

# Calvin klein clothing: advertising and promotion



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The economy benefits a lot from the apparel industry. In fact, this industry is amongst the most important in terms of employment generation, trade, revenue, and investment world-wide. Yet, this industry is often unpredictable. It has extreme product variety, long and inflexible supply processes as well as short product life cycles. Despite these factors, the industry has over 20 years worth of transition.

Fashionproducts. com (2008) indicated, Some of its (sic) major contributions are:

- Significant consolidation in retail,
- Increasing use of electronic commerce in retail, and
- Wholesale trade The apparel industry produces finished clothing products made from both natural and manmade fibers like cotton, silk, wool, Lenin, polyester, rayon, lycra and denim.

The important segments covered in [the] apparel industry include kid's clothing, men clothing, men wedding wear, women clothing, bridal wear and intimate apparel. (paras. 1&2) On a global scale, two of the top names that come to mind when thinking about apparel are Nike and Calvin Klein. In fact, in terms of name brand recognition and the type of fibers the apparel is made from, Nike is to cotton what Calvin Klein is to silk. For the purpose of this essay, the focus is on Calvin Klein and his clothing designs.

Calvin Klein Inc. Calvin Klein was born in New York, New York in 1942. He established the Calvin Klein Limited in 1968. Mr. Klein is known as a designer who uses luxurious fabrics such as silk, cashmere, and linen. He is most

popular for the underwear, jeans, and fragrances collections (Answers. com, 2008, Columbia Encyclopedia). In 1968, Calvin Klein went into a coat business with his friend, Barry Schwartz who also served as a financial backer. The company's first order was a \$50, 000 purchase made by a coat buyer from Bonwit Teller. It was then that Calvin Klein determined that designing clothing would be a very profitable venture. Consequently, Mr. Klein expanded into other areas, including jeans.

In fact, Answers. com (2008) mentioned, Since 1994 Calvin Klein Inc. has grown into a fashion empire producing everything—including menswear, womenswear, fragrances and skincare products, eyewear, socks, and pillowcases (Calvin Klein Home, a home fashion collection, was introduced in April 1995). Bearing the Calvin Klein name has grown into a lifestyle reward around the world; it is known in countries everywhere his products are not sold. Klein believes American clothes are an advantage in the global marketplace; nearly 90-percent of his business is through worldwide licensing agreements. (Modern Fashion Encyclopedia, para. 9)

As a result, in 1997, Calvin Klein Jeans had achieved one-half billion dollars in sales (Answers. com, 2008, Biography). In 2003, Mr. Klein sold his company to Phillips-Van Heusen. However, he remained the designer. As of 2001, the Klein company was still a private and independently owned establishment (Answers. com, 2008, Columbia Encyclopedia). Apparel globalization The apparel industry is very global. As indicated earlier in the essay, Calvin Klein products are known all over the world. Yet, Mr. Klein's products are not the only ones being sold. According to Allbusiness. com<sup>1</sup> (2008), " In 2002, the

textiles and clothing industry accounted for US \$250 billion or 5. 6% of total merchandise exports.'

' The industry employs tens of millions of people, primarily in developing countries'" (para. 1). In spite of this factor, as of 2005, restrictive quotas on imports of clothing and textile products are no longer allowed. This is because the World Trade Organization (WTO) put an end to the quantitative import restrictions (Allbusiness. com<sup>1</sup>, 2008). Remarkably, even with the WTO ending the complex trade regime, Indonesia textile clothing exports were \$8, 671 million in United States currency in 2005. The year before this occurred (2004), Indonesia was ranked number ten amongst leading exporters of textiles (Allbusiness. com<sup>2</sup>, 2008). In 2007, Mexico entered into supply agreements with Honduras, Guatemala, Nicaragua, Costa Rica, El Salvador, and the Dominican Republic. Mexico will supply textile to the apparel industries in those places at low tariff rates. Allbusiness. com<sup>3</sup> (2008) reiterated, " The textiles would then be manufactured into clothing for shipment to the US" (para. 1).

Thus, the apparel industry serves as a portal for harmonizing the world together. Globalization drivers Significantly, the industry's globalization drivers include competition, market forces, regulatory requirements, and growth goals (ENOVIA, 2008). Competition in the fact that the apparel companies not only competing globally, but so are the designers to get their designs sold. Market forces exist because the apparel industry is constantly changing. Therefore, a new trend can be started just as quickly as a new apparel line is distributed. For example, bell bottoms' jeans can come back into fashion. A highly recognized athlete can be seen wearing Hanes

underwear and it could cause more Hanes underwear to be sold than CK underwear.

Since Sean Combs just received a Hollywood star, his Sean Jean cologne could extract from CK fragrances' profits. Being in the right place at the wrong time (figure of speech) could create a global craze for a certain type of apparel or a decline in sales of a certain type of apparel. Pricing is another factor.

ENOVIA (2008) pointed out the following as current industry drivers: •

Intense global competition is placing emphasis on product innovation with customers demanding more innovative products • Market saturation and competitive conditions are forcing brands to evaluate new markets and revenue streams • Fast-changing customer and market needs are demanding flexible and responsive data management systems • Shortened seasonal shelf-life is shrinking design and sample lifecycles • World-wide quota elimination is driving vendor rationalization and closer partner collaboration • The maturation of industry-specific Product Lifecycle Management (PLM) technology is driving early adopters in this market.

All these industry drivers mean competition is very steep in the apparel industry. This means that Calvin Klein must operate in a more strategic manner to retain its competitive advantage. Calvin Klein leverages to a substantial competitive future. The Calvin Klein company is expanding its stores into the United States markets (Answers.com, 2008). Since the Calvin Klein name is already recognized worldwide, this gives the company an

advantage. Yet, due to name brand recognition, Calvin Klein has already entered into new product segments throughout the world.

For example, the company sells clothing, fragrances, underwear, socks, pillowcases, etc. as discussed in earlier sections of this essay. In order to fully take advantage of the opportunities presented to the Calvin Klein establishment, managers should be attentive to corporate strategies that are common responses to industry drivers such as those listed above.

Some of these corporate strategies, as discussed by ENOVIA (2008) are:

- Improve ability to capture and align industry trends, new product features and requirements with aftermarket performance data to support seasonal line planning decisions
- Align and coordinate design, procurement and suppliers early in the design process to accelerate sampling and placement decisions
- Speed time to market by standardizing product development procedures across the enterprise, manage hit ratios and control over-development
- Establish and enforce corporate calendars and common measures for product development milestones and performance (e. g. sample, adoption and component ratios)
- Maximize intellectual assets internally and externally, from innovation to production, through a collaboration network
- Create an information infrastructure that automates and integrates product data, business processes and development workflows across the product lifecycle. (Corporate Strategies)

By combining the industry drivers with the corporate strategies, companies are able to fix the problems within their organizations. In the apparel industry, regulation by the WTO may create importing or exporting items as

those mentioned earlier. However, both countries and companies should try to advertise and promote by aligning industry drivers with corporate strategies. The designers should be attentive to this as well.

Recommendations Calvin Klein is a highly respected and well sought after designer. Due to this factor, his products and companies have been really profitable. Thus, brand name is the main factor that holds this company together.

By continuing to design unique apparel items, Calvin Klein is able to charge premiums that some designers cannot. He has proven his worth. Thus, one important recommendation is to keep customers satisfied by giving them what they want (new and innovative). Another is to never stop thinking outside the box. People who dare to step outside their comfort zone often add value to the world it would otherwise never witness. Thus, the third recommendation is to not change what works; only change that which is needed for survival.