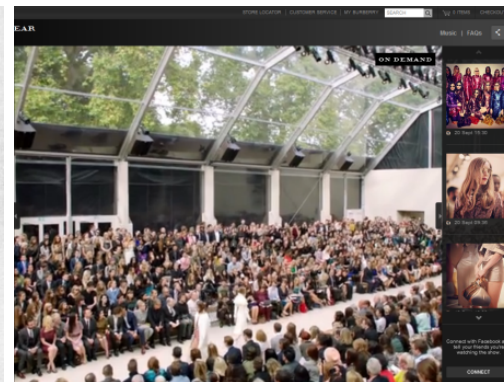
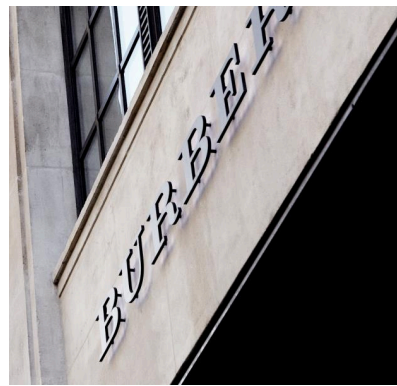




# Burberry, The Digital Enterprise

October 2012



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# THE DIGITAL TRANSFORMATION

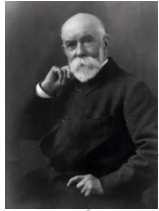
1 **Focusing on the brand above and beyond all else**

2 Developing a rich, very connected culture

3 Bringing the team together

4 And delivering best-in-class results

# Burberry's History Timeline in the 19<sup>th</sup> and 20<sup>th</sup> Centuries



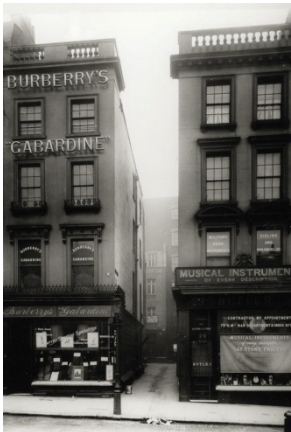
**1856**

Thomas Burberry, a 21 year-old draper's apprentice, opens a small outfitter's shop in Basingstoke, England



**1870**

The shop has grown to become an « emporium »



**1880**

Gabardine is developed

**1891**

Thomas Burberry & Sons opens a shop in the West End of London at Haymarket



**1895**

Burberry develops the Tielocken, the predecessor of the trench coat, adopted by British officers



**1901**

The equestrian knight trademark appears

**1914**

The trench coat is born, commissioned by the War Office

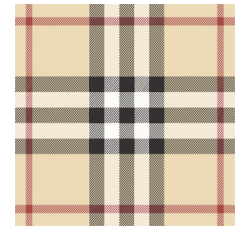


**1955**

Burberry is awarded a Royal Warrant by HM Queen Elisabeth II

**1920**

The burberry Check, as a lining to the trench coat



Sources: The Democratic Republic of Burberry by Susan Gilchrist



# Zoom from 1910 to 1934

## Burberry outwear was adopted by leading explorers

**1910**

Celebrated aviator  
Claude Grahame-White  
wearing Burberry  
gabardine



**1913**

Sir Ernest Shackleton, an  
Anglo-Irish polar explorer,  
wearing Burberry  
gabardine, Ernest  
Shackleton wearing  
Burberry.



The Jan for Ernest Shackleton, C.S.D., in Burberry Gabardine

**1911**

Roald Amundsen and his  
team become the first  
people to reach the South  
Pole. Burberry supplied  
their clothes and tents



**1934**

Aviators Tom Campbell-Black  
(left) and Charles William  
Anderson Scott following  
their record-breaking win in  
the London to Melbourne  
'MacRobertson Air Race'.

**1919**

Captain John Alcock  
and Lietenant Arthur  
Whitten Brown in  
Burberry aviator suits.  
They completed the  
first non-stop  
transatlantic flight in  
72 hours



**1917**

Burberry gabardine ski suit  
and skating costume

# The Team Who is Leading Burberry's Transformation



**Angela AHRENDTS**  
Chief Executive Officer

Angela AHRENDTS became CEO in July 2006, having served as an executive director since January 2006. She previously held various senior appointments,

- 1998-2006: Claiborne Inc
- 1996-1998: Executive Vice President of Henri Bendel
- 1989-1996: President of Donna Karan International



**Christopher BAILEY**  
Chief Creative Officer

Christopher Bailey is CCO of Burberry since 2009. He is responsible for the company's overall image including all advertising, corporate art direction, online, live shows, store design and visuals as well as the design of all Burberry collections and product lines. He met A. Ahrendts at Donna Karan

*“Christopher Bailey can perhaps be thought of as the yin to Angela Ahrendts’ yang”*

S.Smith & A. Milligan, Brand Consultants

# The First Step : Envisioning and Refocusing on the Brand

*In 2006, Burberry, which has licensed its name around the globe, lacked a cohesive image and was underperforming the luxury market.*

*The luxury sector was growing at around 14% a year VS. Burberry's rate was only 8%*

*Since her arrival at Burberry in 2006, AA has started to develop the 5-year strategy by firstly asking fundamental questions for a brand*

- *What is the brand's vision ?*
- *What does Burberry have that its competitors don't ?*

*“As a global luxury brand,  
the brand is our greatest asset”*

*“Never forget who we are, and where we came from”*

*A. Ahrendts*

# The New Disruptive Top-down Vision

Burberry's vision in 2006

*“The vision was to be the **FIRST** company who is **FULLY DIGITAL**”*

*“To build a **SOCIAL** enterprise”*

*A. Ahrendts & C. Bailey*

# Refocusing on Burberry's Core Attributes Which can be Valuable and Leveraged in a Digitally Transformed Business



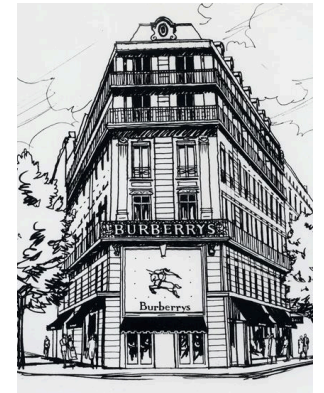
Born from a Coat



Democratic Luxury



British





# Targeting its Marketing Spending on the Millennial Consumers



**Age :** 15 -25 year-old

**Mother Tongue:** Digital

**Nationality:** Global

**Main characteristics:** share and communicate

- ✓ EARLY ADOPTERS
- ✓ TREND SETTERS
- ✓ PRESCRIBER S

**Burberry's focus:** on Emerging Markets

where HNWI customers are 15 years younger



“To woo younger and more global consumers who communicate and share the information – and shop in the digital world”

*A. Ahrendts*



# The Virtual Circle



**Focusing on digital natives ...to reach all !**

# THE DIGITAL TRANSFORMATION

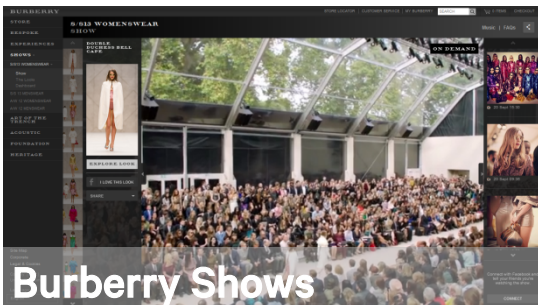
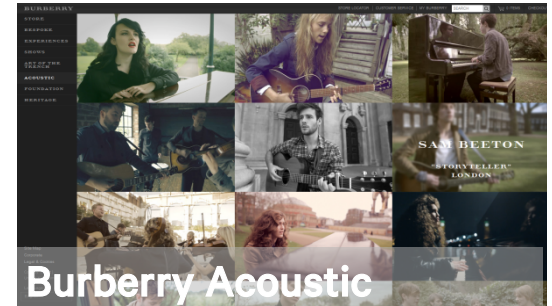
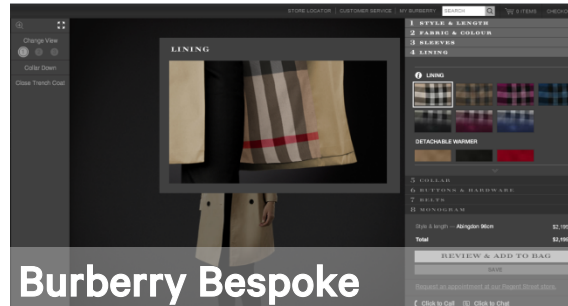
1 Focusing on the brand above and beyond all else

**2 Developing a rich, very connected culture**

3 Bringing the team together

4 And delivering best-in-class results

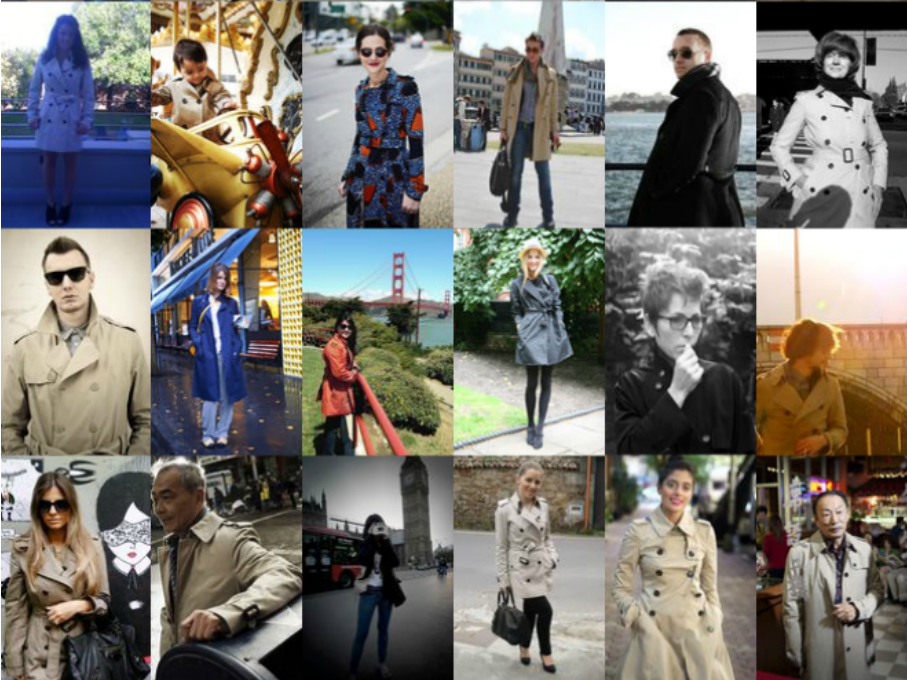
# The Digital Transformation Impacts Customer Experience with Enriched Brand Content



“The experience would be for the customers to have a total access to Burberry across any device, anywhere, anytime; and they would get exactly the same feeling of the brand, feeling of the culture regardless of where, when and how they were accessing the brand”

A. Ahrendts

# Revolutionizing the Relation With Customers by Engaging Them



“You need mind share if you want market share”  
*C. Bailey*

“We didn’t do Burberry Bespoke to make money. We didn’t do Burberry Acoustic to make money. We didn’t do Art of Trench, our social media platform, to make money. We did all of that to have the customer engage with the brand”  
*C. Bailey*



A photo on Art of the Trench.com



# With an Up-to-date Online Customer Service

**BURBERRY**

Burberry – Iconic British Luxury Brand Est. 1856 - Google ...

https://cs1b.instant-service.com/client/173965793/C63D017C1E636032498BB47

**BURBERRY**

Welcome to Burberry. Please wait, a consultant will assist you shortly.  
You have been connected to Rena.  
**Rena:** Welcome to Burberry, how can I help you today?  
**Customer:** I would like to made my own Burberry trench coat, but i don't know how to proceed  
**Rena:** I can certainly transfer you to the Specialist. Please bear with me  
Emilie has entered the session.  
Rena has left the session.  
**Customer:** thank you  
**Emilie:** Hello, how may I assist you today?  
**Customer:** Hello, I would like to made my own Burberry trench coat, but i don't know how to proceed\*  
**Emilie:** That is wonderful news- I would be pleased to assist you with this. May I ask if you have had the opportunity to browse our Bespoke page on the Burberry website?

SCREEN SHARE

SAVE A COPY

SEND

Language: English

**LINING**

**1 STYLE & LENGTH**

**2 FABRIC & COLOUR**

**3 SLEEVES**

**4 LINING**

**LINING**

DETACHABLE WARMER

**5 COLLAR**

**6 BUTTONS & HARDWARE**

**7 BELTS**

**8 MONOGRAM**

Style & length — Kensington 97cm	£1,195.00
Sleeves — Authentic brass studded sleeves	£995.00
Detachable warmer — Red wool cashmere	£195.00
<b>Total</b>	<b>£2,385.00</b>

**REVIEW & ADD TO BAG**

SAVE

Request an appointment at our Regent Street store.

**Click to Call** **Click to Chat**

Share my design

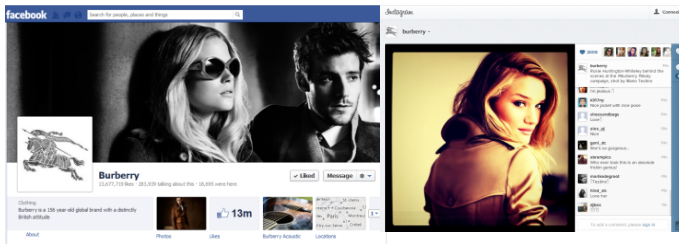
Burberry's chat, for any question

# The Connection and Coherence of All the Channels : A 360° Experience, Any Device, Anywhere, Anytime

Be Mobile



Be Social



Be Physical



To connect Brand, Culture and Consumer  
**ALL ONE**

“All this technology needed to be linked up so that we could have a single customer view that we could use across channels, mediums and platforms”

*A. Ahrendts*

# Zoom : Burberry Retail Theatre When Reality is Linked to Digital

"We are really excited to be launching *Burberry Retail Theatre*, enabling the first-ever live simultaneous virtual trunk shows in our stores globally. This concept allows us to broadcast our multi-faceted content all over the world, directly to our stores, creating a modern and pure brand environment.

Customers at the exclusive in-store digital events will experience the clothes, the music, the energy and the atmosphere in real time, and have the unique opportunity to receive their orders in just seven weeks"

C. Bailey



*Streaming the show live around the globe*



*In-store VIP guests at over 35 Burberry Retail Theater Events watched the fashion parade on super-sized HD screens featuring mega-watt sounds to enhance the runway reality. They interacted with the collection through iPads and were able to buy immediately through a custom-built Burberry*



# Zoom: Burberry World Live ...Blurring the Line Between the Physical and Digital

## Burberry's New Digitally Enhanced Flagship Store

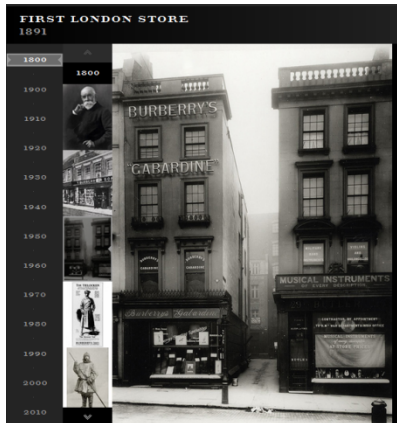
- 44,000 sq ft space, first digitally-integrated retail space
- Digital highlights include a series of full-length screens scattered around the store which can smoothly be switched into mirrors
- A giant screen features within the centre of the atrium around which a stage can be erected in order to host in-store gigs
- Clothing items have also been chipped with radio-frequency identification technology, allowing for multi-media content (such as a catwalk clip of your item) to be triggered when placed near a mirror
- Electronically orchestrated 'digital rain showers' timed to occur, along with a bespoke section where customers can customise their own coats



*Burberry's new flagship store on Regent Street*

# Achieving to be a « Young Old Company » Mixing Digital and Tradition

*An incredible History and rich Heritage...*



*the Merging of Craftsmanship...*

*...but with a Young Spirit and Energy*



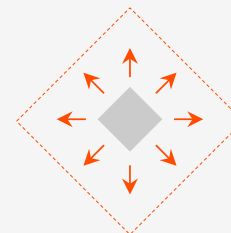
*.... and Technology*

## TO A DIGITALLY-ENHANCED BRAND TERRITORY

**FROM THE  
BRAND IDENTITY**

*via new technologies*

*& new usages*



- To be a global brand
- To extend the legitimate territory
- To connect to their customer
- To engage their customers

# THE DIGITAL TRANSFORMATION

1 Focusing on the brand above and beyond all else

2 Developing a rich, very connected culture

**3 Bringing the team together**

4 And delivering best-in-class results

# The Digital Transformation Impacts the Whole Organisation

Employees Management  
Organisation  
Process Burberry's Ecosystem

*“It’s not just to create a great brand but a great company”*

*A. Ahrendts*

# Hiring Young Employees who Talk Digital

“Being fast, flexible,  
dynamic and open to  
change”

A. Ahrendts

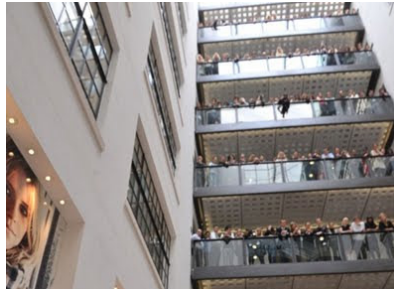


Burberry's Headquarter at Horseferry House

- **70%** of employees at Burberry's headquarter, Horseferry House in Westminter, are **under 30 year-old**
- Burberry Community have to talk the « digital natives » language, their mother tongue
- *“They are encouraged to peruse Facebook and Twitter during work hours”*



# A New “Brand’s Home”



Opened in 2009, the new Headquarters, at Horseferry House, consolidates the previous 5 offices into one cohesive workplace. The building enables the creation of new departments, fosters communication between them and collaboration between staff in a highly functional space that reinforces the Burberry vision



*The new building, which is 160,000 sq ft and includes over 8 floors. Design and photo studios, executive suites, showrooms for high profile visitors and buyers as well as workplaces for all the diverse departments.*

*Recognised as a home of the company’s values, it has become a beacon for future designs of stores and offices*

# Fostering Internal Communication Throughout All the Company

- Angela Ahrendts (A.A.) and Christopher Bailey do monthly webcasts for the workforce
- All the A.A.'s conferences in the world are streamed at Burberry's offices to all employees
- All current ads are sent first to all the employees before the press, newspaper,...

A new type of management which involves all the employees

- ✓ To connect the brand to employees
- ✓ To foster the emotional engagement

“It is personal, direct and motivating”

*A. Ahrendts*



# Promoting the IT Executive “In Front of the Bus” and Creating New Departments to Foster the Marketing

*“I needed him [CIO] to move from the back of the bus, where IT traditionally sits, to the front of the bus”*

## **I.T AT THE TOP OF THE COMPANY:**

A. Ahrendts promoted the Chief Information Officer to the new position of Chief Technical Officer - reporting to her. The Chief Creative Officer is now the vision for the brand, and the Chief Technical Officer enables that vision to get out to the audience. Technology is playing the central role in Burberry’s strategy

## **3 NEW DEPARTMENTS:**

- ✓ Social Media Department
- ✓ Mobile Department
- ✓ Insight and Analytics Department

Marketing Department can’t execute without a strong technology partner. Marketing, IT and Creative Media are going to merge under one finance

**“Our competitive edge is how we use technology”**

*A. Ahrendts*



# Partnering with External Companies to Build a Digital Business



A sketch drawn by salesforce.com CEO Marc Benioff on a napkin during a meeting in New York hotel with Angela Ahrendts and Burberry CTO John Douglas. Marc Benioff designed how Burberry could be a social enterprise overlaying Salesforce (CRM), SAP, Twitter and Facebook

The goal: total integration among the company, its employees, its customers, and the all-important brand



Burberry had its first "Tweet-walk, tweeting images of models just before they hit the runway



Co-developed an app with SAP to make customer and product data available to all sales associates



Burberry Body perfume samples were given away pre-launch exclusively to Burberry Facebook fans

# The New Burberry Ecosystem: Digital First A Need to Link and Leverage All the Stakeholders



Burberry.com is now the frontdoor for:

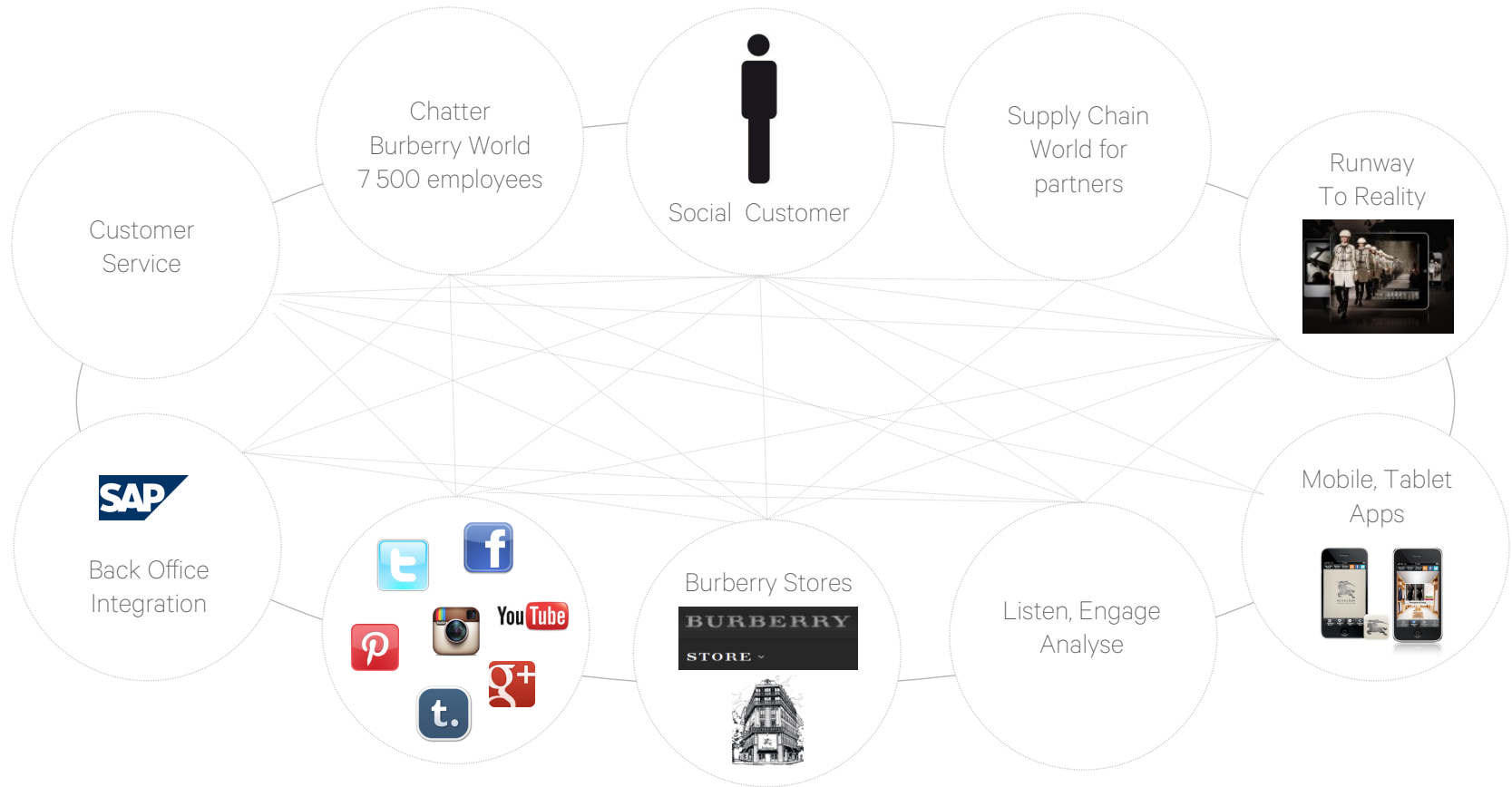
Employees

Investors

Suppliers

Customers

# Burberry World's Whole Ecosystem



**“You have to create a social enterprise today,  
you have to be totally connected with everyone who touches the brand [...] if you don't do that  
I don't know what your business model is in 5 years”**

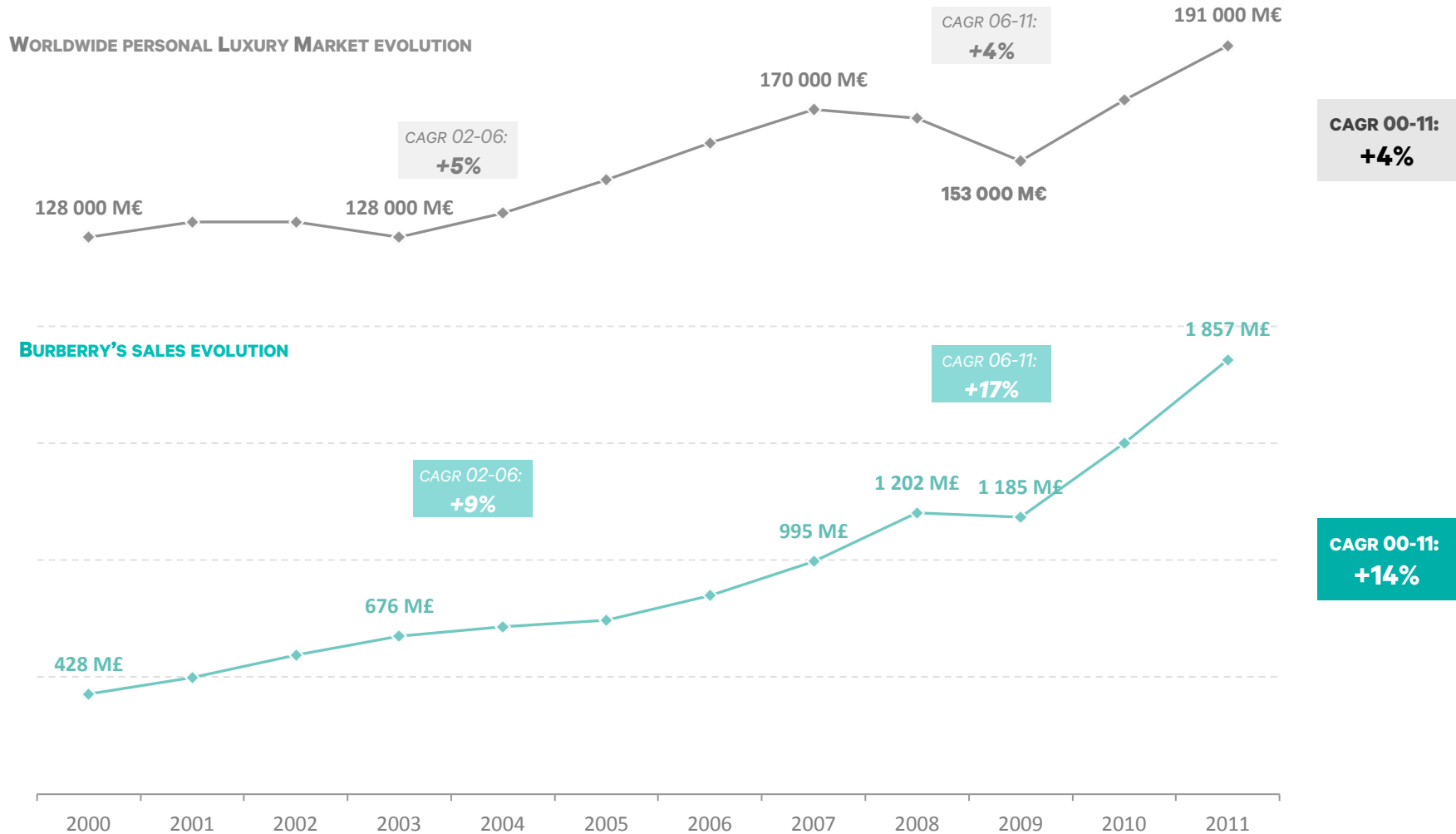
*A. Ahrendts*

# THE DIGITAL TRANSFORMATION

*Burberry at a glance*

- 1 Focusing on the brand above and beyond all else
- 2 Developing a rich, very connected culture
- 3 Bringing the team together
- 4 And delivering best-in-class results**

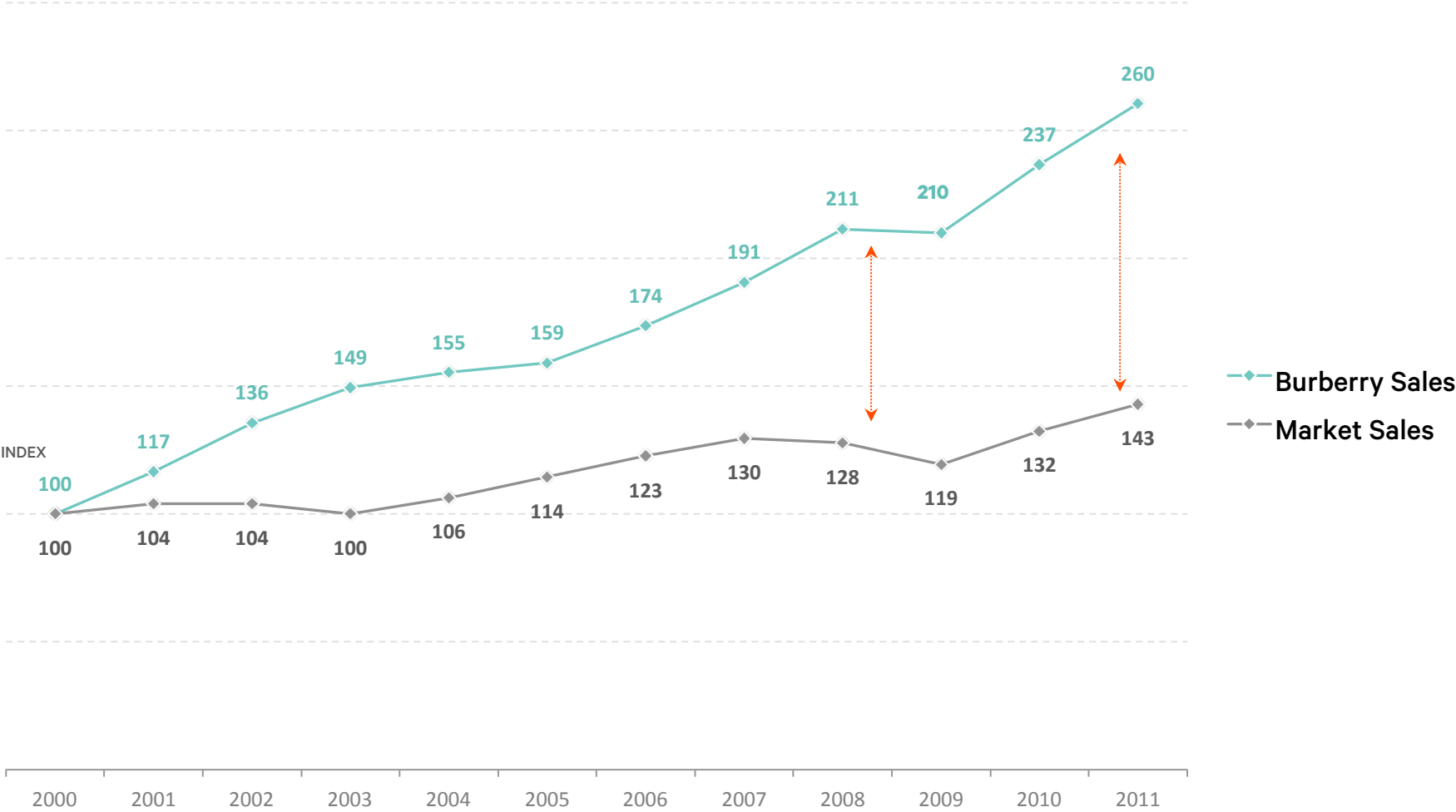
# Burberry's Sales Evolution Since 2000 vs. Luxury Market An Exceptional Growth



Sources: Burberry's Annual Reports – Altagamma & Bain



# Burberry's Sales Growth Outperforming Luxury Market's



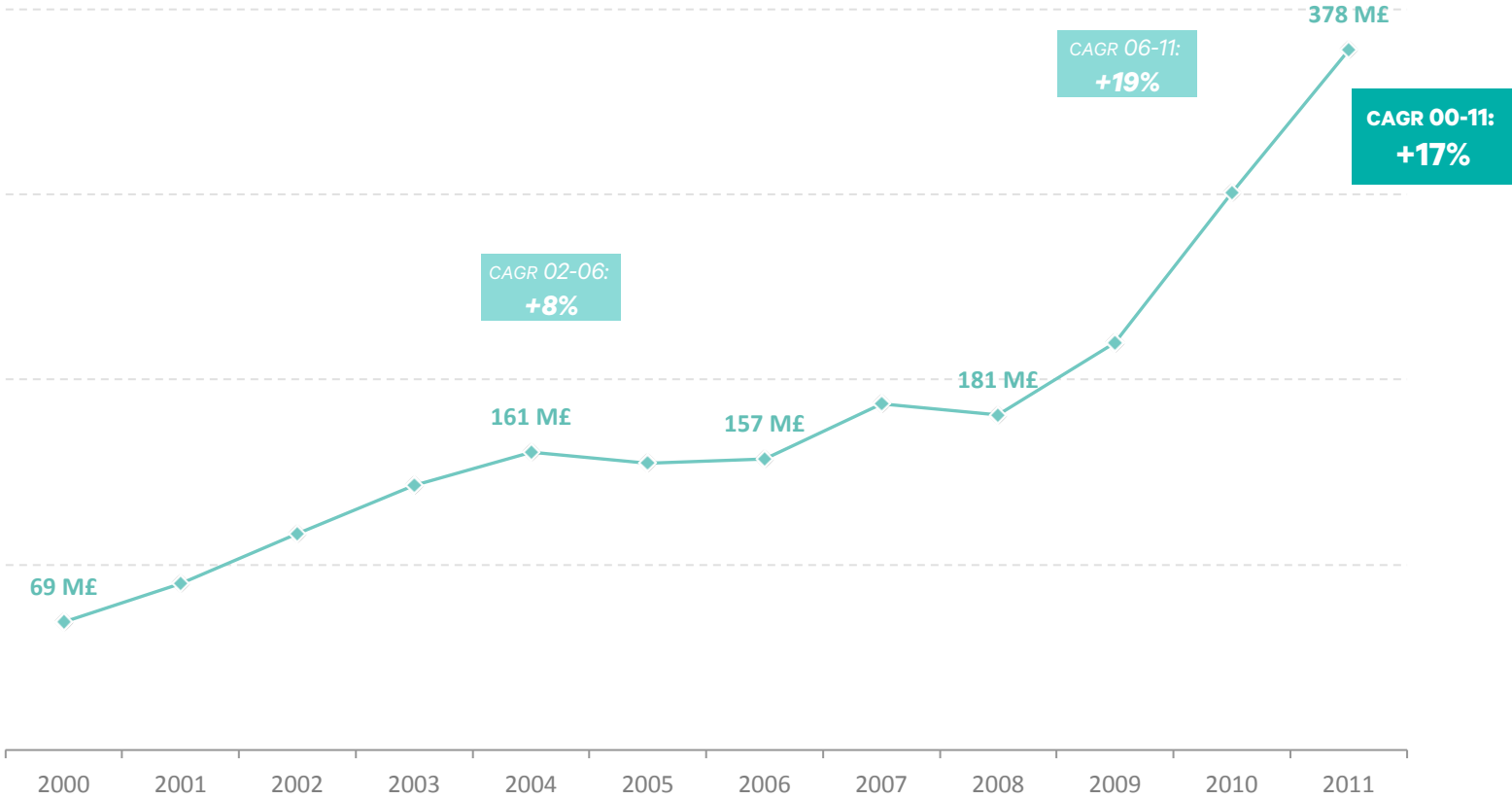
Sources: Burberry's Annual Reports, brokers notes



# Burberry's EBIT Evolution Since 2000

In 2012, It Represents £ 378 M, 20% of Burberry's Net Sales

BURBERRY'S EBIT EVOLUTION (£M)

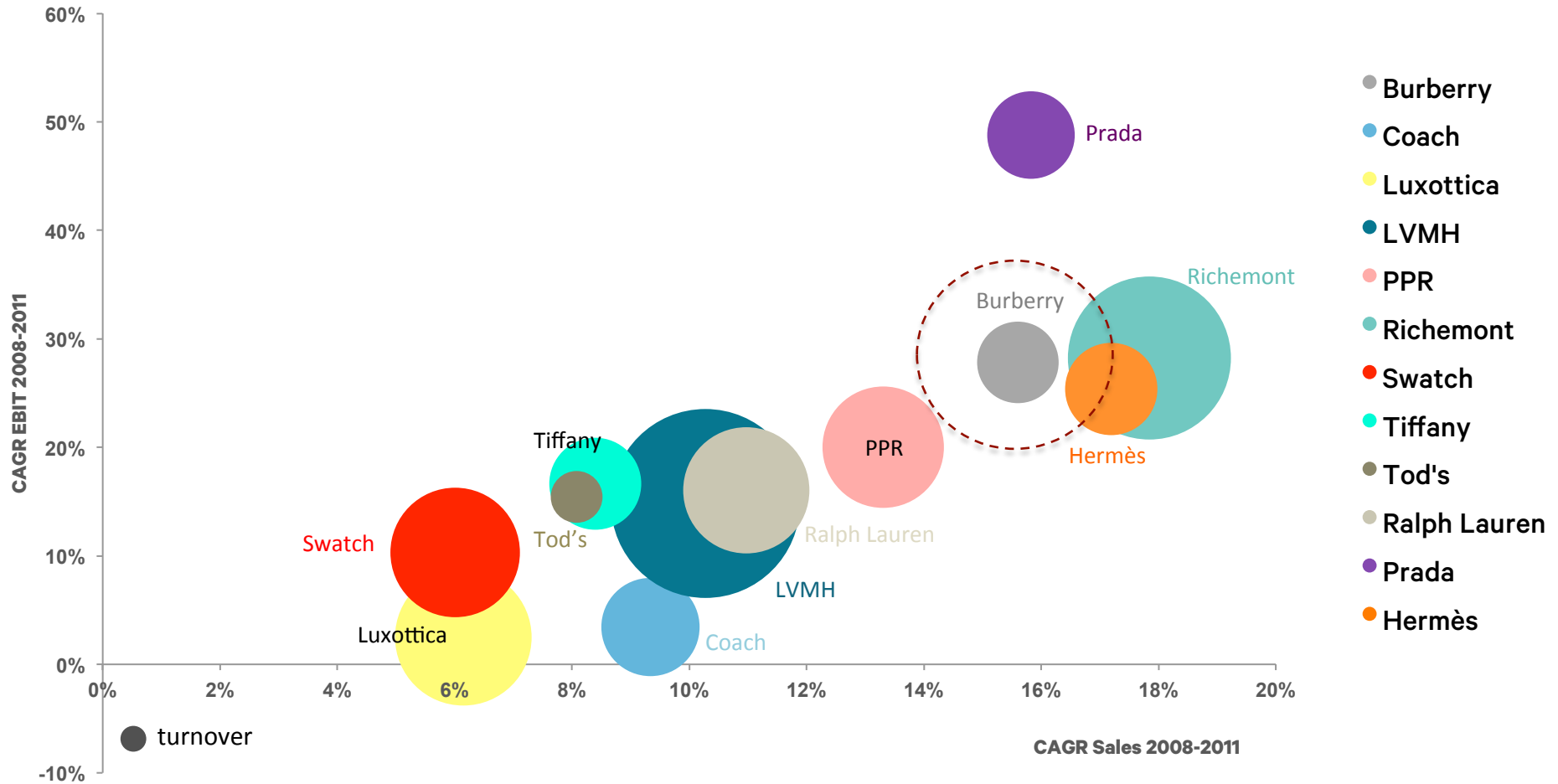


Sources: Burberry's Annual Reports



# Burberry is now outperforming main traditional competitors

## SALES



Sources: Companies' Annual Reports





# Since its IPO in 2002, Burberry's Stock Exchange Outperforms the FTSE Index



— FTSE index  
— Burberry



## Strategic Innovation to reinvent businesses

In a constantly changing world, companies can no longer do business in the same way as in the past. Indeed, **companies now have to steer a course through a world where everything is changing at a high speed**. It is forcing them to rethink their strategic choices along completely different lines. Those firms able to rapidly identify disruptive innovation and take up adequate strategies can gain the upper hand on competitors and become the next winners.

To build such strategies, Helixa has devised a series of new tools and proceeds by **combining creativity with analysis to imagine for its clients what has as yet never seen light of day**.

With its wealth of experience in such sectors as luxury goods, media, retailing, chemistry, energy and internet and given its design thinking inspiration, **Helixa can offer highly effective tailor-made solutions. Helixa's team mixes engineers, strategists and designers.**

For more information,  
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