

# [Donna karan swott analysis marketing essay](https://assignbuster.com/donna-karan-swott-analysis-marketing-essay/)

Donna Karan started her fashion career as an assistant designer in the well-known brand, Anne Klein. She left Anne Klein in 1984, after serving as the head of the design department, and began her own label “ Donna Karan” in 1985. The label initially included only a clothing line for women. In 1988, Karan extended her brand to “ Donna Karan New York” (DKNY) which offered a more affordable clothing line for young women. DKNY Jeans was then created in 1990, which focused on denim wear. The brand was further expanded in 1992 with the launch of “ DKNY for Men”. Finally, in 2008, her fragrance line was launched.

Donna Karan New York (DKNY) falls under the category of apparel and accessories in the luxury lifestyle and retail industry. It claims to offer practical, comfortable, and affordable clothing for both men and women. Its target audience is middle-aged men and women, mostly from the upper class.

SWOTT Analysis

The SWOTT analysis examines the organization’s external environment and also explores the internal environment. This requires listing and analyzing the main strengths of business, its weakness and the likely threats and opportunities it will be facing in the future. (MarcousÊ¹e, 2003)

Strengths:

It has a expanded globally in countries like China, Canada, and Dubai;

It is known for its excellent branding and powerful advertising;

Creation of further brands i. e. ‘ Donna Karan New York’, ‘ DKNY’, ‘ DKNY Kids’, ‘ DKNY Home Collection” and ‘ DKNY Jeans’;

Different product line range from jeans, accessories, shoes, underwear, fragrance and baby clothes;

It provides online shopping with international fashion clothing;

Donna Karan won many awards like lifetime achievement, menswear, and women-wear designer.

Donna Karan’s strength lies in a number of factors. It has a wide variety of products for both men and women, along with a line for babies. In 1992, just after 7 years of its launch, Donna Karan had 14 divisions including clothes for men and women, a line for babies, fragrances, eyewear, body care products, underwear, shoes and other accessories, which grossed $275 billion. With the creation of further brands like “ Donna Karan New York”, “ DKNY”, and “ DKNY Jeans”, “ DKNY Home Collection” and “ DKNY Kids”, Donna Karan has been able to gain a wide market for her company. The brand has stores located in over 123 cities all over America, and is employing over 2000 people. Effective branding and marketing strategies has helped it expand internationally and it is now a well-known international brand with stores in countries like China, Canada, and Dubai. There are over 20 stores in China, 2 in Canada, and 4 in Dubai and today, Donna Karan International is worth millions.

The availability of an online store has further increased the market share of the company. Furthermore, the brand got an increased footing with Donna Karan being labeled as an nnovative and world-class fashion designer, whose clothes are worn by many famous personalities. She has also won numerous awards during her career. Karan won the Coty American Fashion Critics’ Award in 1977 and once again in 1982; The Council of Fashion Designers of America (CFDA) named her Menswear Designer of the Year 1992 and Women’s wear Designer of the Year 1990 and 1996. She was also presented with the Lifetime Achievement Award by the CFDA in 2004.

Weaknesses:

The breakthrough in the international market is not as widespread as other brands;

Controversy over the use of fur;

Fake imitations affecting brand sales.

Compared to other brands such as Chanel, Next, etc., DKNY has quite little market share internationally. It still needs more expansion and advertising strategies to compete with other, more popular brands. The sales of the brand were also adversely affected by the controversy surrounding the brand over the use of fur. Moreover, with luxury brands like DKNY, there always tend to be fake imitations which sell at much lower prices. These imitations are lower in quality but copy off the designs quite well because of which the sales of the original products go down. (Hemphill et al. 2009)

Opportunity:

There is an opportunity of expanding in growing economies such as Asia;

Employment of technology in its workings that would give the brand a digital presence;

Identifying the emerging markets and designing strategies to penetrate them.

With globalization, fashion industries have significantly grown in economies of Asia, Africa etc. Western fashion has become quite popular in these areas. Therefore, there is an opportunity to expand in those markets. Moreover, the role of technology in these areas is increasing and employing that in its workings would give a digital presence to the brand. Furthermore, the brand can identify emerging markets within USA and penetrate those.

Threats:

Many similar brands have emerged in recent years, some with more affordable but similar products;

The recession tends to hit luxury brands adversely as people cut down on unnecessary spending;

There’s no way of stopping new brands from copying the products.

Imitations are a big threat to the sales of the brand.

Luxury retail industry has expanded a lot in the past few years and with this expansion, many new brands have emerged offering high street products manufactured in third world low labor cost areas at dumping prices. With these brands, it is also not possible to stop them from copying off the designs. Such competition requires the company to be constantly on their feet, coming up with new ideas to attract customers. Moreover, the global recession has reduced the sales of luxury brands as people’s spending power as drastically decreased. Furthermore, as stated before, the imitation products made with the brand name also present themselves to be a threat to the market share of the brand.

Trends:

Increase in the use of improved technology;

A change in industry attitudes;

Use of celebrity endorsement to encourage sustainable fashion development;

Growing importance of artisans and craft preservation.

Donna Karan International has replaced its existing business system with the fashion enterprise solution from RLM Apparel Software Systems to streamline and increase visibility into its global operations. Furthermore, across the fashion industry we are beginning to see a change, with major players now starting to treat sustainability as a strategic element. DKNY is also keeping their new products in line with this trend. For this, celebrity endorsement is being used to appeal to the masses and encourage sustainable development. Moreover, luxury brands are beginning to value the amazing quality of handcrafted, artisanal materials on fashion products. This trend has also been catching up at DKNY.

As an investor, one would have to consider the pros and cons of investing in a brand, and with a brand like DKNY, although the strengths are more significant than the weaknesses, the investor would also have to keep in mind the threats to the company and how strong they are in affecting the market share of the brand.

Coming to the stakeholders, these are of two types: internal and external. Internal stakeholders are ones who work directly with the business whereas external stakeholders are ones who do not work with the business but are still affected by the decisions of the business. Coming to DKNY, the internal stakeholders include the managers, shareholders, and the employees. The external shareholders would include the customers, the suppliers, and the competitors. (Hall et al. 1993)

The internal stakeholders need the business to be successful and bring in maximum revenue. These stakeholders are affected by wages and job stability. The higher the revenue, the greater will be the bonuses received by the managers, the higher will be the profits for the owners which may result in higher wages for the employees, and the greater will be the dividends paid to the shareholders. For example, in DKNY, while the owner may be interested in experimenting in new designs and trying their luck in new markets, the shareholders and managers may not share the same interest as they would not want to take risks with the sales or lose market share. Where research and development may be of interest to the owner, the managers and the shareholders would be more interested in maintaining a high market share and maximum sales.

On the other hand, the needs of the external stakeholders are quite different from those of the internal stakeholders. The customers of DKNY would benefit with quality products but lower products. The suppliers would benefit from the stability of the business which will, in turn, ensure their stability. The competitors, such as Giorgio Armani, are also affected by the decisions made by DKNY. If DKNY was to cut down on their prices of a certain product, this would affect the sales of Giorgio Armani adversely as the two brands are somewhat substitutes to each other, if we do not account for brand loyalty. (Okonkwo, 2007)

Diversifying helps in maintaining both the market share of the brand while experimenting with new products. With the expansion of the brand in so many areas, it has become easier for the brand to experiment with new products, as it has various products to fall back on if one fails. This also ensures that the wages and jobs are stable, and the employees, managers, suppliers and shareholders are kept satisfied.

In order to meet the needs of customers, prices are kept lower than those of brands at an equal footing, promotions and sales are a constant affair, and no compromise is made on the quality of the products which keeps the customers loyal to the brand. Another area in which DKNY manages to keep its customers satisfied is the uniqueness of the product. (Tungate, 2008). The customers of the brand belong to a high class and they do not want products that are mediocre. This is why innovation becomes a necessary process for a brand like DKNY. (Hemphill et al. 2009)

When it comes to its competitors, DKNY has to consider the actions of its competitors when making any decision such as increasing prices, launching a new product, etc. as all brands work close together in such industries. (Chamberlin, 1956)