Harrington essay

The Vigor division was introduced to the Harrington Collection in 1984. At the time, its target audience was younger, fashion conscious customers that wanted professional and stylish attire for the workplace. This new division was synonymous with Harrington Collection's preeminent brand name and values, although it was less traditional and its specific target consumer was considered to be a trend setter' between 25 to 50 years old and had an average household income of $75, 000.

Therefore over 30 years later when Harrington Collection's general manager, Blake Emery's proposes the idea of expanding into a new product line consisting of stylish, sporty, casual attire the Vigor division would definitely be the best fit for the line out of the four possible divisions within Harrington Collection Company. This was reinforced when the company conducted surveys and focus groups, which conveyed that their target customers have a considerable interest in more active-wear clothing.

The results of the survey showed that 10% of the customers who are purchasing apparel in the $100-$200 price range would buy an active-wear set that offered period styling, fabric, and fit. Therefore there is certainly a great opportunity for the Vigor division to expand into the active wear market. Another key factor Harrington Collection needs to take into consideration, is that their target audience from 30 years ago is now leaving the work force and therefore no longer needs professional wear but rather comfortable, stylish active wear. Hence the active wear industry is an ideal fir for the Vigor division to expand into.

Sales strategy Harrington Collection believes that sales people are the most important factor in the nonuser decision-making process, therefore it is important that with the addition of the new active wear line the Vigor management team train their staff about the new products and their features, as well as continuing to offer their sales staff generous commissions. In addition, with the expansion of the Vigor line, Harrington Collection should plan to increase the number of stores solely dedicated to the Vigor division. In turn this will develop their customer base and strengthen brand awareness.

Production capabilities: As a result of Sara Hue, Vice President of Strategic Planning and Karen Allen's, a alerter In strategic Planning calicles to outsource to Mexico, Harrington collection definitely has the capacity to expand their manufacturing production to maintain the active-wear line. By outsourcing to Mexico, Harrington Collection is still able to maintain a high level of control at the lowest possible cost structure as well as ensuring that when a particularly fashion-sensitive product line was ready, it could be placed into retail outlets with maximum speed due to the close proximity to the United States.

Furthermore Vigor would be able to leverage Harrington existing report support functions, such as IT, HER, legal, finance, etc. To run the new business. Although Vigor will need to hire a general manager, merchant, planning manager, and two design staff members who were dedicated to the new product line. These management salaries and support allocations were estimated at $1 million per year. Advertising In order for the active-wear line to be successfully launched an effective advertising campaign needs to be utilized.

Potential options would be print and TV advertisement, in-store promotion including the sales staff wearing the active wear, sing celebrity endorsement to reinforce the high quality of the line and status associated with it, as well as having a grand fashion parade cocktail party to launch the product that will then be photographed by professional photographers for magazines and newspaper social pages as well as encouraging the guests to take photos and hash-tagging their location, therefore using word of mouth and social media as a platform to advertise from.

The successful ‘ better’ active wear product lines as of 2007 focused on large scale advertising campaigns and then on-going advertising for active-wear was estimated at $3 million per year, exclusive of launch costs, which were estimated at $2 million. Potential effect on the Vigor brand As a result of the expansion to active wear Vigor’s brand name could potentially be cheapened. Although Harrington Collection’s market research conveyed that less than 2% of respondents believed this would occur.

Thus, in order for Vigor’s expansion to be successful, they must continue to underpin the core values of their brand and provide customers with a consistent and reliable experience in relation with previous products. In the past Harrington Collection has been well known for its top in-house design staff, extensive national advertising campaigns, and its exceptional quality and styling. Therefore the quality of the new collection must be synonymous with the rest of the Vigor products.

In turn it is important that Harrington collection continues to In-noose produce as superior quality Is one AT their competitive advantages and furthermore this allows the company to have adequate control over quality. This is an imperative factor, because if an unacceptable piece of clothing made it out into the public the ramifications would be reparable to the Harrington Collection's brand name and value. Lastly, it is important to have fast turn around time within the fashion industry due to the constant changes in demand for particular designs and styles.

Potential retail trade and competitor reactions Within the women's apparel industry the two leading companies were Jones Apparel Group and Liz Collarbone who captured a significant market share with their diverse brand portfolios, both having numerous brands within each of their companies. These companies have also recently launched ' luxury active-wear lines, which have men very successful, in particular, Liz Collarbone's Juicy Couture which many Hollywood celebrities have identified with.

Therefore Harrington Collection should try and aim their products at sporting celebrities and TV personalities in order to gain public exposure. Although these large companies may react to Vigor's new active wear line by increasing their advertisement, reducing their prices, increasing their quality or expanding the number of retail stores that their products are sold at. Potential channel conflict issues: Potential channel conflict issues can arise when there has been over production, which results in a surplus of products.

Therefore it is important that Harrington Collection continue to employ their cutting edge technology to track inventory and sales information, as this allows the manufacturing group to quickly react to market demands, improve productivity and shorten manufacturing cycles. Furthermore it is important that they maintain their significant channel marketing budget and excellent relationships with the retail trade. In addition Vigor is likely to also offer their new active wear line online, which could also cause potential channel conflict issues.

To avoid a channel conflict in a click-and- mortar business, it is necessary to ensure that both traditional and online channels are fully integrated. In turn, this reduces possible confusion with customers while providing the business benefits of two channels simultaneously. Hannibal Impact AT ten proposed Vigor active-wear As shown in exhibit 9, the financial impact for the proposed Vigor active-wear program for the manufacturing group is that their profits will increase by $6. 3 million and their profit margin will increase to 15. 8%. The overall start-up cost for the active- wear line is $12. 7 million.

The overall ongoing and fixed-costs are $1 1. 5 million. Lastly the direct variable cost for a hoodoo is $20. 55, for a T-shirt it is $7. 50 and for pants it is $16. 40. Therefore in order to break-even they must sell 289, 847 units, which is an attainable amount. Furthermore based on the calculation in exhibit 9, the contribution per unit tends to increase over time as the company produces more units, in which it will eventually achieve economies of scale in the case of Mexico plant. With each additional unit being produced, the fixed cost per unit will decrease overtime which hence increases the profit margin per unit.