



MICHAEL KORS

ADRIANA CASTILLO

BUF 1101

BACKGROUND

- Michael Kors is a global luxury lifestyle brand led by Michael Davis kors.
- The company's heritage is rooted in producing polished, sleek, sophisticated American sportswear with a jet- set attitude.
- Its business is operated through three segments: Licensing, Retail and Wholesale.
- In 1981, Kors launched the first Michael Kors womenswear line in high end retail stores and major boutiques
- In 1993, Kors went bankruptcy, discontinued the KORS line and the business was stopped for a while.
- He got back to the fashion arena in 1997 and launched a lower-price line.
- In 2000, Michael Kors signed licensing agreements to produce and distribute sunglasses and handbags.
- In 2002, the Kors menswear was launched and in 2004, the company launched the MICHAEL Michael Kors. This line focused on women's shoes, handbags and ready-to-wear apparel.
- By 2011, the Michael Kors was one of the largest and most successful fashion IPOs ever, valuing the brand at \$3.8 billion.
- The brand is considered as one of the most popular handbag brands in the world due to its high standards of quality, creativity and technology.
- Michael Kors brand have been one of the favorites brand for recognized people such as Natalie Portman, Jennifer Lopez, Heidi Klum, specially for Michelle Obama.



TARGET MARKET

DEMOGRAPHICS

- One of the reasons why Michael Kors is so successful in the fashion industry and worldwide is because he knows his target market, which is one of the most important factor in building a successful business.
- Michael Kors target men and women.
- 82% of them are women.
- Attending college or professionals.
- Ages from 24 to 55.
- Annual salary is from 40,000 to 90,000.
- Residing in develop countries such as United States, Canada, Paris, etc.



TARGET MARKET PSYCHOGRAPHIC

- The most popular interest for Michael Kors demographic is beauty. Some of the beauty products they use are MAC cosmetics, Maybelline New York, Covergirl and Sephora.
- The second most popular interest for Michael Kors Demographic is Apparel and Fashion. The most common is women's clothing and underwear brands such as Louis Vuitton, Victoria's Secret, Victoria's Secret Pink, and Bebe.
- The third most popular is Retail. The most popular type of Retail is Apparel Retail and Department Stores. They usually shops at one of these stores: Macy's, Target, Nordstrom, Marshalls, etc.

MAYBELLINE
NEW YORK



SEPHORA

MAC

Marshalls.

PINK

VICTORIA'S SECRET

macy's



TARGET



PSYCHOGRAPHIC

- Michael Kors fans follows models and famous people such as Khloe Kardashian, Kourtney Kardashian, Snooki, Joel Osteen Ministries, Jennifer Farley, and Kim Kardashian.
- Their favorite entertainment are TV shows such as The Ellen DeGeneres show, Keeping Up with the Kardashians, Pretty Little Liars and Grey's Anatomy.
- Family and relationship is very important for them.



#	NAME	REACH	POPULARITY	RELEVANCE
1	Apparel and Fashion	100	179.97	185.56
2	Media	96.65	102.65	134.5
3	Entertainment	95.86	74.32	115.63
4	Famous People	91	107.82	137.84
5	Retail	71.89	170.94	178.7
6	Recreational Activities	71.27	124.56	148.39
7	Sports	66.94	53.36	101.03
8	Food and Drink	63.65	126.37	149.36
9	People and Society	58.68	100.2	131.93
10	Beauty	54.87	181.55	184.19

PSYCHOGRAPHIC CHART

PRODUCT LINE

- Michael Kors brand has two primary collections: the Michael Kors collection and the MICHAEL Michael kors collection.
- The Michael Kors collection offers accessories such as handbags and small leather goods, made from high quality leather and other exotic skin.
- This collection also offers footwear and apparel such as ready-to-wear for menswear and womenswear.
- On the other hand, the MICHAEL Michael Kors collection offers a variety of footwear, apparel and accessories especially handbags, clutches and wallets.
- This collection, however, tries to focus only in women footwears and womenswear such as tops, skirts, dresses, pants, outerwear and shorts.
- Through its licensing segment, Michael Kors offer a variety of watches, eyewear, jewelries, fragrances and beauty.
- Michael Kors handbags come in a variety of high quality natural materials including leather, suede, metallic saffiano, and python-embossed leather.
- For most of the women dresses and tops, Michael Kors uses Viscose, Nylon, Polyester, and cotton and elastane.
- Michael Kors footwear are mainly made from leather, suede, coated canvas and polyester.
- The market in which Michael Kors operate is highly competitive.
- Michael Kors faces intense competition with a variety of brands, including Ralph Lauren, Louis Vuitton, Prada, Gucci, Hermes and Burberry.
- Michael Kors's top competitor is Coach.

PRICING STRATEGY

- Michael Kors is a global luxury lifestyle brand.
- Therefore its luxury brand pricing plays an important role on the way consumers look at the brand and its value.
- Although it could be a really expensive brand for many, Michael Kors tries to make affordable products for the growing social class and those that can not afford a high price for any of the products.
- Michael Kors is trying to avoid discounting its products at all costs in order to maintain its luxury brand identity.
- The brand is trying to reduce the amount of products going into the wholesale channel in which they expect demand for full price versus sale to increase
- Michael Kors products pricing varies from one collection to the other.
- In Michael Kors collection, the prices are more expensive and has a higher price range.
- The price range for leather handbags and women's apparel retails from \$300-\$6,000 and its footwear from \$300-\$1500.
- On the other hand, MICHAEL Michael Kors collection price range are more affordable for growing social classes that are not able to spend a lot on Michael Kors Products.
- Their handbags retails from \$200-\$600 and their small leather goods retail from \$45-\$250.
- Footwear retails from \$400-\$350 and women's apparel from \$50-\$500.
- The price zone in which Michael Kors may be categorized is in bridge market.

PROMOTION STRATEGY

- Michael Kors's promotion strategy focus on delivering a consistent message every time the customers gets in contact with the brand through all the promotions, visual merchandising, and communication.
- Its brand image is created to help ensure the consistency of the message.
- Michael Kors uses celebrities to display its products in public market.
- It also promote the brand through Facebook, Twitter, and Tumblr as well as in TV commercials, magazine ads and billboards.
- Michael Kors wants to increase Facebook likes and Twitter followers by 5% each month in order to increase awareness of the product.
- Another promotion strategy that Michael Kors uses for promoting its products is by doing online contests in which customers purchase products and share their experiences to be entered to win a day with one of Michael Kors' celebrity influencers.
- Michael Kors is trying to open stores in China in order to impress the Chinese people and encourage them to buy the products.

PLACE STRATEGY

- Michael Kors' primary distribution facility in the United States is in Whittier, California, which is 1,120,500 square ft.
- There are also smaller Michael Kors distribution facilities across the U.S. Outside the United States, Michael Kors have regional distribution centers which are leased/operated by third-parties in Holland, Japan, Canada, Hong Kong
- The brand expanded its existing distribution facility located in California to service its e-commerce site in April, 2015.
- This online distribution is operated through a mono-brand website, which enable its customer to view Michael Kors products, learn about the brand and company, and find out about the company's vision
- **In order to support its European operations, Michael Kors is planning to open its own distribution facility in Holland.**
- **The Michael collection s distributed through company leading selective and select licensing partners.**
- **For instance, watches and jewelry are exclusively sold by Fossil stores, eyewear are sold by Luxottica, fragrances and beauty are sold by Estee Lauder.**
- **On the other hand the Michael Kors collection is distributed to an exclusive stores in order to ensure exclusive experiences and a a high status feeling which justify the premium price charged.**

CONCLUSION

- After doing this research I have learned a lot about Michael Kors brand.
- Some of the things that I have learned are that Michael Kors is operated through licensing, retail and wholesale.
- I also learned about its price range and the different collections that he has launched throughout time.

Opportunities

- One of the biggest opportunities for Michael Kors is that it's a very well-known brand not only in the U.S. but globally.
- High brand saliency and the positive affirmation from consumers has influenced demand in domestic market and the neighboring countries.



THREATS

- Michael Kors has been one of the most successful brands globally, however, that don't stop the brand from facing some big threats in the industry.
- Michael Kors price strategy on lowering the price for the growing social class has changed the luxury perspective of the brand.
- This wrong perspective from the customers has lowered the brand value and costumers are not longer willing to pay the same prices for the products since it has lost its luxury image.
- E-commerce is also a threat for Michael Kors physical stores.
- This is because Michael Kors customers are adopting the modern way of shopping online.
- An increase of online shopping means that physical stores traffic will reduce and might result in closing all the physical stores.
- This will decrease the brand revenue because some people that prefer to go to the physical stores to either try or see the clothes will stop buying the brand.



RECOMENDATION

- One recommendation I want to give the brand is to launch a clothing line for kids because I think this will make the business more successful in terms of profit.
- I think that one of the reasons why Michael Kors might be losing its value is because many small stores are using the logo to create low quality products such as handbags and clothing not produced by the brand.
- Therefore, I think the brand should improve its regulations in order to preserve its luxury brand image.

MOODBOARD

Theme

- Autumn in Central Park

