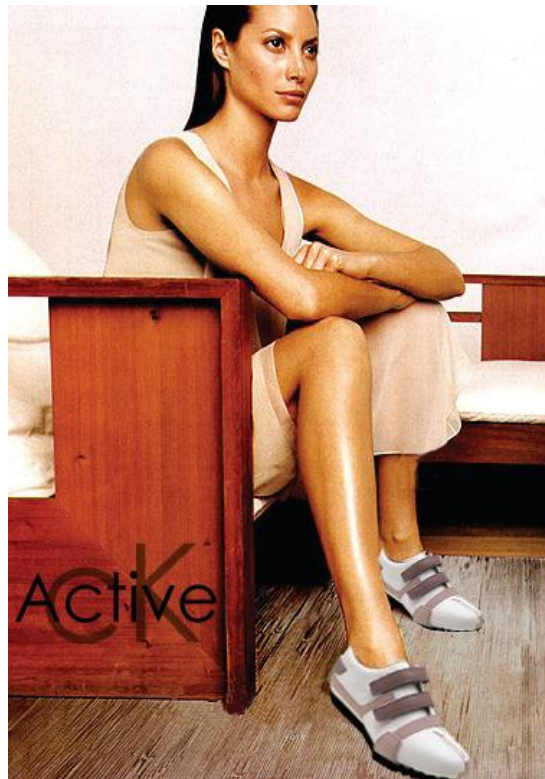


Calvin Klein

cK Active Shoe Line



Created by:

Rachel Slininger

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Introduction

The focus of our project is for Calvin Klein to launch a casual athletic footwear line for women. This product will be known as cK Active, a name which we feel best describes what our targeted consumers will be experiencing, while staying fit and trendy with their overall appearance and lifestyle. The cK Active shoe line will be designed in a variety of neutral based colors, made of stain resistant and waterproof material, and have specific logo features to leave a lasting brand image and impression among consumers. These shoes are designed to portray a high end line of footwear to fit in Calvin Klein's overall image of being an upscale brand. We will be positioning the shoe line in locations such as retailers and department stores through various advertising techniques such as billboards, magazines, and in-store promotions.

Situational Analysis

SWOT: Strengths and Weaknesses

Calvin Klein is part of a nationally recognized corporation, Phillips-Van Heusen (PVH). In February of 2003 Calvin Klein was purchased by PVH for \$430 million (Annual Review) and has been a main component to PVH's very positive earnings. Calvin Klein sales have increased about 14% per year which exceeded previous expectations and continues to grow stronger today (Smith A.10). A major strength for PVH is that they have a multiple brand, multiple price point, and multiple channel strategy; this allows PVH to become a very diverse company ("Phillips-Van Heusen 12).

Each brand has a specific target market to prevent the brands from becoming unmanageable. Calvin Klein has extensive product experience with men's, women's, children's apparel, and accessories; as well as home furnishings and fragrances. Athletic wear is something that Calvin Klein has most recently stepped in to. According to the Daily News Record, Calvin Klein Sport Line will be a Macy's exclusive for the upcoming holiday 2007 season (Scheidnes 11).

The description states it is functional, versatile casual wear and though intended for leisure activity, people could use them as work out clothes. "The fabrics are made of wicking and insulating

fabrics, sporty closures, detachable hoods, and hidden zippers (Scheidnes 11).” There is also evidence that Calvin Klein wants to expand with a statement from PVH CEO Emanuel Chirico:

“Strength of the Calvin Klein brand continues to fuel strong revenue and earnings increases and was the key driver in enabling us to exceed our previous guidance. The global demand for the Calvin Klein brand continues to expand as we introduce new product categories and enter into new markets around the world (Young 13).”

Calvin Klein is currently looking into the athletic footwear market to coincide with their vast clothing lines. In today’s competitive world, there are many brands and styles of athletic footwear, so differentiating the Calvin Klein footwear line will be very important.

Although the company has much strength, weaknesses still exist such as the risk of revenue impairment. This risk exists because PVH relies solely on external production sources. There are no long standing contracts with these manufacturers, which would be very fatal if merchandise was not delivered on time. Calvin Klein uses licensing, making PVH dependent upon companies such as Warnaco, which sells and distributes PVH products mostly through department stores (“Phillips-Van Heusen 12).

Licensing is difficult to work with because whoever owns the license can vary, sometimes making the job of brand unification difficult. Calvin Klein has also experienced problems in product lines. In 2005, a re-launch of women’s ‘better sportswear’ was executed, yet Calvin Klein found that some prices were too high, the color palette was too neutral, and there was an overabundance of jackets (Smith A.10). Since trends are always changing, it is important for Calvin Klein to be more advanced than the competition, to eliminate the production of products that would not sell.

SWOT: Opportunities and Threats

Calvin Klein has been exposed to many different opportunities to advance their brand throughout the past year. They have started to expand the brand by increasing exposure through retail stores and marketing nationally. The retail stores have helped increase sales by 7%, and most of the company’s revenue has been earned through royalty income and advertising. By focusing on retail

stores and advertising, PVH has achieved overall increases in revenue by 35.4%; which provides them with the opportunity to open 85-90 Calvin Klein outlet stores by 2008.

The Calvin Klein brand has helped PVH as a whole through introducing new product categories and entering new and diverse markets successfully. PVH has only continued to grow since they bought Calvin Klein in 2003. The purchase of the brand has helped bring world-wide recognition to both PVH and Calvin Klein. The acquisition of the Calvin Klein label has opened many doors for the company as a whole. One of the main goals for PVH is to be known as having a more diverse and integrated selection of products. These goals have allowed the two companies to enter different markets and product lines, such as fragrances and home furnishings.

While it looks like PVH is on the right path to maintaining a successful company, there are a few road blocks that PVH will encounter along the way. The main concern for the company is the merger of businesses. While most of the big box retailers carry at least one brand of PVH, some of these businesses are being acquired by or merged with other companies. If this continues to happen, PVH will lose the retailers that they sell their products to, meaning a loss of profit for the company as a whole. Another concern for the company is the rising price of oil. If the price of oil keeps climbing, the price to transport the goods from manufacturers to retailers will end up costing PVH more; raising the prices for consumers.

Competitive Analysis

When entering the shoe market, Calvin Klein faces a couple major competitors, such as Lacoste and Coach. These two brands are competitors because they are similar to Calvin Klein and what Calvin Klein would represent when entering the shoe market. Lacoste and Coach have already positioned themselves in the new product category of shoes, in which Calvin Klein is hoping to integrate their CK Active shoe line.

The French brand Lacoste is a large global competitor that is focused on being an affordable luxury brand. This brand is famously represented by an alligator logo that symbolizes most of the

products. Lacoste consists of many products, such as chic sportswear, that are emphasized in tennis and golf, fragrances, bags, eyewear, watches, textiles, and footwear. The athletic footwear typically ranges from around \$70-\$150, with their main target market consisting of younger consumers in their twenties and thirties, as well as middle aged consumers in their forties to sixties. Lacoste wants an image of a high end luxury brand in the minds of their consumers. They do not want the brand to be found at just any location, only high-end stores such as Saks Fifth Avenue, Nordstrom, Bloomingdales, Macys, Barney's, and Neiman Marcus. Lacoste feels that the brand represents luxury by being incorporated within these high-end retail stores. They generate more desire for the product by being harder to find; being over-exposed is not their aspiration. Lacoste is also found in freestanding boutiques in affluent shopping districts, giving the company an upscale showcase for its products.

Promotion plays a major role in enhancing the brand value of Lacoste in the US. The company emphasizes product placement in popular movies and TV shows by influencing the fashion choices of young people in America. Lacoste shirts have been worn on-screen by popular movie and TV stars such as Gwyneth Paltrow in the movie *The Royal Tenenbaums*, Lindsay Lohan in *Mean Girls*, Mathew Broderick in *The Stepford Wives*, and the cast of the popular TV show, *The O.C.* The company also offered free Lacoste clothing to celebrities and popular figures, making the brand easily recognizable by having the products advertised in this way. These types of endorsements help the brand stay hip and relevant in the market. The company feels that celebrity endorsements are essential for making their brand stay relevant in consumer's minds. By seeing celebrities wearing Lacoste in magazines, consumers will have a greater desire to purchase these products as well.

The second major competitor of Calvin Klein is Coach. Coach has been very successful within the market; portraying an upscale image to consumers. One of their key marketing tactics is that they create their own free standing stores that strictly carry Coach products. They have around 650 products and styles ranging from shoes and scarves to eyeglasses and handbags. The typical athletic footwear that Coach carries is around a \$100 for each pair. These shoes are very sporty looking, yet classy, still

bringing that upscale image to mind. Coach continues to draw attention to their brand by distinguishing themselves from the competition by having stores dedicated to their brand as well as having their products in higher-end retail stores such as Bloomingdales. These features contribute to giving the brand that classy, upscale image that Coach wants to portray in the minds of consumers.

Coach uses sales promotions for their products through the factory store, where they sell off last season's accessories or irregular products at discounts of 25%. Sales in these outlets grew 36% in the past quarter, compared to 14% in full-price stores. This is an important strategy for Coach due to the amount of revenue it brings into the company. By allowing certain products to be offered at a more affordable rate, more consumers have the opportunity to purchase products they normally could not afford.

Target Market Specification

Demographics

The primary market for casual/athletic footwear will appeal mainly to women, who are more likely to be fashion conscious when purchasing shoes and who are in between the ages of 30 and 50.

According to "Women by the ages..." The average woman in her 30's is busy juggling a multitude of activities ranging from household chores, work meetings, and extra-curricular activities. Women in their 40's and 50's have more time to focus on taking care of themselves and their homes. The women listed above have more disposable income and are better able to afford a luxury athletic shoe than younger segments, often times these are African American and Caucasian women.

Typically, highly educated women would be more likely to purchase a luxury shoe. The 2006 U.S. Census found that women 25 and older, holding a bachelor's degree or higher, earn an average of \$40,483. Many of these women are very active through their jobs outside of the home as well as managing the household. On average, households with this educational achievement earn an average of \$73,466, placing them in the 'middle class'. With 76% of women, ages 35 to 44, working they have both the desire and financial capability to purchase the Calvin Klein athletic wear. The average

household size at this income level is three, with 1.82 of the members earning the previously mentioned income. The census also shows that roughly 50% of these women are married and have had one child by the age of 44.

Our secondary market will consist of women ages 18-30. These women would be less likely to have multiple pairs of higher end casual athletic shoes compared to the primary market women, who have a higher probability of multiple higher end shoes. These women would still be fashion conscious but would not have as high of an income, due to the fact that they might just be getting out of school or only in their first job. Between the ages of 18 and 25, most women would probably not be married and have all their income to spend for themselves, compared to women who had many other expenses with a family. Because the United States has become so diversified, we feel that not one specific race should be targeted.

Psychographics

Calvin Klein's target market will compose a variety of characteristics in terms of their target market. Calvin Klein has become one of the most sophisticated and well known brands that have developed quality products at a reasonable price for many years. Consumers of Calvin Klein tend to portray similar lifestyle patterns, characteristics, interests, and attitudes.

Through research using the VALS typology, we found that the target consumers will first of all be innovators. These people view themselves as successful, sophisticated, and can take charge of tasks with high self esteem. Abundant resources allow them to contain three important motivations: ideals, achievement, and self-expression. They are change leaders which helps them accept new ideas and technology easily. These consumers are very active in their jobs, families, neighborhoods, and community gatherings. Their main purchases reflect tastes for more upscale, niche products and services.

Target consumers are also seen as great achievers whether it be through the position they hold at work, their family, or any goals that they have set to help them become successful. Their social lives

are very strongly focused on their family, place of worship, and their work. They are generally politically conservative and value stability over risk and self discovery. These consumers are very active within the market and look to the values of image, products and services with prestige, and time saving devices.

Calvin Klein's consumers are also seen as strivers in the marketplace with their trendy fashions and fun loving personalities. They are very goal oriented and are concerned about what others around them think. They like very stylish products to reveal their material wealth and are usually somewhat impulsive buyers to the extent that their finances allow. Many see their work as a job where they don't have to put in a lot of effort as opposed to a career where most people try to keep advancing. Consumers in this category find shopping more of a social activity where they can show their wealth and style to their peers.

The last constant characteristic that Calvin Klein consumers portray is experiencers. These consumers are motivated by self-expression and are generally young, enthusiastic, and impulsive in their buying habits. Seeking a variety of different products that will bring their lives excitement and risk makes them happy. They are very active socially either through exercise, outdoor recreation, or socializing with friends. Experience consumers spend a great majority of their income on socializing activities, fashion, and entertainment. They seek a high image by purchasing products that are cool and make them look good. (<http://www.sric-bi.com/VALS>)

Brand Concept Formulation

The image of Calvin Klein is a classy, high quality, and upscale brand. Associations found with Calvin Klein are designer apparel, luxurious and prestigious, and elegance and modern sophistication (annual review). Other associations related to the brand include sexy, urban, youthful, timeless, modern, and fashionable. The design product may be very expensive yet worth the price paid. With the many branches of the company, stores are located within department stores or stand alones. Some department stores that carry Calvin Klein are Bloomingdale's, Dillard's, Macy's, and Nordstrom.

Advertisements used by the company are often black and white and very provocative. Our brand, CK Active, stands for the average woman who is on the go and looking for chic and fashionable shoes to wear all day long and to correspond with her everyday apparel. The desired meaning for the targeted segment is for the shoe to be targeted towards 30-50 year old active women on the go, generally with children, who need chic and classy shoes to go with her everyday apparel.

We want our purchasing consumers to be able to have comfortable shoes without having to sacrifice quality or appearance. We want the brand to meet all of the consumers needs for complete satisfaction, loyalty, and hopes of repurchase. Our product would be distinguished by still being an everyday shoe for on the go yet with the consistent message of classiness, sophistication and fashion. We would differentiate the product by setting reasonable pricing, consistent neutral color schemes with creative, artistic designs, and a logo that is present on all shoes and stands out above competitors. Calvin Klein is a well established brand that has many positive associations, leading us to believe that they do not need to revamp their image when coming out with the new CK lines.

Product Design and Pricing Fundamentals

Brand Name

Calvin Klein already has three distinguished clothing lines making up the three tiers of their brand pyramid: Calvin Klein Collection, cK, and Calvin Klein. Our shoe will fit best in the middle cK category due to our target market consisting of women in the mid to upper income classes. We've decided to keep the name cK followed by Active, describing the product line of shoes that we are creating. We feel this name is suitable for the shoe line because it is still simple, yet accurate. The brand name fits with the overall image that Calvin Klein is trying to portray, which is the idea of simplicity. It describes the nature of not only the consumer that we are trying to market, but describes the design function of the shoe; which is to be worn whenever the consumer is active. Using the same color scheme, logo format, and advertising techniques will make consumers readily recognize and accept the cK Active shoe line. With Calvin Klein already having distribution centers in place, we feel these will

add to the ease of implementing the cK Active line.

Product Design

We plan on distinguishing our product design by having the Calvin Klein logo of “cK” placed on the back of the shoe and the words “cK Active” written on the front outer edge of the shoe. Along with this, cK Active will be imprinted on the bottom sole of each shoe. We wanted to add this in the occasions that the consumer would be walking in the rain, snow, or on the beach, in which the shoe would leave the cK Active logo imprint. This would provide brand awareness to other consumers who may not have the shoe or know of the product line. Another added advantage of the cK Active shoe will be the use of water and stain resistant material to prevent stains and weather substances from damaging the shoe. The shoe will be a mix between an athletic shoe and a casual sneaker. The slight variations of our shoe line will contain a combination of cloth and leather material; attributing to each unique design. The color schemes will be neutral, consisting of the colors black, gray, white, and brown. The more upscale designs will consist of added features such as a rounded toe versus a square toe shoe.

Pricing Consideration

We believe that the price range for our shoes will be between \$80 and \$120. We chose \$80 to appeal to the mid range consumer, however most of the shoes will range between \$100 and \$120 to fit the higher class consumer needs. Our price range compared to our competitors is more in the lower segment of their prices, with many of their shoes costing between \$150 and \$200. We believe the cK Active shoe will be positioned in the lower segment when introducing them into the market, in the hopes to create brand attraction and awareness to current and future Calvin Klein consumers.

Once it is well established and consumers are aware of the brand, we will be able to increase the price, design, and quality if needed. The pricing that we have developed for our shoes will not impact the brand as much, given that most of our customers are positioned in the mid to upper class, and our price range is very reasonable for this type of consumer. Most cK customers in our target market

recognize and associate our brand with high quality. Since we are targeting our shoes to consumers for the every day soccer mom that needs comfortable and classy shoes, along with the upper class consumer who wants to play tennis, golf, or be able to dress up or dress down an outfit; we believe that our price range is appropriate for both the higher and lower ends of our consumer market.

Integrated Marketing Communications Program

Advertising Programs

Our advertising statement is that ‘Women purchasing the cK Active shoes will be satisfying a need for a stylish and trendy shoe that can support a variety of lifestyles’. To begin planning for our advertising program, we specified certain key facts from the customer’s viewpoint. Customers will want this product to be purchasable from major shopping centers, where it will be convenient and readily available. They will also desire an affordable shoe that corresponds to their unique lifestyle, without sacrificing the high quality of the shoe. Customers may also want to know if the shoe will have a relatively standard price throughout every retailing location; having it be priced one way on the internet and have the same shoe at a retailer for less. Also, with the World Wide Web becoming more popular every day, we feel that a website in which consumers can look up the unique style of shoe for the affordable price is what they deserve. This media source would allow the busy or active consumer to purchase a cK Active shoe customized to individual wants and needs.

The primary problem or advertising issue from the brand management viewpoint is that cK is a strong brand name, but with an already established casual/active shoe market, the product will need to make a big entrance. However, in today’s society people are not as brand loyal to certain products as they used to be. Most consumers end up purchasing the brand of product that best suits their needs according to their current standards of price, quality, and attractiveness. Consumers may have the perception that Calvin Klein provides good quality products when it comes to clothing and nicer shoes, but they may not be able to picture them coming up with an active shoe line.

Our advertising objective is to make consumers aware of the new shoe line without damaging

the image that consumers already have of Calvin Klein. We need to advertise heavily to differentiate our product from competitors so that when consumers see the ad or commercial, they will want to try the cK Active shoe. They will need to create ads that show the many aspects that our shoe will provide for the consumer in their every day lives.

Examples of possible ads and a drawing of the cK Active details can be seen in the appendices. The drawing shows the four dimensions of the shoe: top, back, side, and bottom. The top view shows the 'cK Active' logo inside the shoe, the back shows the 'cK,' the side shows that the 'cK' would be located on the middle, and the 'Active' would be on the front-right toe. The final view is of the bottom of the shoe with the 'cK Active' imprint. This would be a raised imprint so that, as previously mentioned, when the consumer is wearing the shoes the mark will leave behind the distinct imprint when possible. The advertisement depicts a scantily clothed woman wearing a pair of cream and tan colored shoes. The cK Active logo appears on the side so consumers flipping through a magazine would know what the product is. Although not pictured, the ad for a few months before the product launch would say "Coming soon" and list the stores it would be located at. When the product is launched it would state "In stores now".

In order for our shoe to be successful in the casual/athletic footwear industry, we will want to pinpoint a specific market. We feel the best target market for our cK Active line will be women between the ages of 30-50 who are highly educated, fashion conscious, financially secure, and lead an active lifestyle. For more detail on target market, refer back to demographics and psychographics above. Coach and Lacoste, as previously mentioned are the two main competitors we will be positioning our shoe line against. The cK Active line will exhibit high fashion quality, reasonable price ranges, and will be found in high end stores similar to its competition Coach and Lacoste. While keeping up with the current trends of these two brands, cK Active will distinguish themselves by placing distinctive logos on the same part of all shoes to keep the brand uniform as seen in the ad within appendix A. The shoes will also be made with stain resistant materials to keep the shoe in mint

condition even on rainy days. Along with these two characteristics, our shoes will be neutral based so that they may be worn with any type of outfit. For more specific information on the competition and distinguishing characteristics of our shoe line, please refer to the competitive analysis and product design portions of our paper.

Calvin Klein wants its consumers to know that the cK Active shoe line prides itself in being of the utmost quality, providing a sophisticated image for consumers who need a shoe to fit their every day needs. From the qualities previously mentioned, our shoe will be able to sell itself through advertising and the shoes distinguishing characteristics, as well as prices that the shoes have to offer. The means-end value chain is a useful way to understand the relationship between consumers and the message strategy. It shows how a product's attributes lead to certain positive or negative consequences, which in turn leads to a certain value or end product. In our situation, the cK Active shoe's attributes would be size, color, style, comfort, & quality. Positive consequences would be that the consumer would feel highly fashionable, will receive high quality shoes that will last, and the shoe will be very comfortable for daily activities. Negative consequences could be if there was a defect in a part of the shoe, the price unaffordable and other brands could emerge in the market shortly after cK Active enters the market. Certain ends or values we believe cK's consumers would want to achieve are looking fashionable, expressing oneself, showing creativity, enjoyment of life, great achievement, higher social status, and being safe & secure during daily activities. cK will always show their logo, symbol, and slogan on the cK Active shoe line.

Media Strategy

Through the many types of media, we need to ensure that our cK Active shoe line is introduced effectively, not only keeping in mind the overall cK image but our shoe line as well. We feel the best media channels to successfully advertise will be through billboards, fashion magazines, coverings on the outside of business buildings in larger cities, and certain department stores. The billboards and building advertisements will be located in the main shopping districts of the following cities: Albany,

New York, Miami, Florida, Minneapolis, Minnesota, Denver, Colorado, Los Angeles, California, Chicago, Illinois, Birmingham, Alabama, and Wichita, Kansas. Through Acxiom, a customer information management site, we found these cities to be good test markets. These will be very bold advertisements yet of very simplistic nature so they are attention grabbing to the passing consumers. Sex appeal will be used mainly to grab the attention of consumers and stay consistent with the Calvin Klein image. One example of one of these signs will be a woman walking with an umbrella and two shopping bags in her hand. She is wearing short shorts and a v-neck fitted tee, accentuating her figure to add to the sex appeal of the advertisement. Her right foot is planted on the ground and while she takes a step the left shoe reveals the bottom cK Active imprint being left on the ground as she continues to move forward out of the rain.

Fashion magazines are another source of our advertising. We will advertise in Vogue, ELLE, Marie Claire, Glamour, and InStyle as we feel that these magazines are geared towards the most fashion conscious consumers, our essential target market. As previously mentioned, our ads that we have developed can be seen in these magazines (Refer to the appendices to view the ads). The cK Active shoe line will also pride itself in department store displays by increasing the consumer want and need for the shoe. Department stores will be a primary location for our product to be found, specifically at Nordstrom's, Bloomingdales, Macy's, and Dillard's. We feel these will be the best locations because they are at the top end of department stores. The displays shown in these department stores will continue to add sex appeal with mannequins showing the shoes. The displays will consist of informational and photographic image portions. The specific part of the shoe department where the cK Active shoe line will be displayed, will have the cK imprint found on the flooring as a way to attract and show the consumers about one of the distinguishing characteristics of the shoes.

To continue on with our IMC, we feel that our reach to our target market would be strong through the various media channels we will be using. As discussed in lecture, billboards provide a very large reach to consumers. It is hard to advertise directly to your target market, but this is why we have

specified locations near large shopping and business areas. The magazines that we have decided to advertise in will closely target cK consumers in the areas related to age, gender, fashion consciousness, and life activities. The building ads will be a great advertising media to target the upper middle class because most of the people that work in a shopping or business district in a large city usually have a generous amount of wealth. The middle class consumers may not have as high of reach because they would not necessarily be in that area of the city as often. A lot of our target audience has lifestyles that are very fashion conscious and stylish, which means they would spend a lot of time shopping at the locations where we will be displaying our shoe line.

Reach will continue to grow as more consumers see the ads for our cK Active shoe line. The more ads we have in places that our target audience will be, the greater product/brand awareness will be. The more awareness we create, the more consumers will want to purchase and try our product/brand. Consumers that already are loyal to cK will probably be more apt to try our shoe. However, even those not loyal to cK will have the urge to try the shoe in the hopes to be fashionable, sophisticated, and in style. The billboards and building ads should have good frequency because people would probably see the ads on the way to work as well as on the way home and maybe even if they leave to go out for lunch. Even if people make the trip to go shopping they would see it twice also. Magazines would have a high frequency because they target and receive such a large audience that buy and page through them. Shopping is a very popular activity in society today so it might not have as great of frequency as the billboards but would have a decent amount of exposure.

The most advertising that we can put out depending on our allowed budget would be the best advertising. Our strategy is more about the quality of the advertising in terms of location, size, and appeal and not as much on the quantity or number of advertisements that we have. Three weight metrics to think about are gross ratings, target ratings, and effective ratings. Gross Rating Points (GRP's) would be a somewhat high percentage since we expect high reach and frequency within all of our media vehicles. A specific rating may be hard to come by with the billboards and building ads as

far as how many people are exposed to a single occurrence of one of the ads. Stores keep track of the number of each magazine sold, but it would be hard to determine if each consumer that looked through a magazine was actually exposed to one of the cK Active ads. Target Rating Points (TRP's) need 3-10 exposures during a media planning period (typically 4 weeks) for the ad to be effective. If we go with the idea of many consumers in our specific locations or particular magazines that we are advertising, there is a chance for a consumer to see an ad three times a day. However, there are subjective factors that must be considered such as consumers being preoccupied and not seeing the ads due to talking on the phone, watching televisions, socializing with other people, etc. Department stores keep track of sales so it would be easy to distinguish the reach and frequency based on sales but not necessarily on how many people that were in the store actually became aware of our brand.

We think that cK will probably need to spend a lot of money in the beginning because even though cK is a very well known brand, they have such a wide variety of product lines that they will really need to emphasize this cK Active shoe line to draw people's attention. Since we are hoping for a wide reach and high frequency, there will probably be less need to advertise and spend as much as time goes on. There would probably be a slight decline in these areas as time goes on. We would probably use more of a pulsing concept and advertise during certain periods of the campaign, and the amount of advertising varies from period to period. This would allow us to vary our costs so that when we may bring in an active men's shoe or active clothing we will be able to pulse our advertising costs.

We would introduce the cK Active shoe line around a major shopping time of the year such as the beginning of November, when people are starting to look and shop for gifts for the holidays. This will not give too much time so the consumer forgets about the product or gets frustrated when they can not find it anywhere. It will be just enough time for them to do their shopping for the holidays, when all the great buzz for new products start coming out. We want to make the cK Active shoes with high quality and fashionable design while still allowing a large enough budget to do the appropriate amount of advertising to achieve a large amount of reach and frequency.

Sales Promotion Program

Promotional Objectives

We have come up with specific objectives to aim for in our sales promotional strategy. The main objective of any brand manager is to get the product adequately placed in as many retail stores as possible and to ensure that the product moves off the shelves in a timely manner to keep retailers satisfied with its performance and to achieve your own profit objectives (Shimp 528). The second objective is to attract the consumers to try and eventually purchase our product. For example, we could develop co-marketing arrangements with our retail stores. We could target prime consumer prospects in each of the retailer's trade areas and mail out invitations that appear to be from the retailers, not Calvin Klein. These prospective purchasers could be invited to come and try out a pair of the new CK Active line of shoes and maybe even give them a chance to win a prize of some sort.

A third promotional objective could be to provide retailers with an incentive to advertise and sell our product over others. This can be accomplished by providing employees and customers with Calvin Klein products when they reach a certain level of sales. This will help motivate retail employees to sell the product over others, and it will increase customer awareness. We want more shelf space than our competitors, increased quantity, and the product fashionably displayed to catch the consumer's eye. However, it is wise to be able to reduce inventory during slow economic turns in the market.

A fourth promotional objective is to keep the competitors away from your customer base. We will put ads in magazines, put up billboards in areas where there will be a wide target consumer market, send out flyers in the mail, and set up demonstration areas where customers will be drawn to try. Entering into new markets is another way to gain new customers, due to wanting to be in style and try a new, exciting product. We need to reward those customers that are loyal to the brand for an extended period of time. Along with this aspect, we need to keep enhancing the brand image so that we will attract repeat purchases of the brand to create brand loyalty. Looking for new customers and addresses

to put on the list to advertise helps to continually expand the consumer database.

Trade promotions could also be a big player in our promotional strategy. If we could make some trade deals with retail stores that we will have carry the CK Active shoe line, it could motivate and create sales incentives to retail employees/managers. Various types of allowances, discounts, contests, or advertising support programs could be used to create a forward thrust to manufacturers to trade accounts; providing retailers with reasons for stocking, displaying, advertising, and even placing the promoted brand in a price-discounted deal. Using these types of promotions can help pull a brand through the purchasing channel by providing consumers with a reason to try or purchase the product (Shimp 492-493).

Trade Promotion

When developing and launching the cK Active shoe line in department stores around the country, it will be important to get the employees who work in these shoe departments on board with cK and excited about these new shoes. The goal for Calvin Klein is to have these employees sell these shoes to the consumers based on the benefits, looks, and quality. One way for Calvin Klein to help the stores and employees who will be selling these shoes is to offer trade promotions. A specific trade promotion that we will be offering the employees at each department store, as well as the stand-alone Calvin Klein stores, will be a complimentary pair of the new cK Active shoe to each female so they can have personal experience with wearing the shoe so they will be more informed on the best ways to sell the shoes benefits. We feel this will be a great trade promotion for the cK Active line because not only will the employees feel like wearing the shoes to work each day, but it will give them more incentive to want to share their love of the shoe with others by pushing to sell them to the consumers.

Following this, we've found that another successful trade promotion might be in the incentive of giving a reward to the employee that sells the most cK Active shoes each quarter. At the end of each quarter, the top-selling employee for cK Active will receive a \$75 gift certificate to Calvin Klein. It will be able to be put towards not only the cK Active shoe line, but any kind of apparel or accessories so

that men, as well as women, may benefit. This will be a good incentive for the employees to want to sell as many shoes as possible.

Lastly, an important trade promotion for the overall department stores is that Calvin Klein will give each department store a quota of shoes to sell from the cK Active shoe line for each quarter. If the department store in which these shoes will be sold such as Bloomingdales, Macy's, Nordstrom's, and Dillard's meet this quota for the quarter, they will receive 5% off of their next purchase order from the shoe line. If the department store meets or exceeds its quota for four consecutive quarters, it will then receive 15% off all of its purchases for the following two quarters. The goal for this trade promotion is to encourage not only the employees in the shoe department but store management as well. To sell these shoes, the overall department should receive incentives for cheaper rates of purchasing the cK Active shoes. As you can see, trade promotion is of great importance to Calvin Klein so the shoe line not only satisfies the consumers but also offers incentives to employees by selling the shoes and performing a service for Calvin Klein. Fifteen percent of the total sales promotion budget will be allocated to trade promotions, such as these, for the cK Active shoe line.

Trade promotion is something that Calvin Klein puts a lot of thought into so not only is the brand hopefully satisfying the consumer's needs and wants, but for it to be something that is of importance to the employees as well. The goal of Calvin Klein when launching this new shoe line is for the employees to fall in love with these shoes just as much as we're looking for the consumers to. We want the employees to take pride in what they're selling by believing in the brand, loving the brand, and wearing the brand, so when they go to sell the shoe to consumers, they sell it with a passion that comes from their own personal experience.

Consumer Promotion

The promotions that we are focusing on for this shoe are magazine ads. We feel that by using magazine ads we would still be sticking to the same advertising scheme that cK uses for the rest of its products. One promotion that we may incorporate into our promotional scheme is a free gift with

purchase or a discounted price for the first week in the market. This way we are still keeping the upper class image and yet giving the consumer a discount. As of now cK does not use any type of promotional material other than magazine advertisements by doing this they keep their upscale image and they refrain from cheapening their brand name. If cK were to use promotions such a couponing, or sampling it may cheapen their brand image and they may lose their higher end appeal.

The product launch will be an essential time for the advancement of the active shoe line. During the product launch we would do promotions such as offering a discount for customers who purchase the shoes on the first day it comes out in the market and offering free shipping with a purchase of a pair of shoes from the cK website.

Point-Of-Purchase Program

At the point of purchase, we would like to ensure that consumers try our product, repeat purchases, and that cK works to reinforce their brand image. Some possible consumer rewards cK could use would be a gift with purchase, a satin bag for the shoes or a cK shoe cleaning/care kit, or a money off discount of \$5 or \$10 dollars. We would want these rewards to be immediate so the consumers would respond quickly to the product. Samples or coupons would not be effective sources, as these would be difficult promotions to use without giving the product away. Since sampling is expensive to do and often distributed in the wrong market, it could be a waste of our budget. Coupons would not really fit with our brand either because cK is viewed as a high end brand that consumers are willing to pay for. We could promote money-off, as mentioned above, but if we sent out a coupon for our product it may make cK appear cheap.

When we get to setting up our budget, it can be roughly estimated by looking into what our competitors, Lacoste & Coach, have done with their budgets. Without having a product line in this area currently we cannot say exactly what cK would spend, but we can hopefully come within their range. Retailers spend a lot of money on advertising, so if we were to say that 60% of our budget will be spent on advertising; 10% spend on trade promotion, 10% on consumer promotion, and 20% on point-of-

purchase. Calvin Klein's global retail sales volume was approx. 4.5 billion in 2006. If we multiplied this number by 25% we would get about 1.2 billion for all their campaigns and not just 'footwear.'

Many materials will be put in place to ensure the product will be a success. In store media will be a main focus because it is what consumers see when they step into the store. We will need to make certain that the colors are still classy neutrals, to stay consistent with the brand image, but this may cause problems for standing out. To be sure cK Active stands out more, we can implement floor graphics with footprints leading to the cK Active display and signage around the products. The footprint graphics will be made of a sticky material so they do not damage the floor but are completely solid on the ground. These will also show the bottom shoe detail that many wouldn't see unless they were examining the shoe. Another special promotion to add with the few above would be a credit towards another pair with the purchase of a first pair, which would enhance repeat purchasing. These materials will fit with cK's image and will stand out by being in highly visible sections of the department store shoe departments. There will also be advertising images around these displays that use cK's sex appeal and are very eye catching.

Conclusion

We believe that Calvin Klein will successfully launch the cK Active women's shoe line in the casual shoe market. Through comprehensive research on Calvin Klein, as well as its competitors, we have developed what cK Active's primary and secondary markets will consist of, the shoe design, pricing, and brand image that we want to portray. As discussed throughout this paper, we have developed the IMC Program to ensure their success against current competitors. Our IMC Program is constructed of a firm advertising and overall sales promotion program, different media strategies we will incorporate, and point of purchase promotions. With this said, the cK Active shoe line will be ready to launch and have a tremendous impact with consumers in the casual athletic footwear market.

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Appendices

Appendix A



Appendix B

