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Global Business Environment

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Introduction

The business that is being carried out at an international level and having customers all over the world, such a big business market is known as the global business environment. There are certain factors that influence the organisation's stability in the market and cause some changes to it. This study will be highlighting the same and explaining how the company named Burberry manages to survive in the changing business environment. It will also shed light on the factors that serve as opportunities for the company.

Burberry Group PLC is the largest British luxury fashion house. The company is headquartered in London, England. Burberry focuses on the distribution of trench coats, ready-to-wear outerwear, fashion accessories, sunglasses, cosmetics and fragrances among other fashion products (burberry.com, 2018). Burberry has stores in 51 countries around the world with most of these stores located within the European Union (EU). To be paraphrased

Task a.

Analyse the impact of the pandemic and explain the major forces that have shaped the business environment of the fashion industry

The global business environment can be explained as international trade or exchange of goods done on a global level. There are certain factors or forces which help in shaping the business such as political, social, and economic. On the other hand, some situations have a great impact on the fashion industry. A recent example of this could be Covid – 19. Since this pandemic has occurred, the whole world businesses have been affected greatly. The Chairman of the British Fashion Council has also expressed concern regarding the threat of Covid – 19 on the jobs in this industry. Large numbers of people have lost their jobs. Burberry has to also cut off jobs in the head offices. The sales, as well as the economy, have gone down due to the pandemic. However, the company is now taking steps to rebuild the business and catch hold of the current market in the world. Marco Gobbetti who is the chief executive of the company stated that the sales before the pandemic were touching the skies and now there was a sudden drop that affected not only the business but also the employees (Pantano *et al.*, 2020). But the company has been taking the situation sportingly and trying to respond to it positively. To curb the financial impact, Covid has caused on the business, the organisation has planned certain strategies and progressively started working on them. Along with this, they are giving the topmost priority to the health of the employees. At the same time, the company is also making some contributions to the covid affected population. It has set its factory in Yorkshire to make surgical masks and gowns. This is also one way to bring back their finance on track.

During the pandemic and the lockdown period, the whole world became digital. This was one of the sources for the fashion industries in the world to stabilize their business and recover their losses incurred. Burberry also has been focusing on the digital business in addition to this they are also trying to make use of this technology for efficient operations for the customers (Bonnet and Westerman, 2021).

Gobbetti further stated that they planned the digital strategy firstly by increasing the collection which would attract the customers, then they worked on the online advertisement in the form of pop-ups on the website and lastly they worked on such platforms which would help them to connect with more and more customers.

The company has also opened a store in China and partnership with Tencent (Whitler, 2019). They have been successful in attracting a huge Chinese crowd. It has been performing well. Therefore, these are the steps taken by Burberry to recover from the pandemic that has caused a heavy loss to the company.

The major forces that have shaped the business environment of the fashion industry

While carrying out any kind of business certain factors are influencing it and accordingly, the organisation takes shape in the market. This can be understood by a PESTEL analysis. These are the external factors affecting the company. It comprises factors such as political, economic, social, techno environmental. Depending upon this analysis the business strategies are framed.

Elements	Factors	Influence
Political	BREXIT has created an uncertain environment in the UK. This is the reason foreign investors have drastically reduced.	Burberry has a market all over the world, it is just not limited to London, and therefore, it has to abide by the rules and regulations of various countries. BREXIT will have Burberry to cost heavy tariffs (Casadei and lammarino, 2021). It will also create a problem in the transport of the finished goods between the manufactures and the suppliers.

Economic	Covid is one such factor that has greatly affected the economy of the UK. Tourism also affects the economy.	Due to Covid, the stores of Burberry were shut down for almost half of the year thereby bringing down the economy of the company (Zhang, 2020). Tourism was completely stopped, therefore, the customers had no reason to buy a new set of trendy clothes. Hence, this affected the economy of Burberry.
Social	Customer satisfaction is one of the major social factors having an influence on the fashion industry in the UK. Customer feedback is necessary to know their needs.	Burberry is such a brand that is mostly preferred by the affluent class of society. Hence, they are making such products considering the mid-range class and trying to satisfy them. Burberry focuses on the feedback of the customers so that they can improvise their services (Nwaiwu, 2018).
Technological	These days social media has become a great platform for marketing the business. Due to advancement in technology the world has become digitally active.	Burberry makes good use of the social platform to connect with the customers and increase their sales (Ceil, 2018). The company has been working on the online market sale more and trying to make it even better for customer satisfaction.

Environmental	Various businesses and companies in the world have an impact on the environment. It, therefore, creates problems such as global warming. Working on renewable sources. This helps in the conservation of resources.	Burberry has been keeping track of its manufacturing and is working on the reduction of greenhouse gases and carbon emission. Its aims are reducing carbon emission by 95% by the year 2022. The company is also taking steps to switch to renewable sources through the supply chain which would contribute to 30% reductions.
Legal	To carry out a global business, it is important to abide by the rules and regulations of different countries.	Burberry complies with the employment laws and labour laws of various countries. If any of the laws are violated it has bad consequences such as lawsuits, this ultimately hampers the reputation of the company. Burberry makes sure to abide by all the laws.

The abovementioned factors play a significant role in shaping the business. These elements have a great influence on Burberry. The company functions by these factors. They plan their strategies so that it conforms with the abovementioned forces.

Another factor that helps in shaping the strategies is Porter's Five Forces. These forces have a great impact on the profitability of the business hence it is necessary to study them;

- **The threat of New Entrants:**

This force is slightly stronger since the new entrants try to attract customers with innovation and creativity. They provide the best services at cheaper rates. This is a challenge to Burberry Group and has to tackle this to reduce the impact of this particular force.

- **Bargaining Power of Suppliers:**

In this industry, the suppliers are large in number and are in a dominant position. They make use of this power to gain higher profits from the companies like Burberry and hence, this is also a stronger force.

- **Bargaining Power of Buyers**

To retain the buyers and keep them intact the company like Burberry has to make provisions of discounts and attractive offers. This places the buyers in a dominant position and makes this force stronger.

- **Threats of Substitute Products or Services**

A company like Burberry is well established in the market. It has gained the trust of the customers by providing the best service and good quality products. Therefore, it is not so easy to place a substitute thereby making this a weaker force.

- **Rivalry among the Existing Competitors**

The industry in which Burberry deals is very competitive that affects the profitability of the company. Therefore, this is a strong force.

A detailed study of these forces gives an understanding of the position of the company in the market.

Porter's Value Chain

With the help of this analysis the significance of the role carried out by various products in the company can be understood. It comprises of primary activities and secondary activities they can be discussed as follows.

Primary Activities

These activities boost the performance of the company is carried out in the right manner. The primary activities are as follows;

Operations

To analyse the manufacturing and production activities is an important step to improve the productivity of the company. Improved productivity helps in increasing the profitability of the organisation.

Marketing and Sales

The company at this stage sheds light on the differentiation of the products. This is one of the most significant activity and hence it invests largely to improve the marketing and sales of the products.

Secondary Activities

These secondary activities play an important in supporting the primary actives. They can be discussed as follows;

HRM:

This department looks after the entire recruitment process that involves recruiting, interviewing, selecting and training the selected candidates.

Technology development:

All these activities are based on technological advancement and progress.

For example automation software, technology-supported customer service, product design research and data analytics. A company like Burberry has arranged its research and development activities in this manner.

Task b

In light of the COVID19 pandemic, critically assess the opportunities and challenges that these forces have presented to the key players in the fashion industry and explain why and how some firms have been able to adapt better than others to this changing business environment.

Like the Covid pandemic situations, there are other major forces too that affect the business and the fashion industry. For example; BREXIT these factors make the business environment change. The introduction of new policies, rules and regulations are the reasons behind the change in the global business environment. They have a great influence on the fashion industries functioning at an international level. However, certain opportunities can be sized and also some challenges and the company has to plan the strategies which will help in tackling the difficulties. SWOT analysis in this regard will help understand these factors better.

Opportunities	To make the products affordable to the mid-range Burberry is trying to collaborate with new brands and taking to opportunity to increase the market. Another opportunity, in the light of COVID – 19 is online shopping and digital marketing (Knowles, 2020). The company is also working on the global expansion of its business.
Challenges	The growing competition worldwide is a challenge in front of the company. Covid – 19 has been another big challenge to which Burberry has been responding positively (Grilec, 2020).

Strengths	Burberry is a very well established brand worldwide is its biggest strength (Silvano, 2020). It provides a huge number of products with different variety and it is just not limited to clothing. The way of marketing and attracting customers is its speciality and strength.
Weakness	Burberry lacks in making proper financial planning. The ratio indicates that cash can be used in a better manner.

As stated above these major forces and external factors have a great influence on the business environment and hence it causes fluctuations. It is totally on the company and its teams as to how to tackle and survive in this changing business competition. A company like Burberry considers the challenges and weaknesses as opportunities to grow (Percoco, 2017). Keeping the track of where the business lacks and planning strategies to over the weakness is the key to survive in the changing business environment. Burberry has been successfully doing it. Finding solutions to the problems and working on them is what they have been aiming at and this has helped them achieve great success.

Product Life Cycle

This cycle resembles the life cycle of the products of Burberry. It is comprised of four stages namely; introduction, growth, maturity and decline. This cycle helps in maintaining the growth and development of the company. It can be represented in a pictorial form as follows

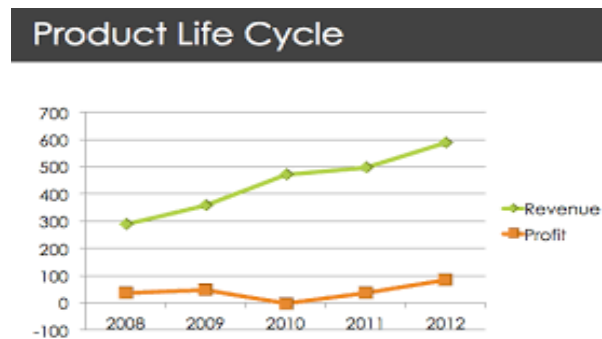


Figure 1. Product Life Cycle

As per the stated graphical denotation, the implication of market research results in the creation of opportunities, and Burberry in the fashion industry is not an exception. The introduction of new products aids in the creation of a lucrative market scenario for the esteemed firm. Thus, it helps in increment of lucrative opportunities in the creation of customer needs, demand and restricts the formation of stagnation of products. To connect with new customers worldwide, Burberry has been investing largely in digital marketing (Bly, 2018). Recently it has also opened a store in China and has been doing great with the young Chinese crowd. Likewise, the company has done much collaboration with new brands and is expanding its business all over the world. The factors mentioned in the PESTEL analysis influence the global environment, this keeps on changing and evolving according to the situation. Companies such as Burberry manage to survive in this changing business environment by dealing with the problems wisely and making the right strategies. COVID-19 is a very recent example that has caused a heavy impact on every type of business. To recover the losses incurred and to deal with such a situation Burberry has planned its suitable strategy and has also started working on the same (Silvano, 2020). The abovementioned SWOT analysis explains this part.

Therefore, it can be said that Burberry is successfully dealing with the changing business environment.

Conclusion

A PESTEL and a SWOT analysis help in understanding the external forces that influence the business and the fashion industry. These factors are the reason behind the fluctuations in the global business environment. Organisations such as Burberry manage to survive in this changing environment with the help of proper strategies planned. This study, therefore, highlighted the factors that shaped the organisation and how it manages to sustain itself in the changing business environment (Sah *et al.*, 2018). It is understood from this study that Burberry has established itself in the market very well. It has a strong foundation and achieved a name in the business world. It has grown to a global level and has been successfully managing to compete in the changing business environment.

It is not easy to carry out the business at a global level. It is a huge responsibility. Burberry has been able to do this successfully by dint of sheer hard work and their manner of planning their strategies.

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Appendix

Product Life Cycle

