

# Abercrombie and fitch – essay

Business



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. Abercrombie and Fitch Researched: a. Brands & Corporate Image

Abercrombie & Fitch - Rooted in East Coast traditions and Ivy League heritage, Abercrombie & Fitch is the essence of privilege and casual luxury. The Adirondacks supply a clean and rugged inspiration to this youthful All-American lifestyle. A combination of classic and sexy creates a charged atmosphere that is confident and just a bit provocative. Idolized and respected, Abercrombie & Fitch is timeless and always cool. Hollister - Hollister is the fantasy of Southern California. It is the feeling of chilling on the beach with your friends.

Young, spirited, and with a sense of humor, Hollister never takes itself too seriously. The laidback lifestyle and wholesome image combine to give Hollister an energy that's effortlessly cool. Hollister brings Southern California to the world. Gilly Hicks. Gilly Hicks is the cheeky cousin of Abercrombie & Fitch. Inspired by the free spirit of Sydney, Australia, Gilly Hicks makes cute Push 'Em Up bras and Down Undies for the young, naturally beautiful and always confident girl; flirty and carefree, with a little tomboy sexiness. Gilly Hicks is the All-American brand with a Sydney sensibility. a.

Sales On the next page is a Chart that has states Abercrombie and Fitch sales for fiscal years 2007-2011: Abercrombie and Fitch has stated the objective of increasing their operating margin back to historical levels of around 15% by Fiscal 2012. They created a roadmap that outlines the factors they need to be aware of in order to achieve this goal. 1. )Originally intended to increase gross margin to 67% by 2012; due to sourcing costs they no longer believe

this to be possible. By increasing the ticket price on items and hoping that international growth continues, they hope to offset the costs.

Though they worry that the increase in price may affect sales, they do not intend to sacrifice quality to achieve their gross margin goal. 2. )Improve average domestic store quality by increasing store sales growth and closing underperforming stores. They expect at least 7% increase in sales store growth for 2011 and 2012. They expect to close 50 stores at the end of 2011. 3. )Achieve significantly profitable international growth by opening up to 40 international mall-based Hollister stores, including the first stores in mainland China & Hong Kong. 4. Sustain strong growth rates in direct-to-consumer business from multiple investments they are making in the business and from their growing international presence. 5. ) Improve the productivity of the Gilly Hicks brand by expanding the store count for the brand and having a path to profitability. 6. )Maintain tight control over expenses and seeking greater efficiencies, an example of which is their plan to consolidate is expected to be completed by mid-2012 and is expected to facilitate the sale of the second distribution center and result in reduced operational costs. . )During Fiscal 2011, based on new store opening plans and other capital expenditures, Abercrombie expects total capital expenditures to be approximately \$300 million to \$350 million, with the upper end of the range being subject to Abercrombie achieving the higher end of its range of potential new store openings. b. Product Mix: Abercrombie and Fitch has a wide variety of products in all of their stores. Some of the items are: apparel, outerwear, fragrance, jewelry, swimwear, and lingerie (A&F and Gilly Hicks).

They specialize in product categories such as, knit and woven shirts, graphic t-shirts, fleece, jeans and woven pants. The pricing strategy that Abercrombie and Fitch has a rather simple pricing strategy in comparison to many other specialty retailers. By staying ahead of the curve with fashion trends, Abercrombie has granted themselves the ability to price their products at a premium without a drop in demand from consumers. Their goal is to inspire consumers to strive for the Abercrombie & Fitch “lifestyle. Sales Associates are cast as Models to Illustrate the execution of the Abercrombie Lifestyle in stores. There is not a strong focus on selling/service model in stores. They focus more on visual merchandising and associate appearance than in selling structure, and behaviors. c. Target Market: The Target market for Abercrombie and Fitch is 18-22 year old high school/college students. They typically have an active lifestyle that involves locations such as the beach, woods, or mountains. The customer usually has a medium to high income.

Gilly Hicks is only for women. Hollister Co. is a chain targeted at boys and girls in high school, based in California. Abercrombie Kids is targeted to boys and girls ages 7-14. The Psychographic Segmentation is a very important part of Abercrombie and Fitch’s marketing as well. The “feel” of the store is something that Abercrombie and Fitch focuses on. It is a fun-loving, care free, sexy, and independent. d. Opportunities and Risks Like every other corporation and company, Abercrombie and Fitch has its opportunities and its risks.

One opportunity would be market share leadership, expanding international presence. Also, new store openings would enhance top-line. Lastly, online retail sales have taken off. Social media is also growing and the growth is an

opportunity for Abercrombie and Fitch to be more involved in it. A big risk that Abercrombie and Fitch faces and almost all retail companies is economic recession would decrease sales. Also, dependence on third party manufacturers is a big risk. The price of raw materials and commodity prices rising is also a big risk. . Past Campaigns Abercrombie and Fitch's clothing is racy and casual at the same time, leaving many wondering what exactly phrases, such as " Flirt like crazy, Wake up sandy", on many of their simple cotton t-shirts are insinuating. Abercrombie's marketing campaign rivals, if no surpasses, the sexiness of its clothing line by using photos of barely-clothed young men and women to sell its merchandise. Their advertising becomes sexier with every year, as more and more models in their advertisements wear less clothing.

Every quarter, Abercrombie puts out for sale a magazine called the A&F Quarterly, which has over the years become so scandalous that it is now necessary to be 18 years of age in order to purchase . With many pictures of topless girls and young men, it is considered by many to qualify as soft pornography. Employees of Abercrombie are also used as part of their selling strategy. On the sales floor, employees must be wearing an outfit comprised of current Abercrombie and Fitch stock, and it's not a coincidence that all employees are thin and naturally good-looking.

Despite having what many people might call an offensive marketing and advertising campaign, every weekend, Abercrombie and Fitch stores are filled with kids and young adults waiting for dressing rooms and checkout services in obscenely long lines to purchase even more of their clothing. Long lines and over-crowded stores are a small price to pay for many kids

trying to look “ cool” by what they see in Abercrombie and Fitch stores and its advertising. C. Proposals for Advertising campaign 2012