

Marketing Fundamentals Analysis and Evaluation

Assessment 2 / Resit

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Table of Contents

Introduction-	2
Overview of company-	2
Internal and external analysis-	3
Internal analysis-	3
SWOT analysis-	3
VRIO analysis-	4
External analysis-	6
PESTEL analysis-	6
Porter's five force model-	7
Marketing mix of Burberry Company	9
Marketing mix-	10
Conclusion-	12
References-	13

Introduction-

The challenges for businesses across the world have increased due to the Covid-19 pandemic and it has led to changes in different business activities. The report includes the internal and external environmental analysis of the Burberry Company and includes the marketing strategies used by the company. The analysis will support in identifying the challenges and opportunities to the business and will enhance the marketing activities of the company and strategy development process. It will support in identifying the capabilities of the organisation and the areas of improvement for enhancing the business performance.

Overview of company

The Burberry Company is a British luxury fashion brand, and it operates globally and has a strong presence in different countries. Company offers a large number of differentiated products of high quality. It was founded in the year 1856 in London by Thomas Burberry. Company is consistently enhancing its performance and is also expanding its product base. It identifies the demands of the customers and develops the products according to their needs (Burberry, 2021).

Internal and external analysis:

Internal analysis

The internal analysis will support in analysing the strengths and capabilities of business and will support in developing the strategies for business growth and for improving the performance of the company (Burberryplc, 2021).

SWOT analysis-

Strengths- Burberry is a well-known brand and it offers high-quality differentiated products. It has a global presence, and it has a large number of stores in different countries. The products of the company are easily recognised because of their differentiated pattern. Company has effective marketing strategies that help in developing a strong brand image and also it supports increasing customer retention. Company uses various social media marketing tools for interacting with customers and for increasing customer engagement. It has a large number of followers and uses creative strategies for increasing customer engagement. Company provides high-quality products that help in attracting customers and it consistently improves the design and quality of the product. The brand has its presence in more than 50 countries through more than 400 stores. It adapts to the changes in market trends to fulfil the customer expectations (Burberryplc, 2021).

Weaknesses- the high pricing strategy of the Burberry Company makes the products affordable for the high-income groups only. It is not affordable for the other customer groups, and it reduces the customer base of the company. It also has a limited product line than the competitors, it only deals in clothing, beauty products, and accessories and it is also one of the weaknesses. The competitors of the company also deal in clothing and luxury products, home décor and furnishings, and personal grooming, etc (Daradkeh et al., 2018).

Opportunities- the Burberry Company has an opportunity to expand its business in new potential markets. It can expand the business in developing countries where there is a high potential for growth. The organisation can also expand the product's base by identifying the

opportunities in the new markets. The demand for premium and luxury products is also increasing globally, and it will also provide opportunities for companies to expand their market share. The organisation can also expand the business in different product lines (Moore, 2021).

Threats- the rapid changes in choice of the customers may create challenges for the organisation. The increasing competition in the market is also an increasing challenge for the business. Other issues faced by the business are an imitation of the fake products, the unauthorised use of the product name and logo by others impacts the brand image of the company and also impacts the sales and profitability of the company (Moore, 2021).

VRIO analysis

Valuable- financial resources of Burberry are highly valuable; it contributes to investing in external opportunities available for the business. Employees of a company are well skilled and are valuable. It supports companies in increasing the productivity of business. The employees work for achieving the business objectives and consistently work on enhancing the business performance. The patents and other intellectual property rights are valuable it supports in differentiating the goods from competitors. The supply chain of business is valuable and supports the organisation to reach a large number of customers.

Rare- financial resources of a company are rare and it provides various advantages to the company. Only a few companies in the industry have a strong financial presence. Employees of organisations are trained and skilled and are rare. Human resources provide a strong competitive advantage to companies. The distribution channel for a company is rare and other companies will need high investment and time for developing distribution networks like Burberry.

Imitable- financial resources of Burberry are highly valuable and the other companies will require high finance to imitate the financial position like Burberry. It has developed financial resources by generating high profits for years. The human resources of a company are not imitable, and the competitors will need high investment for imitating the resources and by providing training to the employees the competitors can also develop human resources like Burberry. The patents of the company are inimitable, and it provides a highly competitive

advantage to the company. The distribution channel of the company is also not imitable, and the competitors will need high investment for imitating the resources. The other companies will require high investment and resources for imitating distribution channels like Burberry (Buzatu et al., 2019).

Organisation- financial resources of the company are well organised and Burberry strategically uses its financial resources. The organisation identifies the opportunities and invests strategically for enhancing the business performance. The patents of companies are not well organised, and companies need to improve the use of patents for developing competitive advantages for the business. The distribution channel of the company is well organised, and it helps in increasing the reach of business and helps to connect with a large number of customers. During the Covid-19 pandemic also the increasing use of e-commerce tools supported the business to improve the business reach (OECD, 2020)

The financial resources and distribution channel of a company provide a highly competitive advantage to organisation, and it also supports the business growth. The human resources and patents of companies provide a temporary competitive advantage for organisations and companies should effectively use the resources for increasing competitive advantage. The research and development do not provide a competitive advantage to the company and need improvement (Buzatu et al., 2019).

External analysis-

The external environment analysis will support in analysing the current position of business and it will also help in improving the position of the company in the market. It will also help in identifying the challenges.

PESTEL analysis-

Political-

The Burberry Company operates globally and the political changes in different countries may impact the business performance. Political stability in the different countries will provide better opportunities to the organisation for conducting business operations effectively. The implementation of the Brexit policy in the UK has created challenges for companies and it has also led to changes in business activities. The restrictions caused by the Covid-19 pandemic in different countries impacted the sales and profitability of the company (Contributor, 2015).

Economic-

Company mainly deals in high-quality products and targets customers with high-income groups, and due to that, the changes in tax rates and other economics will have less impact on the performance of the company. The inflation caused due to the Covid-19 pandemic created challenges for the company and also impacted the sales of the products of the company.

Social-

The Burberry Company offers premium quality and differentiated products that help in capturing different customers. Company has also launched mid-price ranged products for capturing other customer segments and it has helped in expanding the customer base. It identifies the needs and choices of the different customers in different countries and offers them products according to their needs for fulfilling customer expectations. Company uses social media platforms for interacting with the customers and for identifying the customer's expectations.

Technological-

With the changing technological trends, the Burberry Company has managed to adapt to the changes effectively and the company uses various technological tools for enhancing the operational activities and efficiency of the company. It uses various social media tools for improving its marketing activities and for better connecting with the customers. It is increasing the use of e-commerce for increasing the reach of companies and for increasing sales. It uses analytical tools for analysing the market trends and predicting the future results that improve the strategy development process and enhance business performance. Due to challenges caused due to the pandemic the increasing use of e-commerce channels helped and helped to connect with a large number of customers (Ren, 2021).

Environmental-

The Burberry Company promotes sustainability in the business and is committed to reducing the carbon emissions and pollution caused due to the manufacturing activities of the company. Company is also planning to reduce the impact of its supply chain on the environment (Ren, 2021).

Legal-

Company operates in different countries and needs to abide by the laws and legislations of the different countries. Companies abide by the different laws of different countries like employment laws, compensation, etc. for reducing the chances of lawsuits against companies. Following the laws reduces the chances of legal obligations and improves brand image (Ren, 2021).

Porter's five force model-

The threat of new entrants- there is a fewer number of companies in the industry with a high market share and will support in attracting more customers. Company offers a differentiated and large variety of products and also has a strong presence in the market globally; it reduces the threat of new entrants for the company. The finance and resources requirements are also high for entering the industry and it also reduces the threat. By consistently improving the products and developing high-quality products the Burberry Company will be able to reduce the threat of new entrants. It will support in maintaining a strong competitive position in the market. Companies

should increase the investment in research and development for developing innovative business ideas (Chen et al., 2021).

Bargaining power of customers- in the industry the companies are less, and the companies are operating for a year and have a strong global presence. The customers have fewer options to choose from and due to its strong presence in the market, the company has a strong control on the price of products. It reduces the bargaining power of the customers and also provides help in developing a strong competitive image. Due to the Covid-19 pandemic, there was an impact on the purchasing power of the customers, and it attracted the customers towards affordable products with less price. With the shift in customers' choices, the company had to reduce the prices and also needed to offer discounts to the customers. By consistently enhancing the quality of the products and by developing unique products, companies will be able to reduce the bargaining power of the customers. It can also provide offers and discounts for attracting customers and for increasing customer satisfaction.

Bargaining power of suppliers- there are a larger number of suppliers in the industry and are providing goods at low differentiated cost and less differentiated goods. Because of the large number of suppliers, they have less control over the price, and it reduces the bargaining power of suppliers in the industry. Companies should build multiple suppliers' networks to reduce the bargaining power of suppliers. It can also make changes in product design and raw material and can experiment with it for changing the raw material if there are any fluctuations in the price (Bruijl, 2018).

The threat of substitute products- there are few substitutes available for the customers in the market and the fewer options available for the customers reduce the threat of substitute products. Company provides a large variety of products of high quality and helps in fulfilling the expectations of the customers. Company identifies the choice and preferences of the customers and develops the products according to their needs and it helps in fulfilling the demands of the customers and reduces the threat of substitute products. By fulfilling the customer's expectation and increasing the switching cost for the customers the threat of substitute products can be reduced.

Rivalry among the existing competitors- the competition in the industry is high and there are large companies in the industry operating globally. The competition among the companies is high and the companies are consistently working for improving the products and for fulfilling the customers' expectations. The companies have a high market share and also have a strong position in the market. The pandemic has also increased competition among the companies and has increased challenges for the businesses. It is being difficult for the companies to compete in the market and the companies are using various strategies for maintaining their position and market share in the market. By providing differentiated products and fulfilling the expectations of the customers the Burberry Company will be able to develop a competitive advantage for the business (Chen et al., 2021).

Marketing mix of Burberry

STP strategy

Segmentation- company focuses on fulfilling the needs of different customer segments and offers products for women wear, accessories, men wear, products for children, etc. company target customers with different age groups, income level, geographic location, lifestyle, etc (Burberry, 2021).

Targeting- company targets customers with high-income groups and also of different age groups. It offers products for both men and women and offers a large variety of products. It also targets the customers based on their lifestyle and social class.

Positioning- Burberry has positioned itself as a functional luxury brand and it also focuses on maintaining a large variety of differentiated products. It is a global luxury brand and has a unique brand image (Kotler and Armstrong, 2018).

Marketing mix-

Product- the Burberry Company provides a large variety of high-quality products. Company focuses on fulfilling the needs of the different customers and develops differentiated products.

Company mainly deals in apparel, accessories, cosmetics, children's wear, etc. company also has a unique fragrance collection. Company provides products for men and women and majorly focuses on women. The high-quality products of a company help in attracting various customers and improve the performance of the organisation and enhance the market share of business.

Price- The Burberry Company uses a premium pricing strategy and offers high-quality products at high prices. It mainly targets the customer with high-income groups and aims to fulfil the expectations of the different customers. It has also expanded the products in the mid-price segment for targeting other customer groups(Chaffey and Ellis-Chadwick, 2016).

Place- company has a global presence and it has more than 500 stores in different locations in different countries. Company has a well established, and global distribution channel and it helps and supports to connect with a large number of customers and also increases the availability of the products in the market. Company also has a strong online presence, and it also makes it convenient for customers to buy the products. The large e-commerce channel of the company helps in reaching different parts of the world and increases the business reach. In the Covid-19 pandemic also the e-commerce channels helped the company to reach a large number of customers and it helps in dealing with the channels.

Promotion- The Burberry Company uses various marketing tools for promotional activities. Company uses both traditional and digital marketing tools for promotional activities that help in targeting a large number of customers. Company prints advertisements in the newspaper and magazine and also uses television ads. Company has an online presence on different social media platforms, and it focuses on developing creative content for increasing customer engagement. The company also provides offers and discounts to the customers for retaining the existing customers and attracting new customers. The differentiated promotional activities help in increasing sales of the products and provide a competitive advantage to the company(Chaffey and Ellis-Chadwick, 2016) .

People- employees of the Burberry Company are highly skilled and trained and it helps in providing effective customer services. The employees help in enhancing the customer experience

and help in increasing customer satisfaction by providing them high-quality services. It helps companies to increase customer loyalty and also provides a competitive advantage to business.

Process- Burberry Company has a well-established supply chain network and it helps and supports to connect with a large number of customers. The availability of the products is high in the market and the e-commerce channel also helps in making the purchasing of products convenient for the customers. The use of online tools helps in increasing the market reach and provides opportunities to companies for expanding the customer base and market share for the business (Kraus et., 2022).

Physical evidence- the Burberry Company has a unique brand logo and packaging that makes the products easily recognizable by the customers. Company of the website is also user friendly and makes it convenient for the customers to buy the products. The unique design of the products also makes them easily recognizable by the customers.

Conclusion-

Burberry uses different strategies for dealing with the challenges in the market and has maintained a competitive position in the industry. Company has made changes in marketing activities and other business activities for dealing with the challenges caused due to Covid-19 pandemic. The internal analysis helped in identifying the business capabilities and will also help in improving the performance of the company. The external analysis will support in identifying the current position of the company. The marketing activities of the company are also analysed, and the report also includes the marketing mix.

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