focused on 25 of the world's wealthier cities. Key markets include New York, London, and Beijing, which according to Burberry account for more than half the global luxury fashion trade. As a result of this strategy, the number of retail stores increased from 211 in 2007 to 497 in 2015 (but actually peaked at some 560 stores in 2011).

Another aspect of Burberry's strategy has been to embrace digital marketing tools to reach its tech-savvy customer base. Indeed, there are few luxury brand companies that have utilized digital technology as aggressively as Burberry. Burberry has simulcast its runway shows in 3-D in New York, Los Angeles, Dubai, Paris, and Tokyo. Viewers at home can stream the shows over the Internet and post comments in real time. Outerwear and bags are made available through "click and buy" technology, with delivery several months before they reach the stores. Burberry had more than 16 million Facebook fans as of 2015. At "The Art of the Trench," a company-run social media site, people can submit photos of themselves in the company's iconic rainwear.

The global marketing strategy seems to be working. Between 2007 and 2015, revenues at Burberry increased from some $1.3 billion to $3.6 billion, and this increase also happened against the background of a global economic slowdown in the 2008 to 2010 period. In April 2014, Angela Ahrendts was replaced as CEO by Christopher Bailey (Ahrendts took a position as senior vice president of retail and online at Apple, Inc.). Bailey first started with Burberry's in May 2001 as a creative director. One of the branding decisions that happened on his creative director watch was to remove the Burberry brand's iconic check pattern from virtually all Burberry products, leaving only 10 percent of the products with the famous checked design.

Sources

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Case Discussion Questions

1. The centralized brand management that happened under the watch of Angela Ahrendts was a strategic move that resulted in a better brand equity. Is this a move that should remain a staple of the company's brand strategy, or what decisions/strategies should Burberry be making moving forward?
2. With the leadership of Ahrendts and Christopher Bailey, Burberry brand's iconic check pattern became less of a marketing focus than before. What role in design and marketing should Burberry's check design play in the future? Does the target market matter in this decision?
3. Is it time for Burberry to focus more intensely on markets outside its core 25 wealthy cities? What about its demographic focus on the well-heeled, younger, fashion-conscious set?

MMC China Joint Venture *

It had been a very bad morning for John Ross, the general manager of MMC's Chinese joint venture. He had just gotten off the phone with his boss in St. Louis, Phil Smith, who was demanding to know why the joint venture's return on investment was still in the low single digits four years after Ross had taken over the top post in the operation. "We had expected much better performance by now," Smith said, "particularly given your record of achievement; you need to fix this John! Our patience is not infinite. You know the corporate goal is for a 20 percent return on investment for operating units, and your unit is not even close to that." John Ross had a very bad feeling that Smith had just fired a warning shot across his bow. There was an implicit threat underlying Smith's demands for improved performance. For the first time in his 20-year career at MMC, Ross felt that his job was on the line.

MMC was a U.S.-based multinational electronics enterprise with sales of $2 billion and operations in more than 10 countries. MMC China specialized in the mass production of printed circuit boards for companies in the cell phone and computer industries. MMC was a joint venture with Shanghai Electronic Corporation, a former state-owned enterprise that held 49 percent of the joint-venture equity (MMC held the rest). While MMC held a majority of the equity, the company had to consult with its partner before making major investments or changing employment levels.

Ross had been running MMC China for the past four years. He had arrived at MMC China after a very successful career at MMC, which included extended postings in Mexico and Hungary. When he took the China position, Ross thought that if he succeeded, he would probably be in line for one of the top jobs at corporate headquarters within a few years. Ross had known that he was taking on a challenge with MMC China, but nothing prepared him for what he found there. The joint venture was a mess. Operations were horribly inefficient. Despite low wages, productivity was being killed by poor product quality, lax inventory controls, and high employee turnover. The venture probably employed too many people, but MMC's Chinese partner seemed to view the venture as a job-creation program and repeatedly objected to any plans for cutting the workforce. To make matters worse, MMC China had failed to keep up with the latest developments in manufacturing technology, and it was falling behind competitors. Ross was determined to change this, but it had not been easy.

To improve operations, Ross had put in a request to corporate HR for two specialists from the United States to work with the Chinese production employees. It had been a disaster. One had lasted three months before requesting a transfer home for personal reasons. Apparently, his spouse hated China. The other had stayed for a year, but he had interacted so poorly with the local Chinese employees that he had to be sent back to the United States. Ross wished that MMC's corporate HR department had done a better job of selecting and then training these employees for a difficult foreign posting, but in retrospect he had to admit that he wasn't surprised at the lack of training; he had never been given any.

After this failure, Ross had taken a different tack. He had picked four of his best Chinese production employees and sent them to MMC's U.S. operations, along with a translator, for a two-month training program focusing on the latest production techniques. This had worked out much better. The Chinese had visited efficient MMC factories in the United States, Mexico, and Brazil and had seen what was possible. They had returned home fired up to improve operations at MMC China. Within a year they had introduced a Six Sigma quality control program and improved the flow of inventory through MMC's factory. Ross could now walk through the factory without being appalled by the sight of large quantities of inventory stacked on the floor or bins full of discarded circuit boards that had failed postassembly quality tests. Productivity had improved as a result, and after three tough years, MMC China had finally turned a profit.

Apparently this was not good enough for corporate headquarters. Ross knew that improving performance further would be tough. The market in China was very competitive. MMC was vying with many other enterprises to produce printed circuit boards for large multinational customers that had assembly operations in China. The customers were constantly demanding lower prices, and it seemed to Ross that prices were falling almost as fast as MMC's costs. Also, Ross was limited in his ability to cut the workforce by the demands of his Chinese joint-venture partner. Ross had tried to explain all this to Phil Smith, but Smith didn't seem to get it. "The man is just a number cruncher," thought Ross. "He has no sense of the market in China. He has no idea how hard it is to do business here. I have worked damn hard to turn this operation around, and I am getting no credit for it, none at all."

Source

This is a disguised case history based on interviews undertaken by Charles W. L. Hill.

Case Discussion Questions

1. Is it right for MMC to hold Ross to the same performance goals as managers of units in other countries? What other approach might it adopt?
2. Why had bringing in specialists from the United States not worked at MMC? Why did Ross's strategy of sending Chinese employees to the United States for training produce better results? What are the lessons learned here?
3. What changes could the HR department at MMC make to improve its utilization of human capital and facilitate knowledge transfers within the company?

~~Brazil's Gol Airlines~~

Gol Linhas Aéreas Inteligentes S.A ("Gol Intelligent Airlines S.A.," also known as VRG Linhas Aéreas S/A) is a tropical version of JetBlue Airways Corporation and Ryanair Ltd., the low-cost, no-frills airlines based in the United States and Ireland, respectively. Gol is based in Comandante Lineu Gomes Square, São Paulo, Brazil. The company is the second-largest Brazilian airline after TAM Linhas Aéreas (TAM Airlines) by both market size and fleet size. TAM Airlines is a subsidiary of the Chilean LATAM Airlines Group, and Gol competes in Brazil and other Latin American countries with the LATAM Group, Brazilian Azul, and Colombian Avianca Holdings S.A. Gol has about 36 percent of the domestic Brazilian airline business.

Established in 2001, Gol adopted the low-cost model so effectively pioneered mainly by the U.S.-based Southwest Airlines and refined by companies such as JetBlue and Ryanair. Gol sells discount tickets, mainly using the Internet as the customer interaction platform. The company targets price-sensitive business travelers in Brazil's rapidly growing market for air travel (demand for air travel is growing at roughly twice the rate of the country's gross domestic product, GDP).

From a financially driven standpoint, Gol standardized its fleet on a single aircraft model, Boeing's 737 series. It started with no airport clubs or frequent flyer programs, cabins were single class, and light snacks and beverages replaced meals. Since those beginnings in 2001, Gol has