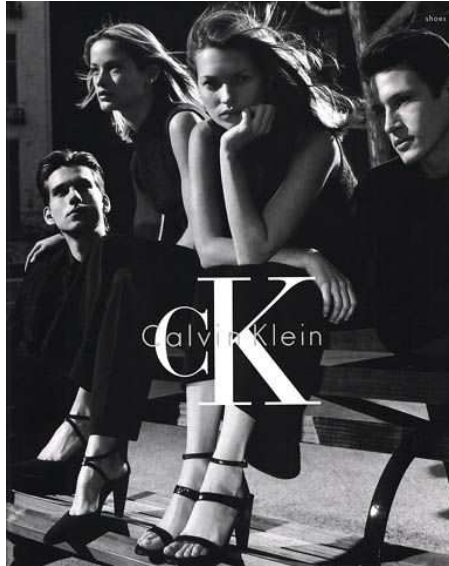


**FINAL COMPONENT**

**CALVIN KLEIN**



**NOVEMBER 16, 2010**

**ABIGAIL BRANNON**

**BRITTANI CHIRICHELLA**

**COURTNEY SCHAFFER**

**JOANNA WITTMER**

## TABLE OF CONTENTS

A. EXECUTIVE SUMMARY.....	3
B. COMPANY HISTORY AND BACKGROUND.....	4
C. OBJECTIVE OF BRAND AUDIT.....	5
D. COMPANY ANALYSIS.....	6
1. INDUSTRY ANALYSIS.....	6
2. PRODUCT/MARKET ANALYSIS.....	6
3. COMPETITIVE ANALYSIS.....	6
4. FINANCIAL ANALYSIS.....	6
E. BRAND INVENTORY.....	7
1. TARGET MARKET.....	7
2. MARKETING MIX (4 P'S).....	8
3. BRAND ELEMENTS.....	10
4. BRAND MANTRA AND SECONDARY ASSOCIATIONS.....	11
5. BRAND PERSONALITY.....	11
6. BRAND ARCHITECTURE.....	12
7. COMPETITOR ANALYSIS (POP, POD, STRATEGIES).....	13
8. BRAND INVENTORY ASSESSMENT.....	16
F. BRAND EXPLORATORY.....	16
G. RECOMMENDATIONS.....	17
1. BRANDING STRATEGIES/EXTENSION.....	17
2. BRANDING MARKETING PROGRAMS.....	18
3. IMC PROPOSAL.....	18
H. REFERENCES.....	21
I. APPENDIX.....	25
1. APPENDIX I (BRAND HIERARCHY).....	26
2. APPENDIX II (BRAND ELEMENTS).....	27
3. APPENDIX III (BRAND PERSONALITY).....	28
4. APPENDIX IV (COMPONENTS 1-4).....	29

## **Executive Summary**

Calvin Klein Inc. has been a successfully run company for over 40 years, employing many strategic brand decisions to improve the brand equity. The purpose of the following report is to analyze the successes and failures of these strategies. Calvin Klein brands arouse questions regarding the target market, controversial advertisements, marketing techniques, corporate financials, and many brand extensions that have contributed to the continuing success of the company. In depth answers to these questions and uncertainties are provided in this report, including an extensive evaluation of Calvin Klein Inc. and recommendations to continue the company's success.

The results of the report show the health of the company in the past, its current standing, and potential to grow in the future. These results conclude that through marketing strategies, both successful and unsuccessful, the brand equity of Calvin Klein has improved since the beginning and has the potential for continued growth. The consumer base, which started with only working women, has grown to include men and children. The Calvin Klein Collection was the premier brand of the young company, now extended to include Calvin Klein Women's, Calvin Klein Men's, Calvin Klein Children's, Calvin Klein Home, and ck Calvin Klein. Product lines have evolved from dresses and coats to sportswear, denim, accessories, fragrances, footwear, and professional wear. Calvin Klein created a premium designer company from a small showroom in New York City, and is now one of the most well recognized designers in the industry. With such a powerful company, it is difficult to make recommendations on improving brand equity further. Still, there are some brands within the company that have the potential to grow, and will eventually possess the strength of the original, ever popular Calvin Klein Collection.

## **B. Company History and Background**

Following his graduation from the High School of Art and Design, Calvin Klein studied apparel design at Manhattan's Fashion Institute of Technology. Inspired by the fresh and unpretentious style of New York's urban youth, Klein was ready to launch his own clothing company in 1968. With financial help from a childhood friend Klein hired a seamstress to make a handful of his elegant woman's coats and dresses. This merchandise was seen in a dingy showroom by a merchandise manager from Bonwit Teller. The department store purchased \$50,000 worth of apparel and displayed samples in eight windows, kicking off Klein's career. By 1970, Calvin Klein obtained a trademark for his infamous "CK" logo. Soon thereafter, Klein received the Coty Award, a prestigious design award, three consecutive years in a row in 1973, 1974, and 1975. In addition, he added numerous product lines and categories and acquired models such as Brooke Shields and Mark Wahlberg. These models' careers took off after their Calvin Klein debut because the brand has received much recognition over the years for its sleek, classic, and minimal look. By 2003 Phillips-Van Heusen purchased the company where Calvin Klein remained active within the company as a head designer. The company continues to offer a variety of products to a wide target market.

The Calvin Klein brand, owned by Phillips-Van Heusen Corporation, covers a wide variety of product classifications. Designer Calvin Klein made his debut at a small New York showroom with coats and dresses for women in 1968. Klein's first designs represented a city chic style of a young woman living and working in New York. These designs were noticed in the apparel industry, and a successful brand name was founded in that small showroom.

The next product line from Calvin Klein was women's sportswear, which attracted the interests of popular fashion magazines *Bazaar* and *Vogue*. Klein has included sportswear for

women in his seasonal lines since the original line was launched. The trademark product of the Calvin Klein brand came out in 1970 and has been the most popular product in Klein's many retail locations. Klein's denim jeans are the single product that launched his status as a high-end designer in the apparel industry. Within the next ten years, Calvin Klein had expanded into the menswear and underwear markets, designing boxers and briefs as well as women's intimates. His menswear line began with boxers and briefs, and eventually developed into high-end suits, button down dress shirts, accessories, and footwear. By the early 90's, he had already designed a swimwear line, launched two fragrances for men and women, and expanded into the accessories, eyewear, and footwear markets. The next step for Klein was to manufacture an affordable brand under the name CK including denim, logo T-shirts, fragrances, and sportswear for men and women at a more affordable price. Calvin Klein later followed Ralph Lauren's example by creating a home furnishings line. His most recent item is a makeup line sold exclusively in department stores. It is evident that Calvin Klein saw that product line extension was necessary for company success as well as a means to surpass his competition.

### **C. Objective and Brand Audit**

The purpose of this brand audit is to evaluate the health of the company, including its brand equity in the past, present and future. Calvin Klein Inc. has developed from an individual designer to a success story purchased by industry leader, Phillips-Van Heusen. This report is responsible for evaluating the Calvin Klein brands and comparing how the company is doing relative to other brands in its industry and to offer recommendations for improvement or possibilities at brand extension.

#### **D. Company Analysis (Industry, Product, Competitive, Financial)**

Currently Calvin Klein is in the luxury apparel retail market and offers moderate to high priced goods. They are competing in a pure competition market. The following is a company analysis which includes an assessment of the product, competitive, and financial aspects of the company.

Calvin Klein offers variability in their products which attracts a wide target market. Because of the wide target market, consumers are constantly demanding a variety of needs and wants from Calvin Klein. The company continues to satisfy their consumers' needs and wants by expanding their product lines. Appendix I depicts the brand hierarchy which illustrates the diverse product lines Calvin Klein offers to its wide consumer base.

Because Calvin Klein is established in a saturated market, the industry is considered to be in pure competition. Pure competition describes a high level of apparel retailers within a single market. Due to the highly competitive nature, Calvin Klein must stand out compared to its competitors such as Tommy Hilfiger, Ralph Lauren, Hugo Boss, Donna Karen, Giorgio Armani, and others. Calvin Klein's differentiation strategy includes minimalist and classic designs.

The parent company, Phillips-Van Heusen, acquired Calvin Klein Inc. in 2003. In revenue totals for the fiscal year 2009, the revenue was \$2,398.7 million. 64% of that revenue was from United States sales, while worldwide revenues totaled \$5.8 billion. While the Calvin Klein Brand has increased its revenue since 2009, parent company Phillips-Van Heusen holds \$400 million of long-term debt as of January 31, 2010. However, they intend to continue implementing the current brand strategy of growth and expansion for Calvin Klein Inc.

## **E. Brand Inventory**

### **Target Market**

Calvin Klein's target market focuses on the consumer who is "14 to 50 years old and desires modern fashion forward products" (Warnaco Group, Inc.). "The most prominent consumer looks for iconic styling" but the "sexy aesthetic continues to draw an edgy consumer looking for the most current fashion trends" (Warnaco Group, Inc.). Calvin Klein has been called "sexy, modern, and minimalistic" as well as a "staple in the closet of the fashion-conscious consumers" (Jiffy Notes). Psychographic variables of the Calvin Klein's target market convey the values, attitudes, spending patterns, and cultural influences of the consumer. The teen consumers of Calvin Klein responded quickly to the scandalous advertisements of the brand whereas for the adult market this could sometimes be a turn off. Teens were hungry for attention and wearing the Calvin Klein apparel would make them feel rebellious, hip, and defiant. Teens' spending patterns may vary but usually they want to purchase what is in style, and Calvin Klein jeans are a very fashionable, sexy, and well-known product.

The Calvin Klein brand is "distributed within all tiers of department stores including Saks, Bloomingdale's, Nordstrom, Macy's, and Dillard's" which increases sales potential for these segments (Warnaco Group, Inc.). These levels of distribution reach all levels of consumers. Calvin Klein's advertising and marketing are worldwide. Its "advertising spans 21 countries and reaches and estimated 98 million people globally" (Warnaco Group, Inc.). The "advertising campaign is found in high fashion magazines including Vogue, Elle, Harpers Bazaar, and Glamour" (Warnaco Group, Inc.). These factors prove the consumer awareness and influence of the Calvin Klein brand.

## **Marketing Program**

The marketing mix includes product, price, promotion, and placement. Out of these four elements, Calvin Klein emphasizes promotion because it drives consumers.

Calvin Klein Inc. covers a variety of product classifications. The brand that made its debut in a small New York showroom selling dresses and coats illustrates a city chic style for young women living and working in New York City. Calvin Klein has continued to extend his product lines through the years. The product lines include women's sportswear, denim, menswear, underwear and intimates, men's accessories and footwear, swimwear, fragrances, eyewear, footwear, and home furnishings. Calvin Klein knew extending his product lines would increase his target market.

One of the most appealing features of Calvin Klein's brands is the varying prices. Klein has manufactured high end lines with exclusive distribution and more affordable lines found in retail outlets. The most exclusive line with the highest price point is the professional line. Men's suits can be found at various retailers, including Saks Fifth Avenue for up to \$2,000. Women's professional wear, however, can be found at the same retailer for under \$200.

Calvin Klein sells moderate to high priced products. Moderate priced products can be found in the CK Calvin Klein Collection. High end products can be found in Calvin Klein. Calvin Klein offers nine different brands which also offer different prices based on the products. See Appendix I for a list of the Calvin Klein brands and their products.

Promotion is a heavily funded aspect of the brand. Since 1970, Calvin Klein has been known for using sexually evocative marketing techniques to promote his lines. This began with 15 year old Brooke Shields in the promotion of Calvin Klein denim jeans. In the controversial advertisement Brooke Shields says, "Nothing comes between me and my Calvin's"



(Fashion.Informat, 1). This advertisement launched the product and started a major need in the market for Calvin Klein denim. Following this advertisement, consumers were purchasing over 40,000 pairs of Calvin Klein jeans a week (Fashion.Informat, 1).



Calvin Klein's advertisements became more controversial within the next 20 years, beginning with Mark Wahlberg in promotions for men's underwear and jeans then escalating to Klein's notorious children's wear advertisements. In July of 2010, Calvin Klein Underwear announced actress Zoe Saldana to join the Fall 2010 advertising campaign. President and CEO of Calvin Klein Inc., Tom Murry, commented on Saldana being featured in the campaign. "We feel strongly that Zoe's natural beauty and authenticity in the upcoming Calvin Klein Underwear campaign will resonate with our consumers and enhance the awareness of the brand" (Bohonos, 1). Actress Zoe Saldana has a high admiration for the new brand of Calvin Klein Underwear, brand name Envy, which she will be promoting. "They don't alter the shape, they just complement it. I like when you are able to assist your body into looking amazing as opposed to replacing anything, and that's exactly what Calvin Klein Underwear, Envy, does. It helps you and assists you, but it will not overshadow what you can bring naturally" (Bohonos, 1). Furthermore, promotion and the use of promotion build brand equity for consumers.

Calvin Klein retail locations are separated by consumer group and product category in order to guide the consumer to the optimal shopping experience. Klein has over 700 employees

available to assist the customer with what they are looking for (Hoovers Profile). Calvin Klein has stores in 130 territories outside the United States, and there are currently 650 domestic retail locations. The company is headquartered on Madison Avenue in New York.

### **Brand Elements**

Calvin Klein's brand was named "Calvin Klein" after himself. "CK" is the famous symbol of the brand. Although Calvin Klein does not have a character associated with the brand, models such as Mark Wahlberg, Brooke Shields, Kate Moss, and Eva Mendes are often associated with Calvin Klein advertisements. There are several slogans affiliated with the brand including "Between love and madness lies obsession," and for Calvin Klein Jeans, "Nothing comes between me and my Calvin's" (Tagline Guru). Since Calvin Klein is known for its minimalistic style, the shopping bags for the brand come in sultry and neutral colors such as blacks, grays, whites, and navies to keep with their style. The brand has utilized these elements to evoke brand awareness, interest, and loyalty because they are well known names, symbols, and categories on a global level. Calvin Klein knows how to make a statement, controversial or not, and this is how he created customer awareness, interest and loyalty to his brand. The following image is the logo for Calvin Klein Inc. See Appendix II for further analysis of the brand elements for Calvin Klein Inc.



## **Brand Mantra**

Brand mantra is a brief description, five to seven words, that include the company's intended perception of the brand by the consumer. Calvin Klein's brand mantra includes word associations such "sexy, luxurious, minimal, classic, intimate, and professional."

## **Brand Personality**

Brand personality describes human characteristics or traits that consumers can attribute to a certain brand and can be measured in several different ways including: soliciting open-ended responses from consumers, asking a consumer to profile the brand using pictures from magazines or other media (known as "picture sorting"), and other methods. To assess a brand's personality, it is best to use the following checklist: sincerity, excitement, competence, sophistication, and ruggedness.

The sincerity of Calvin Klein can be described as honest, authentic, and genuine. Everything with the brand and its products are very straightforward, especially when it comes to advertising. Calvin Klein advertises their products for exactly what they are, whether it is sexy denim and lingerie, the newest fragrance, or the hot "must-have" item of the upcoming season.

Daring, up-to-date, imaginative, and provocative portray the personality trait of excitement for Calvin Klein. The clothing is very fashion forward with new lines each season and provocative advertising methods and products that stir excitement among new, potential, and regular consumers.

Competence uses words like reliable, successful, and experienced to depict Calvin Klein. The brand's products and service are reliable and of good quality. The brand has been successful since 1968 and has continued to gain success and experience for the past 42 years. Calvin Klein is also experienced with creating and providing a variety of different products.

The classiness and superiority of Calvin Klein are under the personality trait of sophistication. Calvin Klein produces high quality products with moderate to high price points. The brand is well known by a large variety of consumers, which gives them superiority over other brands.

The final personality characteristic is ruggedness. This does not describe the personality of Calvin Klein. The brand does not offer very outdoorsy or “tough” products, so this trait would not be associated with the brand. A table of Calvin Klein’s brand personalities can be found below. See Appendix III for Brand Personality Chart.

### **Brand Architecture**

The brand architecture reveals to the firm’s marketing team which brand names, logos, symbols, and so forth to apply to certain new and existing products. Often firms distinguish branding strategies by whether a firm is or should be employing an umbrella corporate or family brand for all its products, or a collection of individual brands all with different names (Keller 433). Brand architecture defines both brand boundaries and brand complexity.

The first step in analyzing the portfolio is understanding the portfolio. See Appendix I for a complete list of brands and trademarks to understand the portfolio. The next step in the portfolio is assessing brand contribution. Calvin Klein Collection and Calvin Klein Jeans contribute most to the company’s \$52.2 million revenue. More recently Calvin Klein has been focusing marketing expenses on fragrances and the denim collection. While Calvin Klein has taken on newer brands, such as Calvin Klein Golf, all the brands provide different varieties of product offerings. The third step is assessing the market position. Keller emphasizes that brands are like vectors: they have force and direction. Doing this provides a sense of health to the brand. A differential feature of Calvin Klein is the minimalist designs seen in the clothing; however, the

brand's strategy to market the apparel through provocative advertisements turns stakeholders away. Compared to competitors, Calvin Klein has always been more sexy and provocative than Ralph Lauren and Tommy Hilfiger. The brand also has a technological advantage through the use of QR codes. Not all retailers have followed the example of their competitors by employing QR codes yet. The fourth step in the brand portfolio is addressing problems and identifying opportunities. Calvin Klein has been around for over 40 years and has evolved into a brand known for their risqué and provocative advertisements. The brand that holds a classic yet slightly revealing aesthetic has had popular celebrities such as Brooke Shields, Mark Walberg, and Eva Mendes model the product. The popularity of these celebrities has been boosted due to the power of the brand. The brand is so powerful it convinces its consumers they need its apparel, especially jeans. The final and fifth step of the brand portfolio is developing a plan for the portfolio. Calvin Klein recently provided more funds to Calvin Klein Golf than the other brands to endorse Henrietta Zuël, a professional golfer. Eva Mendes advertising used more money than any other advertising taking away potential money for other brands such as Calvin Klein Home. Within the past several years Calvin Klein has been consolidating their stores, partially due to the economic recession but also in efforts to go global. These decisions allowed managers to engage with the brands and think strategically about the future of the portfolio. Overall, the most important value point is the brand image.

### **Competitor Analysis (brands, POP, POD, strategies)**

Because Phillips-Van Heusen was already a well established company known for ownership of many successful brands, PVH was able to increase the price point of Calvin Klein products, improve the brand image, and create new competition for the brand. Among Calvin

Klein's new competitors are top designer brands in women's wear and menswear, including Donna Karen and Giorgio Armani.

After Calvin Klein was purchased by Phillips-Van Heusen, the brand was able to expand its targeted consumer group and market the luxury apparel products to consumers with higher incomes. Competitors of Calvin Klein include both designer brands and their discount stores, as products from Calvin Klein are able to compete with apparel at varying price points. For example, Donna Karen and Armani are two main competitors of Calvin Klein, and both have discount stores DKNY and Armani Exchange. While the higher end stores produce men's and women's suits and professional wear, the discount stores sell denim, sportswear, and accessories.

Calvin Klein Inc.		
	Points of Parity	Points of Difference
Donna Karen	Product Selection, (hosiery, women's wear, footwear, accessories, etc.) Target Consumer Price Point (Bridge-Contemporary) NAICS Codes (448110, 448120) CK Jeans vs. DK Jeans Retail Locations; separate men's and women's stores Revenue Professional wear/Casual wear	Menswear (suits and suit separates) higher quality/price at Calvin Klein Advertisements Marketing Strategies (Calvin Klein advertisements are more revealing/controversial)
Armani	Menswear (high quality suits and suit separates) Price Point (Contemporary-Designer) Professional wear Footwear Target Market (for high end luxury products and discount stores ex. Armani Exchange)	Revenue (Armani revenue mainly from apparel) CK Denim & Sportswear Line CK Women's Hosiery Accessories & Fragrances Advertisements/Marketing strategies CK Ads controversial/revealing Parent Company (Philips-Van Heusen) Casual wear

The table above illustrates the points of parity and points of difference between Calvin Klein and its two main competitors, Donna Karen and Armani.

Calvin Klein and competitors, Donna Karen and Armani, have different brand objectives and strategies. Below is an example in table format of some differences in the marketing mix, brand objectives, positioning and strengths.

	Brand Objectives		Brand Strategies			
	Mission	Positioning	Product	Price	Promotion	Place
Calvin Klein	Design and market women's and men's designer collection apparel and a range of other products	Owned by PVH, Lifestyle Brand: Intimates, Footwear, Apparel, Accessories Calvin Klein, ck Calvin Klein	Menswear/Women's wear Suits/Suit separates Professional Denim Sportswear Accessories Footwear Fragrance	Designer (suits/suit separates) Bridge (denim/sportswear) Contemporary (professional wear)	Celebrity Endorsements (Brooke Shields, Mark Wahlberg, Zoe Saldana) T.V. Ads	Calvin Klein Mens/Calvin Klein Womens HQ New York, NY
Donna Karen	Represent the international pulse of New York in the design, marketing, and delivery of a complete lifestyle to a global consumer.	Lifestyle Brand, Intimates, Apparel, Accessories Donna Karen, DKNY	Women's wear Casual & Professional Denim Menswear Fragrance Accessories	Contemporary (professional wear) Bridge (denim-DKNY discount store)	Celebrity Endorsements, Penelope Cruz	HQ New York, NY Donna Karen, DKNY, DKNY Jeans
Armani	Leading fashion & luxury groups worldwide, design, manufacture, distribute, fashion, lifestyle products	Lifestyle Brand: Giorgio Armani, Emporio Armani, Armani Exchange	Menswear/Women's Wear Suits/Suit Separates Professional wear Fragrance Footwear Accessories	Designer (suits/suit separates) Contemporary (professional wear) Bridge (Armani Exchange discount store)	Celebrity Endorsements, Cristiano Ronaldo For Emporio Armani	HQ Italy 300+ retail locations in US Giorgio Armani, Armani Exchange

## **Brand Inventory Assessment**

Consistency of a brand's use involves the company's efforts in sustaining brand equity. The use of the products within Calvin Klein parallels the consistency of the consumer base. In order to maintain this consumer base, Calvin Klein relies on provocative advertisements as well following technological trends.

## **Brand Exploratory**

A brand exploratory concentrates on uncovering consumer perceptions of the Calvin Klein name. The long time success of the brand is a positive indicator that consumers think highly of the Calvin Klein brand and deem it a respectable and credible producer of many useful goods. Key words that describe the image of the brand as a whole are as follows: sexy, sophisticated, casual, hip, daring, and distinct. When one bears the Calvin Klein name whether it is on a piece of clothing, jewelry, or household item their self image changes to model that name.

Consumer perceptions of the Calvin Klein brand allow it to continue growing at a successful rate. Because consumers have the conceived notion that Calvin Klein produces quality lasting products in all departments, they are willing to invest their money in the name repetitively. The ongoing trust and loyalty of the consumers allow the brand to stay alive.

Not only are consumers trusting of the Calvin Klein name, they feel confident in the products. In particular, the Calvin Klein clothing makes a man or woman feel sexy yet sophisticated, daring and bold, and often times rich. These are all good feelings that many people desire to feel. By purchasing Calvin Klein products, consumers can achieve a much-desired status of satisfaction and emotional fulfillment. This is yet another factor in the ongoing success of the Calvin Klein name.



## **Recommendations**

Calvin Klein has been successful for over 40 years, including when Phillips-Van Heusen purchased the company in 2003. While Calvin Klein follows current trends, the company is still developing its status as a lifestyle brand. Calvin Klein Children's is currently the weakest of the company's many brand extensions. To strengthen the company as a whole, the promotional strategies of the children's wear line need to be strengthened also.

## **Brand/Marketing Strategies**

Since Calvin Klein brands started with a line of women's coats and dresses, Klein continued to expand on the original brand for the next 40 years. This included menswear, sportswear, denim, and CK Calvin Klein all before 1990. The popular fitted and trademarked jeans that branded his name birthed the Denim Line. Within the next 10 years Calvin Klein brands expanded to home furnishings, accessories, intimates, and the most unrecognized children's wear. Recommendations for further brand extension would be in the children's wear segment.

The brand name that is still lacking in profit is Calvin Klein Children's. Introducing new designs and new advertising campaigns that appeal more to working or stay at home parents would be a successful strategy to improve the brand's equity. Calvin Klein Children's products include those similar to Calvin Klein Women's and Men's, to attract those parents who want to dress their children with a similar style to their own. This includes designer denim, polo t-shirts, and accessories. To attract a wider range of parent consumers, the brand must expand their products to include clothing that children living in a household with a lower income would wear. The brand CK in Calvin Klein women's is a more affordable, casual brand made to attract a

younger but still fashionable consumer. This brand should be extended to include Children's wear, making it more affordable for the parents and more appropriate for children.

### **Brand Marketing Programs and Secondary Associations**

The marketing program currently implemented by Calvin Klein is effective with his already loyal consumer base. To reach out to a more conservative target market the brand could advertise certain products in a less controversial way. Calvin Klein has many ways of leveraging its secondary associations. For example, the brand could be emphasized on the fact that is an "American" brand, using the positive associations that come with America and the pride its citizens carry. Another way would be to continue using sponsorships or endorsements of celebrities that carry a high image to represent the weaker areas of the company. For example, using celebrity children to represent the children's line would provide great emphasis on the brand. Sponsorships and endorsements have been very successful for the older lines and this would enhance the children's line.

### **IMC Proposal**

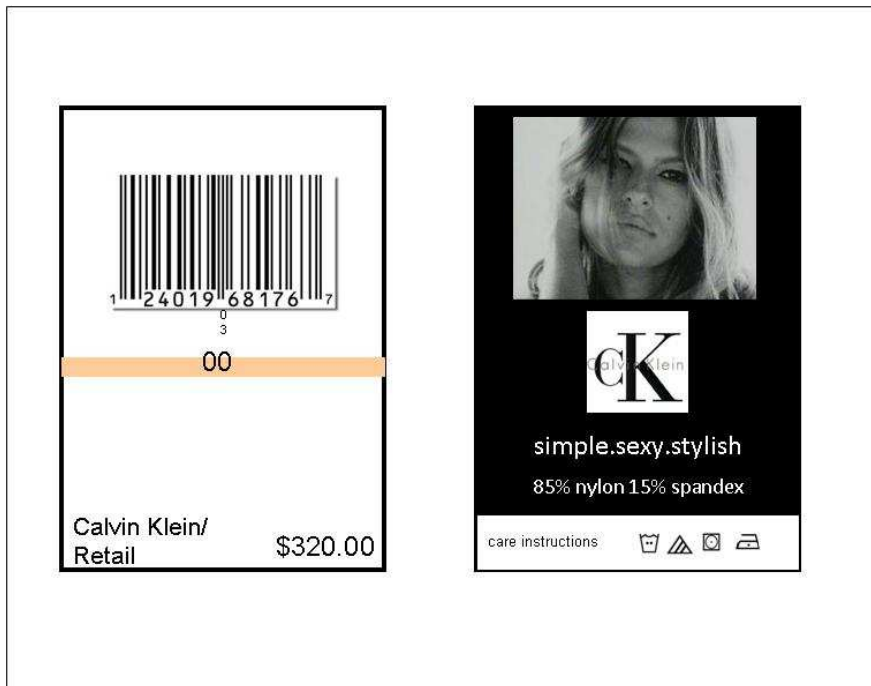
Calvin Klein has successfully implemented the six criteria for integrated marketing communication programs. The following criteria are highly valued with the brand: coverage, contribution, commonality, complementarity, and versatility. Coverage is the proportion of Calvin Klein consumers reached by each communication option, as well as how much overlap exists among communication options. The unique aspect of coverage is the inherent communication ability of a marketing option. Specifically, all of Calvin Klein's global advertising, marketing, and communication programs are executed by highly-talented, dedicated teams of individuals, operating as a machine with many moving parts (Calvin Klein: Advertising & Global Communications). Coverage is the strongest IMC component. For example, to reach

maximum coverage Calvin Klein advertises profoundly through the use of billboards. The company has created QR codes so that consumers can be connected to the brand wirelessly. The brand also offers traditional billboards that display a variety of all the lines Calvin Klein owns.

Calvin Klein's effect of specific marketing communication in terms of consumer processing is positive. For example, the brand incorporated QR codes (two-dimensional barcodes) on select billboards throughout New York, Los Angeles, and Houston as part of an advertising campaign promoting Calvin Klein's skinny jeans. The billboards displayed the QR code that gave device users access to mobile video that featured models Lara Stone, A.J. Sid Ellisdon, Grayson Vaughn, and Eric Anderson. Vice president of corporate communications, Jennifer Crawford, said "It was very successful and you will see QR codes continue to be integrated into our upcoming campaign." Upon access, the video emphasized that the jeans are "engineered to enhance and maximize aesthetics in a sultry way, with a lean and slim silhouette." The effect allowed consumers to connect to the brand and share with their friends and family and it can also be sent to Facebook and Twitter. By leveraging QR codes, consumers are able to scan the code be directed to their information, application, call center, coupon, or video without having to enter long URLs or phone numbers from their phone. For Calvin Klein, the QR codes were a means of optimizing advertising real estate.

Hang tags are an essential part of the retail industry and IMC proposal. Hang tags are an important marketing tool and contributes to brand building as it conveys critical information about the product (Le). The following image illustrates the components that create a hang tag for Calvin Klein. The image depicts the hang tag of a dress garment. The image on the left includes the price, barcode, and product code. The image to the right is the other side of the hang tag. It is black and white because those colors represent the minimalist style of Calvin Klein. The tag also

includes a picture of Eva Mendes as she is a more recent model that enhances the suggestive image of the brand. Underneath the logo is the term “simple, sexy, stylish.” These three words describe the style of Calvin Klein so consumers quickly can relate and desire the brand. Towards the bottom includes fiber content and care instructions as it is mandatory.



Developing integrated marketing communication programs builds brand equity. Specifically Calvin Klein uses a variety of different communication options that share common meaning and content but also offer different, complementary advantages so that the whole is greater than the sum of the parts.

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## Appendix I: Brand Hierarchy

**BRAND ELEMENTS**

Appendix II:  
Brand Elements

**MEMORABILITY**

A brand should be memorable and attention grabbing. Calvin Klein has the logo “CK” which is easily recognizable and memorable to consumers.

**MEANINGFULNESS**

Calvin Klein is the name of the designer so it has meaning with the customer. Customers think of clothes-usually jeans or underwear-when they hear “Calvin Klein” but they also remember the large variety of products too.

**PERSUASIVE MEANING:**  
Calvin Klein may make a consumer think of clothing but the name is not too specific so customers is curious and wants to learn more about the brand has to offer

**LIKABILITY**

Calvin Klein is fun, interesting, and offers aesthetically pleasing clothes for a variety of consumers. The Calvin Klein models are also well-known and likeable people including Mark Walberg and Brook Shields.

**TRANSFERABILITY**

Calvin Klein has many different stores, brands, and categories including jeans, underwear, shoes, luggage, fragrances, and many more. Calvin Klein also reaches 21 countries and an estimated 98 million people globally.

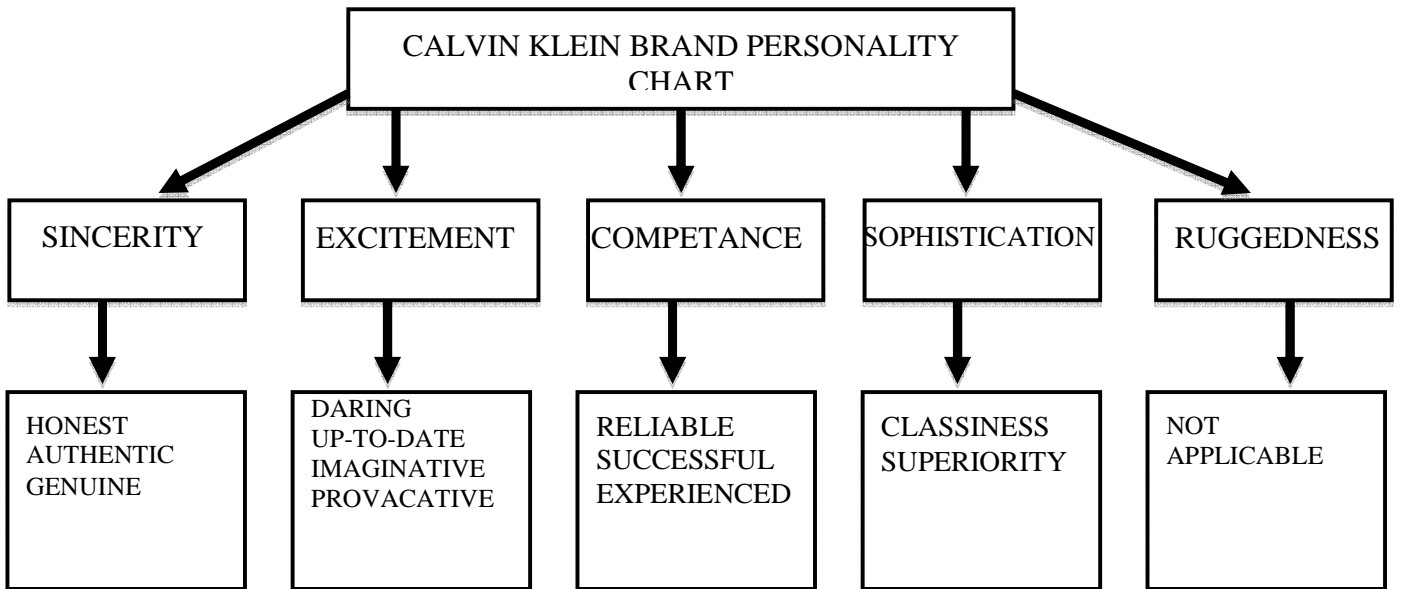
**ADABPTABILITY**

Calvin Klein is flexible and updatable. A customer’s wants and needs are always changing and Calvin Klein has done a great job keeping up with what its customers want. They build their brand by adding more categories such as menswear, women, fragrances, jeans underwear, and more.

**PROTECTABILITY**

The brands apparel products are legally protected under licensed agreements and defined by the trademark “CK” as well as owning bras.com and underwear.com. This gives them an edge over their competition. Many of Calvin Klein’s competitors create similar products but the brand has managed to stay popular.

Appendix III: Brand Personality



## Appendix IV: Components 1-4

### Component 1

#### **IDENTIFICATION OF THE TARGET MARKET**

Calvin Klein's target market is similar to that of many brands we know today such as Guess?, Ralph Lauren Polo, and Tommy Hilfiger (Jiffy Notes). Its prime consumer is one who is "14 to 50 years old and desires modern fashion forward products" (Warnaco Group, Inc.). A Calvin Klein consumer's "clothes help him/her express individuality" and "jeans, in particular, are a mainstay of his/her wardrobe" (Warnaco Group, Inc.). According to Warnaco Group, Inc., "The product fulfills several different lifestyle tiers." The lifestyle tiers include teens and adults and their variety of interests such as business, athletics, casual, and numerous other lifestyles. "The dichotomy of these consumers is not bound by age" (Warnaco Group, Inc.). "The most prominent consumer looks for iconic styling" but the "sexy aesthetic continues to draw an edgy consumer looking for the most current fashion trends." Calvin Klein has been called "sexy, modern, and minimalist" as well as a "staple in the closet of the fashion-conscious consumes" (Jiffy Notes). The variety of styles offered by Calvin Klein and the wide array of consumers the brand targets gives them strong implementation in the market.

Psychographic variables of the Calvin Klein target market convey the values, attitudes, spending patterns, and cultural influences of the consumer. The teen consumers of Calvin Klein responded quickly to the scandalous advertisements of the brand whereas for the adult market this could sometimes be a turn off. The values of the teens are more about fitting in and feeling sexy. Teens were hungry for attention and wearing the Calvin Klein apparel would make them feel rebellious, hip, and defiant. When expressing their identity in the brand, teen's parents were shocked at their fashion choices. Teens' spending patterns may vary but usually they want to

purchase what is in style, and Calvin Klein jeans are a very fashionable, sexy, and well-known product.

The Calvin Klein brand is “distributed within all tiers of Department Stores including Saks, Bloomingdale’s, Nordstrom, Macy’s, and Dillard’s” (Warnaco Group, Inc.). These levels of distribution reach all levels of consumers. “Distribution also includes high-end specialty stores and boutiques” (Warnaco Group, Inc.). By having the products of Calvin Klein available in many stores and locations, the sales potential for these segments is high. For example, after the 1995 Scandal (see SWOT analysis for more details) net sales boomed \$462 million with \$200 million in orders Calvin Klein could not fill (Jiffy Notes.) People were not only responding to the scandal because of the publicity but also because of the product offerings that Calvin Klein had.

Calvin Klein’s advertising and marketing are worldwide. Its “advertising spans 21 countries and reaches and estimated 98 million people globally” (Warnaco Group, Inc.). The “advertising campaign is found in high fashion magazines including Vogue, Elle, Harpers Bazaar, and Glamour” (Warnaco Group, Inc.). These factors prove how influential and well known the Calvin Klein brand is.

## **IDENTIFICATION OF MARKET OFFERINGS**

The Calvin Klein brand, owned by Phillips-Van Heusen Corporation, covers a wide variety of product classifications. Designer Calvin Klein made his debut at a small New York showroom with coats and dresses for women. Klein’s first designs represented a city chic style of a young woman living and working in New York. These designs were noticed in the apparel industry, and a successful brand name was founded in that small showroom.

The next product line from Calvin Klein was women’s sportswear, which attracted the interests of popular fashion magazines *Bazaar* and *Vogue*. Klein has included sportswear for

women in his seasonal lines since the original line was launched. The trademark product of the Calvin Klein brand came out in 1970 and has been the most popular product in Klein's many retail locations. Klein's denim jeans are the single product that launched his status as a high-end designer in the apparel industry. The timeless jean included Klein's name branded on the pocket with a tight fit that appealed to a wide target market.

Within the next ten years, Calvin Klein had expanded into the menswear and underwear markets, designing boxers and briefs as well as women's intimates. His menswear line began with boxers and briefs, and developed into high-end suits and button down dress shirts. The line has since been developed further into men's accessories and footwear including ties, dress shoes, briefcases, sunglasses, and cuff links. Klein is most well recognized in the menswear market for professional wear by today's consumers.

By the early 90's, he had already designed a swimwear line, launched two fragrances for men and women, and expanded into the accessories, eyewear, and footwear markets. The accessories line includes handbags, wallets, jewelry, and belts for women. The Calvin Klein brand was a growing success, including high end products in several different markets. The next step for Klein was to manufacture an affordable brand under the name CK. This brand expanded to more consumers, and included denim, logo T-shirts, fragrances, and sportswear for men and women.

Since the 1990's, Calvin Klein followed Ralph Lauren's example by creating a home furnishings line. Competition inspired the creation of this line, which included many household accessories for bathing and bedding all branded with his name (*Fashion.Informat,1*). His most recent item is a makeup line sold exclusively in department stores. It is evident that Calvin Klein

saw that product line extension was necessary for company success as well as a means to surpass his competition.

One of the most appealing features of Calvin Klein's brands is the varying prices. Klein has manufactured high end lines with exclusive distribution and more affordable lines found in retail outlets. The most exclusive line with the highest price point is the professional line. Men's suits can be found at various retailers, including Saks Fifth Avenue, for up to \$2,000. Women's professional wear, however, can be found at the same retailer for under \$200.

In Calvin Klein's various retail locations, suit separates for men and women can be found at more affordable prices. Men's suits jackets can be found for under \$200 and suit pants from \$50 to \$100. Women's suit jackets and skirts or pants can be found separately from \$50 to \$100.

Klein's more affordable line, originally manufactured in the 1990's, includes the timeless jeans responsible for launching his career. In various Calvin Klein retail locations, jeans can be found for \$29.99 to \$79.99. The jeans are the highest selling product in most retail stores because of the low price point, tight fit, and attractive appearance. Also included in Klein's affordable line are graphic T's which can be found on sale, two for \$15 or \$20.

Fragrances for men and women are offered at high price points, but are often found on clearance. Calvin Klein's *Obsession* can be found in 1.7 ounce bottles for \$50 and 3 ounce bottles for \$70. A gift set however includes a 1.7 ounce perfume bottle and a 6.7 ounce lotion for \$56.00. Most fragrance brands by Calvin Klein are more affordable when purchased in a gift set.

Footwear for women and men vary significantly in price. For women, most boots, particularly over the knee can be found from \$200 to \$300 while classic heels or ankle boots are found from \$100 to \$200. Flat sandals or those with a heel fewer than three inches can be found for under \$115. Clearance footwear can be found anywhere from \$30 to \$100 which includes

heels, flats, and sandals. For men, most dress shoes range from \$100 to \$150 and casual shoes from \$75 to \$100.

Since 1970, Calvin Klein has been criticized for provocative advertisements. He has been known for using sexually evocative marketing techniques to promote his lines. This began with 15 year old Brooke Shields in the promotion of Calvin Klein denim jeans. In the controversial advertisement, Brooke Shields says, “Nothing comes between me and my Calvins” (Fashion.Informat, 1). This advertisement launched the product and started a major need in the market for Calvin Klein denim. Following this advertisement, consumers were purchasing over 40,000 pairs of Calvin Klein jeans a week (Fashion.Informat, 1).



Calvin Klein’s advertisements became more controversial within the next 20 years, beginning with Mark Wahlberg in promotions for men’s underwear and jeans and escalating to Klein’s notorious children’s wear advertisements. This promotion included children holding provocative poses and stirred up a powerful amount of controversy. “Klein pulled the ads after being denounced by President Bill Clinton and the Catholic League” (Fashion.Informat, 1).

In July of 2010, Calvin Klein Underwear announced actress Zoe Saldana to join the Fall 2010 advertising campaign. President and CEO of Calvin Klein Inc., Tom Murry, commented on Saldana being featured in the campaign. “We feel strongly that Zoe’s natural beauty and authenticity in the upcoming Calvin Klein Underwear campaign will resonate with our



consumers and enhance the awareness of the brand” (Bohonos, 1). Actress Zoe Saldana has a high admiration for the new brand of Calvin Klein Underwear, brand name Envy, which she will be promoting. “They don’t alter the shape, they just complement it. I like when you are able to assist your body into looking amazing as opposed to replacing anything, and that’s exactly what Calvin Klein Underwear, Envy, does. It helps you and assists you, but it will not overshadow what you can bring naturally” (Bohonos, 1).



Calvin Klein retail locations are separated by consumer group and product category. Calvin Klein Women’s and Calvin Klein Men’s are separated into two different stores within the same shopping district. In the women’s store, the customer enters to the denim line, the most popular of Calvin Klein’s lines. Located in denim are the timeless jeans, graphic T’s, and seasonal wear. The top sellers are located closer to the front, a strategic move that forces the customer to pick up a potential item for purchase within five minutes of entering the store. Continuing toward the register, the customer passes sportswear and professional wear, and while in line for the register or fitting room, the customer waits in between the Calvin Klein Intimates, Accessories, and Clearance sections. The placement of these sections inspires the customer to pick up last minute items before paying or entering the fitting room.

The set up in the men's store is similar to women's with a layout that inspires the most purchases. The highest selling items for men are not the same as the highest selling items for women. Suits separates are the highest selling items from Calvin Klein Men's and are therefore strategically placed in the store where denim is located in the women's store. The store environment and traffic flow are set up to inspire customers' to move through the store in a certain order. This set up creates a more profitable environment for the retailer.

Service is also an important aspect of brand offerings. Calvin Klein has over 700 employees available to assist the customer with what they are looking for (Hoovers Profile). It is Calvin Klein's goal to conduct business with the higher "moral, ethical, and legal standards" in addition to implementing diversity in the workplace and not practicing discriminatory acts (Phillips-Van Heusen). Associates are also encouraged to communicate with customers while preserving and improving the environment Phillips-Van Heusen). Finally, Calvin Klein is dedicated to the previously mentioned standards and will not b compromised (Phillips-Van Heusen)

## **SWOT ANALYSIS**

SWOT Analysis evaluates the strengths, weaknesses, opportunities, and threats that a brand may face. To further identify areas of development for Calvin Klein, a SWOT analysis has been researched and analyzed.

Calvin Klein has many strengths as a brand. One of the greater strengths of Calvin Klein is that all the apparel products are under licensed agreements, which provide a legal backbone for the (Hoover's Profile). This has been in practice since 1968. Calvin Klein is also known for his minimalistic style, which has been and continues to be a strong selling point.

Calvin Klein was awarded the Coty Award, a prestigious award for American fashion designers, in 1973, 1974, and 1975 (Hoover’s Profile). Klein also created the “CK” monogram, one of the few corporations worldwide to own a two-letter domain name (Hoover’s Profile). The brand also owns Bras.com and Underwear.com, which broadens its accessibility.

Advertising is another strong point of the Calvin Klein brand. The risqué advertising, although controversial, boosted his brands sales. His jeans turned into a “must have” and his “coolness factor went from 10 to 60...after all, the whole point of advertising is to attract attention” (Media Awareness Network). Models used in Calvin Klein ads include Brooke Shields, Mark Walhberg, Kate Moss, and Eva Mendes, and their careers took off after modeling for the Calvin Klein Brand. This proves how strong and acknowledged Calvin Klein is.

The Calvin Klein brand has existed since 1968, and continued to be a strong company until 2002 when Klein sold the brand to Phillips-Van Heussen, the largest shirt and neckwear company worldwide (Hoover’s Profile). When Phillips Van-Huessen took over the brand continued to flourish and Calvin Klein remained within the company as the creative head (Hoover’s Profile).

Many components exist under the Calvin Klein Brand including different product types, brands, and stores. The existence of so many selling categories has strengthened the brand image and consumer awareness. The following table displays the brand’s components.

<b>CK Stores</b>	<b>CK Brands</b>	<b>CK Product Categories</b>
CK Collection	CK Collection- black label, top-end designer line	Tops, blouses, sweaters, knits
CK- white label	CK Calvin Klein- grey label	Pants, shorts
CK Jeans	Calvin Klein- white label, sportswear	Denim
CK Underwear	Calvin Klein Sport- Macy's only	Outerwear, jackets

Department Stores- Macy's, Lord & Taylor, Nordstrom, Bergdorf Goodman, Saks Fifth	Calvin Klein Jeans- licensed to Warnaco Group	Dresses, skirts
CK Outlets	Calvin Klein Home- bedding, towel, bath	Suits, ties
	The Khaki Collection	Swim
	Calvin Klein Golf	Performance
	Calvin Klein Underwear	Accessories- handbags, belts, scarves, umbrella
		Sunglasses, watches
		Luggage
		Shoes
		Underwear, socks
		Fragrance

While Calvin Klein has many strengths and success stores, it also has some weaknesses. Advertising has been one of Calvin Klein's biggest strengths and greatest weakness. Although the risqué advertisements boosted sales, it also created controversy and turned away some potential buyers. For example, the 1995 scandal involved a low budgeted commercial advertisement which included you males and females dressed to the bare minimum posing provocatively while being asked uncomfortable questions (Jiffy Notes). In 1999 another campaign scandal evolved where three ads were published for Calvin Klein's Children's Underwear line, and the children in the photographs wore only Calvin Klein undergarments (Media Awareness Network). The FBI investigated whether or not child pornography laws were violated in both instances. "In the United States, five criteria are used in determining pornographic images: focusing on the genital area, showing unnatural poses, depicting children as sex objects, implying that children are willing to engage in sex, and suggestive settings," (Media Awareness Network.) Both campaigns were pulled so that no legal actions would be

taken (Media Awareness Network, Jiffy Notes). The greatest weakness in Calvin Klein's advertisements is that it promoted a bad image for the brand.

Current opportunities for Calvin Klein include embedding sustainability in apparel business, which helps in extending operations into Europe and Asia making them an international brand (Articles Base, The Financial Times Limited). For Fall 2010, the new jean collection will be introduced called X Denim. The collection is said to be "sexy with improved design to enhance and maximize aesthetics in a sultry way." (Apparel Trends and Fashion Forecasting) "The jeans are uniquely designed for a more contoured shape enhancing fit and ultra skinny and narrow leg." (Apparel Trends and Fashion Forecasting) Calvin Klein has taken this opportunity to market to fit individual shape of different body types.

Calvin Klein's largest threat is competition. Competitors include Ralph Lauren, Tommy Hilfiger, Armani, Lacoste, and Levi. Tommy Hilfiger has store locations in Europe, and according to Tom Murry, President and CEO of Phillips-Van Heusen, the European consumers seem to prefer the Hilfiger brand over Calvin Klein as net sales of the previous fiscal year have shown (The Financial Times Limited). Other threats include economic instability, employee turnover, and licensing disagreements.

## **IDENTIFICATION OF BRAND ELEMENTS**

Calvin Klein's brand was named "Calvin Klein" after himself. "CK" is the famous symbol of the brand. Although Calvin Klein does not have a character associated with the brand, models such as Mark Wahlberg, Brooke Shields, Kate Moss, and Eva Mendes are often associated with Calvin Klein advertisements. There are a few slogans affiliated with the brand including "Between love and madness lies obsession," and for Calvin Klein Jeans, "Nothing comes between me and my Calvins" (Tagline Guru). Since Calvin Klein is known for its

minimalistic style the shopping bags for the brand come in sultry and neutral colors such as blacks, grays, whites, and navies to keep with their style.



The brand has utilized these elements to evoke brand awareness, interest, and loyalty because they are well known names, symbols, and categories on a global level. Almost anyone could tell you what the “CK” monogram stands for, and the models who represented Calvin Klein had skyrocketing careers because of their association with the Calvin Klein brand. The risqué slogan “Nothing comes between me and my Calvins” is known for how it stirred up controversy when 15-year-old Brooke Shields first proclaimed this statement (Media Awareness Network). Calvin Klein knows how to make a statement, controversial or not, and this is how he created customer awareness, interest and loyalty to his brand.

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Component 2

### **Mental Map**

Calvin Klein is a well known and respected brand, and has been for many years. It has been a successful brand because of the feelings and beliefs that consumers have for it. The brand holds its name because of its outstanding quality and good taste. The Calvin Klein brand has accomplished merging sophistication with a hint of sexy in its clothing. Because of this, it attracts two different spectrums of consumer markets: the conservative type with a hint of rebellion and the liberal type. “It works...because it gives a dangerous edge to classic, minimalist clothes that on their own look relatively ‘safe’” (Haig). Consumers know from experience that Calvin Klein is a trustworthy and guaranteed brand. The quality that comes with the Calvin Klein brand is one that exceeds high expectations. People like high quality and sexy sophistication, and that is why Calvin Klein is such a successful brand.

The brand is made successful by the people who buy it, the consumers. The consumers of the Calvin Klein brand are typically middle- to high- class with good taste and the desire for fashion forward and stylish looks. They do not mind spending extra on clothing that they know is

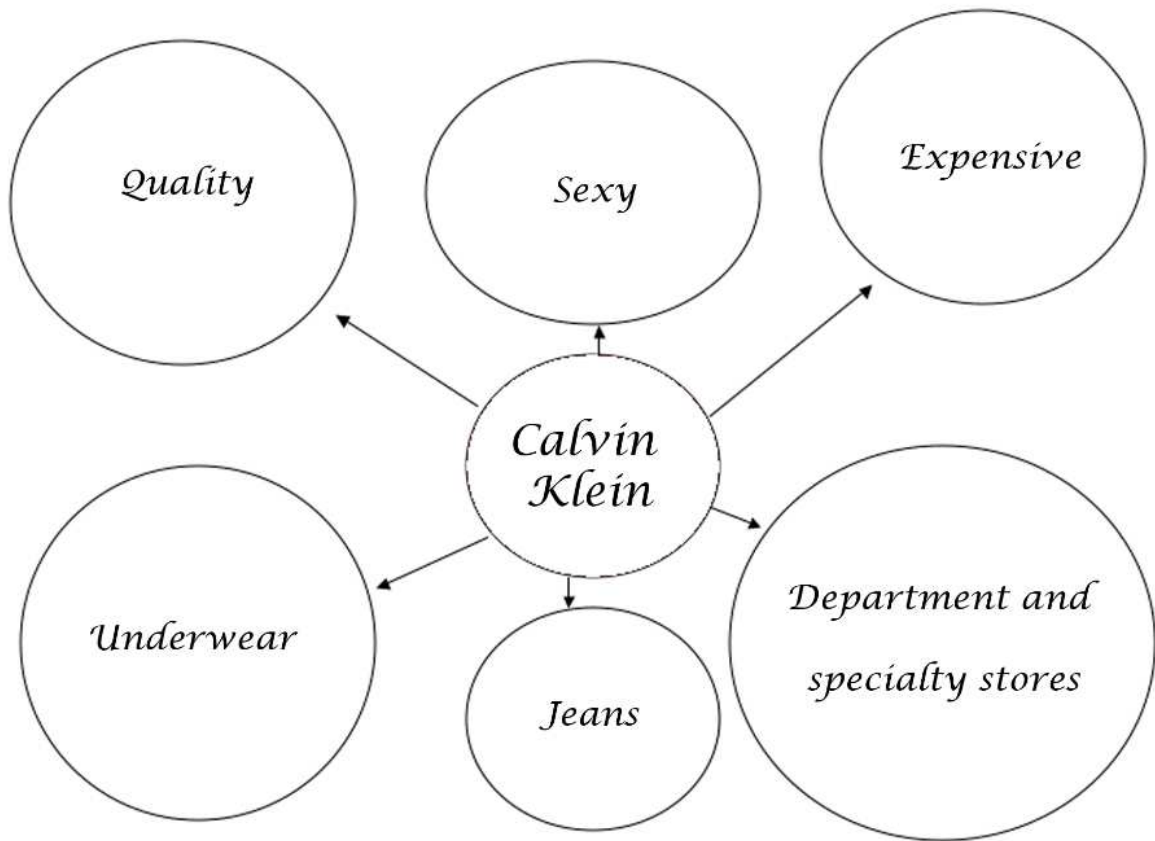


going to bring them compliments for years. The Calvin Klein brand reaches this market with its respectively high-priced clothing and its placement in department and specialty stores.

The Calvin Klein brand is composed of many “sub-brands” and lifestyles. “Brands and lifestyles include: Calvin Klein Collection, ck Calvin Klein, Calvin Klein, Calvin Klein Jeans and Calvin Klein Underwear” (calvinklein.com). “Product lines under the various Calvin Klein brands include: apparel, accessories, shoes, sleepwear, hosiery, socks, swimwear, belts, eyewear, watches, jewelry, coats, suits and fragrances, as well as products for the home” (calvinklein.com).”

The Calvin Klein brand has been known many years for its sexy and provocative clothing and advertisements. “Sex is just the brand identity, implied through advertising” (Haig). Another image associated with the brand is high-class. This is a result of the clothing having a respectively high price point, so when consumers see others with Calvin Klein products it is assumed that that person must have money to afford those clothes.

Calvin Klein can be compared to brands such as Polo Ralph Lauren, Izod, and Tommy Hilfiger. These brands all carry similar clothing as Calvin Klein at a similar price point. The styles can be considered similar to competition but there is a difference that stands out about the Calvin Klein style. Calvin Klein clothing holds a sexier, provocative title than any of its other competing brands. This is mostly achieved through its advertising efforts, but also some through the clothes themselves. This works for Calvin Klein and gives them a “leg up” in the competition because it provides its consumers with an alternative to the “run of the mill” jeans, polos, and underwear that is sold by its competitors.



The image above is a mental map of Calvin Klein. Included are brand associations. The mental map accurately portrays in detail all salient brand associations and responses for the particular target market. Additional brand associations include classic, athletic wear, beauty and fragrances, discount stores, fashion forward, and innovative advertising.

**BRAND ELEMENTS**

**MEMORABILITY**

A brand should be memorable and attention grabbing. Calvin Klein has the logo “CK” which is easily recognizable and memorable to consumers.

**MEANINGFULNESS**

Calvin Klein is the name of the designer so it has meaning with the customer. Customers think of clothes-usually jeans or underwear-when they hear “Calvin Klein” but they also remember the large variety of products too.

**PERSUASIVE MEANING:**  
Calvin Klein may make a consumer think of clothing but the name is not too specific so customers is curious and wants to learn more about the brand has to offer

**Brand**

**LIKABILITY**

Calvin Klein is fun, interesting, and offers aesthetically pleasing clothes for a variety of consumers. The Calvin Klein models are also well-known and likeable people including Mark Walberg and Brook Shields.

**TRANSFERABILITY**

Calvin Klein has many different stores, brands, and categories including jeans, underwear, shoes, luggage, fragrances, and many more. Calvin Klein also reaches 21 countries and an estimated 98 million people globally.

**Element Analysis and Communication**

**Assessment**

**ADABPTABILITY**

Calvin Klein is flexible and updatable. A customer’s wants and needs are always changing and Calvin Klein has done a great job keeping up with what its customers want. They build their brand by adding more categories such as menswear, women, fragrances, jeans underwear, and more.

**PROTECTABILITY**

The brands apparel products are legally protected under licensed agreements and defined by the trademark “CK” as well as owning bras.com and underwear.com. This gives them an edge over their competition. Many of Calvin Klein’s competitors create similar products but the brand has managed to stay popular.

Brand elements are those trademarkable devices that serve to identify and differentiate the brand. Marketers choose brand elements to build brand equity. In addition to brand elements, communications includes how to develop an integrated marketing communication program, choose the best options, and manage the relationships between them. Calvin Klein spends \$250 million in efforts to successfully promote and advertise the brand by implementing the brand elements. The table above illustrates Calvin Klein's brand elements and the following is a communications assessment.

Calvin Klein spends over \$250 million dollars in efforts to advertise to their young and adult target market, ages 14-50. Those who desire modern, fashion forward apparel would expect to find advertisements and promotions in a variety of forms for Calvin Klein. These forms of advertisement include websites, television commercials, event sponsorship, high fashion magazines, and billboards. These mediums are justifiable because Calvin Klein's advertisements are centered on the models and the risqué apparel they are wearing. The need for visual advertisement insinuates that Calvin Klein advertisements can be found in the previously mentioned mediums.

The Internet has been an emerging form of retailing. Calvin Klein uses websites to enhance its brands beyond the tradition brick-and-mortar company. Websites that Calvin Klein includes are bras.com, underwear.com, ck.com, and calvinklein.com. Approximately 77.4% North Americans have internet access and 58.4% Europeans have internet access. By using websites, Calvin Klein is targeting consumers in these locations who find it more convenient to shop online and for those in rural regions who do not have access to stores. The websites also feature promotions such as free shipping by spending a particular amount of money. The

advantage of providing websites widens the opportunity for target market consumers to obtain Calvin Klein products.

Another medium in which Calvin Klein uses to communicate to its consumers is through television commercials. Calvin Klein uses a variety of models on their commercials. At first the brand used celebrities like Kate Moss and Mark Walberg. One of the more famous commercial models is Brooke Shield. She is known for her 1980 quote, “Nothing comes between me and my Calvin’s.” After a recent interview in 2010, Shield’s confessed to still fitting into her Calvin Klein jeans. When money began to get tight for the company, Klein himself made low-budget commercials by finding boys and girls off the street and asked them questions about how they feel in the clothes while taping in a basement using a ladder as the only prop. Today, famous model Zoe Saldana is featured in commercials. While the models may change year to year, Calvin Klein is sure to convince consumers that the brand is classic and sultry and will make them feel sexy and beautiful. The commercials either have seductive music or one liners to keep the commercials simple and to the point. To understand Calvin Klein a visual advertisement is necessary. It has been successful during the whole life span of the company because it convinces consumers of all ages that they cannot feel sexy and special without wearing Calvin Klein.

Event sponsorships are an opportunity for companies like Calvin Klein to advertise their specific product extension lines. Viewers are exposed to the brand’s line in real-life applications. One could expect Calvin Klein to sponsor events because it has been done recently. For example, British professional female golfer, Henrietta Zuël is being sponsored by Calvin Klein Golf. She will wear Calvin Klein’s golf apparel during the Ladies European Tour. President and Chief Executive Officer of Calvin Klein, Tom Murray, said “Henni is a fantastic, talented young player and we are proud to have her on board as a brand ambassador for Calvin Klein Golf.” Zuël said,

“The apparel looks great and offers the perfect balance of style, performance, and comfort on the course.” When viewers of the Ladies European Tour are exposed to Calvin Klein Golf by an athlete, they will soon want to purchase the products. This is also an effort on globalizing the company. Calvin Klein has done much integrating in the European markets. More recently, MTV’s European Music Awards announced that Calvin Klein will be a digital sponsor of the event. In a joint effort, MTV and Calvin Klein will create the first iPhone and iPod apps for the awards, which will be held November 7, 2010. It will include live news and updates, videos, information on the artists and social features based on users’ location. Calvin Klein will also sponsor the awards web and mobile sites and provide exclusive content such as polls about the artists’ fashion and a style quiz. This sponsorship focuses on the younger consumers in Europe. It will expose viewers to the fashion awareness of the company.

High fashion magazines are also expected to illustrate advertisements for Calvin Klein. In most magazines the advertisements are a one page spread of the model or models. The advertisements focus on jeans and perfume, but some include apparel aside from jeans. OK!, Seventeen, Vogue, Marie Claire, Elle, Harpers Bazaar, Glamour, Cosmopolitan, and recently GQ are a few magazines that have and would be expected to advertise Calvin Klein. They are predominantly in young adult female magazines, but recently GQ, a men’s magazine, will advertise Calvin Klein as well. GQ will focus on Calvin Klein Underwear. Twelve editions will run the new and first-ever augmented reality advertisement beginning in April issues of 2010. Calvin Klein is the first fashion company to run augmented reality advertisements. GQ will run them on their website as well that link the viewer directly to a destination to access all materials and videos featuring the campaign. Upon access, viewers can either hold the ad from the magazine or print out the augmented reality code in front of a webcam. A 3D box then appears

which allows the viewers to select from four short films created exclusively for the GQ augmented reality program. Calvin Klein is exposing their brand in a unique, yet technological and innovative form that allows consumers to be interactive.

The final medium of advertisements that Calvin Klein uses is billboards. This is one of the original forms of advertisement for the brand. From the beginning Calvin Klein billboards revealed the models in a very promiscuous way, yet introduced the product showing that consumers will feel “sexy” in the clothing. The billboards usually feature a few scandalous models with minimal clothing. Men and women apparel were advertised on billboards as well as perfume. More recently however, Calvin Klein started the QR Code initiative. This allows consumers with mobile devices to scan these two-dimensional barcodes and will be directed to Calvin Klein’s information, application, call center, coupon, or video without the hassle of long URLs or phone numbers. The video when accessed emphasizes Calvin Klein’s new denim line and conveys that the jeans enhance and maximize aesthetics in a sultry way. Taking billboards to a whole new innovative level allows Calvin Klein to gain an advantage while consumers stay interactive. Statistics can be calculated with consumer access information.

Calvin Klein is a modern, yet daring brand and with these forms of advertisements consumers stays interactive and aware of the visual advantage from the brand all together. With the immense amount of money spent on advertising, Calvin Klein is expected to choose cutting-edge technology to advertise their products.

When a brand is developing integrated marketing communication, it is important that the marketers “mix and match” communication options that share common meaning and content, but also offer different complementary advantages so that the whole is greater than the sum of the parts. In assessing the collective impart of IMC programs, the marketer’s overriding goal is to

create the most effective and efficient communication program possible. The following are six relevant criteria: coverage, contribution, commonality, complementarity, versatility, and cost. The following is an assessment of Calvin Klein in which they select integrated marketing communication programs in addition to examples for the integrated marketing communication efforts that are available (Keller 268).

Coverage is the proportion of Calvin Klein consumers reached by each communication option, as well as how much overlap exists among communication options. The unique aspect of coverage is the inherent communication ability of a marketing option. Specifically, all of Calvin Klein's global advertising, marketing, and communication programs are executed by highly-talented, dedicated teams of individuals, operating as a machine with many moving parts (Calvin Klein: Advertising & Global Communications).

Calvin Klein's in-house advertising agency specifically "defines brand positions, conducts talent searches, coordinates photo shoots, structures media buys and budgets, designs packaging, displays and collateral, and prints all branded materials including look books, press kits, and invitations." To obtain maximum coverage, Calvin Klein ensures worldwide coordination of all branded messaging. This is achieved by maintaining global communications teams based in New York, Milan, Hong Kong, and Tokyo. These teams are supported by an extended network of public relations agencies worldwide. The teams are responsible for production of runway shows and special events, handle celebrity dressing and strategic product placement, place all trade press and consumer editorial featured, and initiate all corporate communications. Funded by Calvin Klein's partners over \$250 million is spent in achieving these efforts of maximum coverage. In 2006, the budget benefited from more than a 10%



increase in partner contributions to provide for greater consumer reach and more powerful branded message.



This Calvin Klein model is featuring a Spring 2010 look emphasizing pastel colors. The dress was featured in Vogue magazine. The coverage included those at the fashion show and readers of Vogue. Overlap is an essential part of communicating

Contribution is the inherent ability of marketing communication to create the desired response and communication effects from consumers in the absence of exposure to any other communication option. In other words, contribution describes the main effects of a marketing communication option in terms of how it affects consumers' processing of a communication and the resulting outcomes (Keller 268).

Calvin Klein's effect of specific marketing communication in terms of consumer processing is positive. For example, the brand incorporated QR codes (two-dimensional barcodes) on select billboards throughout New York, Los Angeles, and Houston as part of an advertising campaign promoting Calvin Klein's skinny jeans. The billboards displayed the QR code that gave device users access to mobile video that featured models Lara Stone, A.J. Sid Ellisdon, Grayson Vaughn, and Eric Anderson. Vice president of corporate communications, Jennifer Crawford, said "It was very successful and you will see QR codes continue to be integrated into our upcoming campaign." Upon access, the video emphasized that the jeans are "engineered to enhance and maximize aesthetics in a sultry way, with a lean and slim silhouette." The effect allowed consumers to connect to the brand and share with their friends and family and

it can also be sent to Facebook and Twitter. By leveraging QR codes, consumers are able to scan the code be directed to their information, application, call center, coupon, or video without having to enter long URLs or phone numbers from their phone. For Calvin Klein, the QR codes were a means of optimizing advertising real estate. After access, the brand can measure statistics around the consumer's interaction with the product or advertisement. This unique contribution allows the consumers to process the brand interactively.

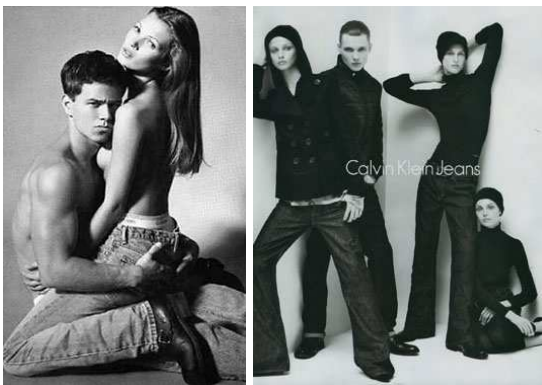


The picture to the left is one of Calvin Klein's QR code campaigns. Users are processing the code to gain access to the video.

Commonality is the extent to which common information conveyed by different communication options shares meaning across communication options. As Keller suggests, "In the long run, marketers should design different communication elements and combine them so that they work effectively together to create a consistent and cohesive brand image." The association Calvin Klein desires is classic and there are a number of different ways in which the brand conveys its classic look.

Branding expert Larry Light stated in *Keller*, "The total brand experience must be a result of an integrated, focused, strategically sound, differentiated, consistent, branded marketing program. Inconsistency, instead of integration, leads to uncertainty (Keller 269). Yet, uncertainty and inconsistency do seem to be the result of a lot of today's marketing practices." Calvin Klein is a very integrated, focused, and consistent brand. From the beginning of the company since 1968, Calvin Klein has portrayed a classic and sultry image. Through its use of advertisements the brand is able to portray this image to its consumers. Specifically, Calvin Klein's denim is one

of the most classic lines it is known for. The advertisements Calvin Klein creates using millions of dollars, illustrate how classic the brand is in a sultry and promiscuous way, attracting consumers of all ages. While typical brands use celebrities as models, Calvin Klein jeans use famous models instead for its fall campaign. For example, models such as Abbey Lee, Agnete Hehelund, and Toni Garm are posing in the advertisement listed below. The strategy Calvin Klein is using is supposed to make consumers recall the old-school advertisements with Kate Moss and Jenny Shimizu. While the models may change, the concept of advertisements is consistent allowing consumers to recall similar associations season to season. This association happens to be classic and sultry which is displayed in the images below. While some advertisements are more controversial and promiscuous than others, Calvin Klein is successful in displaying its consistent brand associations.



Kate Moss and Mark Walberg, on the far left, pose in Calvin Klein jeans. On the right Abbey Lee, Agnete Hehelund, and Toni Garm pose for Calvin Klein's recent denim line. The looks are classic and sultry in both.

Keller also states, “Communication options are more often effective when used in tandem. Complementarity describes the extent to which different associations and linkages are emphasized across communication options.” Research conveys that promotions are more effective when combined with advertising. The awareness and attitudes created by advertising campaigns can improve the success of more direct sales pitches (Keller 269). Specifically for Calvin Klein marketers effectively establish different brand associations by capitalizing those

marketing communication options best suited to eliciting a particular consumer response. Calvin Klein was its own business until it reached the 21<sup>st</sup> century. Phillips Van Heusen integrated the company into its threshold. This acquisition was expected to be difficult, but projected sales increased. Emanuel Chirico, chairman and chief executive office, said, “Our multiple brand, multiple channel, multiple price point strategy is designed to extend the reach of PVH, by taking advantage of appropriate opportunities to grow market share, while providing stability should market trends shift. Underlying this strategy is a dynamic infrastructure that supports the broad base of our operating businesses in an efficient manner.” This diverse business model is the foundation of company that has allowed the brand to combine promotions with advertising. By offering a brand with a variety of options, yet maintains its classic and sultry association, allows a wider consumer target market to respond. By imploring Chirico’s method strategy into the company, opportunities will be available to all. Promotions and advertising can be combined in a way such that, the products and promotions will attract a wide range of consumers. Calvin Klein is a designer name and still runs promotions. A consumer with a higher-income typically shops the brand, but by running promotions and opening outlets, lower income consumers can also shop the brand. Calvin Klein is successful in combining both promotions with advertising to maintain its classic and sultry association.



The promotions listed to the left are coupons available to Calvin Klein stores and outlets. It is important that the brand advertises all of its store types and runs promotions for all as well.

Versatility refers to the extent that a marketing communication option is robust and effective for different groups of consumers. Keller suggests that when consumers are exposed to

a particular marketing communication, some consumers will have already been exposed to other marketing communications for the brand, and others will not. Mass advertising or some type of awareness-creating communication is often seen as a necessary condition for personal selling. A marketing communication option is considered robust when it achieves its desired effect regardless of consumers' past communication history (Keller 270). As previously mentioned Calvin Klein targets a wide range of consumers that are characterized in a variety of demographic forms. While it may seem difficult to advertise to various groups, Calvin Klein keeps their brand association in mind, classic and sultry.

Calvin Klein achieves mass advertising by illustrating the same brand association in each advertisement. Demographics that the brand must include are age, gender, income, culture, lifestyle, and race. A way that allows the brand to advertise to such a diverse group of consumers is because of the brand philosophy. The company aims to employ a variety of professionals and does not discriminate. By employing a variety of workers, advertisement communications are produced by a diverse group of creators. In addition, the brand hires models from a variety of backgrounds including race, income, gender, and age. In the past years models have been celebrities, boys and girls found on the street, and real models with a diverse racial background. Having a variety of models appeals to each of those groups that consumers belong in. While the boys and girls found on the street were involved in the 1995 controversy, they explained the message of Calvin Klein so well that they feel comfortable and classy in the jeans. Calvin Klein has a variety of price points to focus on consumers at all income levels. This does not limit consumers to the particular brand. Most importantly, Calvin Klein has a variety of product extension lines. Not all consumers have the same tastes, styles, interests, and lifestyles. Because there is a variety to choose from consumers such as a busy business woman, a teenager, an empty-

nester, and even athletes can shop the brand without feeling left out. By offering a variety of price points, line extensions, and including a diverse selection of employees, most consumers are not excluded from the brand.



The image to the left of a picture taken at the Fall 2010 line at a runway show. Diverse backgrounds of models are used to attract consumers of all races. There is also a variety of styles to appeal to all the fashion tastes.

The last criterion for integrated marketing communication programs is cost (Keller 271). Keller says, “Evaluations of marketing communications on all of the preceding criteria must be weighed against their cost to arrive at the most effective and efficient communication program.” Opportunity and financial costs are a risk when integrating marketing communication programs. Calvin Klein spends hundreds of millions of dollars on advertising using a variety of mediums. This investment could be well spent on hiring on more designers to appeal to even more consumers or a larger corporate headquarters to foster the dedication Calvin Klein employees’ exhibit. Financially, the cost is rather expensive, but all companies must invest millions in advertising to be successful. In the long run, the company must assess whether or not the cost is worth the investment and time. The company minimizes costs in all ways, but at the same time must invest more in certain areas. For example, sponsoring Henrietta Zuël to capture athletes, specifically golfers for Calvin Klein Golf, is necessary to expand the brands connections and obtain consumers with that lifestyle and interest. Cost is expensive, but it is the only way for the company to be successful.

All in all, different communication types and options have different strengths and weaknesses and raise different issues. While Calvin Klein successfully has implemented the six

criteria for integrated marketing communication programs, there are still a few issues at hand. The coverage, contribution, commonality, complementarity, and versatility are highly valued with the brand. In order for these five criteria to be valued, there is a high cost associated with the brand. However, Calvin Klein desires for that classic and sultry brand association and with these six criteria, the brand is successful in achieving this. Integrated marketing communication programs come at a high price, but in the long run Calvin Klein links its brand together in a way that the whole is greater than the sum of the parts. There is a match between the communication options so that there is an enhanced brand presence and association.

### **Competitor Analysis and Brand Measurement Tools**

In 2003, Calvin Klein was purchased by Philips-Van Heusen, parent company to brands such as Izod, Tommy Hilfiger, Bass and Geoffrey Beene. Because Philips-Van Heusen was already a well established company known for ownership of many successful brands, PVH was able to increase the price point of Calvin Klein products, improve the brand image, and create new competition for the brand. Among Calvin Klein's new competitors are top designer brands in women's wear and menswear, including Tommy Hilfiger, Ralph Lauren, and Hugo Boss.

After Calvin Klein was purchased by Philips-Van Heusen, the brand was able to expand its targeted consumer group and market the luxury apparel products to consumers with higher incomes. Competitors of Calvin Klein include both designer brands and their discount stores, as products from Calvin Klein are able to compete with apparel at varying price points. For example, Donna Karen and Armani are two main competitors of Calvin Klein, and both have discount stores DKNY and Armani Exchange. While the higher end stores produce men's and women's suits and professional wear, the discount stores sell denim, sportswear, and accessories.

One of the main sellers of Calvin Klein is men's suits and suit separates, similar to one of the brand's biggest competitors, Armani. Giorgio Armani is known for producing sleek, timeless suits for both men and women, and is one of Calvin Klein Inc.'s strongest competitors. The price point for men's suits in Armani is similar to that of Calvin Klein. Armani prices range from Bridge to Contemporary and Designer. A Black Label Armani suit can be found for \$1200, while discounted suit separates range from \$500 to \$600. One specific factor differentiating Calvin Klein Inc. from Giorgio Armani is revenue. While Calvin Klein has expanded its products to accessories, fragrances and footwear, Armani still generates the majority of its revenue from apparel.

Donna Karen Inc. is known for classic apparel, producing both casual and professional wear for men and women. Parent company LVMH, also the parent company of popular brands, Fendi, Marc Jacobs and Louis Vuitton, collect 37% of revenue from Donna Karen Inc. and the discount store DKNY. A popular product of both Calvin Klein and DKNY and source of competition between the two brands are the jeans. Calvin Klein and Donna Karen jeans are similar in quality, price and popularity. Donna Karen and DKNY are brands that appeal more towards the women's wear market than Armani, and while Calvin Klein is in both the men's and women's wear markets, they appeal to men more than their competitor Donna Karen. Armani and Calvin Klein mainly compete within the menswear market while Donna Karen and Calvin Klein compete mainly in women's wear.

The following table illustrates the points of parity and points of difference between Calvin Klein and its two main competitors, Donna Karen and Armani.

Calvin Klein Inc.		
	Points of Parity	Points of Difference



Donna Karen	<p>Product Selection, (hosiery, women's wear, footwear, accessories, etc.)</p> <p>Target Consumer</p> <p>Price Point (Bridge-Contemporary)</p> <p>NAICS Codes (448110, 448120)</p> <p>CK Jeans vs. DK Jeans</p> <p>Retail Locations; separate men's and women's stores</p> <p>Revenue</p> <p>Professional wear/Casual wear</p>	<p>Menswear (suits and suit separates)</p> <p>higher quality/price at Calvin Klein</p> <p>Advertisements</p> <p>Marketing Strategies (Calvin Klein advertisements are more revealing/controversial)</p>
Armani	<p>Menswear (high quality suits and suit separates)</p> <p>Price Point (Contemporary-Designer)</p> <p>Professional wear</p> <p>Footwear</p> <p>Target Market (for high end luxury products and discount stores ex. Armani Exchange)</p>	<p>Revenue (Armani revenue mainly from apparel)</p> <p>CK Denim &amp; Sportswear Line</p> <p>CK Women's Hosiery</p> <p>Accessories &amp; Fragrances</p> <p>Advertisements/Marketing strategies</p> <p>CK Ads controversial/revealing</p> <p>Parent Company (Philips-Van Heusen)</p> <p>Casual wear</p>

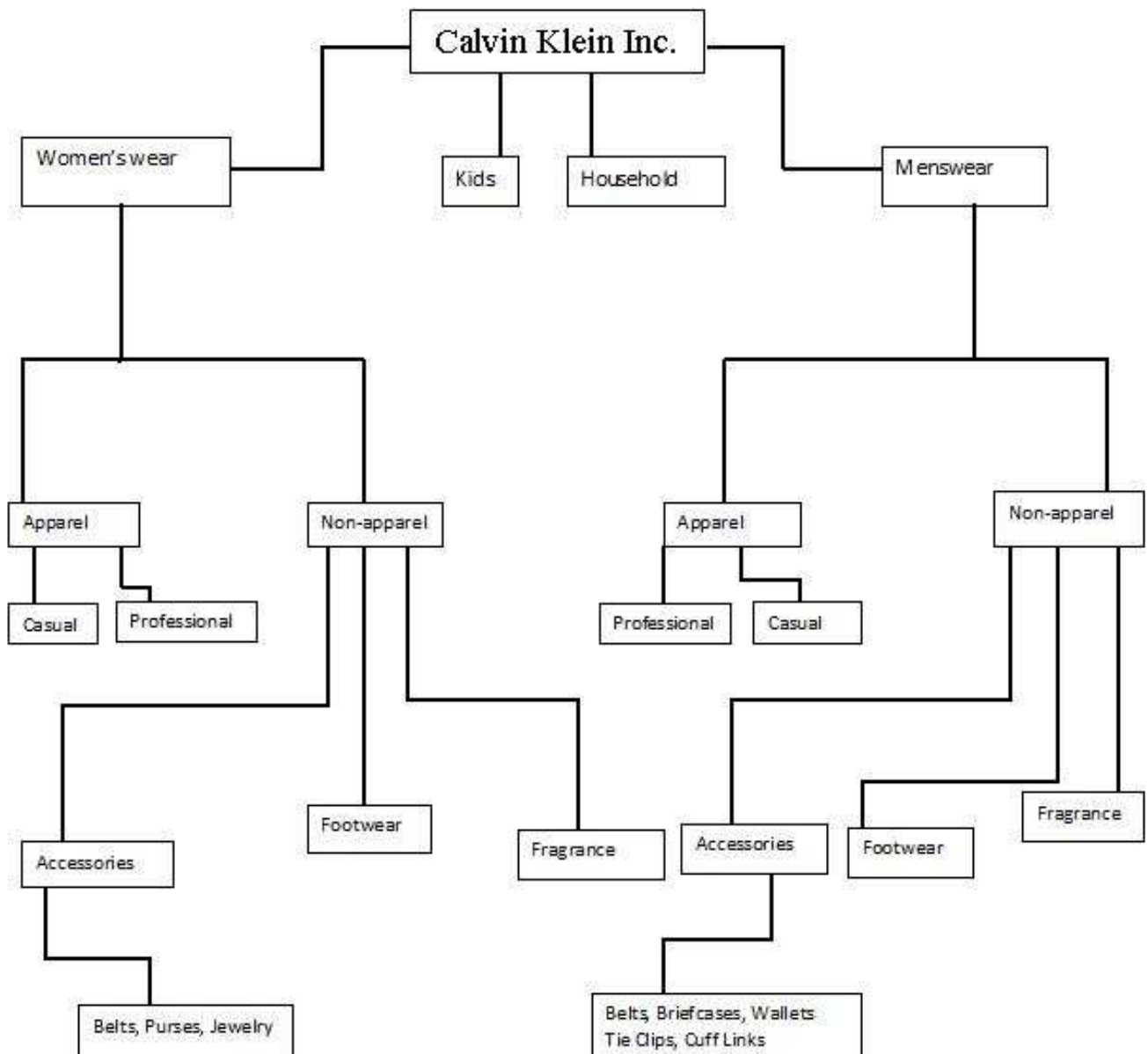
Calvin Klein and competitors, Donna Karen and Armani, have different brand objectives and strategies. Below is an example in table format of some differences in the marketing mix, brand objectives, positioning and strengths.

	Brand Objectives		Brand Strategies			
	Mission	Positioning	Product	Price	Promotion	Place
Calvin Klein	Design and market women's and men's designer collection apparel and a range of other products	Owned by PVH, Lifestyle Brand: Intimates, Footwear, Apparel, Accessories Calvin Klein, ck Calvin Klein	Menswear/Women's wear Suits/Suit separates Professional Denim Sportswear Accessories Footwear Fragrance	Designer (suits/suit separates) Bridge (denim/sportswear) Contemporary (professional wear)	Celebrity Endorsements (Brooke Shields, Mark Wahlberg, Zoe Saldana) T.V. Ads	Calvin Klein Mens/Calvin Klein Womens HQ New York, NY
Donna Karen	Represent the international pulse of New York in the design,	Lifestyle Brand, Intimates, Apparel, Accessories	Women's wear Casual & Professional Denim Menswear	Contemporary (professional wear) Bridge (denim-DKNY discount store)	Celebrity Endorsements, Penelope Cruz	HQ New York, NY Donna Karen, DKNY,

	marketing, and delivery of a complete lifestyle to a global consumer.	Donna Karen, DKNY	Fragrance Accessories			DKNY Jeans
Armani	Leading fashion & luxury groups worldwide, design, manufacture, distribute, retail fashion, lifestyle products	Lifestyle Brand: Giorgio Armani, Emporio Armani, Armani Exchange	Menswear/Women's Wear Suits/Suit Separates Professional wear Fragrance Footwear Accessories	Designer (suits/suit separates) Contemporary (professional wear) Bridge (Armani Exchange discount store)	Celebrity Endorsements, Cristiano Ronaldo For Emporio Armani	HQ Italy 300+ retail locations in US Giorgio Armani, Armani Exchange

### Product Hierarchy

The Calvin Klein Inc. brands cover a wide range of products for men, women, children, and home furnishings. The diversity and varying products of Calvin Klein Inc. including apparel, accessories, footwear and fragrances, is illustrated below.



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Component 3

### **Brand Value Chain Analysis**

Calvin Klein Inc. has successfully developed products of varying classification to create strong brand equity among consumers. Calvin Klein Men's and Calvin Klein Women's generate

brand awareness and association. The current marketing programs implicated for these two popular lines are successful, and therefore a change is unnecessary. The promotional tactics of Calvin Klein Inc. are sexually explicit and controversial, attracting attention from the brand's target market. The children's line by Calvin Klein Inc. has not attracted the same attention and popularity of the two older lines. To create even stronger brand equity, Calvin Klein Inc. must be distinguished as a lifestyle brand, which includes the success of the children's line.

The first advertisement for children's underwear in 1999 was criticized for being too explicit and inappropriate for a children's advertisement. Although this incident was not the first time Calvin Klein was forced to cancel an advertisement, it was the most controversial. Years later, in 2010, the company launched a new promotion, endorsed by actress Zoe Saldana, for the new line of women's intimates. This advertisement follows the promotional tactics developed by the brand's marketing team, and is likely to create a similar reaction while attracting female consumers. To create stronger brand awareness by launching a children's wear promotion, the advertisement should be more conservative than women's wear or men's wear.

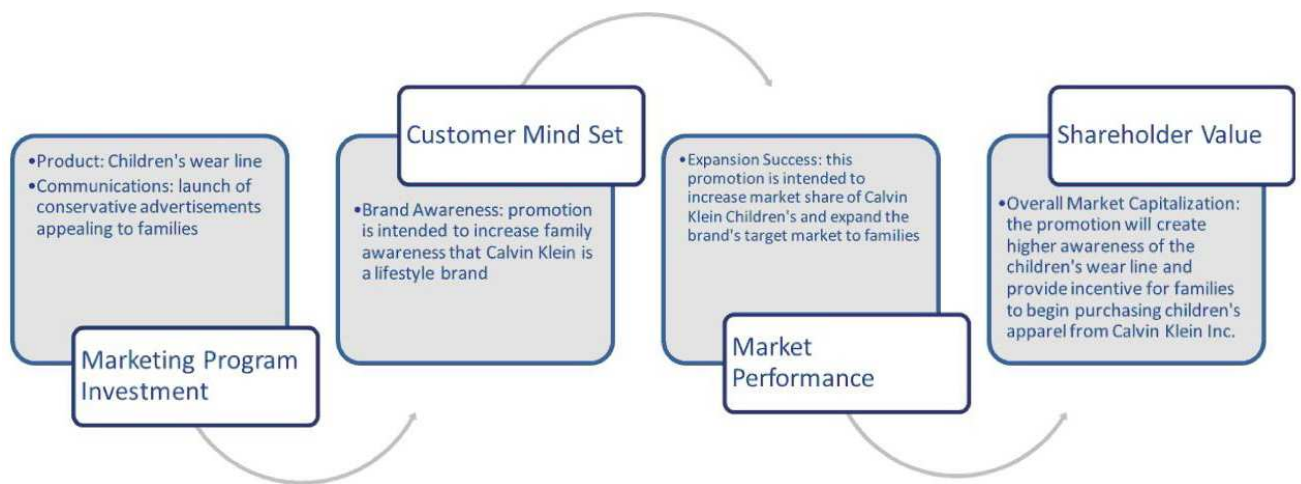


*Shown above are the unpopular Children's advertisements, pulled in 1999.*

By definition, Calvin Klein Inc. has already become a distinguished lifestyle brand. According to consumer's knowledge of the brand, the company has to create brand awareness of the less popular lines in order to strengthen brand equity. By launching a conservative,

uncontroversial promotion of children’s wear, the line will open up to families, and become more acceptable for parents to purchase the Calvin Klein wardrobe for their children. The original promotion was meant to come across as a family moment captured on camera. The intent of the advertisements was harmless, and should remain the focus for the next promotion launch. Photographing families throughout everyday activities dress in Calvin Klein will seem more appealing to everyday families. A moment captured with father and son, both wearing the same Calvin Klein Polo T-shirt is the type of conservative advertisement that will attract the attention of families.

To evaluate the potential success of the proposed marketing plan, the Brand Value Chain must be considered. This approach will determine the value of the promotion, and whether it will positively affect the brand’s equity. The image below illustrates the brand value chain related to Calvin Klein’s newest marketing plan.



In order to create value for the marketing plan, certain multipliers beyond the four step process are required. When developing the Marketing Program Investments, and moving into the Consumer Mind Set phase of the value chain, the Program Quality Multiplier is needed to push



the promotion through to the next stage. The Program Quality Multiplier involves getting clarity of the program, product, and intent of the marketing plan, determining the meaning, and evaluating distinctiveness and consistency of the plan. The intent of the promotion and possible outcomes are clearly addressed in the previous table. If successful, the consumer will see the new advertisements as Calvin Klein's expansion to becoming a family brand. Everyday family moments will be displayed in the advertisements and appeal to everyday families as a result. These promotions will clearly display Calvin Klein as a family oriented brand, with products for each member of the household.

To move from Consumer Mind Set to the next stage in the value chain, the Marketplace Conditions Multiplier is required. This multiplier includes the evaluation of competition, channel and intermediary support, and customer size and profile. The main competition addressing Calvin Klein Men's and Women's are Donna Karen and Giorgio Armani, as addressed in Competition (Pg. 320). For the Children's wear line, the biggest competitors are Tommy Hilfiger and Polo Ralph Lauren. Calvin Klein's marketing plan will have superiority over its competitive brands because of the nature of the advertisements. These advertisements are a way of promoting the children's line differently than Calvin Klein consumers recognize. The new conservative attitude of Calvin Klein will attract a new consumer base and expand the market share, unlike the brands competition.

Moving to the final stage of the value chain, Shareholder Value requires the evaluation of the market, with the Investment Sentiment Multiplier. This multiplier studies the general economic situation, including market dynamics, growth potential, risk profile, and brand contribution. While the current economic situation is not desirable for launching a new promotion, the potential for growth in the Children's wear market is a positive reinforcement,

and cause for launching this marketing plan. Calvin Klein Inc. intends on building brand equity by gaining brand awareness. To do this, and to increase the market share of children's apparel, this promotion is necessary to appeal to everyday families and gain a wider consumer base.

### **Brand Tracking**

Brand tracking is useful when it comes to determining the type of equity a brand has. In the case of Calvin Klein, the best approach to brand tracking would be both corporate level tracking and product level tracking. Since this brand has multiple products under its name, product level tracking is useful in determining which products consumers most associate the brand with and which products are most influential in affecting perception of a brand. Effective ways of gathering this information are asking consumers in aided and non-aided ways. A non-aided way is one in which the consumer is expected refer to memory when asked about the multiple products under a brand name. An aided way is one in which the consumer is given a list of the products a brand offers while being asked which they find is most influential.

To better understand consumers' associations with a brand, a series of techniques can be performed. These techniques are divided into qualitative and quantitative. Some good qualitative techniques for Calvin Klein include Free Association and Brand personality and values. Quantitative techniques that may work for Calvin Klein include Awareness, Image, and Brand relationships.

### **Brand Personality**

Brand personality describes human characteristics or traits that consumers can attribute to a certain brand and can be measured in several different ways including: soliciting open-ended responses from consumers, asking a consumer to make of profile of the brand using pictures from magazines or other media (known as "picture sorting"), and other methods. Brand

personality and brand imagery may seem like they would be similar but they may or may not be the same. To assess a brand's personality, it is best to use the following checklist: sincerity, excitement, competence, sophistication, and ruggedness.

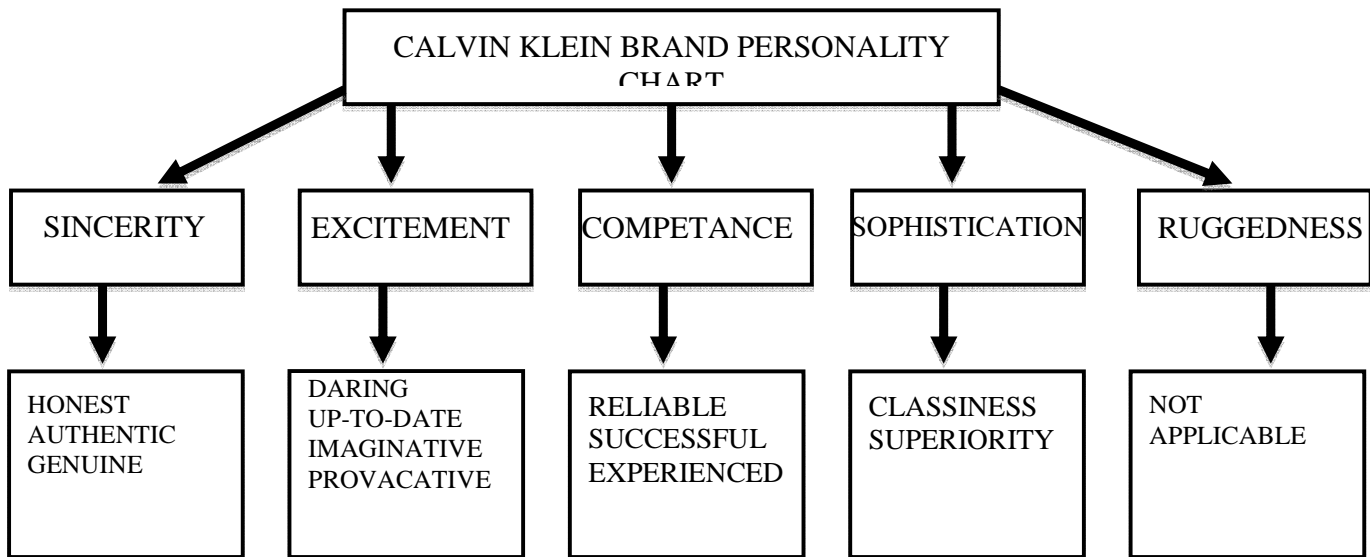
Sincerity includes characteristics such as down-to-earth, honest, wholesome, and cheerful. Excitement is described as daring, spirited, imaginative, and up-to-date. Competence includes adjectives like reliable, intelligent, and successful. Sophistication involves words like upper class and charming. Ruggedness consists of the words outdoorsy and tough.

Some brands may only include one of the brand personality characteristics, while others may contain several or all five of the traits. If a brand contains more than one of the personality traits, the brand is known as a multiple personality brand. Calvin Klein is considered a multiple personality brand.

The sincerity of Calvin Klein can be described as honest, authentic, and genuine. Everything with the brand and its products are very straightforward, especially when it comes to advertising. Calvin Klein advertises their products for exactly what they are, whether it is sexy denim and lingerie, the newest fragrance, or the hot "must-have" item of the upcoming season.

Daring, up-to-date, imaginative, and provocative portray the personality trait of excitement for Calvin Klein. The clothing is very fashion forward with new lines each season and provocative advertising methods and products that stir excitement among new, potential, and regular consumers.

Competence uses words like reliable, successful, and experienced to depict Calvin Klein. The brand's products and service are reliable and of good quality. The brand has been successful since 1968 and has continued to gain success and experience for the past 42 years. Calvin Klein is also experienced with creating and providing a variety of different products.



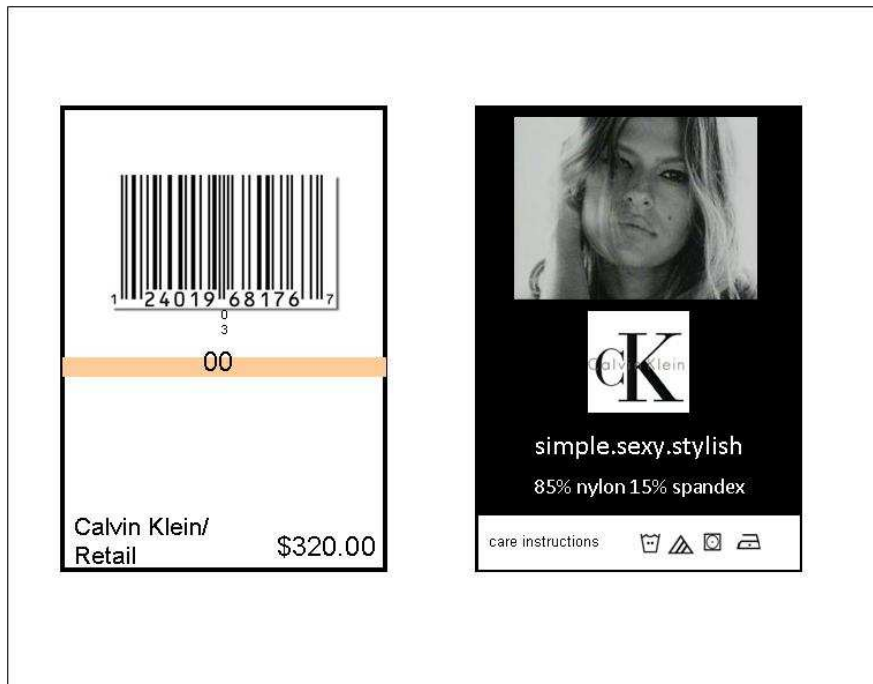
The classiness and superiority of Calvin Klein are under the personality trait of sophistication. Calvin Klein produces high quality products with moderate to high price points. The brand is well known by a large variety of consumers, which gives them superiority over other brands.

The final personality characteristic is ruggedness. This does not describe the personality of Calvin Klein. The brand does not offer very outdoorsy or “tough” products, so this trait would not be associated with the brand. A table of Calvin Klein’s brand personalities can be found below.

Since Calvin Klein has multiple personalities, several advantages and disadvantages can be concluded. Having a variety of personalities makes Calvin Klein more relatable to a wider array of consumers. They also have so many different personalities because the brand has an assortment of products and product categories. These are all advantages of having multiple personalities. Disadvantages include the following: some personalities may clash with certain consumers, such as the provocative tendencies of Calvin Klein. The brand also has more responsibilities with more personalities; Calvin Klein must maintain each personality at all times and not slip up and lose sophistication or competence by decreasing the high quality or reliability of the products, for example.

### **Marketing Components**

Hang tags are an essential part of the retail industry. They are attached to most products in the market today. All apparel garments must have hang tags attached to feature the pricing, product codes, product details, and specific garment care and cleaning instructions. Hang tags are an important marketing tool and contributes to brand building as it conveys critical information about the product (Le). The following image illustrates these components that create a hang tag for Calvin Klein. The image depicts the hang tag of a dress garment. The image of the left includes the price, barcode, and product code. The image to the right is the other side of the hang tag. It is black and white because those colors represent the minimalist style of Calvin Klein. The tag also includes a picture of Eva Mendes as she is a more recent model that enhances the suggestive image of the brand. Underneath the logo is the term “simple, sexy, stylish.” These three words describe the style of Calvin Klein so consumers quickly can relate and desire the brand. Towards the bottom includes fiber content and care instructions as it is mandatory.



Developing integrated marketing communication programs builds brand equity. Specifically Calvin Klein uses a variety of different communication options that share common meaning and content but also offer different, complementary advantages so that the whole is greater than the sum of the parts. Causing the consumer to notice and pay attention to the brand increases brand awareness using integrated marketing communication programs. Two ways in which Calvin Klein demonstrates integration and understand of the brand are web advertisements and billboards (Keller).

Calvin Klein understands that technology advances brands. In 2010 alone, 6,845, 609, 960 people of the world's population use the internet. Because of this immense number, Calvin Klein has made a tremendous effort in terms of web advertisement. By using web advertisements, Calvin Klein uses various forms to reach different target

markets. These forms include: advertisement on the brand's website, advertisements through other websites, and advertisements on internet television viewing sites. When focusing on an apparel brand, visual advertisement is the key to success.

Hulu has recently supported Calvin Klein advertisements during commercial segments. In a recent advertisement, Calvin Klein pushes the envelope with sexually explicit images geared for male audiences. The playful advertisement promotes Calvin Klein X underwear line. The commercial features four males – Kellen Lutz, Mehcad Brooks, Fernando Verdasco and Hidetoshi Nakata – modeling the underwear and teasing the viewer with questions such as “Do you want to see my..?” The word is bleeped out and red “X” appears covering the models’ mouths. Tom Murray, President and CEO in a press release said, “The launch of Calvin Klein X underwear is a truly global initiative, so we believe it is imperative to feature talent from our most important regions – Asia, Europe, and the USA in the launch advertising. The creative is in the spirit and tradition of the most innovative of Calvin Klein underwear campaigns.” Helen McCluskey, President of Warnaco Intimate Apparel and Swim suggest the intended message of these advertisements. “Our newest campaign is a wonderful representation of today’s Calvin Klein underwear consumer, reflecting the breadth and diversity of our global reach in a way that speaks to their lifestyle with a resonant message through media is relevant to them. We expect that this will give us an opportunity to communicate to even a broader audience worldwide.” Nevertheless, these provocative advertisements show that sexy images sell underwear.

The message that sexy images sell is conveyed through the models and what they are wearing. In this specific advertisement the models tease the viewers creating a sense of curiosity. This curiosity leads to a desire to feel sexy, ultimately resulting in the purchase of the underwear. The items in the web commercial include the models, their attitudes, and their apparel. These three things combined reveal the provocative image the brand desires. Calvin Klein is aiming for the desired response to persuade consumers that they must feel sexy and provocative to be socially accepted by others. Calvin Klein understands that if consumers see celebrities or models portraying a certain attitude that when they purchase the products it is because they believe they will feel sexy too. The websites that advertise but are not interactive have the same effect with the exception of the models speaking. The models pose suggestively, typically as couples. Calvin Klein's image is about being and feeling sexy.

The other integrated marketing communication program that will be discussed is billboards. Since company beginnings in 1968 billboards have been highly integrated into the brand's advertising methods. The concept is very similar to web advertisement, but is available for all potential consumers to see in selected areas instead of only those limited to internet access. Aforementioned, visual advertising is paramount to all forms of marketing and promoting.





Many companies have lessened the use of advertising through billboards. Calvin Klein is a select brand that believes that their message will be easily conveyed through billboards. Above is a billboard that is displayed in New York City at Times Square. A tactic that the brand uses is that they focus on putting billboards in various fashion capitals of different countries because people travel to these areas specifically seeking fashion. The intended message of billboards is very similar to web advertisements. However, billboards are not like commercials on the web where the models speak their opinions. Instead, consumers must interpret the message. The billboard above illustrates a Eva Mendes, an actress, suggestively with a male model. The billboards are just as provocative as web advertisements. The intended message through the use of actress and idol Eva Mendes is that any female can feel sexy if she wears Calvin Klein. It is important for a brand's association to be consistent across different mediums of advertisements.

Similar advertisements with Eva Mendes were too suggestive that they were banned from the United States. Items included in the integrated marketing program include models and Calvin Klein apparel (Unknown). The desired response that can be

gathered with those items is to inform and persuade those consumers that they too can feel sexy.

Calvin Klein is currently using technological advancement to enhance their advertising with billboards. They have billboards with a QR code that consumers can scan with their mobile device and they are directed to a Calvin Klein site where they can shop, retrieve company information, and most importantly watch advertisement commercials of models. Very few brands use this technology. The advantage is that consumers stay interactive and the message is easily revealed to them through the video with the models. Redundancy helps remind consumers of the brand association of Calvin Klein, sexiness.

In conclusion, Calvin Klein's integrated analysis includes brand value chain, brand, tracking, brand personality, and marketing components. All four of these aspects create Calvin Klein's sexy image and most importantly builds on the brand's equity. Calvin Klein always takes everything one step higher than the competition through advertising, brand value, brand tracking, and personality.

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Component 4

### **Brand Architecture and Assessment**

The brand architecture reveals to marketers for a firm which brand names, logos, symbols, and so forth to apply to certain new and existing products. Often firms distinguish branding strategies by whether a firm is or should be employing an umbrella corporate or family brand for all its products, or a collection of individual brands all with different names (Keller 433). Brand architecture defines both brand boundaries and brand complexity. According to Keller, the role of defining branding strategies is two-fold: clarify brand awareness and motivate brand image. Clarifying brand awareness improves consumer understanding and communicate similarity and differences between individual products. Motivating brand image maximizes the transfer of equity to or from the brand to individual products to improve trial and repeat purchase.

Calvin Klein began as a women's dresses and coats brand in which the designs were very minimal. Throughout the years the company extended its product lines from women's underwear to men's suits with several products in between. Calvin Klein has always used the well-known "CK" logo. Most of the product lines are named "CK" followed by their differentiating name. For example, CK Jeans, CK Underwear, and CK Calvin Klein Black Collection are all product line names.

Within the brand architecture of Calvin Klein includes brand breadth. This describes the number and nature of different products linked to the brands sold by Calvin Klein. The brand has to make strategic decisions about how many different product lines it should carry as well as how many variants to offer in each product line. The market size in which Calvin Klein participates in is quite large. Calvin Klein falls between moderately and high priced products. Growth is constantly improving since 2002 when Philips Van-Heusen bought the brand. Profits are rather high due to the high prices and the brand extensively advertises. Category factors include competition. While competitors are Tommy Hilfiger and Armani, Calvin Klein still offers differentiated products, that being minimal yet sexy apparel. Technological factors affect the environment. Calvin Klein is technologically ahead of its competitors through the use of QR codes. While Calvin Klein will always provide different lines catered to women, additional lines will be created along the way when the window of opportunity persists. The brand has a clear understanding of the market and the cost interdependencies between products. Each quarter the company examines the percentage of sales and profits contributed by each item in the product line, and its ability to withstand competition and address consumer needs. Because Calvin Klein extends the length of the product lines by adding new variants, expands market coverage and therefore market share but also increases costs.

According to Keller, as brand portfolios evolve and grow, they require more precise management focus. “Periodic efforts to analyze and streamline expanding portfolios play an important role in brand management” (Keller 444). The following Calvin Klein Portfolio allows managers to compare brands directly and offer direction both for the individual brands and the entire portfolio.

The first step of the portfolio is understanding the portfolio. The chart below is an inventory of all the prominent brands and trademarks owned by Calvin Klein. Doing this allows management to update the final list by deleting obsolete trademarks and checking against the company's communications materials.

<b>Calvin Klein Brands</b>
Calvin Klein Collection
CK Calvin Klein
Calvin Klein (white label)
Calvin Klein Sport
Calvin Klein Jeans
Calvin Klein Home
The Khaki Collection
Calvin Klein Golf
Calvin Klein Underwear

The next step in the portfolio is assessing brand contribution. This requires analyzing the contribution of each brand in the inventory to the overall portfolio. Calvin Collection and Calvin Klein Jeans contribute most to the company's \$52.2 million revenue. More recently Calvin Klein has been focusing marketing expenses on fragrances and the jeans collection. While Calvin Klein has taken on newer brands, such as Calvin Klein Golf, all the brands provide different varieties of product offerings. Calvin Klein managers can then evaluate all these variables to rank the brands in triads according to profit and overhead

The third step is assessing the market position. Keller emphasizes that brands are like vectors: they have force and direction. Doing this provides a sense of health of the brand. The momentum variable provides managers an idea of where the brand is headed. The purpose of measuring momentum is to identify problems with brands before they appear as declines in volume and market share. In order to determine a brand's momentum, managers need to interview internal and external stakeholders and ask them incisive questions to understand

previously unspoken thoughts and feelings about the brand and its place relative to competitors (Keller 444). In assessing the market position of Calvin Klein, many stakeholder's thoughts and feelings are revealed about the brand. A differential feature of Calvin Klein is the minimalist designs seen in the clothing. However, the brand's strategy to market the apparel through provocative advertisements turns stakeholders away. Some appreciate the risky move, but others do not. The brand's image appears to be revealing. Compared to competitors Calvin Klein is always more sexy and provocative than Ralph Lauren and Tommy Hilfiger. However, the brand also has a technological advantage through the use of QR codes. Not all retailers have jumped on the bandwagon yet.

The fourth step in the brand portfolio is addressing problems and identifying opportunities. Keller informs readers that brands fall into eight categories determined by their contribution to the company, current market performance, and future prospects. The category in which Calvin Klein fits best is "power." This category represents brands that need to be defended ferociously and deployed judiciously. Calvin Klein has been around for over 40 years and has evolved into a brand known for their risqué and provocative advertisements. The brand actually is classic and may be a little too revealing, but has had celebrities model such as Brooke Shields, Mark Walberg, and Eva Mendes. The popularity of these celebrities has been boosted due to the power of the brand. The brand is so powerful it convinces it's consumers they need their apparel, especially jeans.

The final fifth step of the brand portfolio is developing a plan for the portfolio. Here, managers must allocate funds to each of the brands and in providing for one brand takes opportunity away from another. For example, Calvin Klein recently provided more funds to Calvin Klein Golf than the other brands to endorse Henrietta Zuël, a professional golfer. She

received Calvin Klein Golf Apparel and the brand endorsed the Women’s World Tour. More recently, Eva Mendes advertising used more money than any other advertising taking away potential money for other brands such as Calvin Klein Home. Within the past years Calvin Klein has been consolidating their stores, partially due to the economic recession, but also in efforts to go global. These decisions allowed managers to engage with the brands and think strategically about the future if the portfolio.

Overall, the most important value point is the brand image. Calvin Klein is classic and the consumer values the brand as revealing, but provides a strong image. A mundane aspect that the brand should consider removing is the unnecessary inappropriate advertising. If the brand decided to take on a more conservative look, they could attract a whole new target market and would have less advertising pulled. The brand is quite up-to-date and is considered ahead compared to other brands in the retail sector. Calvin Klein is very consistent, yet strategically thinks about the future in terms of brand architecture.

**Brand-Product Matrix**

<b>PRODUCTS→ BRANDS ↓</b>	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
CK COLLECTION BLACK LABEL	X	X	X	X	X	X	X			X		X		X	X	X
CK CALVIN KLEIN GREY LABEL	X	X	X	X	X	X	X			X		X		X		X
CALVIN KLEIN WHITE LABEL	X	X	X	X	X	X	X			X		X		X		X
CALVIN KLEIN SPORT		X		X						X				X	X	
CALVIN KLEIN JEANS		X	X	X												X
CALVIN KLEIN HOME											X					



THE KHAKI COLLECTION											X				
CALVIN KLEIN GOLF									X						
CALVIN KLEIN UNDERWEAR							X						X		X

**PRODUCTS:**

- A. TOPS (BLOUSES, SWEATERS)
- B. PANTS, SHORTS
- C. DENIM
- D. OUTERWEAR, JACKETS
- E. DRESSES, SKIRTS
- F. SUITS
- G. TIES
- H. SWIM
- I. PERFORMANCE WEAR
- J. HANDBAGS, SCARVES
- K. HOME
- L. SUNGLASSES, JEWELRY
- M. UNDERWEAR, SOCKS
- M. SHOES
- O. LUGGAGE
- P. FRAGRANCE

A company's corporate image is based on the products offered. The major determinants of Calvin Klein's company image include communications, price, service, distribution channels, products, and credibility. Communications include advertising and product promotions. Advertising has definitely influenced Calvin Klein's image. The risqué advertisements the brand is notorious for have given it a good and bad image. The ads have made the brand known to the minds of many consumers, and even though some were turned off by the provocative ads, many were drawn to the brand, curious to see exactly what Calvin Klein had to offer. Other methods of communication involve promotions such as billboards, magazines, and sales.

Price is an influential category of brand image. Calvin Klein has an array of sub-brands and products so their price points range from moderate to high. This makes the brand available to many customers, which in turn gives the brand a positive corporate image.

Service is a prominent aspect of positive brand image. Associates of Calvin Klein have excellent customer service and are capable of meeting the needs of their consumers in any way possible. This includes showing the customer exactly what they are shopping for, assisting with fittings, and being friendly during the entire length of the sale. Without great service any company would be unsuccessful.

Distribution channels must be carefully considered for a brand to be successful and also for improving the company's image. Calvin Klein has locations all over the United States and is trying to expand to other parts of the world. An online store is also available making Calvin Klein products available to practically anyone. The brand's products can be found in stand-alone stores or within department stores, making Calvin Klein's products easily accessible for every consumer.

Products are a highly important attribute of company image. Variety, quality, durability, and reliability are just a few of the necessary features that improve brand image. Calvin Klein has a seemingly unlimited amount of products that have high quality, durability, and reliability; this is why the brand has been so successful for so long.

Perhaps the most important aspect of a company's corporate image is credibility. Corporate credibility measures the extent to which consumers believe a firm can design and deliver products and services that satisfy a customer's needs and wants. Expertise describes the way a consumer sees a company competently making and selling its products. Calvin Klein's products are of impeccable quality and the brand knows what it is doing when it comes to

fashion. Trustworthiness includes honesty, dependability, and sensitivity to what a customer needs and wants. With Calvin Klein products there are not games or gimmicks, the customer gets their money's worth. Likability is the extent to which consumers see the company as likable, attractive, prestigious, dynamic, and so forth. The brand has many product categories so many different consumers will find Calvin Klein likable as well as dynamic. Credibility plays an enormous role in brand image and strength. Without a consumer's approval, no products would be purchased and the company would fail. Calvin Klein has proven to be a credible brand with expertise, trustworthiness, and likability.

A brand hierarchy graphically depicts a firm's branding strategy by displaying the number and nature of common and distinctive brand elements. The following diagram illustrates Calvin Klein's Brand Hierarchy (See next page: Figure 1).

### **Brand Extension**

Calvin Klein brands started with a line of women's coats and dresses displayed in a small New York showroom. This line was the first to be noticed in the fashion industry, and led to his next development project, a line of designer sportswear for women. Still standing on his own in the early 1970s, Klein expanded his line of women's clothing even more with his trademark jeans, a style which sold over 40,000 pairs each week. The popular fitted jeans that branded his name birthed the Denim Line. Today, Calvin Klein Denim includes women's and men's jeans, polo t-shirts, and graphic t-shirts containing the Calvin Klein brand name.

Following the premier of Calvin Klein's sportswear and denim lines, the company developed several different brand extensions, including menswear and intimates. By 1982, he had developed the logo CK Calvin Klein and added it to men's boxers and briefs. While his previous brand names still carried a high percentage of the company's profits, Calvin Klein

was already extending his brand to fragrances creating the brand names Obsession and Eternity. Under the original brand name, the Calvin Klein line would be expanded by the late 1980's to include swimwear and accessories.

Calvin Klein's designer brand name was attracting high income consumers, until the early 1990's when Klein designed a more affordable line under the brand name CK. This collection included his classic denim jeans, and graphic and polo t-shirts. This brand extension served to create a wider consumer base, and establish Calvin Klein brands as more of an accessible lifestyle brand. Throughout the 1990's, Klein continued to establish his brand name as one that cut across a wide variety of product categories, and bring many different consumers. Brand extensions Calvin Klein Home and Calvin Klein Children's helped to expand the brand name and improve the brand equity.

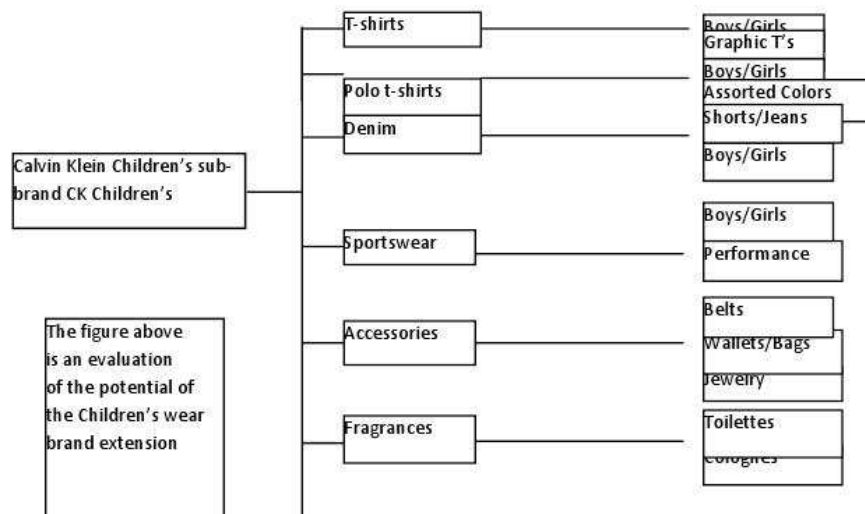
The main brand strategy employed by Calvin Klein Inc. has been Market Development Strategy, when entering the home furnishings and children's wear markets, and when introducing new products, a Product Development Strategy or Diversification Strategy.

In 2002, parent company Philips Van-Heusen purchased ownership of Calvin Klein Inc. and was able to increase the brand equity further. The company established a new marketing technique and employed new advertisements to make Calvin Klein appear as a lifestyle brand, available to all consumers. The brand CK was available to those consumers that couldn't afford designer prices, while Calvin Klein Home competed with Ralph Lauren Home to attract women in the work place searching for home furnishings. The brand extensions and high variety of product lines have made it impossible for the Calvin Klein consumer to become feature fatigued. Calvin Klein Women's and Calvin Klein Men's include products available for professional wear, casual wear, sportswear, accessories, and fragrances. This variety of products attracts a wide

consumer base, of men and women in the workforce or the younger generations such as Generation Y or Generation X. Calvin Klein Children's attracts working parents who might also shop at Calvin Klein Men's or Women's for themselves. The wide variety of products and massive consumer base prevents those consumers from becoming feature fatigued.

Calvin Klein also introduces new line extensions often to allow for more product variety within the previously established brands. For example, Envy, a new line of women's intimates is recently being endorsed by actress Zoe Saldana to continue the image that Calvin Klein originally created with his trademark denim advertisements. The advertisements using sex appeal as a major strategy keep the attention of loyal consumers by creating a new product, but employing the old marketing strategies of that product.

The previous brand extension strategies of Calvin Klein reach into all possible product categories for this lifestyle brand. The brand name that is still lacking in profit is Calvin Klein Children's. Introducing new designs and new advertising campaigns that appeal more to working or stay at home parents will be a successful strategy to improve the brand's equity. Calvin Klein Children's products include those similar to Calvin Klein Women's and Men's, to attract those parents who want to dress their children with a similar style to their own. This includes designer denim, polo t-shirts, and accessories. To attract a wider range of parent consumers, the brand must expand their products to include clothing that children living in a household with a lower income would wear. The brand CK in Calvin Klein women's is a more affordable, casual brand made to attract a younger, but still fashionable consumer. This brand should be extended to include Children's wear, making it more affordable for the parents and more appropriate for children.



### Recommendations for Improvement

Calvin Klein is a very successful brand because it has lived for more than 40 years. That having been said, every successful brand always has room for improvement. Some ways that Calvin Klein could improve its brand are as follows.

The marketing program used by Calvin Klein is a very effective one. However, a way to improve it would be to reach to a larger market. Calvin Klein currently advertises mostly in stores and magazines. By growing their marketing efforts, Calvin Klein could reach many more by ways of television ads, promotions, and more.

Calvin Klein has many ways of leveraging its secondary associations. For example, the brand could be emphasized on the fact that is an “American” brand, using the positive associations that come with America and the pride its citizens carry. Another way would be use sponsorships or endorsements of celebrities in the weaker areas of the company that carry a high image. For example, using celebrity children to represent the children’s line would provide great emphasis on the brand. Childrenwear is still a new concept for Calvin Klein and it could endorse young celebrities such as Justin Beiber and Hannah Montana. Sponsorships and endorsements have been very successful for the older lines and this would enhance the children’s line.

Finally, another productive way Calvin Klein could improve its marketing efforts is cause marketing. Mother Earth and it's longevity is huge right now through the motto of going green. By saying that Calvin Klein will donate a certain amount of proceeds to an environmental cause, makes buying its products more alluring, especially for those who are ardently environmentally concerned.



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