

Armani retail marketing plan



**ASSIGN
BUSTER**

\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [PESTEL ANALYSIS:](#) \n \t
2. [Objectives:](#) \n \t
3. [Strategy:](#) \n \t
4. [Target and segmentation:](#) \n \t
5. [Positioning:](#) \n \t
6. [GAP Analysis](#) \n \t
7. [Implementation:](#) \n \t
8. [Monitor and Evaluate](#) \n \t
9. [Contingency Plan](#) \n

\n[/toc]\n \n

The Giorgio Armani sense of style features a very understated yet opulent elegance which the wealthy and high society nobles find appealing. Armani grew up in Piacenza Italy his birthplace of 1934. First Armani tried his hand in the field of medicine afterwards deciding to pursue a career in fashion (ArmaniPress 2007). His first job was in Milan, with a reputable store, La Rinascente. Perfecting his designing craft, he launched his company in 1974 (ArmaniPress 2007).

Britain’s royalty, the presidential echelon, the Far East (China, Japan) and even Middle Eastern princes and princesses, all enjoy donning the Armani brand of couture (Roll 2002). The entire empire is held privately by Giorgio Armani who has not gone public with his company.

This Marketing plan is intend to give analysis of the Armani and Marketing strategies for next 3 years.

Situation Analysis:

The purpose of this retail marketing plan is to Strengthen Brand and Customer Loyalty, increase volume through expansion, increase growth by replicating the brand into additional countries around the world. To achieve this first we will analyse the Micro and Macro environments by doing PESTEL and SWOT Analysis.

SWOT Analysis:

Strengths:

Topmost brand in the fashion industry

Range of products are sold under the brand name which has been created over the years

Commitment to customer satisfaction and comfort.

Weakness:

Price is on the higher side which caters only to the elite class.

They are losing customers who are price conscious and opt for the competitors products

Opportunities:

A large part of the Asian continent where Armani can penetrate into.

<https://assignbuster.com/armani-retail-marketing-plan/>

Brand name created can be used to diversify into different sectors of business one of such initiative taken is to enter the hospitality industry.

Threats:

Entry barriers in certain countries have stopped Armani from entering into a potential market which can act as cash cows for the company.

Competitors like FCUK, Christian Dior, Diesel, Gucci etc are entering the fashion market in a great way.

PESTEL ANALYSIS:

Political

Armani has expanded into the Asian Pacific market and expects that growth in this area will be quite advantageous as the population in this area is well into the millions of potential customers. For example in Shanghai there is a Emporio Armani store and plans for over 30 additional stores in the area over the next few years. (Seckler 2002)

Economical

The fact that Armani has no debt due to being the sole owner of the brand and all of its holdings allow a single person to make all the decisions related to running the company. All financial decisions rest on his shoulders alone ultimately. In the case of making a bad decision, the losses also are attributed to his judgment.

Social

Well the ability to rub shoulders with the wealthiest and most renowned members of society on every continent is definitely a plus. Armani has opportunity to tap into unlimited media options to gain publicity through offering haute couture gowns and men's apparel for royal events and even celebrity weddings such as Hollywood stars Tom Cruise and Katie Holmes (. The media are quick to jump in with unlimited publicity to showcase Armani's classic style to a worldwide audience through print media, audio, video, Internet, and digital communications

Technological

The new opportunities to expand on the Internet through online sales and now even sales by Smartphone have allowed Armani yet another channel to market. The number of users currently tied into Armani through digital communications is 40% of those using wireless devices for shopping (ArmaniPress Co. 2007). This trend is expected to grow over the next few years.

Environmental

Being aware of the ecological need for environmental friendly manufacturing and materials is part of the Armani strategy. The company is very active in contributing to several causes that support conservation and ecological stability. One of its environmental initiatives was titled " DON'T BUNGLE THE JUNGLE" related to tropical rain forest preservation (ArmaniPress Co. 2007)

Objectives:

The new vision of Armani will be centered on the following objectives.

Strengthen Brand and Customer Loyalty, increase volume through expansion, increase growth by replicating the brand into additional countries around the world. Fourthly the objectives of the plan are to increase market share.

Brand and Customer Loyalty

Objective number one strengthens Brand loyalty. The introduction of Armani furniture and hotels allow Giorgio to create a lifestyle around the brand. For those that desire to surround themselves in Armani style, it is possible to do so literally with the opening of Armani Casa. Showcasing furniture, house wares, home trimmings, and fabrics for the home. The first store was opened in London as Armani felt that this location afforded the type of cosmopolitan backdrop that would accentuate the entrance of this new brand. The idea was that London dwellers enjoy high fashion design in the home and would best appreciate such a collection. Armani has said that the Casa brand is showing “ real growth” and plans to open additional stores in Miami, Florida in the U. S. And Mexico City (Roll 2002). The idea of the brand is invoke an aura of Armani in every facet of the loyal customer’s life. This will increase sales by 30% in 3 years.

Increase Volume through Expansion

Armani plans to launch a mobile and social media wave of advertising that is sure to attract a new demographic of technology savvy shoppers. The introduction of mobile advertising will allow the Armani Exchange stores to

<https://assignbuster.com/armani-retail-marketing-plan/>

promote the new spring line-up through a campaign titled “ Instant Message for Instant Style” (Armani Press 2007). By using text and video ads, users will be able to access a site by mobile device where they can sign up to receive text messages or locate stores in their area. They will also be able to view trendy commercial and video segments on their mobile devices (Admob 2011).

Increase growth into international markets

Objective number three increase growth into international markets. Armani Exchange is one of the first to open up in South America and India. One store is opening in Abu Dhabi where there is already a loyal following of shoppers at the Armani original Couture store and Armani Emporio that were established some time ago. The two stores in South America are in Rio de Janeiro and Sao Paulo (Roll, 2002). It intends to open 4 stores in 3years.

Increase Market Share

Objective number four at this point is to increase market share. Armani has done this by adding many new sub-brands to original brand allowing for multiple areas of expansion and replication in the many countries where there are Armani stores. In order to capitalize on the multiple sub-brands Armani has decided to offer accessories within each of its sub brands such as eye wear, women’s cosmetics, perfume, and jewelry (Roll 2002).

Strategy:**Target and segmentation:**

This target market segment is focused primarily on Britain's royalty, the Presidential echelon in the U. S., and other countries around the world including those in the far east. The affluent of China, Japan, and even Middle Eastern princes and princesses, all enjoy donning the Armani brand of couture (Roll 2002)

Second there is Armani Collezioni

This line is 20% below the ultimate original Armani Couture collection for those that desire to wear Armani apparel but are not able to pay the premium prices. This price point is also designed for those that wish to collect the designer wear (Roll 2002).

The third line is Emporio Armani

This differentiated segment is a much younger group of professionals and career individuals who are in the age range of 25-35 (Roll 2002). The style is distinctly Armani with a contemporary flare to please the younger market.

Armani Designer Jeans

This line is considered the lowest price point for the Armani line and directed at the 18-30 year old demographic that desires luxury clothing at an affordable price.

A/X Exchange

Retailer outlet stores for clothing released from the Armani fashions for direct purchase. The demand here is for Armani originals and other clothing that can be sold within a retail environment creating demand and a testing ground for other Armani entrants such as accessories and relevant fashion market research and analysis.

Positioning:

Armani has established itself into the fashion world and other range of products sold under their brand name

Marketing Strategy using the ANSOFF Matrix.

Ansof Matrix

Pre-Existing Products

New Products

New Markets

Market Development

Adding Online Stores

Adding Stores Internationally

Diversification

Cosmetics

Jewellery

Furniture

Cell Phones

Fragrances

Existing Markets

Market Penetration

Use of Digital Media

Social Media Twitter, YouTube,

Face Book

Product Development

Repeat Business from loyal customers

Armani Casa

GAP Analysis

Allows the monitoring and tracking of expenses related to marketing for every sector of Giorgio Armani. After reviewing current situation of present organizational business and marketing structure at Armani from the previous three years. The following template has been developed to forecast the next three years in order to determine how well the investments have succeeded. At several points throughout the year a review and comparison will be taken to analyze the success of each individual advertising or marketing objective

to determine its success. Based on the results changes can be made based on trends in the current market to align with the objectives set.

Implementation:

Implementation of Promotional Mix

Another way Armani strengthens his brand awareness is through sponsoring and

Appearing at various annual fashion events each year. The Emporio Armani women's

Fashion wills premier at the London Fashion Week in the fall. Armani uses such events to

Exhibit the newest release of product lines such as the Product Red capsule collection that

Includes apparel as well as accessories, eye wear, jewellery, and perfume fragrances

(ArmaniPress 2007).

Several such fashion programs occur seasonally such as the Academy Awards,

Cann's Film Festival and even live concert events by well known celebrities such as

Beyonce or Ricky Martin (Armani Press 2007). Giorgio Armani often sponsors such

<https://assignbuster.com/armani-retail-marketing-plan/>

Events by providing the wardrobe. The PR response is tremendous and a great opportunity

For Armani to publicize the latest product offering.

The mobile advertising channel is designed to direct customer response based on

Seamless experience no matter where they shop for Armani brands. If they are in the

Store, then they can access a kiosk to directly locate an item by searching by name, colour,

Size or another characteristic. If online they can shop through a hand held wireless device

Or computer and access their favorite stores or save items under personal profiles. Video

Streaming of fashion shows is available along with videos showcasing different product

Lines. These push strategies are designed to draw the customers into a point of supplying

their email or other contact information. Once that is stored by opt in then a pull strategy

is accessible to the customer to gain access to information they want, when they want it.

<https://assignbuster.com/armani-retail-marketing-plan/>

It doesn't matter which channel the customer chooses they will enjoy a seamless shopping

experience. With 40% of Armani shoppers using mobile devices it only makes sense to

offer texting opportunities to draw customers into the stores or offer discounts that they

cannot resist directly to their mobile device (Roll 2002).

Most products are viable for a single season in the fashion business therefore it is

important to remain innovative and in touch with your audience.

Direct Marketing

Direct marketing is direct communications with carefully targeted individual customers to both obtain and immediate response and cultivate lasting customer relationship.

Armani promotes its products online and you can even buy various products through the internet. They can use this channel to promote products and product development. Where customers can buy the products from anywhere in the world and the products are delivered at their doorstep. This helps in keeping contact with their loyal consumers.

Personal Selling

This is the personal presentation by the firm's sales force for the purpose of making sales and building customer relationship. Personal selling comes in form of Fashion shows to Armani where a range of their products is displayed and sold.

Most products are viable for a single season in the fashion business therefore it is

Important to remain innovative and in touch with your audience.

BCG Matrix (Netmba. com 2011).

The Stars in this case are the 60 original Armani Couture Stores, these bring in the most revenue and generate the most new and repeat business. With celebrities and the wealthy commissioning high end fashions and the media there to capture every design to promote through video and print media, there is no loss of advertising or revenues in sight.

The cash cows are Armani Jeans, Armani Emporio, Armani Exchange (A/X) and Armani Collezioni. These sub brands bring in the majority of the revenues over 75%. They are simpler to liquidate and are primarily replicated stores throughout the world. The numbers of customers from these brands together is in the millions and represent the ongoing revenues that lead to rapid Return on Investment (ROI) for nearly every new store that is opened.

The question marks are the furniture holdings which have a high market potential yet have not shown strong cash generation or market share. This is

a relatively new product and is still being researched, tested, and monitored for improvement throughout the enterprise.

The dogs which have not shown much market growth due to world economies nor

Generated much cash are the hotels, floral shops, and confection bakery shops. These

Product lines are fairly new and will require more ongoing research and monitoring to

Determine the level of contribution made toward profits and ROI.

Monitor and Evaluate

Sales Forecast Based on Analysis (PEST, SWOT, GAP, Ansoff)

Sales are expected to increase for Armani over the addition of stores in India, the Middle East, Mexico, and the U. S. by 30%.

The cost of advertising will continue to increase 5-8% each year however in direct correlation to increased sales.

Expenses also will increase by 10% due opening of new locations internationally, training and bringing in additional personnel, purchasing equipment, leasing buildings and adding IT infrastructure for online expansion.

The ability to gain information from consumers through their actual purchases has been captured through technology that records contact

information at the in-store register. The type, cost, and time an item was purchased can now be recorded quite inexpensively through digital media. This information is stored with the contact details online or offline to track purchase data to determine sales trends and manage inventory. The ability to survey patrons that visit the stores or through a message on the receipt that offers a discount for a short phone survey has been very effective.

Armani also now has mobile and online applications that allow capturing of a site visitor or customer's favorite items for purchase later. All of these serve to allow Armani to gain insight into how each market is changing and determine what type of adaptations are required to gain sales.

Online tools such as twitter and face book along with very interactive sub brand sites online request information and store data that can be used to research new market trends and opportunities. They also provide a feedback loop to ensure that adequate quality and efficient use of resources is in operation.

In fact Armani plans to reinvest up to 70% of profits back into the business to remain a private enterprise (Roll 2002).

Pro Forma Gap (millions)

Year 1

Year 2

Year 3

Direct Cost of Sales increasing as no. of stores grows internationally

\$6, 869, 662

\$14, 310, 995

\$23, 048, 131

Establish Sales Relationships(Sponsored Events, Media PR, Philanthropy, TV,
Print Media

\$1, 693, 295

\$2, 854, 177

\$4, 246, 572

Increases in Management / Human Resources

\$47, 500

\$63, 000

\$68, 000

Other Costs of Sales

\$0

\$0

\$0

Total Cost of Sales

\$1, 740, 795

\$2, 917, 177

\$4, 314, 572

Gross Margin

\$5, 128, 867

\$11, 393, 819

\$18, 733, 559

Gross Margin %

74. 66%

79. 62%

81. 28%

Contingency Plan

Though Giorgio Armani is now 74 years of age, he is not ready to retire. If he can find a buyer that would not compromise the brand, he would sell the entire dynasty. Giorgio Armani is prepared to reinvest up to 70% of profits back into the business to remain a private enterprise and secure each of his marketing objectives success (Roll 2002).