

APPAREL AND ACCESSORIES

Burberry offers a look at how companies can navigate difficult times

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Thomas's Cafe at Burberry Open Spaces is the brand's new social retail store in Shenzhen, China, exhibiting how the company is testing new digital/retail hybrid ideas. Image credit: Burberry

By DIANNA DILWORTH

British fashion label Burberry is turning to its core values to survive the pandemic, and its reliance on its transparency and ethics, along with investment in adaptable digital strategies, could help the brand come out stronger on the other side.

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Even as it faces layoffs, Burberry has been investing in customer experience and experimenting with digital programs. This adaptability is helping the brand maintain strong customer ties in trying times, according to a new analysis of Burberry by market researcher Forrester Research.

"Burberry is the latest in a long line of retailers to announce staff cuts, store closures and a rethink of some of its core assumptions about how customers interact with the brand and how work gets done," said Martin Gill, vice president and research director at Forrester, Nottingham, England, in a [blog post](#).

"As a forward-looking retailer with a proven track record of digital, supply chain and operational innovation, Burberry is well positioned to weather the economic downturn by making rapid, adaptive pivots as the world turns around it," he said.



Martin Gil is vice president and research director at Forrester

Focusing on brand values

Transparency and ethics are values that many luxury brands have defined as part of their core beliefs, but Burberry has put that into practice.

When the pandemic hit, Burberry opted out of the United Kingdom government's furlough program and instead kept employees on full time and cut directors' salaries by 20 percent. This move illustrated how the company was willing to pivot and support its employees even during tough times.

The pay cuts among executives were donated to COVID-19 related charities, a move that showed personal sacrifices that the company was willing to make to give back to the community.

The company also used its West Yorkshire factory to produce personal protective equipment to help healthcare facilities in the area. By reinforcing its brand values through these transparent and ethical behaviors, the company is likely to build lifetime loyalty.

Another brand value is the customer experience that Burberry has been bringing to its connection points with consumers, even as the company is challenged at retail.

"While half-year sales are down significantly year-on-year, Burberry's ecommerce growth of 22 percent shows that its customers are more than comfortable dropping a cool grand on a trench coat they've never tried on," Mr. Gill said.

"As stores begin to reopen, Burberry must continue the work it pioneered with the launch of its Regent Street flagship store and reimagine its customer experiences not as single channels, but as blended physical/digital journeys," he said.

Burberry's latest customer-focused endeavor can be seen in the luxury sector's first social retail store in Chinese tech hub Shenzhen, binding the physical and social worlds in a digitally immersive retail embrace.

The store, backed by Tencent technology in an exclusive partnership, opened in the new Shenzhen Bay MixC development. It is designed as venue for exploration, inspiration and entertainment, letting shoppers experience Burberry and its products in person and on social media ([see story](#)).

"For years now, Burberry has invested in its website, synchronizing data across various channels,," said Sucharita Kodali, VP, principal analyst at Forrester, Charlotte, NC. "As consumers are shopping more online, companies that have invested in their digital tools are best positioned to grab share. That said, compelling product is more critical but strong digital strategies can help to convert more customers."

As the brand navigates its new way forward in this uncertain world, the company has been focusing its investments so that it can be resilient and adapt as new events occur. This approach will look at focusing capital on the ability to adapt over asset ownership.

"Challenging traditional thinking on store portfolios, factories, supply chains and the nature and role of office spaces upends firms' assumptions on how they allocate capital," Mr. Gill said.

"As Burberry faces into an adaptive future, like many firms, it will need to rethink its physical assets as, increasingly, in a flexible, digital, on-demand economy, owning factories, warehouses and prestige office spaces looks like a burden, not an asset," he said.



Model Ikram Abdi Omar models the Burberry Lola bag. Image credit: Burberry

Lessons for other luxury brands

As marketers look for a way forward as the COVID-19 pandemic continues to rage, Forrester recommends that other brands can learn from companies such as Burberry.

In its latest report, "The New, Unstable Normal: How COVID-19 Will Change Business And Technology Forever," Forrester explores how consumer values will shift and how companies will need to rethink engagement and digital experiences over the next few years.

Businesses will have to invest more in digital, thinking about the customer experience and be prepared to pivot based on new challenges such as another wave of the pandemic or an ongoing global recession.

Savvy brands are also reimagining what it looks like to thrive even in uncertain times by creating adaptable strategies within the workplace. This will include work-from-home policies that continue into the future.

"Many are already embracing working from home," Ms. Kodali said. "And until the pandemic is over, work from home will be a norm. As companies look to cut expenses, I would suspect real estate is a relatively easy lever especially if you can still prove that the quality of the work hasn't declined.

"That said, I'm not sure that work from home will be a permanent thing," she said. "There are too many CEOs who just value being in an office. There are a surprising number of employees too who value being in an office.

"And anyone whose job relies on persuasion and collaborating closely with colleagues is going to find that they need colleagues in the office to be more productive. So as much as we are all romanticizing work from home I think it won't be permanent. Even CEOs who say that work from home is ok at one time may change their minds later."