

Directions: In this section, you are going to read a passage with ten statements attached to it. Each statement contains information given in one of the paragraphs. Identify the paragraph from which the information is derived. You may choose a paragraph more than once. Each paragraph is marked with a letter. Answer the questions by marking the corresponding letter on *Answer Sheet 2*.

No one in fashion is surprised that Burberry burnt £28 million of stock

- A) Last week, Burberry's annual report revealed that £28.6 million worth of stock was burnt last year. The news has left investors and consumers outraged but comes as little surprise to those in the fashion industry.
- B) The practice of destroying unsold stock, and even rolls of unused fabric, is commonplace for luxury labels. Becoming too widely available at a cheaper price through discount stores discourages full-price sales. Sending products for recycling leaves them vulnerable to being stolen and sold on the black market. Jasmine Bina, CEO of brand strategy agency Concept Bureau explains, "Typically, luxury brands rally around exclusivity to protect their business interests, namely intellectual property and preservation of brand equity(资产)." She stated she had heard rumors of stock burning but not specific cases until this week.
- C) Another reason for the commonplace practice is a financial incentive for brands exporting goods to America. United States Customs states that if imported merchandise is unused and destroyed under their supervision, 99% of the duties, taxes or fees paid on the merchandise may be recovered. It is incredibly difficult to calculate how much dead stock currently goes to waste. While there are incentives to do it, there's no legal obligation to report it.
- D) A source, who chose to remain anonymous, shared her experience working in a Burberry store in New York in October 2016. "My job was to toss items in boxes so they could be sent to be burned. It was killing me inside because all that leather and fur went to waste and animals had died for nothing. I couldn't stay there any longer, their business practices threw me off the roof." In May this year, Burberry announced it was taking fur out of its catwalk shows and reviewing its use elsewhere in the business. "Even though we asked the management, they refused to give us detailed answers as to why they would do this with their collection," continued the source, who left her role within two weeks. She has since worked with another high-profile, luxury label.
- E) In an online forum post, which asked if it's true that Louis Vuitton burned its bags, Ahmed Bouchfaa, who claimed to work for Louis Vuitton, responded that the brand holds sales of old stock for staff members twice a year. Items which have still not sold after several sales are destroyed. "Louis Vuitton doesn't have public sales. They either sell a product at a given price or discontinue it. This is to make sure that everybody pays the same price for an item," he says. He goes on to disclose the strict guidelines around the employee sales: "You may buy gifts for someone, but they track each item, and if your gift ends up online they know who to ask." One investor commenting on the Burberry figures was reportedly outraged that the unsold goods were not even offered to investors before they were destroyed.
- F) Richemont, who owns several luxury brands, hit the headlines in May for taking back £437 million of watches for destruction in the last two years to avoid marked-down prices. It's not just luxury brands either. In October last year, a Danish TV show exposed H&M for burning 12 tonnes of unsold clothing since 2013. In a statement, the high street retailer defended itself by saying that the burnt clothing had failed safety tests: "The products to which the media are referring have been tested in external laboratories. The test results

show that one of the products is mold infested and the other product contains levels of lead that are too high. Those products have rightly been stopped in accordance with our safety routines." In March, a report revealed that H&M was struggling with \$4.3 billion worth of unsold stock. The brand told The New York Times that the plan was to reduce prices to move the stock, arguably encouraging consumers to buy and throw away with little thought.

- G) Over-production is perhaps the biggest concern for Burberry. While there has been much outrage at the elitist connotation of burning goods rather than making them affordable, executives at the British fashion house are no doubt struggling to defend how they miscalculated production. The waste has been put down to burning old cosmetic stock to make way for their new beauty range. However, while the value of destroyed stock is up from £26.9 million last year, it's an even more significant increase from 2016's figure of £18.8 million, highlighting that this is an ongoing issue.
- H) In September 2016, Burberry switched to a "see now, buy now" catwalk show format. The move was a switch to leverage on the coverage of their fashion week show to make stock available immediately to consumers. This is opposed to the traditional format of presenting to the industry, taking orders for production and becoming available in six months' time. While Burberry announced "record-breaking" online reach and engagement, there has been little evidence to suggest that the strategy has had a significant effect on sales, particularly as the hype(炒作) slows across the season. In February they made adjustments to the format, dropping some catwalk items immediately and promising that others would launch in the coming months.
- I) In a statement, Burberry denied that switching to "see now, buy now" has had an impact on waste. A Burberry spokesperson further said, "On the occasions when disposal of products is necessary, we do so in a responsible manner. We are always seeking ways to reduce and revalue our waste. This is a core part of our strategy and we have forged partnerships and committed support to innovative organizations to help reach this goal."
- J) One such partnership is with Elvis & Kresse, an accessories brand working with reclaimed materials. Co-founder Kresse Wesling said, "Late last year we launched an ambitious five-year partnership with the Burberry Foundation. The main aim of this is to scale our leather rescue project, starting with off-cuts from the production of Burberry leather goods. We are working tirelessly to expand our solutions and would love to welcome anyone to our workshop to come and see what we are doing." At the moment, the partnership only addresses waste at the production stage and not unsold goods.
- K) While these are honorable schemes, it makes it harder for Burberry to defend these latest figures. Fifteen years ago, Burberry was at crisis point as their signature check pattern was widely imitated by cheap, imitation brands. It deterred luxury consumers who found their expensive clothing more closely associated with working-class youth culture than a prestigious heritage fashion house. In the year 2004, at the height of over-exposure of the Burberry check, the brand's turnover was £715.5 million. Under Christopher Bailey as creative director they turned the brand around and this past year revenue hit £2.73 billion.
- L) Bina believes that brands need to readdress their exclusivity tactic. "Exclusivity is starting to be challenged," she says, "I think that goes hand in hand with how luxury itself is being challenged. Access to fashion, and the brands who police it, are becoming less and less relevant. Things like health, enlightenment, and social and environmental responsibility are the new luxuries. These all come from within, not without. That's the challenge that traditional luxury brands will have to contend with in the mid- to long-term future."

36. Burberry's executives are trying hard to attribute their practice of destroying old products to miscalculated production.
37. Selling products at a discount will do greater harm to luxury brands than destroying them.
38. Imitated Burberry products discouraged luxury consumers from buying its genuine products.
39. Staff members of a luxury brand may buy its old stock at cheaper prices, but they are not allowed to resell them.
40. In future traditional luxury brands will have to adapt their business strategies to the changing concepts of luxury.
41. One luxury brand employee quit her job because she simply couldn't bear to see the destruction of unsold products.
42. Destroying old stock is a practice not just of luxury brands but of less prestigious fashion brands.
43. Burberry is working with a partner to make full use of leather materials to reduce waste.
44. Burberry's plan to destroy its unsold products worth millions of dollars aroused public indignation.
45. Burberry's change of marketing strategy to make a product available as soon as consumers see it on the fashion show did not turn out to be as effective as expected.