

COM CM 521

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28/06/2024

Calvin Klein Marketing Analysis

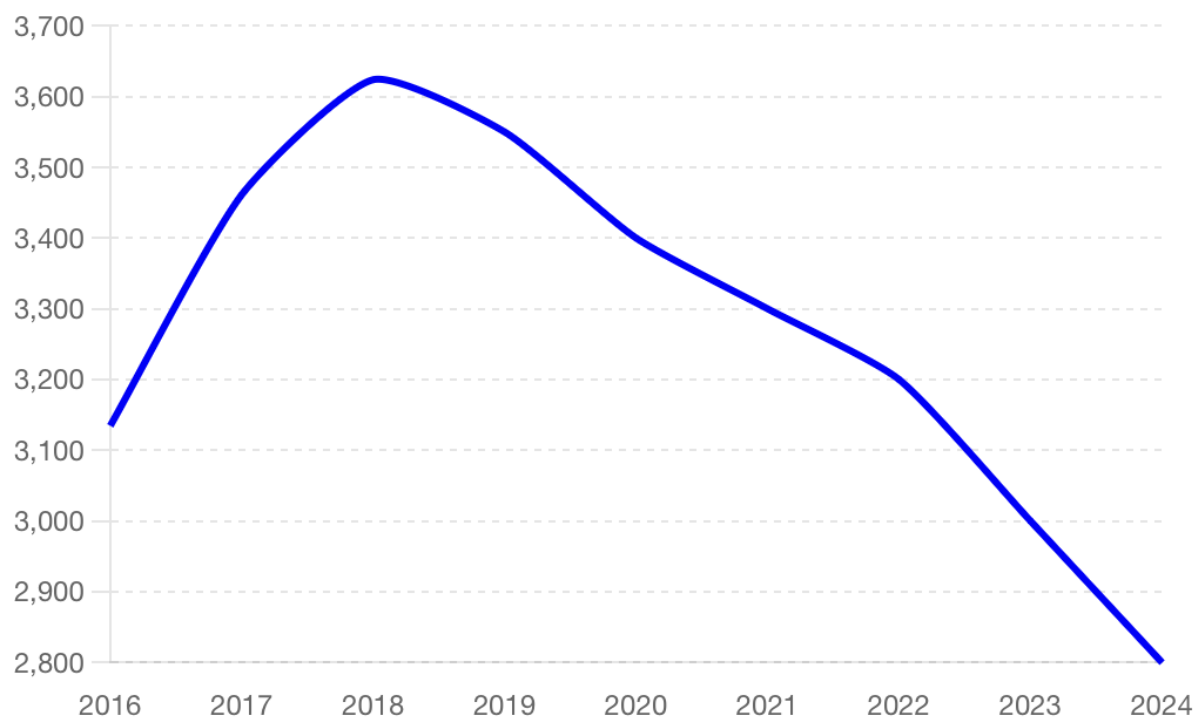
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Prompt: Reviving a stragnant brand

Introduction / Situation:

Calvin Klein, an iconic mid-to-high-price fashion brand known for its minimalistic design, especially its designer underwear worn by prominent celebrities such as Justin Bieber and Jennie Kim, is facing stagnation and has started to decline in recent years. Despite its strong brand equity and recognition, Calvin Klein's market presence has diminished, with sales and profits plateauing. According to Fashionbi.com, Calvin Klein's revenue has decreased significantly from 2016 to 2024, as the graph shows below. This report aims to analyze the factors contributing to Calvin Klein's struggle and to develop a comprehensive rebranding strategy that leverages innovative approaches and digital transformations to revive its market position. The analysis will be grounded in marketing concepts and will include recommendations that address both traditional marketing tactics and emerging trends and technologies.

Y Revenue (in Millions USD) by X Year



Background:

Calvin Klein, founded in 1968 by Calvin Klein and Barry Schwartz, is an iconic American fashion brand known for its minimalist and sophisticated designs. Initially gaining fame with men's underwear and fragrance, the brand expanded into various product lines, including apparel, accessories, fragrances, and home furnishings (Dike). However, despite its historical success, sales and profits have plateaued in recent years, necessitating strategic rebranding to regain market presence (Fashionbi).

Segmentation, Targeting, Positioning (STP):

Segmentation:

Segmentation is the process of identifying specific segments with homogenous attributes likely to respond to a company's product/brand similarly (Dibb, p. 204). Calvin Klein's segmentation can be based on demographic, psychographic, and behavioral factors. For demographic segmentation, the focus should be on younger consumers aged 18-35 who are fashion-forward and tech-oriented. Targeting middle to upper-middle-income groups who can afford premium pricing is essential. Both male and female segments should be included, with an emphasis on inclusivity and gender-neutral fashion. Psychographic segmentation should target consumers who value a minimalist, sophisticated lifestyle and prioritize sustainability and ethical practices in fashion. Behavioral segmentation should be based on purchase frequency, brand loyalty, and online shopping preferences, targeting consumers seeking high-quality, stylish, and sustainable products.

Demographic Segmentation	Psychographic Segmentation	Behavioral Segmentation
◦ Age: Focus on younger consumers (18-35 years) who are fashion-forward and familiar with technology. ◦ Income: Target middle to upper-middle-income groups who can afford premium pricing. ◦ Gender: Both male and female segments, with a strong emphasis on inclusivity and gender-neutral fashion.	◦ Lifestyle: Target consumers who value a minimalist, sophisticated lifestyle. ◦ Values: Focus on consumers who prioritize sustainability and ethical practices in fashion.	◦ Purchase Behavior: Segment based on frequency of purchase, brand loyalty, and online shopping preferences. ◦ Desired Benefits: Target consumers looking for high-quality, stylish, and sustainable products.

Persona:

Demographic Information:

Name: Josephine Chen

Age: 28

Gender: Female

Income: \$70,000 annually

Occupation: Marketing Manager

Location: New York City, NY

Education: Bachelor's Degree in Marketing



Psychographic Information:

Lifestyle:

Josephine lives an urban, minimalist lifestyle. She values simplicity and sophistication in her daily life. She enjoys activities such as yoga, art galleries, and boutique shopping.

Values:

Josephine prioritizes sustainability and ethical practices. She prefers brands that are transparent about their production processes and have a minimal environmental impact.

Personality:

Josephine is a trend follower, eco-conscious, and digitally engaged person. She is confident, ambitious, and always on the lookout for the latest fashion trends that align with her values.

Behavioral Information:

Purchase Behavior:

Josephine frequently shops online and values personalized shopping experiences. She is brand loyal and tends to make repeat purchases from brands that align with her values and lifestyle. She engages with brands on social media and appreciates user-generated content and influencer collaborations.

Shopping Preferences:

Josephine prefers high-quality, stylish, and sustainable products. She is willing to pay a premium for items that reflect her values and aesthetics. She often looks for exclusive collections and limited-edition releases.

Goals and Motivations:

Josephine aims to find fashion items that reflect their minimalist and sophisticated aesthetic, support brands that prioritize sustainability and ethical practices, and enjoy a seamless and personalized online shopping experience.

Challenges and Pain Points:

Josephine has difficulty finding fashion brands that genuinely practice sustainability and is frustrated with brands that do not provide detailed information about their sustainability efforts.

Targeting:

Targeting is to decide which and how many segments can be served, given the segment's potential, competition within the segment, and the company's strengths (Dibb, p. 232). For young, tech-oriented consumers who are active on social media and prefer engaging brands, Calvin Klein should increase social media engagement, use innovative digital marketing strategies, collaborate with influencers, and offer personalized online shopping experiences. This segment values seamless digital interactions. For sustainability-conscious consumers who value transparency, Calvin Klein should highlight its sustainability initiatives, including eco-friendly materials and ethical production, in its marketing campaigns. This segment prefers brands that prioritize ethical practices. Fashion-forward individuals, always seeking the latest trends and exclusive collections, should be targeted with limited-edition releases, designer collaborations, and pop-up events to create a sense of exclusivity and excitement.

Marketing Mix / 4 P's

The marketing mix, also known as the 4Ps (Product, Price, Place, Promotion), is a combination of factors that can be controlled by a company to influence consumers to purchase its products (Lecture 4 PPT).

Young, Tech-Oriented Consumers:

Product: Calvin Klein should create innovative and trendy products that appeal to customers who are familiar with technologies. This can include incorporating technology into the clothing, such as smart fabrics, and offering customization options online.

Price: Calvin Klein should use a competitive pricing strategy, offering affordable yet premium products that provide good value, such as promotional or relationship pricing. Special discounts, event pricing, and loyalty programs would attract this price-sensitive group.

Place: Calvin Klein should ensure a strong online presence through its website and popular online marketplaces. The brand should also use social media shopping features and mobile apps to effectively reach this tech-oriented segment.

Promotion: Digital marketing is key for this group. Calvin Klein should invest in social media campaigns, influencer partnerships, and targeted online ads. Interactive and engaging content, such as behind-the-scenes looks and virtual try-ons, would attract this audience.

Sustainability-Conscious Consumers:

Product: Calvin Klein should focus on eco-friendly products made from sustainable materials like organic cotton and recycled polyester. The brand should ensure sustainable practices in the entire production process, from sourcing to manufacturing and disposal, are all environmentally friendly.

Price: This group may be willing to pay more for environmentally friendly and ethically produced products. Calvin Klein can justify higher prices by emphasizing sustainable practices and superior quality.

Place: Calvin Klein should be available in online and physical stores, emphasizing sustainability. Partnering with eco-friendly retailers and creating separate sections on its website for sustainable products would attract this group.

Promotion: It is crucial to promote Calvin Klein's sustainability efforts through transparent and informative campaigns. The brand should use storytelling to communicate its commitment to sustainable and ethical practices, using platforms like social media, blogs, and environmental events to reach this group. Example such as making Instagram reels of the manufacturing process to increase credibility would be suitable.

Fashion-Forward Individuals:

Product: Calvin Klein should introduce limited-edition collections and collaborate with top designers to offer exclusive, trendy fashion items. These collections should be updated frequently to stay current and exciting.

Price: For this group, Calvin Klein can use a premium pricing strategy, reflecting the products' exclusivity and high fashion appeal. Pricing strategy, different prices for different segments, introduced in class would be suitable to use with this segment. Limited-edition items and designer collaborations can be priced higher to highlight their unique value.

Place: For this group, Calvin Klein should focus on high-end retail locations, pop-up stores, and exclusive boutiques. The brand can also use online platforms to launch limited-edition collections, ensuring that these products are accessible but still exclusive.

Promotion: Calvin Klein should focus on high-profile fashion shows, exclusive events, and collaborations with renowned designers for promotion. Additionally, leveraging fashion influencers and celebrities can enhance the brand's visibility and appeal to this trend-follower group.

Positioning:

Positioning is the process of establishing the image or identity of a brand so that customers perceive it in a certain way (Dibb, p. 244). Calvin Klein's positioning

should highlight its core values of minimalism and sustainability while embracing digital innovation.

Points of difference (PoD) are dimensions unique to Calvin Klein's products that represent its competitive advantage (Lecture 2 PPT). Calvin Klein stands out for its minimalist designs, commitment to sustainability, and innovative use of technology in fashion, differentiating it from competitors and appealing to consumers who value high-quality, stylish, and eco-friendly products.

Points of parity (PoP) are mandatory elements for a brand to be considered a legitimate competitor in its product category (Lecture 2 PPT).

Category PoPs:

Calvin Klein should establish itself as a trustworthy and high-quality brand. This includes maintaining consistent quality across all product lines and ensuring its items meet the basic expectations of style, comfort, and durability. Calvin Klein must reaffirm its reputation for quality and reliability in every market it operates in.

Competitive PoPs:

While not essential to establish, as mentioned in class, it helps position Calvin Klein as equal to or better than competitors on key differentiating factors. Calvin Klein should ensure its sustainability practices and digital innovations match or surpass competitors before highlighting its competitive sustainability measures.



H&M has been proactive in promoting sustainability with its Conscious collection, which features products made from sustainable materials. The brand also participates in various recycling programs. However, similar to Zara, H&M's sustainability initiatives are not as satisfactory as those of brands with higher sustainability scores. H&M's focus on affordable, fast fashion keeps its premium rating low (Sustainability at H&M).

Zara has made efforts towards sustainability through its Join Life collection, which uses sustainable materials and promotes environmentally friendly practices. However, these efforts are relatively recent and not as comprehensive, resulting in a mid-range sustainability score. Zara's pricing strategy focuses on somewhat affordable fashion, making it accessible to a broader audience, which places it considerably lower on the premium scale (Join Life, Zara).

Gucci has taken steps towards sustainability with initiatives like Gucci Equilibrium, which aims to reduce the brand's environmental impact. However, the luxury fashion brand's primary focus remains on high-end, exclusive products, which still limits its sustainability efforts. Gucci's reputation for luxury, high-quality products, and exclusive collections justifies its high premium rating (Gucci Sustainability Strategy, Gucci Equilibrium).

Louis Vuitton's focus on sustainability is low compared to other brands, as its primary emphasis is on luxury, craftsmanship, and exclusivity. The brand's sustainability efforts are not as visible or comprehensive, resulting in a low sustainability score. Louis Vuitton is the top-rated brand for premium pricing. Its products are one of the most expensive in the fashion industry, reflecting the brand's prestigious image (Louis Vuitton Environmental Responsibility).

Integrated Marketing Communication (IMC):

Calvin Klein could revive its brand presence and drive sales by leveraging a cohesive and integrated marketing communication strategy that aligns with the brand's redefined positioning. The strategy would target young, tech-oriented consumers, sustainability-conscious consumers, and fashion-forward individuals. The IMC plan would include advertising, PR, social media marketing, sales promotions, and direct marketing.

Calvin Klein could advertise by utilizing both digital and traditional platforms to reach the segments. Digital advertising will be targeted on platforms like Google, Facebook, Instagram, and TikTok to engage with young, tech-oriented consumers.

Public Relations (PR) measures will focus on highlighting Calvin Klein's new sustainable initiatives, product launches, and designer collaborations through regular press releases and securing media coverage in top-tier fashion and lifestyle publications, such as Vogue, Elle, and Vanity Fair. Hosting exclusive fashion shows, pop-up events, and sponsoring high-profile fashion events will further create buzz and attract attention around the brand from both the media and the target audience.

Social media marketing will involve creating engaging content across platforms such as Instagram, Facebook, Twitter, and TikTok. This content will include behind-the-scenes looks, virtual try-ons, and the sustainable manufacturing process for short videos. Collaborating with influencers and celebrities who resonate with the target segments will amplify Calvin Klein's reach and credibility.

It is essential to implement sales promotions by offering time-limited discounts during key shopping periods like Black Friday and implementing loyalty programs to encourage repeat purchases. Additionally, creating limited-edition collections and sustainable product bundles will attract fashion-forward and sustainability-conscious consumers by providing exclusive and valuable offerings.

Direct marketing will involve personalized email and SMS campaigns to inform customers about new products, exclusive offers, and sustainability initiatives. These direct communications will help build a more personal relationship with the consumers, and keep them engaged with the brand.

By implementing the integrated marketing communication plan, Calvin Klein may revitalize its brand image, reconnect with its target audience, and drive sustainable growth in the fashion industry.

Conclusion

Calvin Klein has experienced a decline in sales and market presence in recent years, highlighting the need for a strategic rebranding effort. This report examined the issues contributing to Calvin Klein's struggles and proposed a comprehensive strategy based on segmentation, targeting, and positioning.

By focusing on young, tech-oriented consumers, sustainability-conscious consumers, and fashion-forward individuals, Calvin Klein can better meet the needs and preferences of these groups. Key components of this strategy include developing innovative and sustainable products, implementing competitive and premium pricing, maintaining a strong online and offline presence, and creating engaging promotional activities.

The integrated marketing communication (IMC) plan includes digital and traditional advertising, public relations, social media marketing, sales promotions, direct marketing, content marketing, experiential marketing, and corporate social responsibility initiatives. Implementing this plan will help Calvin Klein refresh its brand image, reconnect with its audience, and achieve sustainable growth.

By emphasizing innovation, sustainability, and digital engagement, Calvin Klein can overcome its current challenges and re-establish itself as a leading fashion brand. This rebranding effort will not only help regain market presence but also ensure long-term success and relevance in the ever-changing fashion industry.

Appendix

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