

Fashion Management



Executive Summary



Figure 1: Burberry Summer Fashion

In the contemporary globalised world, animal welfare has become an essential aspect because more and more animals are suffering from being used for food, fashion, scientific and entertainment purposes. During the Covid-19 pandemic, many people were infected by the farmed and wild animals. For instance, the predication and eating of wild animals in China has spread the Covid-19 pandemic that has ultimately spread in the whole world. According to WHO, the main reason of the Covid-19 outbreak was the Dutch mink farm, from where the Coronavirus first transmitted between humans and animals.

In this regard, Burberry is the luxury goods manufacturing brand in Britain

that have committed to stop destroying the millions of pounds worth of unsold product each year. It will also make efforts to halt utilising natural animal skins in manufacturing the products. Therefore, this report has incorporated the launch of a pop-up store in 2022 in Shanghai International Financial Centre (China) to educate and showcase the consumer to refrain from using or buying animal fur products. The pop-up store of Burberry is also divided into two parts, wherein the first part, the consumer will experience the way animals are being caught and the heart of the animal. In this part, consumers will experience five significant ways to be captured. In the second part, the consumer will come to the VR room to view the animal fur products and experience the animals' heartbeat.

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1. The Concept

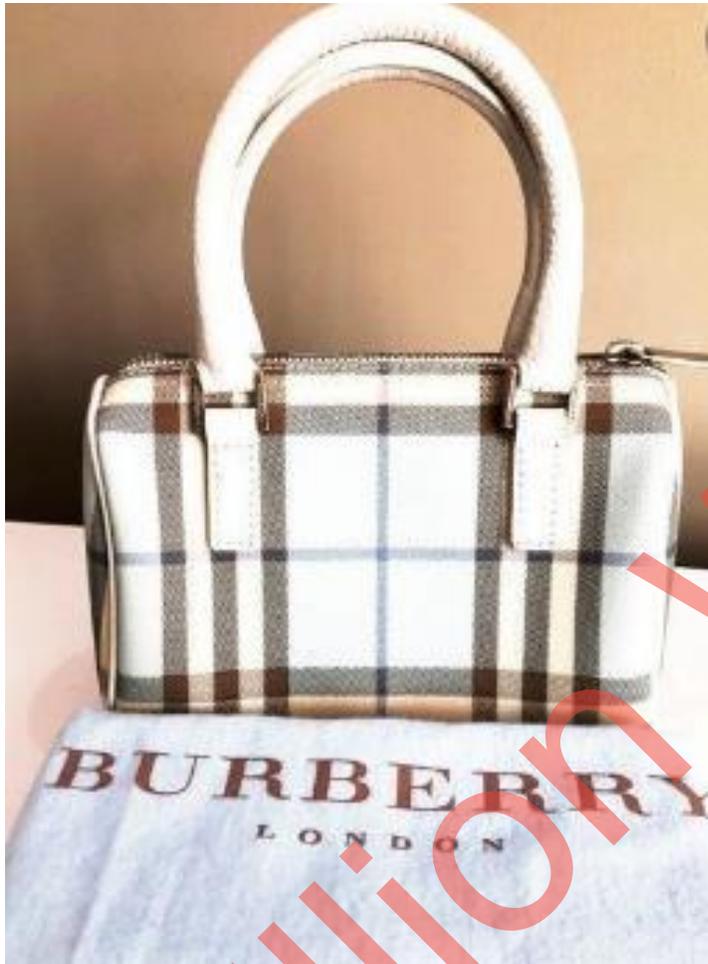


Figure 2: Burberry Product

Protecting the animal is something that has great significance for present and future development. After Covid-19 spread from the Dutch mink farm, it is challenging to guarantee whether the virus remains in the body even after the death or not. Therefore, there are significant risks to minks and other animals like; rabbits, hamster, rhesus monkeys, and many others. Besides this, there is a substantial risk to the employees working in mink farms and fur consumers because they may face health risks. According to the animal protection coalition Fur-Free Alliance (2021), fur production advances towards substantial adverse effects on both human health and the environment, as it is an immensely energy-consuming and toxic process.

Burberry is a British luxury goods manufacturing company specialising in manufacturing leather goods, fashion accessories, cosmetics, and many other products. It has committed to stop using natural animal skins in its development and destroying tons of unsold products that have millions of pounds worth and are being killed (Burberry, 2021). The company has also reduced the utilisation of animals in manufacturing its fashionable products.

An effective marketing strategy will be designed to target Chinese from the urban areas of China, who belongs to the upper-middle-class and are willing to spend on getting awareness about the protection of animal life and limiting the use of animal skin or fur fashion products (Mintel, 2020).

The pop-up store will be launched in 2022 to start showcasing and educating the consumers to stop buying fur products.

2. Aims & Objectives

The primary aim of setting the pop-up store at IFC Shanghai is to increase the awareness about refraining the people to use to buy animal fur products. The objectives are:

1. To design an effective marketing strategy for launching the pop-up store at IFC Shanghai, China
2. To increase the awareness about refraining the consumers from using or buying animal fur product

3. Unique Selling Point

Burberry will set up a pop-up store in Shanghai, China to create awareness about animal life protection. The store will be opened at IFC Shanghai, which is considered the central place for luxury goods, and most of the consumers in that place are young and wealthy people (Thind, 2017).

4. The Market

4.1. Target Market

The target market will be aimed at teens, adults, and older adults between the ages of 14 to 50. It indicates that the target market will be generation X, Generation Y or Millennials. According to Mintel (2020), nearly 45% of the millennial generation between 17 to 25 years of age are more attracted towards sustainable and eco-friendly clothing. Moreover, to effectively target the market, it will be ensured that the target market should ideally be from the upper-middle class to the elite class and interest in adopting the sustainability specific fashion.

4.2. Competitors – Direct and Indirect

4.2.1. Direct Competitor

Company	GUCCI
Established	Established in 1921 in Florence, Tuscany by Guccio Gucci Mainly deals watches, jewellery, home décor, perfumes and ready to wear apparel (GUCCI, 2021)

Animal Campaign	Reckons the animal awareness campaign and rights and the first company to join the lion's share initiative
Regions	All over the world, with having 487 stores

Table 1: Gucci, Direct Competitors

4.2.2. Indirect Competitor

Company	PRADA
Established	Established in 1913 and founded by Mario Prada Mainly deals in cosmetics, perfumes, clothing, wines, and fashion accessories (PRADA, 2021)
Animal Campaign	PRADA to go fur-free in the year 2020, and it is actively involved in Fur-free Alliance.
Regions	It exists in significant parts of the world, with 641 stores

Table 2: Parada, Indirect Competitor

5. The Consumer

Geographic	Psychographic	Demographics	Behavioural
<ul style="list-style-type: none"> China's Urban Areas 	<ul style="list-style-type: none"> Elite Class Upper-Middle Class 	<ul style="list-style-type: none"> High Income Group Well-educated Generation Y or Millennial 	<ul style="list-style-type: none"> Willing to adopt eco-friendly and sustainable fashion trends Ready to attain awareness about animal welfare

Table 3: The Consumer, Burberry



Figure 3: Burberry Consumers

The target market of Burberry is Generation Y or millennials with having a high income. Moreover, to focus on the target market, the store will be launched in the urban areas of China, i.e., IFC Shanghai) as it is the area that possesses more luxury brands, and it is the most suitable area for launching Burberry's pop-up store (Brennan et al. 2020).

Moreover, the element of willingness is also focused on the target market. The company will more specifically target consumers willing to adopt the new eco-friendly and sustainable fashion trends.

6. SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Have an iconic fashion brand image due to 156 years of the long history • Presence in 50+ countries and have more than 500 stores (Burberry, 2021a) • Possess distinctively 	<ul style="list-style-type: none"> • Due to its premium pricing, it is only reachable to few people and not affordable for people from all classes. • Have a limited product line of beauty products, 	<ul style="list-style-type: none"> • The demand for premium products is increasing, due to which it is an excellent opportunity for Burberry to invest in personal grooming, Furniture and Home décor. 	<ul style="list-style-type: none"> • The competitor companies such as; Prada, Rapanui, Lisou is expanding worldwide and cause serious trouble for Burberry. • Brexit is considered the main threat for

<p>check pattern and considered as one of the most widely copied trademarks around the globe.</p> <ul style="list-style-type: none"> • Possess a gigantic network of wholesale, licensing channels and retail worldwide (Burberry, 2021b) • Close association with celebrities and have Royal Warrants granted by Queen Elizabeth II as well as Prince of Wales 	<p>luxury and fashion segments.</p> <ul style="list-style-type: none"> • The brand is more specific towards Chinese tastes and preferences, due to which a significant proportion of sales comes from Asian customers only (Adegeest, 2019). • Huge Reliance on group profits of a licensed business in Japan can also affect the company. 	<ul style="list-style-type: none"> • The Covid-19 pandemic has significantly changed the customer shopping preferences and shifted towards online shopping. It is an excellent opportunity for Burberry to increase its e-commerce and online shopping (Constantinides et al., 2010). • Changing the marketing style towards green initiatives and sustainable development initiatives can also increase the target market. 	<p>Burberry. It may limit the target market and free movement of the people and increase tariffs on European countries (BBC, 2020).</p> <ul style="list-style-type: none"> • Another major threat for Burberry is currency fluctuation, as it is operating in more than 50 countries of the world, and it can increase the cost and decrease profitability.
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Table 4: SWOT Analysis (Rapanui)

Hence, the SWOT analysis indicates that the limited product line, currency fluctuation and Brexit are the main challenges for Burberry, as it may result in affecting the company by losing the vital European employees, increase in tariff on imports and exports and intense competition from the

competitors (Evans, 2016). Hence, Burberry needs to invest more in e-commerce and research and development to sustain its position in the market and achieve its objectives.

7. Operations

7.1.Premises

Burberry will set up a pop-up store in China and complete the premises before launch in the year 2022. The operations will be mix concerning centralisation and decentralisation. The pop-up store will be given some authority to make the operational decision directly, however, the tactical and strategic level decision will be taken now from the head office (Overdiek, 2017). The consumer will be able to book the ticket for animal-related programs directly from the website and will also be able to purchase the products online.

7.2.Product Sourcing

The procurement of VR devices is the primary process that will be primarily needed in the pop-up store of Burberry in China. The VR devices will be purchased online from Alibaba Website, and the recommended company will be “Oculus” whose VR devices will be bought. Other material will be sourced from local suppliers in China, as sourcing the material from other foreign countries may increase the expenses for the company (Alexander et al., 2018). Therefore, the other necessary accessories will be purchased directly from a reliable local supplier in China.

Stages of Production

1. Procurement of items and equipment such as; VR Devices etc.
2. Operation Testing
3. Final Operation Testing
4. Training of Operational employees
5. Final Rehearsal
6. Quality Control
7. Launch of Pop-up Store

Lead Time

- 5 weeks for procurement and operational testing (stage 2 to 4)
- 2 Weeks for other stages (Stage 5 to 7)

Business Activities' Costs

Equipment cost = ¥5,000

20 VR Devices ¥350 each, initially 20 units will be purchased = ¥350 x 20 =¥7,000

Network Fee = ¥10,000

Souvenir = ¥5,000

Cost of Brochure and Poster = ¥10,000

Gate Ticket Printing Fees = ¥5,000

Employees	Sourced	Wages (Per Annum)	Hours (Per Annum)	Role
Store Manager	Insourced	¥28,000 (Fixed)	40 hours	Oversee the Pop-up store operations
Technical Staff	Insourced	¥20,000 (Fixed)	9 am – 6 pm (9 hours)	Oversee the showcase events and assist the store manager
Sales Person	Insourced	¥15,000 (Fixed)	40 hours	Will manage the marketing and admin related operations
Security Officer	Insourced	¥500/ month (22 yuan x 23 hours)	23 hour	Will oversee the consumer operations
Part-Time Employee	Insourced	¥500/month (22 yuan x 23 hours)	23 hours	Will oversee the consumer operations

Table 5: Business Activities' Cost

7.3. Insurance

Related to pop-up stores in China, property insurance and Business interruption insurance will be attained initially. The property insurance, also known as casualty insurance, will protect the material and other tangible things related to the premises of the Burberry pop-up store in China (Bergman, 2018). On the other side, the business interruption insurance will provide extra funds to the pop-up store in damages or prevention in operations.

7.4. Legal Obligations/Regulations

The legal obligation will be primarily related to the registration process. Burberry would have to apply for registration and fulfil the legal forms to get the business license. Moreover, the other legal obligations are to complete the documentation related to VAT and annual bookkeeping. Burberry pop-up stores would also have to comply with the marketing legislation and regulations of China to strengthen consumer protection and avoid any legal costs (Brown, 2009). Therefore, Burberry needs to comply with the legal obligation and regulations of China.

8. Marketing Strategy

Post	Platform	Duration	Description	Price
Feel the Animal Heartbeat	Social Media platforms	60 days 1 st January – 2 st March 15, 2021	The campaign will show the internal body responses of the animals	¥ 500
Be Careful while Eating	Social Media campaigns and Electronic Media Campaigns	30 days 2 March – 1 st April 2021	The post will increase awareness in the people who are addicted to meat-specific foods	¥ 2,000
Save Animal	Social Media platforms and Electronics Media	60 days 1 April – 31 May 2021	The advertisement will emphasize decreasing the meat consumption in the meal.	¥ 3, 000
Vegan Food	Social Media platforms	60 days	The post will divert the attention of the people to shift	¥ 1,500

		31 May –30 July 2021	towards vegan or plant-based food	
Sustainable Clothing	Social Media platforms and Electronics media	60 days 30 July – 28 September 2021	The campaign will increase the awareness of the significance of sustainable fashion for developing a sustainable or green environment.	¥ 2,000
Promote cruelty-Free Environment for Animals	Social Media platforms and awareness campaigns	60 days 28 September – 27 November 2021	The post will highlight the benefits of providing a cruelty-free environment to the animals	¥ 4,000
Against the Animal Testing Forever	Awareness campaigns	24 days 27 December – 27 December 2021	The advertisement will motivate the public and private businesses to discourage animal testing in testing or experimenting with the products	¥ 1000

Table 6: Marketing Costs

The promotion will be mainly held using social media, electronic media, and video software advertising channels. The major social media channels will be WeChat, Weibo, Douyin and Little Red Book, while the video software advertising channels will be iqiyi, Youku and Tencent. The Mall screen and bus stop advertisement will also be utilised where the Shanghai IFC Mall Screen and nearby bust stop will be considered.

TimeLine



Selling Price

The selling price per unit will be determined as;

Original Ticket Price	Student Ticket	Luxury Ticket
Marketing Cost/unit = ¥20	Marketing Cost/unit = ¥20	Marketing Cost/unit = ¥35
Admin and other expenses = ¥15	Admin and other expenses = ¥15	Admin and other expenses = ¥15
Taxes = ¥5	Taxes = ¥5	Taxes = ¥5
Profit Margin = ¥49	Profit Margin = ¥9	Profit Margin = ¥64
Selling Price = ¥89	Selling Price = ¥49	Selling Price = ¥119

Marketing Cost/unit = ¥3.5

Admin and other expenses = ¥1.5

Taxes = ¥0.5

Profit Margin = ¥9.5

Selling price per unit = ¥50/unit

9. Finance

Capital/Funding

The primary source of funding will be personal finance, Friends and Family and Business loans. The required amount of investment is ¥136,220, which is needed to open Burberry's pop-up store in China.

Personal Finance = ¥50,000

Friends and Family = ¥30,000

Bank Loan = ¥56,220

9.1. Sales forecast & Cash flow statement

	January	February	March	April	May	June	July	August	September	October	November	December
Ticket Sales			300	350	450	500	550	550	600	700	1000	1000
Ticket Price/unit (¥)	50	50	50	50	50	50	50	50	50	50	50	50
Total Income	0	0	15000	17500	22500	25000	27500	27500	30000	35000	50000	50000
Operational Costs												
VR Devices	7,000											
Equipment Cost	5,000											
Network Fee	10,000											
Souvenir	5,000											
Cost of Brochure & Poster	10,000											
Gate Ticket Printing Fees	5000											
Wages/Month	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250
Marketing Cost		500	2000		3000		1500		2000		4000	1000
Total Expenditure	48,250	6,750	8,250	6,250	9,250	6,250	7,750	6,250	8,250	6,250	10,250	7,250
Net Cash flow	-48,250	-6,750	6,750	11,250	13,250	18,750	19,750	21,250	21,750	28,750	39,750	42,750
Total Cash Flow	169,000											

Table 7: Cash Flow Statement

Table 7 shows the sales forecast and cash flow statement of the pop-up store of Burberry in China. According to this, it is forecasted that there are no sales in January and February, and the store will have to bear the cost related to the operations. Moreover, the deals will be started from March with 300 tickets, and it will increase the time and reach 1000 tickets in December. The selling price of the ticket will be ¥50/ticket. As far as the expenditures are concerned, they will involve in

operational and marketing related costs. The operating costs are associated with VR devices, operation testing, employees training, quality control and event launch (See Figure 1). The other expenses are related to wages and marketing expenditures. The salaries are related to five employees of the pop-up store that will manage the store's operations. At the same time, the marketing cost is related to social media channels, TV and radio promotion and website promotion. In the initial period, the pop-up store will incur a loss due to start-up costs, while the profitability is expected to be started from March, and it will increase with time. Moreover, the funding will be generated from three primary sources: personal finance, friends and family, and bank loans (Ni et al., 2019). From personal finance, ¥50,000 will be generated, while from the friends and family and bank loans, ¥30,000 and ¥56,220 will be generated, respectively.

10. Future Growth Strategy

It is expected that the pop-up store of Burberry in China will generate profitability according to the expectation. Besides with present, the Burberry Company will extend its pop-up store from IFC Shanghai to other regions of China. Ultimately, it will be extended to other countries of the world. Moreover, to maximise awareness about the animal, the pop-up store will also be affiliated with the NGOs and Fur-Free Alliance to extend its awareness of animal welfare (Fur-Free Alliance, 2021). It is also the fact that the pop-up store of Burberry is more interested in generating profit, however, it is only for a short period. In the future, the focus from profitability will be shifted to enhancing awareness to achieve the objectives.

11. Conclusion

It can be concluded that the outbreak of Covid-19 pandemic has raised huge concerns regarding the farmed and wild animals, which need to be catered to in time. In this regard, Burberry is an excellent manufacturing brand in the UK that has committed to stop using real animal skins and fur to produce clothing. Moreover, Burberry has also committed to launching a pop-up store in IFC Shanghai to increase the awareness of refraining the consumers from using or buying the animal fur product. This report has identified the target market, direct and indirect competitors and the consumer for Burberry. Besides this, the SWOT analysis, operations, marketing strategies and finances are also part of the report highlighting the key steps and related costs to each of the operations and marketing operations. The report has also given the cash flow statement, where the inflows and outflows of about pop-up stores of Burberry in IFC Shanghai are incorporated.

Therefore, this report has formed a detailed business plan for setting the pop-up store in China, including all the attached operations, production stages, and cash flows that will help launch the pop-up store in 2022.

aZillion Words

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Appendices

Appendix 1



Appendix 2



Appendix 3

