Company Analysis Report
Burberry & Mulberry

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Contents

1 - Introduction
2 - Industry Analysis: Porter’s 5 Forces
   4 - Brand History
5 - Business Model Canvas
   6 - Glocalisation
6 - Mintzberg’s 5P’s
8 - 7P’s Marketing Mix
10 - Positioning Matrix
11 - Brand Equity
12 - Balanced Score Card
15 - Benchmarking

16 - Conclusion
17 - Appendix
36 - Source List
Introduction

It was the year 1856 when dressmaker Thomas Burberry opened his first store in Basingstoke Hampshire, England. Little did he know that just over 100 years later a man called Roger Saul would opened a competitor store, Mulberry, only a 90 miles away in Somerset. In response to the technological revolution and mass production trend still occurring today many fashion consumers are revisiting their roots and opting for heritage brands such as Burberry and Mulberry, who offer a more comforting and wholesome set of values as well as a fashion forward aesthetic. Over the past decade both brands have lost popularity due to various factors and both have consequently attempted to rejuvenate their image. However Mulberry is still struggling while Burberry has successfully reclaimed its place in the luxury goods market, leading to our research question; “Why has Mulberry’s relaunch been less successful than Burberry’s?“.

We started out by using models such as Porter’s 5 Forces to understand the macro situation of both brands and then progressed to the Business Model Canvas, Mintzberg’s 5Ps and Glocalisation to better understand the inner workings of both companies. Once we realised a key issue was Mulberry’s marketing, we applied the 7Ps, positioning matrixes, Kotler’s brand equity model and Kaplan and Norton’s balanced scorecard to further understand the extent to which this was affecting the companies. We also incorporated our own research, (an online survey of nearly 100 people and interviews with shop assistants and customers of each brand), to get a more well rounded grasp of the perception of the brands and their impact on the consumer. By using such a wide variety of models we aimed to isolate the main factors that could explain Burberrys success relative to Mulberry.
Porters 5 Forces

Threats of Substitute Products
Luxury products are mainly purchased by the upper-middle to high-income level consumers. Patrons at these income levels purchase and wear premium products to show their affluence. Therefore the demand for these luxury goods is continuous. The consumers don’t have a direct substitute, as they possess individuality; however the market is penetrated with counterfeit products being shipped worldwide from Asia. As the quality of the counterfeit products has been improving over the past years, the brand value of premium brands is affected, which in-turn can cut down the brands revenue/profit margin. Also the rising popularity of middle price and fast fashion brands such as Zara and H&M can pose a threat to the luxury brands as they are more accessible to consumers in price and availability. The quality offered by luxury brands is the best available and designs are unique, but the increased internet accessibility of top luxury brands allows fast fashion brands to copy and respond to new trends within weeks after fashion shows. Luxury brands have moderate switching costs because of their individuality and position as a status symbol. During the time of recession consumers tend to trade down to middle price brands resulting in the loss of prestige of luxury brands.

Bargaining Power of the Buyers
All customers of the brands are individual consumers, which weakens buyer power. Luxury retailers can differentiate themselves through the styles and varying designs of product offerings. Although there are other possible sources of apparel, the psychological significance of retail garments is highly important to consumers, further weakening buyer power. Higher prices also have an effect on perception and desirability of brands, as higher prices mean more exclusivity. Pricing strategy for both brands in the past few years has been to increase the prices significantly. However, the consumers have low switching costs. Where brand loyalty exists, it is more likely to be to the designer than the retailer. The position of retailers is at the end of the value chain, means that they cannot integrate forwards and are obliged to offer customers what they want. This strengthens customer power. Burberry’s recent brand overhaul fortified the brand identity and image in the eyes of the consumer, so consumers may have a stronger incentive to purchase their wares. As the brands are both luxury brands, price elasticity is relatively inelastic, with price of their wares having increased significantly in the last few years, but profits and demand, especially for Burberry, are consistent or rising. Fashion, by its very nature, is also unpredictable. The products are determined by designers, sub-cultures and creative industries, and are subject to sharp and unpredictable changes, strengthening customer power. Therefore, bargaining power of customers is assessed overall as low to moderate.

Bargaining Power of Suppliers
Suppliers hold a moderate level of bargaining power in the luxury goods industry due to various factors, including the dwindling number of highly skilled craftsmen. As younger generations fail to show interest in developing skills that made some of the largest fashion houses great, numbers of workers skilled enough to create luxury and couture pieces are plummeting. In France especially there is a clear decline in couture level embroiderers, from around 10,000 in 1920 to 200 in the present day. Although this could be considered a disadvantage to the suppliers, it actually just makes the surviving artisans careers much more stable as there is less chance of them being substituted or replaced by other craftsmen. There is also a certain respect between the manufacturers and the luxury brands as a lot of the partnerships are based on past cooperation. This leads to a situation where switching costs are actually quite high, not necessarily in upfront payments, but in terms of relationships and the resulting quality of the products as trust is broken and new manufacturers often cannot guarantee the same level of quality due to, for example, lack of expertise. However the situation is not completely in the suppliers favour as companies often do not outsource all of their collection of goods, meaning that the company still has power over choosing which suppliers
they entrust with their products. The threat of forward integration is very unlikely due to the size of the wealth of the luxury companies compared to that of the manufacturers, and therefore suppliers must still be reliant on the companies coming to them with requests. The factors are relatively even and so the bargaining power of the suppliers remains at a moderate level, however as the number of skilled workers continues to decrease there is a chance of the level being raised higher to accommodate the increased desirability of such workers.

Competitive rivals within the Industry
The luxury goods market has some intense competition with several established brands, which have won trust and loyalty from their customers. The brands have an equal standing in the market and entering, as a new competitor has proven difficult for new companies. This means that recognised brands, like Burberry and Mulberry, have little to no competition from new and young brands, as joining the market also necessitates a huge capital. As luxury goods require the highest quality in every aspect of production, newcomers must have a substantial capital to be able to compete on all levels. This drives the new brands further towards contemporary innovation. Mulberry started as a niche brand with handmade leather bags, branching into other sectors later, and is now appreciated for its high quality and rich heritage. Burberry has also set milestones in originality and design and the focus on innovation will always be high within these companies. The luxury brands are known for their impeccable traditional customer service inside the store and have moved over towards e-commerce. Burberry was one of the first brands to broadcast their runway shows online and Mulberry has a sizable online presence as well. The established luxury goods brands are highly dependent and appreciated for their rich heritage, something that is hard for new brands to achieve. They would have to create their own heritage or really focus on product differentiation. Therefore, there is a different market for these brands, called the ‘new luxury’ market: market for luxury goods brands that do not focus on heritage at all. These are brands such as Maison Martin Margiela.

Threat of New Entrants
The threat of new competitors is high when profitability does not require economies of scale, initial capital investment is low, and accessing distribution channels is easy. Undifferentiated products, unknown brand names and low consumer switching costs also have a great influence for new entrants. Location, proprietary technology and materials, expected retaliation of existing firms, and governmental policy are no issues. In contrast, the threat of new entrants is low if profitability requires economies of scale, products are differentiated, brand names are well-known, initial capital investment and consumer switching costs are high. If accessing distribution channels is difficult; location, proprietary technologies, materials, government policy and expected retaliation of existing firms are issues. With the existence of barriers to entry - patent and rights - taken into consideration; adapting to the brands Burberry and Mulberry this means that the most attractive segment is one in which entry barriers are high and exit barriers are low. Few new firms can enter and non-performing firms can exit easily. Burberry, for example, has its benchmarks on its Burberry Check (Haymarket Check) and on later variations (Nova Check, Mega Check and House Check) whereas Mulberry has it on the Bayswater bag. Government policy, which means the effective tax rates are 29,5% for Burberry and 28,2% for Mulberry. Capital requirements for Burberry reach 436m and 110m for Mulberry. In product differentiation, Burberry offers high perceived goods with superior-quality and new designs, while Mulberry is renowned world-wide for its craftsmanship and quality, selling an extensive line of luxury fashion bags for men and women with focus on finest leathers and detailing. Mulberry’s access to distribution is based on wholesale shipments to third parties (£30.0m, down 4%), with no information available for Burberry. Burberry has higher brand equity than Mulberry but both company’s customer loyalty are based on various marketing strategies and customer relationship management and positive for both brands. The general industry profitability is high for luxury brands, making it a lucrative market for new competitors.
Brand History (appendix pg 18)

**Burberry**

Burberry was founded in 1856 by dressmaker Thomas Burberry, who opened his first store in Hampshire, England. He became known for inventing a lightweight, breathable and waterproof fabric called gabardine, which is used in his iconic trench coat. In 1891 the company opened its first London store in Haymarket. It became recognised among the public as Burberry’s of London and the name Burberry’s was subsequently adopted by the brand. Ten years later the Equestrian Knight Logo was developed and registered as a trademark. The iconic Burberry check was created in 1924 and has been used as lining in the trench coats since then. By 1920 the company was registered as LLC in the London stock Exchange and had branched out to France and Japan. Burberry has twice been awarded a Royal Warrant, by her majesty Queen Elizabeth in 1955 and H.R.H Prince of Wales in 1989. Burberry’s underwent a large transformation in 1998, hiring Roberto Menichetti as head designer and re-launching the brand as Burberry with an overhaul of their branding strategy. Christopher Bailey replaced Menchetti as creative director in 2001, foreshadowing a positive track in the coming years for the company. Burberry went with 23% share on stock market, later 65% and reaching a value of £1.5bn. Christopher Bailey was promoted to chief creative designer of the brand, winning the awards for Designer and Brand of the Year at the British Fashion Awards in 2009. In 2014 he officially commenced the role of Burberry’s CEO, having brought the company to number thirteen on Fast Company’s list of the world’s most innovative companies with a successful digital marketing strategy and careful expansion. Since 2000 Burberry has expanded into new markets with flagship stores in London, Milan, Rome, San Francisco and Beijing, as well as multiple stores for sub-brands in 31 countries. Burberry sub brands include Burberry Brit, London, Sport, menswear and childrenswear along with handbags, accessories, jewellery, perfumes and cosmetics.

**Mulberry**

With £500 received on his 21st birthday in 1971, Roger Saul founded the brand Mulberry in partnership with his mother. The business started by making quality leather goods; handbags, belts and necklaces. During it’s first years of production, the company operated from a small production site in Somerset, before opening a factory in local town, The Rookery. The company remained stable until 1998, where Saul was forced to look for investors to keep it afloat, finally selling a stake in Mulberry to Singaporean investor Christina Ong for $12 million. Roger Saul stepped down as chairman of the company in 2002, with Nicholas Knightley signing on as chief designer. With a new sense of direction, Mulberry returned to profitability in 2003, expanding to U.S markets in 2004 and winning the accessory category at the British Fashion Awards the same year. Stuart Vevers replaced Nicholas Knightley as Creative Director in 2005 and was instrumental in the company’s success, transforming their leather goods into must-have bags. In 2007 Emma Hill became Creative Director of Mulberry, taking home the Designer Brand Price at the British Fashion Awards in 2011 and partaking in the publishing of The Book; a celebration of the brand’s 40th anniversary. Mulberry opened its second Somerset factory in the summer of 2013 and announced that it was parting ways with Emma Hill. The same year the company issued two profit loss alerts, which were followed by a profit loss warning in January 2014 after cancellations of wholesale orders from Asia and disappointing UK sales. Mulberry remains without a creative director and chief executive officer today, after the resignation of Bruno Guillon in March 2014. The main focus of Mulberry is the production of high-quality leather bags and accessories. Known designs are the Gisele bag, the Bayswater tote and the Alexa bag. The brand also presents RTW womenswear, menswear and accessories.
## Burberry

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Proposition</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
</table>
| - Capital Partners  
- Social Media  
- Production Partners  
- Retail / Shopping Centre Partners  
- Auditing | - Designing  
- Ordering and outsourcing  
- Retailing  
- e-Commerce  
- Customer service | - Born from the trench coat  
- British heritage  
- Democratic luxury  
- Recognised icons; the trench coat, trademark check and Prorsum horse logo | - Customer 360; a data driven shopping experience  
- Customers are loyal to the brand | - Luxury market  
- Loyal to the brand  
- Fashion conscious  
- Large amount of disposable income |
| | Key Resources | | | |
| | - Design  
- Stores (on&offline)  
- Digital innovation  
- Product | | | |
| Key Resources | Value Proposition | Customer Relationships | Customer Segments |
| | Key Activities | Value Proposition | Customer Relationships | Customer Segments |
| | Key Activities | Value Proposition | Customer Relationships | Customer Segments |

### Cost Structure
- Production cost (including all logistics costs)  
- Store operation (including all salaries)  
- Promotional costs (including digital investments)

### Revenue Streams
- Instore sales (retail, licensing, wholesale)  
- Online sales  
- Factory outlet

## Mulberry

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
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<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
</table>
| - Suppliers in Turkey, China and England  
- Shareholders  
- Celebrity collaborations (e.g. Luella Bartley, Kim Jones, Cara Delevingne) | - Designing  
- Manufacturing  
- Retail (wholesale and own stores) | - Quality and luxury  
- Brand status  
- Heritage  
- ‘It’ bags | - Loyal  
- Service oriented  
- Customers are not involved in design process | - Luxury market  
- Loyal to the brand  
- Large amount of disposable income |
| | Key Resources | | | |
| | - Leather  
- Apprentice programme  
- Stores | | | |
| Key Resources | Value Proposition | Customer Relationships | Customer Segments |
| | Key Activities | Value Proposition | Customer Relationships | Customer Segments |
| | Key Activities | Value Proposition | Customer Relationships | Customer Segments |

### Cost Structure
- Production cost (including all logistics costs)  
- Store operation (including all salaries)  
- Promotional costs  
- Investments in apprentices

### Revenue Streams
- Instore sales (retail, licensing, wholesale)  
- Online sales  
- Franchising
**Glocalisation** (appendix pg 24)

Burberry's re-launch has proven more successful than Mulberry's due to Burberry's vision of itself as a combination of integrative shares of a worldwide corporate network. The company has a focus in its global growth while highlighting their local market in the UK.

Mulberry's strategy on the contrary focuses entirely on its country of origin and resident consumers. The brand expands by transferring national success to international markets, without rethinking their marketing strategy and measuring the consumer’s needs and culture.

Both companies have geocentric business models, with organisation and operation spread out internationally. Nevertheless, Mulberry's strategic focus seems to remain on their appearance in the local market despite their global operations.

**Mintzberg’s 5Ps** (appendix pg 24)

<table>
<thead>
<tr>
<th></th>
<th>Burberry</th>
<th>Mulberry</th>
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<tbody>
<tr>
<td><strong>Plan</strong></td>
<td>Burberry differentiates from other brands with their strong product line</td>
<td>The brand’s backbone is in its line of luxury bags that combine stylish and stand-out design</td>
</tr>
<tr>
<td></td>
<td>Burberry used emerging countries as a platform</td>
<td>Main strategy followed by the brand is the “Made in the U.K.” tags</td>
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<tr>
<td></td>
<td>Their main goal was to bring clarity for operational improvements and great responsiveness in delivering products</td>
<td>Goal is to have 50% of its production in the UK by 2017</td>
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<td></td>
<td></td>
<td>It is yet to catch up globally to reach the standards of its peers</td>
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<tr>
<td><strong>Ploy</strong></td>
<td>Creating emotional value through strong British heritage</td>
<td>Mulberry celebrates the ‘Englishness’ in the luxury market using its strength in leather goods as a foundation</td>
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<td></td>
<td>Strong and recognizable global advertising</td>
<td>Mulberry’s advertising campaigns are ‘sumptuous and quirky’ and highlight the brands product features</td>
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<td></td>
<td>Making the products more affordable but still offer high quality and maintain their exclusivity</td>
<td>An important element is to associate the brand with young celebrities</td>
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<tr>
<td>Pattern</td>
<td>Burberry</td>
<td>Mulberry</td>
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<tr>
<td>Burberry always saw opportunities to expand in Asia</td>
<td>Mulberry’s use of celebrities in their endorsement of the bag with their ‘IT’ bags</td>
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<tr>
<td>Their British heritage that comes back in every collection marked their success</td>
<td>Mulberry makes the brand visible and accessible with their story concept in-store</td>
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<tr>
<td>Being in the luxury market, but still being attainable</td>
<td>Mulberry is currently bringing down the price to make the products more accessible</td>
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<td>They always try to be innovative on their digital platform</td>
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<thead>
<tr>
<th>Position</th>
<th>Burberry</th>
<th>Mulberry</th>
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<tbody>
<tr>
<td>Burberry has a compassionate and giving attitude towards the community</td>
<td>Mulberry is positioned as a coveted designer brand</td>
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<tr>
<td>Burberry is on the lower to mid-level segment of luxury goods</td>
<td>The brand is a socially responsible brand for the environment and animal welfare</td>
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<tr>
<td>Burberry is positioned in the mass market</td>
<td>They have a product line for both man and women wear</td>
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<tr>
<td>Burberry is facing strong competitors from developing countries who offer illegal copies</td>
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<thead>
<tr>
<th>Perspective</th>
<th>Burberry</th>
<th>Mulberry</th>
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<tbody>
<tr>
<td>Seen by consumers as a brand with a rich British heritage</td>
<td>Mulberry is seen as a global luxury brand being in the higher segment of the market</td>
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<tr>
<td>Altagamma named Burberry the luxury brand with the highest digital customer awareness</td>
<td>Consumer think they have to be more proactive in their physical store experience</td>
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</table>

Burberry’s goal was to bring clarity to their operational strategies and increase responsiveness. They had already developed a strong product and a global presence which makes it easier for them to focus on this. However, this isn’t the case for Mulberry as with the aim of being an international luxury brand they hiked the prices to such an extent that people didn’t find a link between the products’ worth and the prices. Another factor of the rising prices is their goal of producing 50% of all products in the UK. They are yet to catch up with the standards of Burberry in terms of being a global brand. Even though both brands originate from Britain and have a strong link to their heritage, Mulberry makes it a point that they produce their product only in Britain so they can use the “Made in The UK” label. Both the brands have similarities; a strong link to their heritage, luxury goods, being socially responsible and using social media and celebrities to endorse the brand. Despite these there is still a gap; even though Mulberry positions itself as a global luxury brand they are mostly present in Britain. Secondly, most consumers aren’t aware of the brand and are also not aware that they have womenswear, menswear and a home line. This may be due to the fact that the brand puts too much emphasis on their core product (bags). These differences highlight several reasons why Mulberry’s relaunch has been significantly less successful than Burberry’s.
### 7Ps

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<thead>
<tr>
<th><strong>Product</strong></th>
<th><strong>Burberry</strong></th>
<th><strong>Mulberry</strong></th>
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</table>
| Burberry operates under three brands: | - Burberry Prorsum - a baseline for other brands,  
- Burberry London - heritage outerwear, ready-to-wear  
- Burberry Brit - the most accessible of brands with entry level pricing  
All brands have womenswear, menswear, childrenswear, accessories and bags. | Mulberry’s main product are their leather bags. Other product ranges are:  
- Small leather goods and gifts,  
- Luggage and apparel (mens and womens)  
- Footwear.  
For all items, finest leather and detailing are greatly emphasized. |

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<thead>
<tr>
<th><strong>Price</strong></th>
<th><strong>Burberry</strong></th>
<th><strong>Mulberry</strong></th>
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| As a high class luxury brand, pricing is set to higher limits to indicate exclusivity and quality.  
The pricing is on competitor level, a well-known positioning strategy, as lower prices would reduce the equity of the brand. | In order to be exclusive, Mulberry price their products at a premium level based on the quality and style. They also do offer affordable range for those customers who want to have the brands products.  
The general price ranges from £75 - £5400 and for other add on’s it starts from £9. |

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<thead>
<tr>
<th><strong>Promotion</strong></th>
<th><strong>Burberry</strong></th>
<th><strong>Mulberry</strong></th>
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</table>
| Burberry has a strong presence in social media platform and is visible in magazines. Burberry’s website is known as Burberry World.  
The brand relies on celebrity endorsement and is known for choosing celebrities and models with consideration of brand image.  
artofthetrench.com, aims to inspire people around the world to share their experiences of the iconic trench coat.  
Burberry was one of the first large brands to make their runway shows available on live-stream and is known for their unique and conceptual shows. | Mulberry does seasonal advertising campaigns which are sumptuous and quirky that appears in magazines.  
Mulberry’s important marketing element is to associate the brand with tribes of young actresses and celebrities who represent the brand’s core target.  
They promote themselves through social media like Facebook, Twitter, Pinterest and their own blog of Mulberry updated with the latest news.  
Mulberry also takes part in annual fashion shows showcasing their collection. |

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<tr>
<th><strong>Physical Facilities</strong></th>
<th><strong>Burberry</strong></th>
<th><strong>Mulberry</strong></th>
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<tr>
<td>All stores have a clean, modern brand standard store layout, with products to be as they appear online or in advertisements. Logo is visible on all wares and points of sale, packaging and receipts.</td>
<td>Mulberry’ has two head offices and two factories based within the UK. Worldwide, Mulberry opened 132 retail stores until now. The store ambience shows what the brand represent and products are displayed well.</td>
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<td></td>
<td>Burberry</td>
<td>Mulberry</td>
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<tr>
<td><strong>Place</strong></td>
<td>Burberry own 475 stores in 31 countries, which are strategically located for easy customer access in popular shopping locations, with the target consumer in mind. They have flagship and concession stores in exclusive locations.</td>
<td>Mulberry has a total of 131 store worldwide worldwide ie,67 directly operated stores and 64 partnered stores.Mulberry is largely placed in UK with 43 directly operated stores. Mulberry also has two factory set in Somerset, UK where majority of the production is done for bags.</td>
</tr>
<tr>
<td><strong>People</strong></td>
<td>Burberry has over 10,000 highly trained and knowledgeable employees, mostly in retail. Retail associates are vital to the brand as they combine commercial acumen and product knowledge to provide the perfect luxury Burberry experience for every customer.</td>
<td>Mulberry has 1087 highly trained and knowledgeable people are employed who add value to the company and offer various aftercare services</td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td>Burberry has high quality customer service and efficient standardised sales process, with an emphasis on personal shopping experience. They offer an ultimate online luxury shopping experience is established through a personalized customer service application that allows customers to call and chat with sales staff in real time and in 14 languages. Online shopping offers clear online navigation with visual shortcuts to sales platforms.</td>
<td>Mulberry offers high quality customer service with easy and reliable return services and easy access through the web store. The brand offers a 12 month guarantee, repair and replacement service at no extra costs to the consumer. They utilise a CRM Software for better retail management. Mulberry place emphasis on the welfare of the environment, animals and workers and ensuring sustainability. Community development is encouraged through local recruitment and apprentice program.</td>
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Burberry has a strong product line with iconic trademark which makes them recognizable from any other brand offering product in various category, however Mulberry are finding it hard to grow and prosper in various market segments as bags are their core product and they don’t place much emphasis on their other product categories. The promotional channels used by the brands are similar, (presence in social media network, magazines..) but Mulberry’s efforts have proven not effective enough as people are still not aware of the brand or their products. Burberry has a larger global presence with 475 stores whereas Mulberry has 131 and is mostly present in UK. What makes Burberry employees different is that they can provide excellent shopping experience to their customer through digital innovation, something which separates them from Mulberry. With multiple similarities between both brands, the difference in popularity is mostly down to Burberry’s digital innovation and larger global presence.
Price/quality
When looking at the price, Burberry compared to the other brands in the luxury market it will be positioned in the mid-level segment. Brands such as Mulberry, Louis Vuitton and Coach are positioned on the higher segment of the market. Quality wise, the luxury brands are all quite similar. We’ve found that the lower segment of the market, such as Ralph Lauren Polo also had a lower quality and durability in their clothing.

Stores/price
As you can see, the higher priced stores usually have a low number of stores to remain their exclusivity. Compared to the other brands Mulberry has the lowest of them all, while Hugo Boss has many stores spread around the globe. Burberry is working on their approachability and have lowered their prices as they also have opened more stores.

Heritage/market
As Mulberry and Burberry are known for their heritage, we thought it was interesting to compare it with other brands that are either in the mass market or niche market. We’ve observed that heritage plays a huge role for the brands that have existed for decades, while the younger brands do not focus on heritage at all. While cheaper brands such as Hollister that are positioned in the mass market with a low focus on heritage do not form a threat for the luxury brands, there is another market that does form a threat to them. It’s the ‘new luxury market’. These are young luxury brands that have a low focus on heritage.
Brand Equity (appendix pg 26)

Burberry

**Resonance:** High social status
Strong, loyal following with high repeat purchase rate.
Sense of elite community, known as the Burberry World.
High engagement with consumers through the Art of the Trench.

**Judgment:** Respected British Fashion Brand
Established reputation for high quality, trench coat, check print, and classic British style.

**Performance:** Quality Product
Known for high quality materials and durability.
Excellent customer service.

**Feelings:** Exclusive and sophisticated.
Feelings of high social status and sophistication due to classic British style.
Social approval in the elite and fashion-conscious circle.
Not very approachable.

**Imagery:** Classic image
Elite luxury image; often donned by celebrities, wealthy folks.

**Salience:** Moderate brand awareness
Scores moderately in brand recall.
Strong, favourable and unique brand associations and strong product category membership in outerwear and bags category.

Mulberry

**Resonance:**
VIP-community, with consumers chosen by the company.
Low customer retention and engagement, little follow-up on CRM systems used.

**Judgment:** Respected British Fashion Brand
Reputed for quality handbags and British heritage.
Considered too expensive, target group women 25+.

**Performance:** Quality products
Known for high quality materials and durability.
Good customer service.

**Feelings:** Exclusive and sophisticated.
Feelings of high social status and sophistication due to classic British style.
Social approval in the elite and fashion-conscious circle.
Not considered very approachable y consumers who know of the brand.

**Imagery:** Traditional image
Elite luxury image; often seen on celebrities, wealthy folks.

**Salience:** Low brand awareness
Low to non-existent scores in brand recall and brand logo recognition, low to moderate scores in brand recall.
Balanced Scorecard (appendix pg 29)

Burberry

Customer perspective:
Burberry aims to invest in under-penetrated markets by engaging the Chinese luxury consumer. This means that the company will need to research into Chinese culture to allow standardised service in a cultural perspective. Mandarin speaking associates are going to be integrated into sales teams, digital presence enhanced through use of local social media platforms along with bespoke products made and sold to coincide with traditional Chinese holidays. This coincides with further development in the Middle East, where Burberry has opened five new stores in Kuwait, UEA and Saudi Arabia. Market penetration is achieved by special campaign targeting traditional Muslim holidays. Burberry continues its global reach by building up the market in Central and Latin America. Four new stores have been opened in Brazil; with three more in the working. Franchising agreements have been signed with Colombia, Chile and Barbados. Plans for entering further new markets are underway with five new stores opened in Jordan, Kazakhstan and Georgia. By securing appropriate in-store locations and refining assortments Burberry aims to further align its wholesale presence alongside its global brand positioning. These actions are performed to increase the company’s key performance indicators by increasing the number of stores in emerging markets.

Another effort in KPI is growth in accessories revenue, with objectives to intensify accessories. Burberry is continuing investments in product design, development and marketing for men’s accessories. Diversification and innovation in fabrics and prints for soft accessories are proceeding, combined with enhanced visual merchandising. Continued innovation for large leather goods with marketing strategy focused on key fashion shapes. The company is also maintaining a mechanical watch collection that enhances the brands global luxury positioning and showcases the value of functional design and craftsmanship. Eyewear division has a continued drive in product development and distribution. Finally, Burberry’s focus on accessory intensification includes a synchronised marketing focus on raising awareness and sales growth around key holiday periods.

To increase total revenue growth to leverage the franchise, brand momentum will be boosted with Burberry World Live, Beauty, Digital growth and Brand recognition. With this follows marketing innovation with digital engagement and outdoor investment. Finally, focus on product excellence will be continued with outerwear, menswear and product hierarchy.

Financial Perspective:
Burberry has objectives to increase their profits with a 10% increase in retail revenue. New measures are taken by pushing accessories as a more affordable way of obtaining the brand, along with festive marketing campaigns to increase revenue around the holidays. Investment in new markets and growth in stores in new and emerging markets is an important tool for Burberry in the company’s financial growth.

Learning & Growth Perspective:
In order to pursue operational excellence Burberry intends to invest heavily into new technologies in process innovation, social presence and the overall planning of the supply chain. The company aims to do this whilst simultaneously improving the efficiency of its supply chain. To measure the success of these aims Burberry will use their retail and wholesale gross margin as well as the adjusted retail and wholesale operating profit margin as key performance indicators.
Internal Business Process Perspective:

From an internal business process perspective, Burberry grows in retail revenue and number of stores to accelerate a retail-led growth, as driving productivity is the company’s core measure. The luxury brand’s initiative is to invest in enhanced training by using interactive training materials to provide social and online learning tools; allowing sales associates to deliver a seamless experience across physical and digital channels. Further aims are to invest in physical and digital synchronisation and improve merchandising disciplines. Likewise, Burberry has monthly floor-sets and gifting strategies to drive consistent brand messaging across all customer touch points. The company focuses on their customers with conscious precision. To achieve the best results, Burberry invested in a new customer service centre based in Shanghai, offering 24/7 phone service, email and live chats with personnel. Additionally, they combine global customer analytics and insight capabilities with superior customer intelligence tools for deeper understanding of customer trends. The brand develops Burberry private client teams within flagship markets, which offer exceptional services. Burberry aims to increase average space growth, focusing on flagship markets in the company’s real estate investment plans. 23 mail line stores have been opened in cities such as London, Hong Kong and Milan with further renovations still on-going. In Macy’s Herald Square in New York the first US retail concession store in 2012. To improve external recognition, Burberry takes part in awards such as the coming second in Far East Company magazine “Top 10 Most Innovative Companies in Retail 2013” and also won “2013 Development of the Year” from the Greater North Michigan Avenue Association for their custom designed Chicago flagship store.

Mulberry

Customer Perspective:

Mulberry aims to be a global luxury brand by expanding to international markets, as there is great potential for engagement with international customers. Mulberry initiated this mission by first setting up a global web platform to be able to engage with customers worldwide. The website is in constant process of extending the range of languages and currencies for easier international access. In order to enter international market the brand has to have a confirmed management structure to create uniformity in the business dealings. Mulberry locates their store in prime retail locations for a higher visibility. For a wider global reach the brand has opened stores in most of the fashion cities, following the strategy of increasing the number of international stores in their own name, thereby reducing the partnerships stores. As the backbone of Mulberry are their leather products, the brand aims on bringing variety to their product line and increasing their range by entering into ventures of small leather goods; such as belts and fashion accessories. They are seizing up on the sector of men’s wear, as there is a great opportunities in the sector and prospects in further development of the product line. After diminished sales resulting from price increases in the past years, Mulberry has intentions to regain customer loyalty by offering the price worth for their products. Mulberry purposes to spread its British heritage to their global audience aiming to have 50% of the production done in Somerset, England, by the 2017. Therefore they opened a new factory in Somerset in 2013 to increase their production capacity. To increase operational excellence the company needs to invest in various ventures such as supply chain, technology and marketing. By implementing a new integrated supply chain management system that gives end-to-end visibility over the supply chain, it allows the brand to plan and allocate production more effectively as well as improving forecasting and inventory management. Investing in CRM software will help the company in understanding their customers and evaluate the number of loyal customers, along with increased retention rates. Marketing increases the international visibility of the brand and the customer base but requires a high investment. To be different from Mulberry’s competitors the brands needs to be innovative in their designs and also extend and reinforce their product line.
As the brand wants to support the local economy and community, they make a point to recruit personnel from surrounding areas. Mulberry also launched an apprentice program that encourages local youths to learn production skills, by providing training and possible future careers at the factory in Somerset. Mulberry also involves itself with the welfare of their employees by introducing a policy that allows employees to have a paid time off, encouraging healthy eating and ensuring that canteen facilities use locally produced and farm assured products where possible. They also give funding to assist the local community and other charity projects. For sustainability measures, Mulberry recycles as much as possible and reduces packaging, maximises the utilisation of leather, as well as sourcing purchases from sustainable or renewable sources and investing in renewable energy.

Financial Perspective:

In order to increase profits Mulberry aims to increase market share, further develop a more affordable pricing structure and increase customer service efficiency. The market share, product pricing, sales within specific price brackets and conversion rate in stores will be used to benchmark the success of these measures. The company also aims to focus its budget on rebuilding the brand momentum by investing in new stores and campaigns in emerging markets, and assessing it against the increase in assets on the balance sheet and the sales growth in emerging markets.

Learning & Growth Perspective:

In order to pursue operational excellence Burberry intends to invest heavily into new technologies in process innovation, social presence and the overall planning of the supply chain. The company aims to do this whilst simultaneously improving the efficiency of its supply chain. To measure the success of these aims Burberry will use their retail and wholesale gross margin as well as the adjusted retail and wholesale operating profit margin as key performance indicators.

Internal Business Process Perspective:

Mulberry has aims to achieve a significant sales growth by building a larger international presence. As the brand is still not well known overseas, it aims to focus a higher level of brand awareness through store launches, events, collaborations and press campaigns in emerging markets. Combined with a growth of online sales due to a foreign language translation of the new web platform, growing retail sales through store openings in high traffic locations and more affordable products Mulberry’s sales growth will enhance. To measure the effectiveness of these processes the brand will use KPIs such as the number of physical stores, the number of online orders placed in emerging markets and the growth in sales.
Benchmarking

Despite Mulberry being present in a similar number of countries as Burberry and having a comparable net profit margin, its negative growth revenue in 2013 exposes the company’s serious internal issues.

Factors, which heavily affect these brands, are brand awareness, perception and accessibility. Burberry has very high brand awareness due to its extensive advertisement campaigns, widespread physical presence, recognisable Burberry check pattern and accessibility, whereas Mulberry is still unknown, even in many countries that it sells in.

Another problem facing Mulberry is very little awareness of their clothing range, only 16% of those surveyed were aware of the existence of this sector of the brand. This has clear and direct consequences for both brands annual revenue and gross profit margin. The brands have a similar amount of retail locations in the international market, however Burberry has nearly triple the number of stores of Mulberry; clearly affecting their net profit margin as their operating expenses are much higher, eating far into their gross profit.

Although Mulberry is currently losing an increasing number of sales, they still retain a low debt ratio and high solvency, meaning that it would be relatively easy to liquidate the company if it does not manage to reverse their sales figures.

The brands differ in which soft KPIs are most important; Mulberry focuses on customer retention, customer service quality and product improvement whilst Burberry highlights the importance of encouraging proactivity, good communication and constant innovation. Mulberry places importance on keeping their existing customers up to date via email newsletters and encouraging them to join the VIP club, along with making sure their in store experience is pleasant, informative and enjoyable.

At the same time they place enormous importance on maintaining and improving the quality of their products shown by the creation of the apprentice programme and dedication to keeping most of the production facilities in England where it is easier to perform regular quality checks. In contrast Burberry strives for digital innovation, proactivity throughout the company and on-going improvement to their communication systems, allowing customers to be constantly connected with the brand.

An example of all three of these KPIs is the new 24/7-service centre in Shanghai where Burberry staff are available by phone, email and live chat in 11 different languages. By focusing more heavily on, and responding to feedback from the customer, Burberry has successfully regained its status as a recognised and coveted brand far more efficiently than Mulberry.
Conclusion

Burberry and Mulberry share many similarities, but one has managed to remain a big name in the luxury market while the other has been forgotten in the past. These two British heritage brands that have set up a name for themselves decades ago seemed to have lost their ‘wow-factor’ and have tried to different tactics to re-launch their brand.

There is one main difference between the brands that can be considered crucial, their attitude towards brand awareness. Burberry has always focused on having a strong brand awareness and their re-launch allowed them to recover their cool image once again. But what about Mulberry? Mulberry never had a strong brand awareness and their re-launch was nowhere near as successful as Burberry’s. People don’t know who Mulberry is, nor do they know where the stores are located. This is mainly due to the fact that Mulberry has a different, and smaller scale, marketing approach than Burberry, and offers products that are less obviously branded, retaining an element of exclusivity, but also damaging to the brand awareness.

We found that Mulberry focuses more on product quality, while Burberry aims for brand recognition. In the luxury market Mulberry has one of the lowest number of stores worldwide, and with most of them being in the UK it makes it hard for customers to reach the products. Many people around the globe aren’t even aware that Mulberry sells other products besides their signature bags. It seems that Mulberry was highly focused on the British market, which then resulted in the relaunch failing when it was aimed at a global audience.

As Burberry’s strategies are obviously working and clearly demonstrate how to successfully navigate existing in the current luxury goods market, we as a team have decided to choose Mulberry as the subject of our future projects. We feel that the company is an interesting one to work on due to it’s recent difficulties, and it will pose more of a challenge and help us expand and hone our knowledge.
Appendix
Burberry History

1856 - Burberry is founded by the 21 year old dressmaker Thomas Burberry, he opens his first store in Basingstoke, Hampshire, England
1870 - the business establishes itself by focusing on the development of outdoors attire
1880 - Burberry develops gabardine, a lightweight breathable and waterproof fabric
1888 - Burberry patents the gabardine, In the early 1900s Burberry begins selling it wholesale, abroad
1891 - the company moves into its first London store, 30 Haymarket (The location will remain the company's headquarters)
  > “Burberry” was the original name, but the company soon switched to using “Burberrys”, after many customers from around the world began calling it “Burberrys of London”
1895 - Burberry introduces the Tielocken, a predecessor of today's trench coat, which will be worn by British officers during the Second Boer War
1901 - The Burberry Equestrian Knight Logo is developed containing the Latin word “Prorsum”, meaning forwards, and registered as a trademark
1909 - The first Burberry store in Paris at 8 Boulevard Malesherbes opens
1911 - Burberry becomes outfitter for Roald Amundsen, the first man to reach the South Pole and Ernest Shackleton, who leads a 1914 expedition to cross Antarctica
1914 - England's War Office commissions an adapted Tielocken coat for its officers to meet new combat requirements. Epaulettes and D-rings are added, creating the “trench coat”. Half a million soldiers will wear the coat during World War 1
  > After the war, the trench coat becomes popular with civilians
1919 - Captain John Alcock and Lieutenant Arthur Whitten Brown, dressed in Burberry, complete the first non-stop flight across the Atlantic
1920 - Burberry becomes a LLC, with its stock quoted on the London stock Exchange
- The company begins selling in Japan
1924 - The iconic Burberry check is created and used as a lining in its trench coats
- Burberry gabardine jacket was worn by George Mallory on his ill-fated attempt on Mount Everest
1926 - Thomas Burberry dies at the age of 91
1934 - aviation garments, A.E. Clouston and Betty Kirby-Green made the fastest flying time to Cape Town from London in 1937 and were sponsored by Burberry
1955 - taken over by GUS (Great Universal Stores). Burberry Limited of Haymarket, London is awarded a Royal Warrant by Majesty Queen Elizabeth II.
  > Burberry was an independent company until 1955!
1957 - Burberry's fall men's campaign marks the company's national advertising debut
1960 - The decade sees the introduction of accessories, including handbags and luggage, bearing the signature check
1964 - The company enters a distribution agreement with Japanese firm Mitsui
1965 - U.S. sales are up 40 percent
1970 - Flagship New York store opens, follows by stores in every major U.S. city over the next two decades
1976 - Burberry's signature check can now be found on cashmere scarves, ladies’ hats, shirts, handbags, umbrellas and luggage
1980 - The company inks licensing deals with Japan's Mitsui and Sanyo Cooperations
1981 - A line of men's toiletries, produced by Elizabeth Arden, premieres at Burberry's 125th Anniversary party at the Plaza Hotel
  - The Brand releases its first fragrance, a cologne called Burberry for Men
1987 - Burberry comestibles introduced, including Victorian plums and walnuts preserved in brandy, shortbread and orange marmalade soaked with Burberry's own whiskey
1988 - A line of infant wear debuts at Pitti Bimo in Florence

18
1989 - Burberry awarded a second Royal Warrant by H. R. H. the Prince of Wales
1993 - Franco Moschino fashions harem pants from Burberry plaid for his fall collection
1997 - Weekend fragrance introduced
   - Rose Marie Bravo hired as CEO to revamp the brand (October)
     > During her tenure, she will expand the British label into a global luxury enterprise
1998 - Burberrys changed their marketing name to Burberry
   - The Italian designer Roberto Menichetti is asked to launch the designer Burberry Prorsum line
   - The Photographer Mario Testino is hired to retouch the brand’s image
   - Alexis Bittar designs the brand’s first ready-to-wear jewellery collection
1999 - A plaid bikini is introduced, a beach wear line follows
   - Prorsum makes its London Fashion Week debut (February)
   - The famous check, formerly used as lining is now seen on the outside of coats (April)
   - Burberry check heels are introduced (September)
2000 - Touch fragrance introduced
   - The company acquires Burberry Spain, a separate business designing and producing exclusive collections for Spanish customers since 1965 (June)
   - A new flagship store opens on New Bond Street in London (August)
   - Jeans are introduces (September)
2001 - Leg and body wear line with Wolford hits stores (January)
   - Luxury childrenswear line premiers (February)
   - Menichetti’s contract expires; the company and the designer part ways (March)
   - Mrs. Bravo taps British designer Christopher Bailey to replace Menichetti as creative director (May)
   - Following the attacks on the World Trade Center in New York, Burberry cancels its London Fashion Week show (September)
2002 - First Russian standalone store opens in Moscow (March)
   - Burberry’s parent company, GUS, brings the house partially public with a 23 percent stock offering /The company is valued at GBP 1.5 billion (July)
   - The Manhattan flagship gets a redesign with tea bar, trench-coat atelier and Burberry House (the label’s first housewares boutique) (November)
2003 - The latest fragrance, Burberry Brit, makes a big splash (August)
   - A flagship store opens in Milan (September)
2004 - First flagship store opens in Rome and San Francisco (October)
   - Charm bracelet and logo bangle timepieces, produced by Fossil, introduced (October)
2005 - Burberry Brit for men takes the Men’s Contemporary price at the American Society of Perfumers’ 12th annual Perfumers’ Choice Awards (November)
   - GUS divested its remaining interest in Burberry, distributes it’s remaining 65 percent stake in Burberry to its shareholders (December)
2006 - Ten-year licensing deal with Luxottica eyewear commences (January)
   - Angela Ahrendts takes the helm as chief executive, succeeding Rose Marie Bravo, who stays on as vice chairman for a year (July)
     > Ahrendts and Bailey will lead the brand’s charge into the digital age, attracting a new generation of fans and driving profits sky-high
   - Eyewear introduced (October)
   - Burberry celebrates its 150-year anniversary with the limited-edition Icons collection (October)
2007 - Burberry Sport line of men’s and women’s clothing introduces in stores (September)
   - The brand announces plans to expand its accessories lines, including handbags, shoes and jewelry
2008 - The Burberry Foundation, aimed at helping young people realise their potential through creativity, established
- Burberry Body collection of daywear, sleepwear and intimates introduced
- Burberry the beat perfume launches
- Joint venture with franchisee the Jashanmal Group results in a formation of a new company, Burberry Middle East LLC
- A similar venture with longtime Japanese licensees Sanyo Shokai and Mitsui & Co. also announced

2009 - Burberry Brit line of jeans and casualwear launches
- Five childrenswear boutiques open, including stores in Instanbul and Dubai
- Facebook page launches (April)
  > Within a year, the brand boasts one million fans
- The new Burberry global headquarters opens at Horseferry House in London and the American Burberry headquarters moves to 444 Madison Avenue in the former New York magazine building (May)
- Burberry Group joins the prestigious FTSE 100 of the London Stock Exchange (September)
- H.R.H. The Prince of Wales officially opens the company’s new global headquarters at Horseferry House in Westminster
- After showing in Milan for almost a decade, Burberry Prorsum returns to London on the occasion of London Fashion Week’s twenty-fifth anniversary
- Burberry Brit and Burberry London stand alone stores, the first of their kind, open in New York
- Bailey, who has a hand in all aspects of design, merchandising and advertising, is promoted to chief creative officer of the brand (December)
  > Bailey scoops up trophies for both, Designer Brand and Designer of the Year at the British Fashion Awards (December)

2010 - Burberry Sport women’s and men’s fragrances introduced
- The brand closes its Spanish arm, which until 2009 had produced the Thomas Burberry line primarily for customers in Spain
- The Company buys its Chinese retail operations from longtime franchisee Kwok Hang Holdings
- Europe’s first Burberry Brit store opens on Milan’s Corso Venezia

2011 - The brand numbers thirteen on Fast Company’s list of the world’s most innovative company’s
- Burberry opens its new flagship store at Beijing’s Sparkle Roll Plaza (April)
- The UK’s first Burberry Brit store opens in London’s Covent Garden (April)
- Burberry Bights folding sunglasses line premieres
- Burberry Explorers capsule collection launches (May)
- Company profits have more than doubled over the past year

2013 - Burberry names Bailey it’s next CEO; he is to officially take on the role in 2014
Mulberry History

1971 - Mulberry was founded by Roger Saul in partnership with his mother, he established the business by using £500 that he received on his 21st birthday
   > named after the Mulberry tree that he walked past each day in the grounds of his school
   > Roger Saul’s sister Rosemary designed the trunk-and-leaves logo
   > the business started with leather accessories including handbags, plaited belts and necklaces (chokers)
1973 - The Rookery, Mulberry's first factory, opens in Chilcompton, Somerset, England
1975 - Women’s ready-to-wear clothing launched
   > the company became popular by its ‘Hunting, Shooting, Fishing’ collection
   > the collection was known as the ‘Le Style Anglais’
   - During the 1970s and 1980s the company operated from a small production site nestled among the rolling fields of Somerset, before opening flagship factory The Rookery in the small nearby town of Chilcompton
1980 - Mulberry’s oversize white tote is one of the “The Looks That Go Nonstop”
1985 - Menswear followed
1991 - Mulberry at Home range debuts
1998 - Mulberry began to loose money, Roger Saul took a pay cut and was searching for an investor
1999 - Mulberry at home was published
2000 - Singaporean investors Ong Beng Seng and Christina Ong took a stake in the company, pouring in an estimated $12 million
   - Scott Henshall designs a capsule clothing collection
2002 - The Gisele bag, designed by Luella Bartley and Stuart Vevers in collaboration with Mulberry, debuts
   - Nicholas Knightly signs on as the new chief designer
   - After a dramatic boardroom coup, Roger Saul stepped down as company chairman
2003 - The company returned to steady profitability, Nicholas Knightly designs the Bayswater tote, later described as the company’s ”hero product”
2004 - Mulberry becomes available in the U.S.
   - Nicholas Knightly resigns, Stuart Vevers follows
   - Mulberry wins the accessories category at the British Fashion Awards
2006 - Mulberry launched an apprenticeship programme to encourage local youths to learn production skills and providing training and employment for the local community
   - The chief designer Stuart Vevers collaborates with designer Giles Deacon
2007 - The company announces that Katie Grand will be its new creative director but she decides not to take the position after all. Emma Hill fills the role instead.
2008 - Mulberry introduced eyewear with Cutler & Gross
   - A capsule shoe collection, designed by Jonathan Kelsey debuts
2010 - The bag Alexa (named after television presenter Alexa Chung) was introduced
   - Mulberry takes home the Designer Brand Price at the British Fashion Awards
2011 - Mulberry: The Book, a celebration of the brand’s 40th anniversary was published
2012 - Bruno Guillon joins Mulberry from Hermès and becomes the new chief executive officer
   - The singer Lana del Rey inspires the Del Rey bag
2013 - the company announces that it is parting ways with creative director Emma Hill
   - Opening of a second Somerset factory
   - Mulberry issues two profit alerts
2014 - in January Mulberry issued a profit warning, after cancellations of wholesale orders from South Korea and disappointing UK sales, that saw its share price slump about 27%
   - In March Bruno Guillon steps down at Mulberry after a new profit warning in March
   - Former chief executive Godfrey Davis, the company’s non executive chairman, becomes executive chairman until a successor is found
Business Model Canvas

Key Partners
An insight into the key partners of Mulberry and Burberry allow us to see how the relationships of both with other companies has contributed to the varying levels of success regarding their re-launch. Whilst Mulberry has relied on a series of celebrity collaborations to promote themselves and reach their target market, Burberry focused more heavily on social media such as Facebook, Instagram and Pinterest. Celebrity culture still continues to be very influential on current society, however its importance has started to fade in the face of the individuality trend and so this could be a factor in Burberry’s relative success compared to Mulberry. It’s style of online accessibility allows customers and fans of the brand to access the collection and related articles, photos etc in their own ways and choose how they affiliate themselves with the brand, whereas Mulberry narrows its customer base by clearly specifying the kind of market they are aiming for (Alexa bag, Cara Delevingne). Both Burberry and Mulberry are keen to keep long term relationships going with their suppliers as they have an acceptable ratio of price/quality, and so it is important for both brands to maintain them. Although both companies have production factories overseas, Mulberry has quite a strong centralised power and ethnocentric focus which can affect the connections they have abroad. As they also choose to produce almost 80% of their products in England the prices are consequently higher due to the employees wages and this affects their gross profit margin.

Key Activities
Whilst both companies have a strong focus on the design and retail of their collections, Mulberry has a clearer focus on the manufacturing process and highlights the importance of sales through wholesale as well as its own stores. Burberry is again more forward thinking and does not sell wholesale but instead focuses on its e-commerce and virtual customer service, adapting to the new tech-savvy generation.

Key Resources
Burberry and Mulberry both have a strong focus on preserving their brands heritage, however Burberry tends to focus more on spreading this through the brand image and incorporating it into their digital innovation while Mulberry focuses on keeping this element in the production process by developing an apprentice programme which allows them to keep the same level of quality in their products for future generations. Both stores place value on the location and upkeep of their stores, however for Mulberry the physical store has more importance compared to Burberry. One thing the companies differ on is that Burberry’s design aesthetic is one of it’s key resources, while for Mulberry it is the leather that they use. The reliance on a more abstract resource, such as design, allows Burberry more flexibility whereas Mulberry has committed itself to an expensive commodity that price and desirability fluctuates.

Value Propositions
Again the brands are very similar when it comes to their value propositions; both connect a certain status to their products, they enhance the British heritage and pride themselves on quality luxury items. The only thing that differentiates them is how loudly the products announce themselves. For example many people know that Mulberry produces handbags, however only fans of the brand or those in the fashion industry would be able to easily identify one of the bags if they were out on the street as they have no distinguishing features except for a simple, and easily replicable, fastening. On the other hand Burberry are well known for their use of beige and camel colours in combination with the Burberry Check allowing their products to be more easily recognised.
Customer relationships
Burberry and Mulberry both expect to have a loyal customer base and although Mulberry does have the almost mandatory VIP club, email newsletters and login on the website, it does not really push to keep its customers loyal and instead relies on their love of the products. Burberry however applies a much more active and aggressive approach to keeping its customers interested by having online services where you can easily talk to Burberry help staff or other Burberry customers. One service that is of high importance to both brands is the aftercare service as both of them pride themselves on the quality of their items. This, combined with the high price that customers pay for the quality, means that it is imperative for both brands to have a high quality and easily accessible aftercare service, meaning the customers feel more protected and pampered than if they went to a regular store. Another key part of the customer-brand relationship is that although the customers are allowed an insight into the brand and its processes, they are never directly involved in it (e.g. design input etc.). Burberry also excels in a complete 360 knowledge of the individual consumer by pulling up predictive analytics fuelled by their buying history and twitter posts etc combined with fashion industry trend data.

Channels
Both brands utilise the traditional channels such as fashion shows, billboards, physical stores and print adverts in magazines as well as digital channels such as various social media, YouTube channels, apps, online stores and email newsletters. Burberry is very well known compared to Mulberry, not only because of its bigger marketing budget but also for its more effective and widespread advertising.

Customer Segments
Burberry and Mulberry both aim for predominantly female consumers who have a large amount of disposable income and who shop among luxury brands. They tend to be fashion conscious and loyal to the brands that fulfil their standards.

Cost Structure
As both brands value the location of their physical stores and the skill of their employees (from the production team to the sales assistants), there is a high level of costs incurred from these, as well as the quality materials used and logistics. There is also a budget for promotion but it is clear that Burberry, as the bigger brand, has a larger budget for this than Mulberry. Burberry also focuses more on digital innovation which has contributed to their successful relaunch and subsequent revival.

Revenue Streams
Although Burberry and Mulberry both rely on online sales, in store sales, licensing and factory outlets for revenue, Mulberry also focuses on franchising whilst Burberry has recently tried to decrease its franchising due to the negative effects of the over-saturation of the Burberry Check.
Glocalisation

Burberry

Strategy: Geocentric
Business: Geocentric
Functional: Geocentric

Burberry’s strategy, including the brand’s overall concept, vision and mission is geocentric. The company lays their focus on globally defined needs and achieves success “through exacting use of brand assets and coordinated action across the global organisation.” Their key strategy is “one brand, one company”. Also Burberry’s business model, thus product and promotions, can be described as geocentric. That means that the brand has worldwide products and promotions that do not differ at all within different countries or even continents. Concerning organisational and operational issues (functional), the luxury label again acts geocentric. They are spread around the world and do not only operate within Great Britain, their domestic market.

Mulberry

Strategy: Ethnocentric
Business: Geocentric
Functional: Geocentric although with a large focus on appearing Ethnocentric

In comparison to Burberry, Mulberry’s strategy focuses completely on the country of origin effects and therefore is described as ethnocentric. In contrast, the brand’s products and promotions are globally equal. Also functionally, the company is acting geographic. That means that their organisation and operation takes place spread over the globe. Nevertheless, Mulberry’s aim is to appear quite ethnographic. Thereby, the main operations are original and centralised in their mother country Great Britain.

Mintzberg’s 5P’s

Burberry

Plan
Burberry was the leader in its market. This is a result of their combination of a strong product line offering and using emerging countries as a platform to give a push on their earnings and volumes. One of Burberry’s focuses was on innovation to please consumer demands. They were very selective on distribution channels and tried to focus on their operational capabilities. Their existence in Asia has been an important factor in their growth. For their in-store strategy, they tried to convey the ‘Burberry Experience’ through amazing service. One of their main goals was to bring clarity, this resulted in operational improvements and great responsiveness when it comes to delivering products to customers, both in-store and online. Being digitally active has been one of their main focuses as well. This means being active in social media and live-streaming their shows to increase brand awareness and creating communities.

Ploy
Burberry’s strongest advantage has always been their focus on their British heritage, creating a strong emotional value. It has given them a worldwide brand recognition that is appealing to both genders. Their advertising has been extremely strong and recognizable throughout the globe. Burberry uses international celebrities in their advertisements to attract customers and make them
feel connected to the brand. This has been very successful for them, as their high brand awareness is due to this collaboration. As a ‘luxury goods’ brand, Burberry has tried to make their products more affordable, but still offer high quality and maintain their exclusivity. This is something that the other luxury goods brands haven’t been able to do.

Pattern
In the beginning, it was always Burberry’s intention to expand in Asia, as they saw a huge opportunity to expand there. In every single collection they have made, the British heritage will always be found. This is also one of the main points that attracts their consumers. They want to be a part of this ‘Burberry community’. Their strong trademarks, such as the trenchcoat that regularly comes back in their collections is an example of their rich heritage that marked their success. Being in the luxury goods sector, while still being attainable by lowering their prices than their competitors has helped Burberry. They continuously try to maintain their digital marketing and e-commerce and try to be on top of their innovation in their digital platform.

Position
Burberry’s values are ‘protect, explore and inspire’ and to have a compassionate and giving attitude towards the environment and the community, while maintaining their social responsibilities. In this way, they are differentiating themselves from the other brands in their market. When it comes to the price, Burberry is on the lower to mid-level segment of the luxury goods, while brands such as Louis Vuitton and Prada are on the high level segment. Burberry is also positioned in the mass market, because of its wide product range. Burberry is facing difficulties with strong competitors from developing countries, as they are offering illegal copies of this brand. Burberry is only feasible in countries where the economy is growing and stable.

Perspective
Burberry has been named the luxury fashion brand that has the greatest increase in brand value. By the consumers, they are seen as a brand with a rich British heritage and people want to be a part of this community. Burberry has focussed a lot on their digital distribution channel and how they come across on social media and not without success. Named by Altagamma, they have been called the luxury brand with the highest digital customer awareness. Burberry will always focus to strive the right combination of the newest innovation while remaining true to their heritage, which is one of the reasons that they have been so successful.

Mulberry

Plan
Mulberry is a British company renowned worldwide for its craftsmanship and quality. The brand’s backbone is its extensive line of luxury fashion bags that combine stylish, stand-out design with the finest leathers and detailing. The main strategy followed by the brand is the “Made in the UK” tags making sure that most of its products are made in UK itself. Mulberry’s goal is to have 50% of its production to be done in Somerset, UK by 2017. The brand is set to be global having stores in the major fashion cities in key luxury market. Its presence in the global market isn’t as strong as it is in the UK market. It is yet to catch up globally to reach the standards of its peers. With its limited number of stores, the e-commerce has been an immediate success being able to reach out worldwide.

Ploy
Designer handbags have historically been of French or Italian heritage; Mulberry makes a point of celebrating its Englishness in the luxury market using its strength in leather goods as it foundation. To make the customers feel the heritage most of the bags are made in Britain. Mulberry’s
advertising campaigns are “sumptuous and quirky” highlight the brands products features. An important element of Mulberry’s marketing is to associate the brand with young actresses and celebrity who represent the most important reference group for the brand’s core target customers. They also take part in bi-annual fashion shows to a global audience.

Pattern
Mulberry’s signature is their eye for leather. They develop personality to the bag adding their iconic design, detail, beauty and functionality with at most quality. Their use of celebrities in the creation and endorsement of the bag has proven to be the main success of the brands making the ‘IT’ bags.

Mulberry locates their stores in prime retail location making the brand visible and accessible to the customer with a story concept in-store. As the company want to be global and to spread the vision of the brands heritage, they had opened stores in most of the fashion cities. Mulberry is present in the e-commerce and is in the process of incorporating international language making it accessible continentally. The hike in price has resulted in loss of customers worldwide, therefore the brand currently is bring down the price making it accessible to their customers.

Position
Mulberry is positioned as a coveted designer brand known for the British craftsmanship. The brand represents cool and quirky British style with an eccentric edge. The brand is also a socially responsible brand in term of environment, animal welfare and working standards. Being a luxury brand there pricing is high positioning the brand far up-market. The brands backbone is their leather bags but they do have a line a women’s and men’s wear line to complement the look.

Perspective
Even though Mulberry is perceived as a global luxury brand that serves as status symbol with a feel of Englishness, the brands hike in price in the mission of being “up market” has been one reason for the fall down of the company as consumers think the brands need to be more proactive in improving local in-store experience, customer service, and product offerings by bring innovative products, while engaging potential customers online via local social media platforms and media, will be able to survive in this changing environment.

Brand Equity

Burberry

Salience
Burberry seems to have a moderate brand salience. It has high brand name recognition, but scores low in brand recall and brand logo recognition.
Burberry has strong product category membership in the outerwear and bags category.
Listed in Interbrand’s ‘Top 100 Global Brands’ for the fourth consecutive year, Burberry was named the luxury fashion brand with the greatest increase in brand value. Altagamma as the luxury brand cited Burberry with the highest digital customer awareness and the brand was named by L2 as the fashion brand with the highest ‘digital IQ’ in China. LinkedIn ranked Burberry the 29th most in-demand employer globally.

Performance
Burberry has quite a high brand performance. Burberry sticks by its British identity, promising its customers a classic English style, through clean and smart designs, with checked prints being a well-recognized symbol of the brand. The Burberry trademark also gives consumers the assurance of consistency in the quality and durability of products delivered. In terms of service, Burberry has
been very effective in terms of receiving timely information and help through its well-managed official website and social networking sites like Facebook. In fact, going digital is one of Burberry’s key strategies to ensure that customers’ needs can be served efficiently and effectively and this has won the company the ‘Digital Innovation Award’ in 2010.

Imagery
The brand supports a relatively strong image that is synonymous with quality, style and elegance. Beautiful craftsmanship is contrasted with form and function, the brand appeals to people who appreciate the British clean, smart and timeless classic style. It exudes sophistication and elegance, and at the same time, maintains modern edginess and British sensibility. However, it is also associated with being old and boring among the younger target market.

Judgment
Burberry has quite a positive brand judgment in the eyes of the general consumers. The Burberry brand has been known as one of the oldest and most respected British fashion brands. Consumers recognize it for its symbolic trench coat, high quality products, distinctive checks prints and classic British style. However, in the eyes of the younger consumers, Burberry does not stand out and seems overpriced, and hence they have a low consideration for this brand.

Feelings
The Burberry brand evokes more private and enduring feelings of social approval and self-respect. Consumers feel a great sense of social approval because they feel elite, fashionable and attractive when people see them wearing the Burberry brand. Consumers also have a strong sense of self-respect because they feel confident, sophisticated and wealthy when they are wearing the brand on themselves.

Resonance
Burberry has a strong, loyal following that takes pride in expressing their personal styles through the brand. As such, the brand enjoys a high repeat purchase rate from this group of consumers. By owning a Burberry product, consumers feel that they are a part of the elite community, almost on par with the A-list celebrities who are often seen in Burberry’s apparel or carrying Burberry’s accessories. This elite community gathers online at Burberry World to connect with the brand, and with each other. Burberry has also undertaken strong efforts to actively engage its consumers to better understand the brand story, as seen from the Art of the Trench initiative. The brand also actively engages its consumers through social media to give them the latest updates, such as new product launches or campaigns. All in all, Burberry’s brand resonance is moderate because the level of intensity and the depth of the psychological bond that it has with its consumers are not very high. This may be due to the wide array of choices that consumers have.

Mulberry

Salience
Mulberry has fairly low brand salience. Brand name recognition is fairly low, with low to non-existent scores in brand recall and brand logo recognition. The brand has strong associations with handbags in product category. The brand has been in steady decline in sales for the past 100 years.

Performance
Mulberry has a medium-low brand performance. As a British brand known for luxury handbags some designs are easily recognisable, especially through celebrity endorsements. As the brand only recently branched out into apparel, the main connections are made to handbags.
Mulberry has suffered a setback in sales in the past years, despite attempts to rejuvenate the brand. Prices of their wares have risen up to 500% in the last decade. The brand is mainly known for its handbags; classic and celebrity endorsed. As a heritage brand, all bags are handmade in Surrey, England and have since the founding of the brand. The bags have been known for their durability and quality.

Mulberry operates as a transparent brand with a high standard of customer service and information on all operations available online.

Imagery
Mulberry has a weak to moderate image and is associated with quality, tradition and countryside.

“Beautiful craftsmanship is contrasted with form and function, the brand appeals to people who appreciate the British clean, smart and timeless classic style. It exudes sophistication and elegance, and at the same time, maintains modern edginess and British sensibility. However, it is also associated with being old and boring among the younger target market.”

-Same as Burberry, essentially.

Judgment
The brand has a positive brand judgment among consumers. Mulberry is recognised for it’s high-quality bags, craftsmanship, classic design and British heritage.

Mulberry is considered a little overpriced, with target group considered to be women over thirty years old and consideration for the brand suffers for that.

Feelings
Mulberry evokes more private and enduring feelings of social approval and self-respect. Consumers feel a great sense of social approval because they feel elite, fashionable and attractive when people see them wearing the Mulberry brand. Consumers also have a strong sense of self-respect because they feel confident, sophisticated and wealthy when they are wearing the brand on themselves.

Resonance
The brand is known for long-lasting quality. As an established luxury brand, customers of the brand feel a sense of belonging to an elite community by owning the products. Customer retention is fairly low, with a VIP-community only available to consumers chosen by the staff of Mulberry. Resonance is considered low for Mulberry.
**Balanced Scorecard**

**Burberry**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Initiatives</th>
<th>KPIs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Perspective</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase Profits</td>
<td>Increase retail revenue by 10%</td>
<td>Push accessories as a more affordable way of obtaining the brand</td>
<td>Growth in retail revenue</td>
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<td></td>
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<td>Place more focus on festive items and marketing campaigns to raise revenue around the holiday season</td>
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<td></td>
<td>Invest in emerging markets</td>
<td>Open more stores in select countries from Eastern Europe and South America to tap into new wealth</td>
<td>Growth in number of stores</td>
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<tr>
<td><strong>Customer Perspective</strong></td>
<td></td>
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<tr>
<td>Invest in under penetrated markets</td>
<td>Engaging the Chinese luxury consumer</td>
<td>Research into Chinese culture to allow better service</td>
<td>Number of stores in emerging markets</td>
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<td></td>
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<td>Mandarinspeaking associates integrated into sales teams in top tourist destinations outside China</td>
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<td></td>
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<td>Bespoke products made and sold to coincide with the Golden Week and New Year holidays</td>
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<td></td>
<td>Developing the Middle East</td>
<td>Opened 5 new stores across Kuwait, UAE and Saudi Arabia</td>
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<td></td>
<td>Building Central and Latin America</td>
<td>Special Eid Al Fitr and Eid Al Adha campaigns to target Muslim population around gifting times (like Christmas advertising)</td>
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<td></td>
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<td>Open 4 new stores in Brazil</td>
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<tr>
<td>Plans to open 3 further stores</td>
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<tr>
<td>Franchising agreements signed with Colombia, Chile and Barbados</td>
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<tr>
<td>Entering New Markets</td>
<td>Opened 5 new stores in emerging markets; Jordan, Kazakhstan, Latvia, Estonia and Georgia</td>
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<tr>
<td>Elevating Wholesale Presence</td>
<td>By securing appropriate in-store locations and refining assortments Burberry aims to further align its wholesale presence alongside its global brand positioning</td>
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</tbody>
</table>

<p>| Intensify Accessories | Men's Accessories | Continued investments in product design, development and marketing | Growth in accessories revenue |
| Soft Accessories | Continued diversification and innovation in fabrics and prints combined with enhanced visual merchandising |
| Large Leather Goods | Marketing strategy focused on key fashion shapes and continuing innovation |
| Festive | Synchronised brand marketing campaigns focus on raising awareness and sales growth around key holiday periods |
| Watches | Maintaining a mechanical watch collection that enhances the brands' global luxury positioning and showcases the values of functional design and craftsmanship |
| Eyewear | Continued drive in product development and distribution |</p>
<table>
<thead>
<tr>
<th>Leverage the franchise</th>
<th>Brand momentum</th>
<th>Burberry World Live</th>
<th>Total revenue growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Beauty</td>
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<td></td>
<td>Digital</td>
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<td></td>
<td>Brand Recognition</td>
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<tr>
<td>Marketing innovation</td>
<td>Digital engagement</td>
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<td>Outdoor investment</td>
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<tr>
<td>Product excellence</td>
<td>Outerwear</td>
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<td></td>
<td>Menswear</td>
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<tr>
<td><strong>Internal Business</strong></td>
<td><strong>Driving productivity</strong></td>
<td>Invest in enhanced training by using interactive training materials to provide social and online learning tools allowing sales associates to deliver a seamless experience across physical and digital channels</td>
<td><strong>Growth in retail revenue</strong></td>
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<tr>
<td><strong>Process Perspective</strong></td>
<td></td>
<td></td>
<td>Number of stores</td>
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<td></td>
<td>Invest in physical and digital synchronisation and improved merchandising disciplines</td>
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<td></td>
<td></td>
<td>Monthly floorsets and gifting strategies to drive consistent brand messaging across all customer touch points</td>
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<tr>
<td>Customer Focus</td>
<td>Investment in a new service centre based in Shanghai offering 24/7 phone, email and live chat contact with the customer</td>
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<td></td>
<td>Combine global customer analytics and insight capabilities with enhanced customer intelligence tools to begin a drive to deeper understand customer trends</td>
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<td></td>
<td>Development of Burberry Private Client teams within flagship markets.</td>
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<tr>
<td>Real estate investment</td>
<td>Aim to increase average space growth, focusing on flagship markets</td>
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<td></td>
<td>Open 23 mainline stores in main cities such as London, Hong Kong and Milan as well as completing ongoing renovations.</td>
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<td></td>
<td>Open first US retail concession in Macy's Herald Square, NY</td>
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<tr>
<td>External recognition</td>
<td>Awards such as coming second in Fast Company magazines ‘Top 10 Most Innovative Companies in Retail 2013’ and winning ‘2013 Development of the Year’ from the Greater North Michigan Avenue Association for their custom designed Chicago flagship store.</td>
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</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Learning and Growth Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pursue operational excellence</td>
</tr>
<tr>
<td>Technology investments</td>
</tr>
<tr>
<td>Process innovation</td>
</tr>
<tr>
<td>Retail/wholesale Gross Margin</td>
</tr>
<tr>
<td>Adjusted retail/wholesale operating profit margin</td>
</tr>
<tr>
<td>Social entity</td>
</tr>
<tr>
<td>Planning</td>
</tr>
<tr>
<td>Supply chain</td>
</tr>
<tr>
<td>Optimising Logistics</td>
</tr>
<tr>
<td>Investment in UK manufacturing</td>
</tr>
</tbody>
</table>
## Mulberry

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measures</th>
<th>Initiatives</th>
<th>KPIs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Perspective</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase Profits</td>
<td>Increase market share</td>
<td>Develop more widespread marketing campaigns</td>
<td>Market Share</td>
</tr>
<tr>
<td></td>
<td>Develop a more affordable pricing strategy</td>
<td>Increase the percentage of products that cost below £500</td>
<td>Product Pricing</td>
</tr>
<tr>
<td></td>
<td>Increase customer service efficiency</td>
<td>Increase the ability to make a larger sale with fewer customers</td>
<td>Conversion Rate</td>
</tr>
<tr>
<td>Control cost and focus first on rebuild of brand momentum</td>
<td>Focus brand on opening in new, emerging markets and gaining global brand recognition</td>
<td>Focus budget on opening stores in emerging markets and tailor campaigns to the country/holidays</td>
<td>Increase in assets</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sales growth in emerging markets</td>
</tr>
<tr>
<td><strong>Customer Perspective</strong></td>
<td></td>
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</tr>
<tr>
<td>Become a global brand</td>
<td>International expansion and engage new international customers</td>
<td>Create a more accessible global web platform to optimise the customer shopping journey and brand experience</td>
<td>Number of languages available on the website and online media</td>
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<td>Number of Stores (excl. the UK)</td>
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<td>Extend the range of languages and currencies in which the brand operates</td>
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<tr>
<td></td>
<td>Conform management structures for the international business</td>
<td>Creation of new divisional management structures for the Asian and European operations to manage the growing business</td>
<td>Changes in organisational structure</td>
</tr>
<tr>
<td></td>
<td>Enter prime retail locations around the world</td>
<td>Aim to isolate desired locations and implement plans to branch into around 35% of them</td>
<td>Number of Stores</td>
</tr>
<tr>
<td>Increase awareness of menswear and accessories</td>
<td>Menswear</td>
<td>More effective communication about the existence of the mens line and increase the store space allocation</td>
<td>Growth in menswear revenue</td>
</tr>
<tr>
<td>Win back customers</td>
<td>Accessories</td>
<td>Increase the range of small leather goods</td>
<td>Increase in accessories revenue</td>
</tr>
<tr>
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<td>---------------------------------</td>
</tr>
<tr>
<td>Customers</td>
<td></td>
<td>Meet the expectations of customers by offering more affordable prices</td>
<td>Growth in sales</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal Business Process Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focusing on achieving sales growth</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
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<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Learning and Growth Perspective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing more products in the UK</td>
</tr>
<tr>
<td>Regional growth fund</td>
</tr>
<tr>
<td>Supply Chain</td>
</tr>
<tr>
<td>Investments into Technology</td>
</tr>
<tr>
<td>----------------------------</td>
</tr>
<tr>
<td>Marketing investments</td>
</tr>
<tr>
<td>Support the local economy and staff</td>
</tr>
<tr>
<td>Apprenticeship programme</td>
</tr>
<tr>
<td>Community involvement</td>
</tr>
<tr>
<td>Health and wellbeing</td>
</tr>
<tr>
<td>Reducing waste and operate more sustainably</td>
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