Coach, Inc.

Marketing Plan and Executive Summary

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Executive Summary

Coach, Inc. is a modern American-based leather goods and accessories company providing a variety of merchandize comprising handbags, wallets, accessories for men and women, outerwear, scarves, fragrances, etc. Today, Coach is available on five continents in over 1,000 directly-operated stores worldwide and many more in collaboration with Coach’s global wholesale and distributor partners. ¹

Company Overview:

The successful luxury brand with a “rich heritage of craftsmanship and New York style” has the following pricing structure:

Leather goods retail $500 to $6,000
Footwear ranges from $300 to $1,200
Apparel retails from $400 to $4,000²

¹ http://www.coach.com/careers-about-coach.html
² Prices based on women’s apparel from Coaches’ online shop< http://www.coach.com/shop/women>
However, Coach is also successful at selling cheaper and more commercial products. They have been able to appeal to older women, as well as young women. In addition, the company has been really focusing on men’s designs and apparel for the last few seasons, and it is rapidly becoming a brand that a lot of men in New York City are wearing.

Coach’s leather bags and backpacks for men have been a huge success during the fall/winter of 2015, establishing Coach as a luxury brand for New York men.

**Industry:**

Coach together with Michael Kors and Kate Spade, have been blamed for what it is called “The Death of the Designer Bag”\(^3\), after decreasing the prices on their bags and keeping mainstream designs for a couple of years they became very popular. However, suddenly most woman had one of their bags and it made Coach lose its reputation as a luxury brand, and their products became part of the fast fashion trend.

It is important to take into account what techniques Michael Kors is using in order to increase their sells and bring up their popularity, as they are rapidly expanding.

\(^3\) Women have abandoned a longtime wardrobe staple - and that's terrifying news for Michael Kors, Coach, and Kate Spade (Business Insider) By: Schlossberg, Mallory.
According to statistics in the last three years Michael Kors grew by 64% and Kate Spade by 47% while Coach only saw a 6.6% growth.  

**Competitors:**

Coach has many competitors including Louis Vuitton, Prada and Cole Haan. However, these brands tend to focus on a higher income demographic, which is more interested in high fashion products. Michael Kors is therefore, Coach’s biggest competitor as the both are similar in price range and have the same American appeal. Coach’s website describe their brand as “quality, authenticity, value and a truly aspirational, distinctive American style”, but Michael Kors is also a brand that is now offering American styles, and have become increasingly popular amongst middle-class women in the United States. In Asia where many women are inspired by American fashion trends, the brand is quickly increasing its sells. Ralph Lauren is also another competitor that is known for their quality and American appeal.

Ralph Lauren, Michael Kors and Coach are all sold in department stores such as Macy’s, Bergdorf and Dillard’s, these three departments stores have the same demographics and therefore, they are all each other’s biggest competitors. At a place like Macy’s usually Coach bags are being sold next to Michael Kors bags, subsequently costumers at Macy’s have to decide on weather to get a Coach or Michael Kors bag, when both of them offer

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similar designs, have the same appeal and use similar types of leather to manufacture bags.

Marketing plan:

Coach is able to compete because it is an international known brand, and it does not depend on a specific geographic area to succeed. In addition, it occupies around 28% market share in the U.S. handbags market.

Coach has also been in the market since 1941, while Michael Kors has only been in business since 1981 though it has only been relevant since 2006, while Kate Spade started in the early 90s, but it became relevant in the late 90s and early 2000s.

The goal of the Marketing plan is to bring Coach’s signature bags and purses back to popularity, keep up their new trend of focusing design on menswear, increase their new
androgynous designs that appeal to men and women, but most important is to make Coach renowned as a luxury and exclusive brand, after missing a lot of its reputation.

**Locations:**

When it comes to locations, they have lots of stores within malls and outlets. In addition, they have locations in a lot of airports from where they make a lot of money. However, if Coach pretends to make a comeback as a luxury brand they will have to close down some of those spots, and try to open new locations outside of malls, especially within big cities as Malls are not profitable anymore. Coach also operates within department stores and specialty retail locations.

Coach also has several locations in pedestrian streets or just around most American big cities such as Miami, Los Angeles and Kansas City. According to its website, Coach had over 500 Coach stores in North America as of last July. However, as of June of 2014, Coach expected to close about 20% of their North American stores, or about 70 stores because of market share loss to Michael Kors.  

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International Expansion:

At this point Coach’s principal market is North America, followed by China and Japan. These are very important markets as they bring a lot of money. Coach would benefit by trying to expand their market in Latin America, especially places such as Brazil and Mexico, where the brand is very successful, and there is a middle class in the raise. The brand could also be successful in Europe but they would have to focus more on their menswear designs and try to come up with more trendy designs, instead of relying on traditional designs. However, at this point it might not be necessary for Coach to focus on the European market.

It is a good idea for Coach to keep expanding within China. As an emerging market, China has attracted several foreign investments from multinational enterprises in the past decades. China has a lot to offer to international investors ranging from cheap labor force,
natural resources, potential costumers and a stable political and economical environment, as of right now.

As a result of the Chinese economic boom, the number of Chinese customers who are shopping world-famous luxury items has dramatically increased during recent years. China is a very populated country with a growing middle-class, therefore, it would be a great idea for Coach to set up factories and retail stores in China in order to reduce operating expenses, and to better satisfy the growing demand among Chinese customers.

Use of media, advertisement and awareness:

Coach has relied on their name and traditional designs for years in order to sell, and it is taking a toll, as Michael Kors has an advantage over Coach, in the sense that the designer is a sort of celebrity in the media. Therefore, Michael Kors benefits from good marketing and public relations. In the other hand, Kate Spade is a very trendy brand and it also attracts a younger crowd as well an older crowd, making it a top competitor for Coach. Coach can no longer rely on their history and prestige; they are forced to step up their social media game and their advertising strategies.

Coach must invest more in commercials and print ads, especially during Christmas season, as it would hit the right target group. In the future, Coach should try new advertising strategies, aside from the Internet. For example TV commercials, which are much more eye catching and stimulating than emails, catalogs and information listed on the websites.
Coach needs to hire social media experts that can compete with Michael Kors, which is a public figure. Coach needs to find celebrities that wish to become ambassadors for the brand, especially male celebrities as Coach is trying to become relevant within the men’s luxury market.

It would also be smart for Coach to find a social or political cause that they can use for marketing but also to provide help to others in need, as philanthropy is very big right now.

Famous singer and philanthropist – Lady Gaga wearing Coach fall 2015.

Coach should update their website to include visualization apps and better size guides. They need to keep their website updated, and try to list all their products on their online shop. Coach needs to ship to more countries, especially those that do not owe costumers taxes for foreign online shopping, and they need to be able to offer free returns to all their costumers.
Strategies:

Coach has now become a popular brand among men, and they need to live up to their expectations within the menswear design. Many men today, especially in New York City spend lots of money in western luxury goods. Men in big cities are now following fashion trends and are willing to spend as much money as women on fashion products, and Coach should be able to meet this demand.

Coach must recruit talented fashion designers who are able to add creativity to the brand without dramatically changing the brand’s image. Coach needs to hire designers who are able to design a great variety of marketable products, and the designers should be able to keep up with the fast fashion trend. In conclusion, Coach’s designers must know the brand well, must be willing to work with classic designs but add new creative details, and they should be able to come up with seasonal designs that can be sell within a short amount of time.

Coach has a lost a lot of its reputation in the last few years because of the phenomenon that was mentioned before, “The Death of the Designer Bag”. Coach could attract some of their upper class costumers by allying or merging with jewelry brands that would want to add their designs to Coach’s bags.

Furthermore Coach should improve the technological content of their products making it harder for others to imitate their designs or build replicas. As Coach operates in many countries, the company should work together with foreign governments to enact and
amend their intellectual property and copyrights laws, which can legally protect Coach’s interests, and protect their rights of ownership.

**Conclusion:**

Coach is definitely a renown and timeless brand, but they are losing to Michael Kors who is spending more on advertisement, social media, and specially after taking part on Project Runway it became a popular brand. Coach cannot rest on its name if it wants to stay relevant compare to Michael Kors, Kate Spade and Ralph Lauren they need to work on their marketing, and most importantly getting rid of the phenomenon “The Death of the Designer Bag”.

Coach’s new designs that are much more focused on men and a younger demographic, might be Coach’s way to deal with the competition, however, Coach’s trendy designs are still very new to the market, and have not had enough on an impact just yet, this is mostly due to lack of exposure, which would become Coach’s main focus.

Coach is making a good job selling their products online, they are not very big on social media, probably because their target group is a bit older. Coach does not necessarily need to focus on appealing to a younger crowd, as Millennials at this time lack money due to the current economy.

Coach made a very good decision at hiring Stuart Vevers as their new head designer, because he is very creative, but he also knows a lot about branding, and keeping a particular look, just as he did with Calvin Klein. He will be able to give Coach that trendy touch that they desperately need right now, while still keeping Coach’s brand intact.
However, Coach provides high quality products that are much cheaper in comparison to their European competitors, and they are able to attract the middle class consumers thanks to the company’s strengths and costumer loyalty. Coach has maintain a respectable popularity within the US thanks to their American mindset, which is the reason why American costumers always keep coming back to shop at Coach stores.

It can be concluded that Coach will need to work on expanding abroad as much as possible, now that they became a popular brand among men, they need to not disappoint this demographic and keep their trendy men’s designs. They should try to become more popular in social media, in order to attract a younger crowd, and they need to continue working with their widespread retail network both in the US and abroad.

Coach remains a popular brand and they seem to have a bright future, they just need to keep up with new trends and rejuvenate their brand without losing their original touch.


6 All images taken from Coach, Inc. official Instagram account. <https://www.instagram.com/coach/>