing style of the company, and make comments on them, and share on Facebook, Twitter, or any other social media. Burberry's online business strategies went viral. It was named "the Art of the Trench."

Because of flowing with globalization and the understanding of the drivers of change worldwide, a year after launching the Art of the Trench, "Burberry's Facebook fan base grew to more than one million." Business online sales grew 50% each year. Dervitsiotis (2010) discusses that within the last two decades, the competition arena involving many organizations has been changing rapidly, in a complex way and in an unpredictable manner, and thus, the organizations' ability to survive in the global economy often becomes priority over the maximization of profit (p. 159), and further states that "Full-spectrum innovation capability refers to an organization's ability to create value derived . . . from changes in its business model, in its culture and in the distribution power for decision-making" (p. 159). That is what Burberry applied.

Burberry created a global clientele by providing a value to products and services, with the founding of the "Art of the Trench" used with the internet business strategies, and that is how the company experience a new worldwide market explosion. The incontestable success Burberry encountered with the Art of the Trench was affirmation that the company's strategic focus was on digital. 60% of Burberry marketing budget were moved to digital by the year 2012. The success level of Burberry was incontestable and hard to be copied.

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