

July 7, 2006

STYLE & SUBSTANCE

Playing Down the Plaid

**Burberry's New CEO Seeks
 Alternate Brand Symbols
 As Famed Tartan Grows Trite**

By **CECILIE ROHWEDDER**
July 7, 2006; Page B1

LONDON -- The Burberry plaid, called simply "the check" by fashion executives, is one of the world's most widely recognizable logos.



Angela Ahrendts

But **Burberry** PLC's new chief executive has an idea: Add to the plaid. Yesterday, four days into the job, Angela Ahrendts laid out plans to add an equestrian knight and the cursive signature of founder Thomas Burberry as logos on Burberry handbags, shoes and scarves.

Ms. Ahrendts's strategy comes at a critical juncture for Burberry, which transformed itself over the past several years from raincoat maker to luxury fashion brand by putting its tan plaid on everything from taffeta dresses to dog collars. The new logos may help Burberry solve a major problem facing Ms. Ahrendts: plaid overexposure. In recent years, the company attached its plaid to too many products and its brand image slid, with even British soccer hooligans wearing it. Exacerbating the problem were counterfeit goods.

"We will always have the check," said Ms. Ahrendts yesterday. "But on some of our new products, we are strategically diversifying into new icons."



To jump-start sales growth that has been sluggish recently, Ms. Ahrendts plans to open more independent stores in the U.S., shifting away from selling in department stores. She is also considering specialized stores, such as menswear-only shops in business districts like Manhattan's Wall Street or casual-wear stores in smaller cities "in the middle of the country," she says.

Ms. Ahrendts, a 45-year-old American, is no stranger to U.S. retailing. She joined Burberry in January from **Liz Claiborne** Inc., where she was executive vice president in charge of a large collection of womenswear and menswear brands. For the past six months, she has worked from an office next door to Rose Marie Bravo, Burberry's departing chief executive.

"Rose Marie was intent on having me visit every single office around the world," Ms. Ahrendts says, describing her first six months at Burberry. On her first day as CEO, Ms. Ahrendts says she talked to "every single person in the company." She held three town-hall meetings and then walked into every office in the four buildings that make up Burberry's London headquarters.

DOW JONES REPRINTS

 This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: www.djreprints.com.

- [See a sample reprint in PDF format.](#)
- [Order a reprint of this article now.](#)

The most pressing hurdle facing Ms. Ahrendts is to transcend Burberry's trademark tartan, which defines -- and confines -- its identity in the minds of many shoppers, analysts say. "Burberry's biggest challenge is to go from the plaid to the product," says Marshal Cohen, chief industry analyst with market-research firm NPD Group in Port Washington, N.Y. "Sometimes a company's biggest asset is also its biggest challenge."

Christopher Gilbert, creative director in charge of womenswear at Doneger Group, a New York market researcher, sees no reason why Ms. Ahrendts's plan won't work. "The luxury market is still growing very strongly, and as long as there is growth at the bottom line, there is no reason why one shouldn't diversify and push on the brand," he says. "Diversification into new logos is fine."

Toward that end, Ms. Ahrendts studied up on Burberry's 150-year history to devise new brand symbols. (The equestrian-knight logo was trademarked by the company in 1901.) There will also be allusions to the brand's tradition as a trench-coat maker, for instance, by outfitting handbags with leather belt buckles or the quilt pattern that used to line much of Burberry's outerwear.

Fueling Ms. Ahrendts's high hopes for the U.S. is the brand's Anglo-Saxon style and its appeal to both genders and all ages. Ms. Ahrendts knows Burberry's design director, Christopher Bailey, because they worked together at Donna Karan International



Burberry store in Manhattan will be selling more handbags under new CEO's plans.

Importantly, Burberry is positioned in the middle of the luxury market. Burberry handbags, for example, cost more than those from Coach Inc. but less than those from Prada Group NV or PPR SA's Gucci label. "We like being the opening price point on a high-end street," Ms. Ahrendts says.

That isn't the case everywhere. As Burberry expanded under Ms. Bravo, it ended up with a brand image that varies greatly among different countries. In London or Milan or New York, Burberry is now a full-fledged luxury brand with flagship stores on the cities' most elegant shopping streets. In Spain or Japan, however, it is a casual apparel brand that is designed locally, not by London-based creative director Mr. Bailey.

As luxury brands grew more global in the last decade, industry wisdom has held that they needed a uniform image. Ms. Ahrendts said she is taking steps to add consistency to the brand and integrate operations world-wide but admitted "it's going to take time."

At Burberry, apparel accounts for 75% of its \$1.36 billion in annual sales. But Ms. Ahrendts said the company is "aggressively investing" in selling more handbags, shoes, small leather goods and accessories like scarves and belts. Nearly all luxury companies push sales of leather goods because they carry higher profit margins and are less exposed to changes in fashion, or even the weather, than apparel.

Walking through a showroom packed with bags and shoes, Ms. Ahrendts, clad in Burberry from her stilettos to her eyeglasses, said yesterday that Burberry has hired additional accessories designers and is spending more on marketing and advertising such goods.

In September, the windows of Burberry stores across the world will display only accessories -- a first for the company. That could appeal to shoppers like Christina Pawlikowski, a 31-year-old U.S. Army officer, who owns a Burberry scarf and umbrella and was scanning the sunglasses at a Burberry store in Manhattan one recent afternoon. "I love Burberry accessories," she said.

Burberry currently has 36 U.S. stores and, in the past, has said it wanted to have up to 50. Yesterday, Ms. Ahrendts said she was considering more than that.

Last year, the company opened seven new U.S. stores, most of them in warm places such as Naples and Palm Beach Gardens, Fla., as well as San Antonio, and San Diego. Other regions for new stores are the Pacific Northwest, the Northeast and the middle of the country, Ms. Ahrendts said.

Some analysts question Burberry's ability to quickly build an attractive accessories range and clearly distinguish itself from other labels. But Ms. Ahrendts should have a strong tailwind. Sales of luxury goods are expected to grow strongly over the next four years, with single-brand companies like Burberry benefiting the most, consultants Bain & Co. said in a report earlier this month.

As she makes her changes, Ms. Ahrendts will try keeping the Burberry tent big enough to accommodate the brand's new, younger, stylish clientele as well as the longtime buyers of its raincoats. But being all things to all people isn't easy.

"Some styles I'm not crazy about," said Rosa Vani, 52, who was shopping at Burberry in Manhattan earlier this week. Pointing to a trench coat that had extra pieces of cloth with a button on each shoulder, she said she liked the plaid and "classy" pieces but not those she described as "too trendy."



--Monica M. Clark contributed to this article.

Write to Cecilie Rohwedder at cecilie.rohwedder@wsj.com¹

URL for this article:

<http://online.wsj.com/article/SB115222828906800109.html>

Hyperlinks in this Article:

(1) <mailto:cecilie.rohwedder@wsj.com>

Copyright 2006 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.