

# **Assessment 2 Environmental**

## **Analysis of an industry**

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## TABLE OF CONTENTS

|                                                                                                       |   |
|-------------------------------------------------------------------------------------------------------|---|
| INTRODUCTION .....                                                                                    | 3 |
| MAIN BODY .....                                                                                       | 3 |
| Critical analyses of the changes that Burberry company has adapt to improve its business.....         | 3 |
| Critical evaluation of the impact of the changes on the business competitive advantage position ..... | 5 |
| Recommendation .....                                                                                  | 7 |
| CONCLUSION.....                                                                                       | 8 |
| REFERENCE .....                                                                                       | 9 |

## INTRODUCTION

Environmental factors such as pollution of soil, land and water are creating problems for the companies to run its businesses smoothly. The company's have to adopt various steps to solve this issues and prevent the labour exploitation issues. As the both issues are much created by the fashion industry, so the report will analyse the steps taken by the Burberry company to solve this issue. The report will cover the SWOT and PESTLE model for this purpose. The report will also state the competitive advantage the company enjoy by covering the Porter's five forces and product life cycle. The report will also recommend the company the further steps they can take to improve its business.

## MAIN BODY

### Critical analyses of the changes that Burberry company has adapt to improve its business

In order to visualize and analyse the impact of the internal and external environment on the business and the steps taken by the company to reduce pollution and labour exploitation issues (Hokkanen, 2020). The following step is define in the form of SWOT and PESTEL criteria.

#### **The SWOT of the Burberry company is:**

- **Strength:** The strength of the company is that, they deals in the fashion industry which attract the customers more in the recent time period. The company have a large network of the retail market and operates in more than 50 countries via wholesale, licensing, online channels etc. The company offers the daily use products such as clothes, perfumes, beauty products to the customers. The most significant strength of the company is that they granted royal warrants by Queen Elizabeth. The company also have the associations with the local as well as international celebrities, so that they can reach to the large customers quickly and easily (Ngwenya, 2020).
- **Weakness:** As the company provides the high quality products at high cost which is not affordable to all people. The customers who can't afford expensive products and jewellery can shift to the cheap and imitation products. So this become weakness for the company and lead to constantly fight with cheap imitations. The company also has and face low couture presence as a weakness because of its accessible position in the markets.

As the company deals in the fashion products, the production of which lead to pollution increment which further lead to global warming.

- **Opportunity:** As the fashion industry is the second largest industry which causes the pollution, so Burberry company has started using the organic cotton as a raw material rather than the conventional cotton. By doing this company has reduces the water pollution. In order to grab the opportunity, the company also use and invested in the low-water jeans such as outland denim. As the companies also adapt the systems in the premises which check the age of the employees before their joining which little bit helps in reducing the labour exploitation. The company also remove the children from the hazardous work. The company also check the all medical issues of the employees before their joining.
- **Threat:** Despite various steps, the company is only able to reduce the child labour but not able to 100% remove the labour exploitation from the business. Because of the hazardous work condition in the fashion industry the risk of death is increases which causes resign of the employees. Because of the intense competition in the market the company can also lose its shares in the market.

**The PESTLE of the Burberry company is:**

- **Political:** This is the factor which involve the governmental policy and labour law and their impact on the business operations. Being a fashion industry, the Burberry company follow the all policy related to the labour law such as do not offer jobs to the child in order to address the labour exploitation issues. The company also arrange the regular health check-ups of their employees as well (Sakhamuri and Sherman, 2019).
- **Economic:** These factors involve the inflation rate, economic growth etc. The company offer the best and suitable wages to their employees for their flexible works and offer them the incentives for any any extra work the employee do. By this step the company can able to retain its employees and also make improvement in their works to further reduce the production cost.
- **Social:** This factor includes the Health and safety of the employees in the work premises. The company make a changes in the business related to water and energy conversation by implementing the practices for the same. The company also started reusing the drums and pallets materials rather than disposing them as a waste.

- **Technological:** As of now the technology is advancing day by day. So the company uses the latest technology in the business to reduce the work of the human. With the help of systems the employees can complete the work in less time and lead to less wastage of resources. This further reduces the cost of the production.
- **Legal:** This factors deals with the health and safety law, consumer protection laws, employment law etc.. The company make modification in the production processes to produce the product with less wastage of resources. The company follow all the provisions of the health and safety of the employees such as protected costumes, medical insurance etc. The company also stop using the animal skins to produce the leather bags.
- **Environmental:** To address the environmental factors and reduce the labour exploitations and water and land pollution. The Burberry company start using the non-toxic and less toxic chemicals for cleaning the tools and equipments for the purpose of reducing the following issues. The company also launches various campaigns in order to spread the awareness of the pollution issues along with asking the public regarding the solutions (Daradkeh, Gouveia and Sen, 2018).

#### Critical evaluation of the impact of the changes on the business competitive advantage position

As the cheap price of the garments lead to the over purchasing of the cloth and beauty products, the impact of which is that the company need to over produce the fashion products. So the company incorporate the steps to deal with the issues related to fashion pollution and labour exploitation. This changes help the Burberry company in achieving the competitive advantage in the market (Abalkhail, 2019). The CA that the company is enjoyed is viewed in the form of Porter's five forces model and Product life cycle.

The Porter's five forces model of the Burberry company:

- **Competitive rivalry:** This factor defines the competitors of the company and the impact of the company's product and service quality on their competitors. As the Burberry is known for its quality fashion products and operates in more than 50 countries. This indicate that the company highly competitive. But due to the campaigns the company launches regarding reducing labour exploitation and fashion pollutions the public prefer more products of the Burberry rather than others. Despite high impact marketing campaigns, the company also pay incentives to their employees which is not generally

paid by their competitors to their employees. This also make the company number one position among the competitors.

- **Supplier power:** The company only deal with the suppliers who provided them the sustainable raw materials. The impact of which is that the bargaining power of the supplier reduces because all suppliers are not able to provide the sustainable RM. The company even not make changes in their policy if the supplier charges them more. Because the company motivate its employees to improve the work performance rather than paying them less (Calder, 2019).
- **Buyer power:** The company analyse the prices of the products set by their competitors but do not make any decision as per their competitors prices. Because of the changes that the company make in their strategy, the Burberry company's customers are ready to buy its product on the prices they set. And to further increase the customers loyalty the company also offer the discount to the customer who buy products in the bulk.
- **Threat of substitution:** The company also enjoy the competitive advantage related to the threat of substitution. As the company produces the beauty products and clothing products by setting their own formulas and which is done by the scientist the company hire. So, making the substitute of the Burberry products is impossible for their competitors.
- **Threat of new entry:** Because the company focus on their employees health and safety and also uses organic cotton to produce the products, the company do not get much affected by the new entry in the industry. But if any new company enter with best policies and practices than the Burberry, it will create difficulty for the company. So for this the company need to put their eyes on the market trends and the policies their competitors are adopting (Cao, 2021).

The company uses the low and minimum green house emission and energy in order to reduce the global warning. With the changes the company make in their models helps decreasing the death of the people because of water pollution and the step reduces the child labour to some extent as well. The product life cycle has the total 5 stages which involve development, introduction, growth, maturity and the decline stage. The company before introducing its any new product in the markets first analyse the demand of that product in the market and make development according to it (Daddi, Nucci and Iraldo, 2017). After that company uses various

marketing strategies and campaigns to launch its product in the markets. The company by providing the proper training programs to their employees and by adopting expansion strategies move forward towards the growth stage. After passing the growth stage the company may face the decline but because of the steps the company adopt related to the pollution and labor exploitation. This changes protect the company's product from the declining stage and now the company is operating between the growth and maturity stage.

By environmental analysis, the company is able to achieve its objective. And it is possible only because the company realizes its mistake and start considering the demand of the market and environment and make changes in their model and strategies as per that. The company also able to identify its threats and identify solutions to deal with the problems (HU and XIANG, 2019).

### Recommendation

In order to further improve the fashion industry, it is recommended to the Burberry that they can also make changes in their value chain model specify by the porter. For this the company can adopt the digital supply chain solutions. This solution helps the company in promising their customers regarding fast delivery. The particular solution also provide the end-to-end visibility across the ecosystems of the company and also automate the actions of the supply chain. As this provide the customer with the benefits of quick order placement and quick delivery of the product which lead to increment in the customers and sales of the business (Niinimäki and et.al., 2020). This change in the supply chain model further help the company in maintaining its growth and maturity stage of the Product life cycle model. The company can also 5Rs of fashion to improve the overall customer experience. This 5Rs includes the reduce, repair, recycle, repurpose and reinvest. The company can also make the long lasting products and which are recycle and the customer can make best from the waste. This all step help the company in improving their brand image.

## **CONCLUSION**

The report concludes the changes that the company make in their models such as PESTLE and SWOT in order to reduce the water and land pollution along with the reducing labor exploitation issue. The report also concludes the porter five forces model and product life cycle model of the Burberry company and the benefits and competitive advantage the company enjoys after taking the steps of changing the models. The report further concludes that the changes in the value chain model and implementing the 5Rs of the fashions helps in improving the customers experience and brand image. The report also concludes that analysing the environmental factor and their impact on the business is very important in expanding the business and increase the customer loyalty.

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