



MICHAEL KORS

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MICHAEL KORS: COMPANY HISTORY

- A global fashion company established in 1981 by American designer Michael Kors, based in New York City
- A jet set aesthetic that combines elements of style, elegance, and sport consciousness
- Well known for luxury handbags and accessories
- The company operates in 3 different marketing segments: Retail, Wholesale and Licensing
- Michael Kors Holding Inc went public in December 2011
- As of 2015, this company has more than 550 stores and 1100 in store boutiques in various countries



MICHAEL KORS: MEET THE MAN

- Michael Kors was born on August 9, 1959 in Long Island New York
- Kors was exposed to the fashion industry through his mother who was a former Revlon Model
- Attended the Fashion Institute of Technology in 1977, but left nine months later when offered the opportunity to sell his designs at a New York based shop called Loafer
- Kors was given the opportunity to show his collection to the buyers at Bergdorf Goodman.
 - A deal was reached and his collections were stocked in all major luxury outlets stores in America



MICHAEL KORS: MEET THE MAN

- In 1997, Kors was made designer of the LVMH's Celine, reviving the brand and turning around its fortune and public image
- In 2003 he left Celine to focus on his growing business
- Later that year Sportswear Holding Limited acquired an estimated 85% stake in Michael Kors for \$100m
- In 2004 he launched his diffusion line MICHAEL Michael Kors, which offers lower-priced alternatives to his main line
- Kors appeared as a judge on Project Runway for five seasons until December 2012
- Kors has won many awards throughout his career, including three CFDA awards



MICHAEL KORS: GOING PUBLIC



In 2011, Michael Kors took his company public.

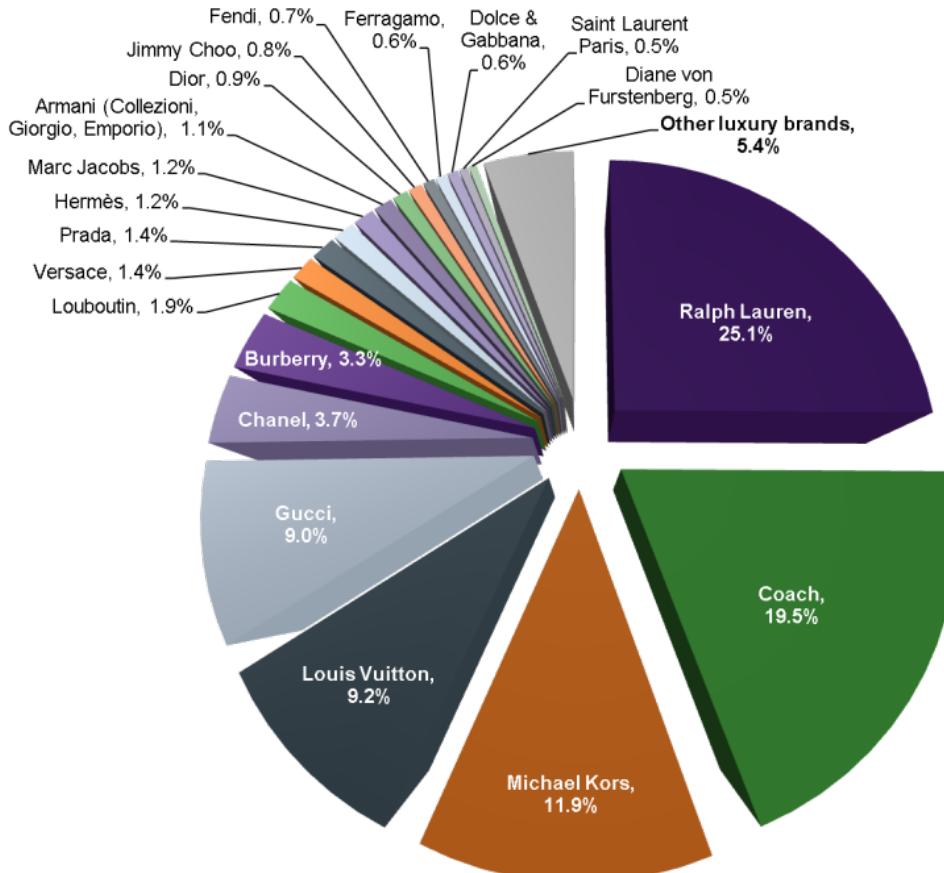
The IPO raised \$944 million with shares opening at \$25 (currently \$38).

Michael Kors Holdings Ltd is worth \$1.1 billion.

MICHAEL KORS: BUSINESS STRUCTURE



MICHAEL KORS: CURRENT MARKET STATUS



MICHAEL KORS: CURRENT MARKET STATUS

Consumers can find Michael Kors stores in 85 countries across the Americas, Europe, Asia, and the Middle East

As the popularity of the brand increases globally, the number of Kors stores has grown to 550 worldwide. Including licensed locations, there are 728 stores.

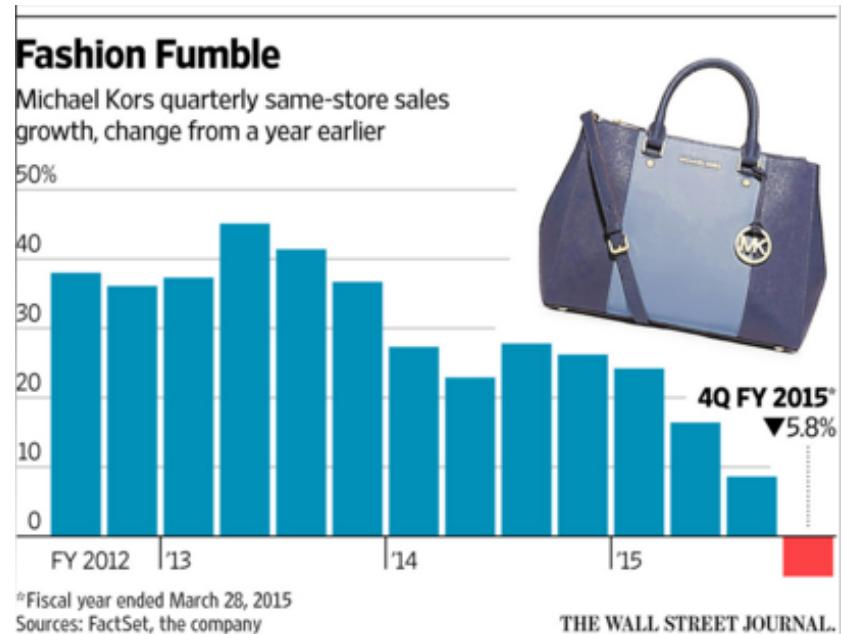


MICHAEL KORS: CURRENT MARKET STATUS

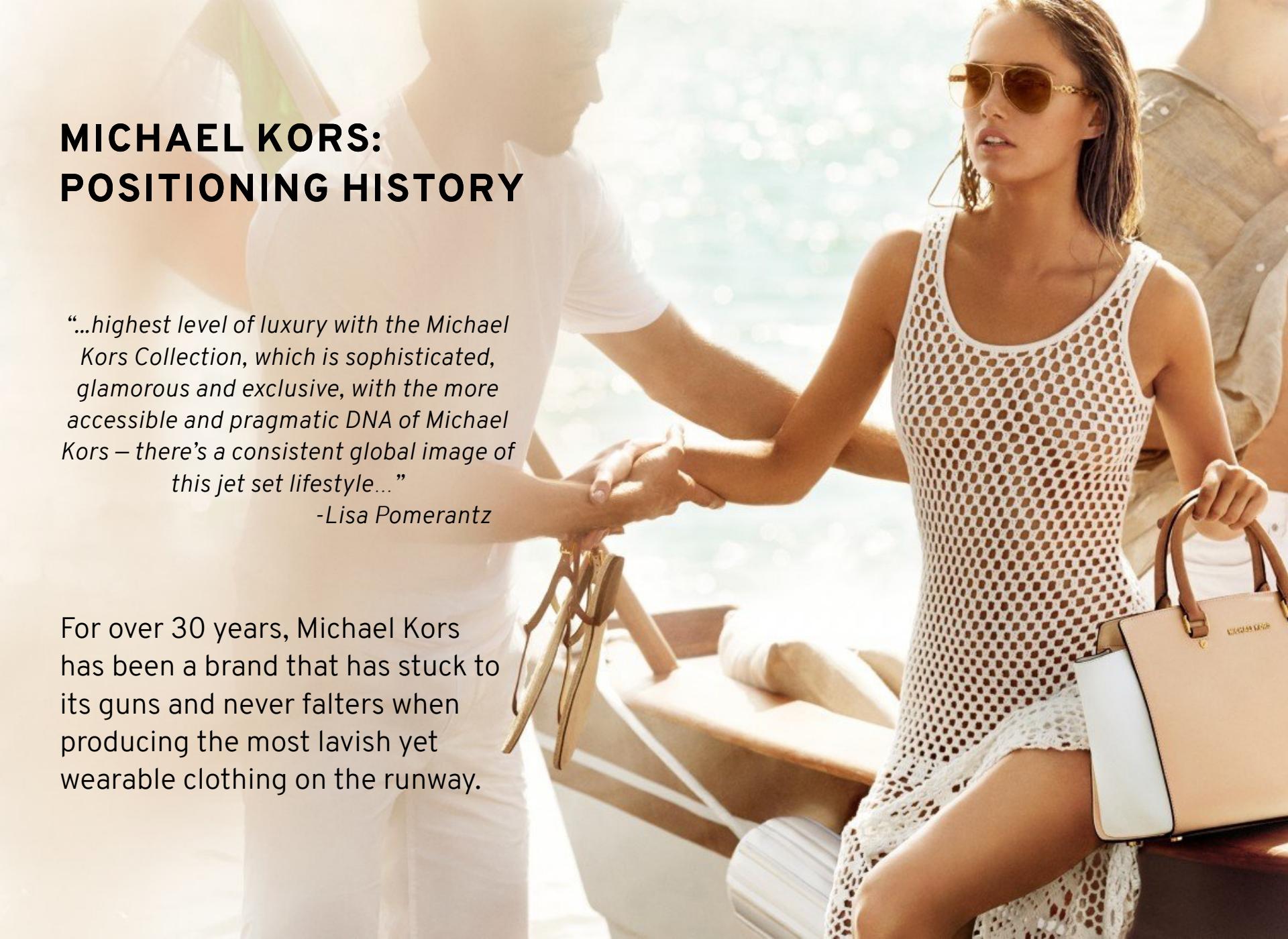
Tough competition from Coach, Ralph Lauren, Kate Spade, and Tory Burch have hurt the market for Michael Kors.

The company is still reporting rapid sales in handbags but it's growing slower than the past.

Accessories are usually the money markers in luxury brands, but watch sales have declined in the N. America region.



MICHAEL KORS: POSITIONING HISTORY

A man and a woman are on a boat. The man is in the background, wearing a white t-shirt and light-colored pants, looking towards the woman. The woman is in the foreground, wearing a white sleeveless dress with a small brown dot pattern, sunglasses, and large hoop earrings. She is holding a tan Michael Kors handbag. They are both looking towards the right side of the frame.

“...highest level of luxury with the Michael Kors Collection, which is sophisticated, glamorous and exclusive, with the more accessible and pragmatic DNA of Michael Kors – there’s a consistent global image of this jet set lifestyle...”

-Lisa Pomerantz

For over 30 years, Michael Kors has been a brand that has stuck to its guns and never falters when producing the most lavish yet wearable clothing on the runway.

MICHAEL KORS: SALES TRENDS & ECONOMIC GROWTH

Economic

From 2011-2014, the US economy has grown 2.12%

Since 2011, Michael Kors Sales has grown on average 53.35% yearly.

Political

As Michael Kors continues to increase the number of stores outside of the US, the state of international relations could potentially help or hinder the brand.



MICHAEL KORS: SALES TRENDS & COMPANY GROWTH

Cultural

Seeing the opportunity in social media marketing, Michael Kors was the first brand to advertise on Instagram.

During Fall 2014 Fashion Week, Michael Kors had both the most “liked” photo and video on Instagram.

Social

Michael Kors has become a victim of its own success. The brand has lost some of its luxury status due to over-saturation.

Too wide of distribution

+

Discounted Merchandise

Loss of Brand Prestige



MICHAEL KORS: CORE CONSUMER BASE

“Young Affluents”

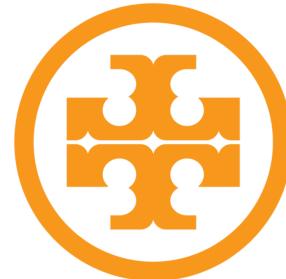
- Women
- Age: 24-44
- Income: \$100,000 to \$249,999 (High earners, not rich yet)
- Heavily active on social media
- Like to make practical purchase (spend on technology)
- Dedicated to their careers
- Concerned with price, quality, and ego
- Like to shop in-store and online



MICHAEL KORS: CONSUMER DECISION PROCESS

Stage	Consumer Action	Marketing Activities
Need Awareness	Realize problem or need <ul style="list-style-type: none">- Don't yet understand solution- Looking to be educated- Low commitment	Recognition Product Placement (blogs,) Ads, Social Media, Editorial Spreads, Celebrity Publicity
Preference Search Selection	Research & Establish Criteria <ul style="list-style-type: none">- Learn how to solve problem- Understand what's available- Prioritize what's important	Education & Choice Ads (with locations,) Editorial spreads, Brand Website, Product Reviews
Purchase Use	Buy & Experience <ul style="list-style-type: none">- Buy product- Looking for ways to use- Analytical of experience	Action & Validation In-store displays, Product Placement (blogs,) Social Media, Editorial spreads
Satisfaction	Evaluation & Re-Purchase <ul style="list-style-type: none">- Decide how they like product- Establish loyalty or disloyalty- Consider next purchase	Retention Social Media, Email Marketing, Ads

MICHAEL KORS: MARKET COMPETITORS



MICHAEL KORS: A CLOSER LOOK AT COACH

The Coach Consumer:

- Men and women aged between 20s- 40s
- Possess mid to high levels of disposable income
- Seek distinctive, easily recognizable, accessible luxury products that are relevant, well made, and provide excellent value.”

COACH INC. spent \$130mil on marketing such as:

- Social Media
- Data driven Targeted Sales
- International Outreach
- Direct marketing



ONLY .75% AVG SALES GROWTH SINCE 2012

MICHAEL KORS: CDI & BDI

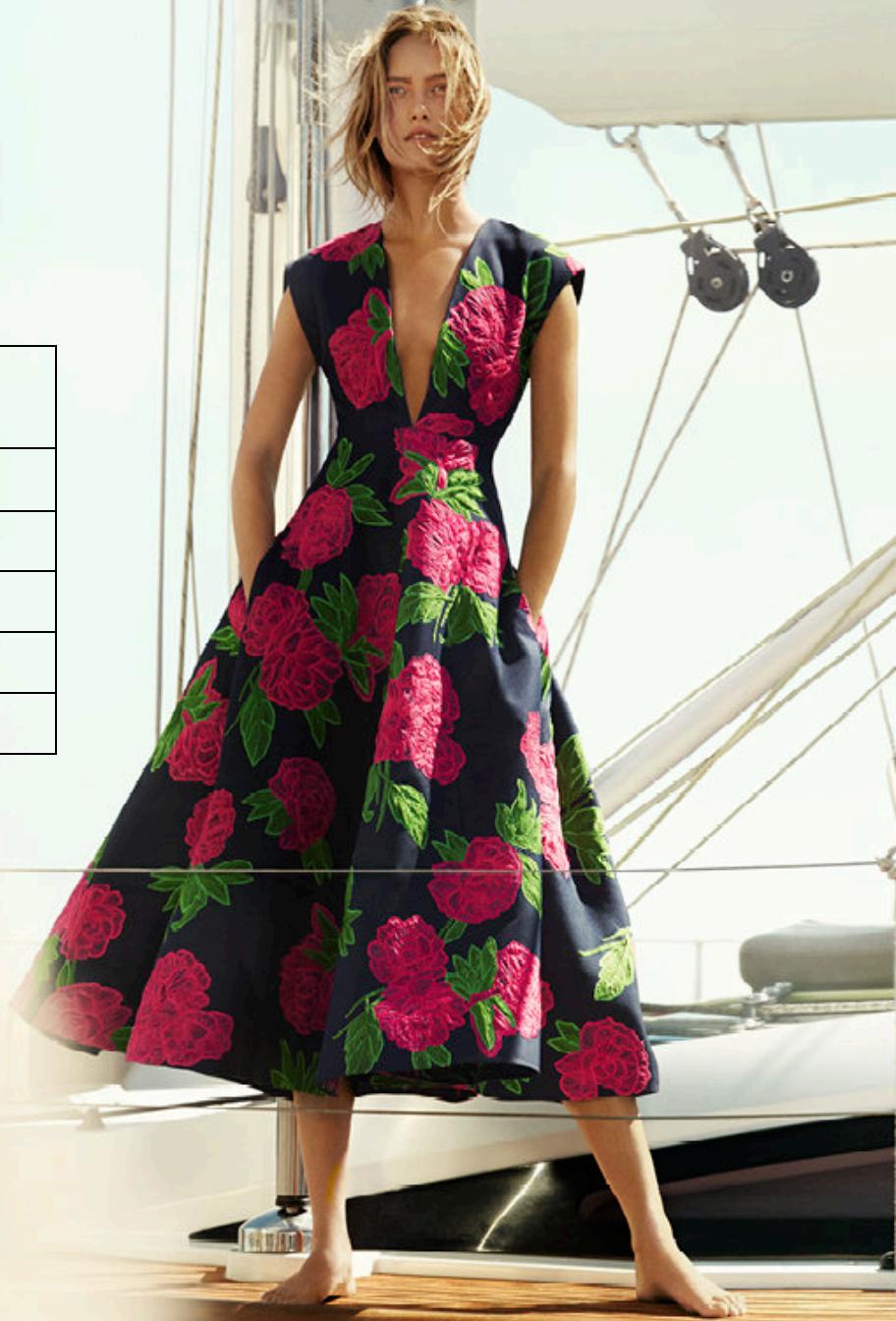
North America, 2012, Women's Apparel

	Population (000)	Population %	CDI	BDI
Regions				
Northwest	41,170	18.7	103	166
Midwest	49,417	22.2	102	96
South	84,694	36.9	99	70
West	51,728	22.2	97	101

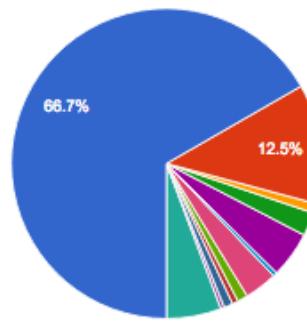
Category Development Index (CDI) shows how well the category (fashion) is doing in a specific area.

Brand Development Index (BDI) shows how well Michael Kors is doing.

The CDI and BDI numbers show that there is room for growth in the South because the category is strong, but the brand needs more exposure.



MICHAEL KORS: MICHAEL KORS MEDIA

ANNUAL MEASURED U.S. MEDIA SPEND						Powered By 
CATEGORY	Q2 2015	Q1 2015	CY 2014	CY 2013	Y/Y GROWTH	MEDIA SPEND BY CATEGORY - GRAPH
Magazines	\$7,166,125	\$7,424,442	\$40,311,916	\$30,081,159	34.0%	
Network TV	834,800	0	7,536,000	2,014,200	274.1%	
Newspapers	314,289	0	601,318	11,820	N/A	
Span Lang Net TV	288,400	0	1,489,000	832,200	78.9%	
Cable TV	261,203	0	2,902,618	2,307,658	25.8%	
US Internet - Display	226,965	269,647	273,023	244,206	11.8%	
Natl Newspapers	207,900	824,937	2,053,640	971,376	111.4%	
Sunday Magazines	107,075	439,007	653,157	428,300	52.5%	
Local Magazines	87,590	90,685	372,251	317,710	17.2%	
Outdoor	87,419	86,166	560,222	780,052	-28.1%	
Spot TV	108	0	233,060	13,271	N/A	
US Internet - Search	0	0	3,452,552	2,755,517	25.3%	
B-to-B Magazines	0	0	0	31,920	N/A	
Total Advertising Spend ?	\$9,581,874	\$9,134,884	\$60,438,757	\$40,789,389	48.2%	

MICHAEL KORS: MEDIA PLATFORMS

- Print
 - Magazines US and Europe
 - **66.7% of Michael Kors Media spend goes towards magazines (2015)**
 - *Global Editions of Vogue*
 - *W Magazine*
 - *Vanity Fair*
 - *Harper's Bazaar*
 - *Tatler*
 - Direct Mailers
 - National Newspapers- *New York Times*

*Being placed near the magazine cover can cost about
\$183,457 - \$237,406



MICHAEL KORS: MEDIA PLATFORMS

- Outdoor Media
 - Billboards- New York, Los Angeles



MICHAEL KORS: MEDIA PLATFORMS

- Social Media: *Uses both paid and organic social media*
 - Facebook- 16.5 million followers
 - Twitter- 3.14 million followers
 - Instagram- 5.9 million followers
 - Youtube- 20,000 followers
 - Pinterest- 18,000 followers
 - Snapchat



Believe in brights: For those who never wear color, it's time to break it out! #MKSpring #StyleTip

MICHAEL KORS: MEDIA PLATFORMS

- Internet Display Advertising
 - Michael Kors uses images, text, and video in its internet ads
 - Advertises on:
 - Online newspapers: *NYT*, *WSJ*
 - Online magazines: *Vogue.com*, *Elle.com*

The screenshot shows the homepage of The New York Times. At the top, there is a navigation bar with links for "HOME PAGE", "TODAY'S PAPER", "VIDEO", "MOST POPULAR", "U.S. Edition", and a "Try a Digital Subscription | Log In | Register Now" button. Below the navigation is a large advertisement for "The World's Citi. It's wherever you are." featuring a woman in a fur coat. To the right of the ad is the "The New York Times" logo and the date "Monday, October 14, 2013 Last Update: 1:42 PM ET". Further right is a "citi" logo with the tagline "The World's Citi™". Below the main header, there is a search bar and social media links for Facebook, Twitter, and Personalize Your Weather. The main content area features a large image of a woman in a fur coat, the Michael Kors logo, and another image of a woman in a patterned coat. Below this, there is a news article titled "Seeking Deal to Avert Default, Lawmakers to Meet Obama" by Jonathan Weisman, dated 12:51 PM ET. To the right of the article is a video thumbnail titled "Portents of Doom in a Sheep Named Dolly" by Mitch Altman. On the far right, there is a section titled "The Opinion Pages" with various articles and a "ROOM for DEBATE" logo.

MICHAEL KORS: CONSUMER'S MEDIA PREFERENCES

Michael Kors' consumers use the following media most frequently:

- **Social Media**- Facebook, Instagram, Twitter, Youtube, Pinterest
- **Internet**- Blogs, Magazines, Newspapers, TV
- **Traditional Media**- Magazines (however declining)
- **TV**- Network, Cable

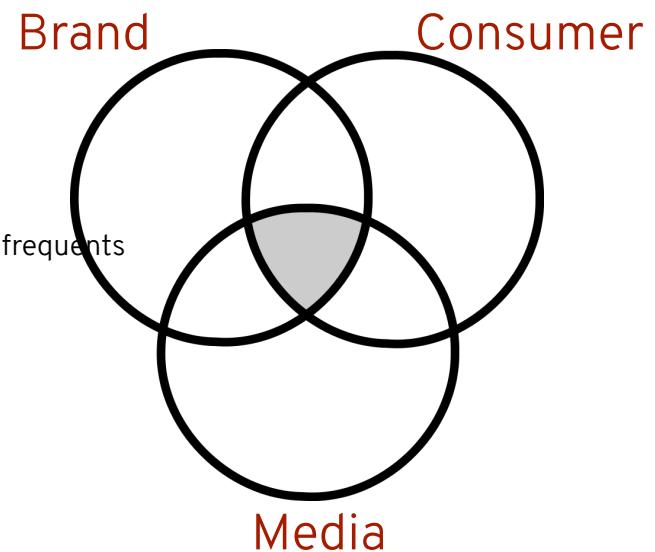


MICHAEL KORS: CONSUMER, BRAND, MEDIA RELATIONSHIP

Michael Kors chooses media that targets its customer's preferences.

Social Media:

- Facebook, Twitter, Instagram, Youtube, Pinterest, Snapchat
- Internet advertising:
 - Display ads (images and video) can be found on websites that the target market frequents
 - Ex: *The New York Times*, *Vogue.com*
- Traditional Advertising:
 - Newspapers: *The New York Times*
 - Magazines: *Vogue*, *Elle*, *Marie Claire*, *Harper's Bazaar*, etc.
- TV Advertising:
 - Primarily shown during network tv shows target towards women
 - Ex: *The Good Wife*, *Scandal*



Michael Kors chooses the right media to reach its consumers, but uses 66.7% of its media spend towards magazines, a declining media when it comes to Michael Kors' consumers.

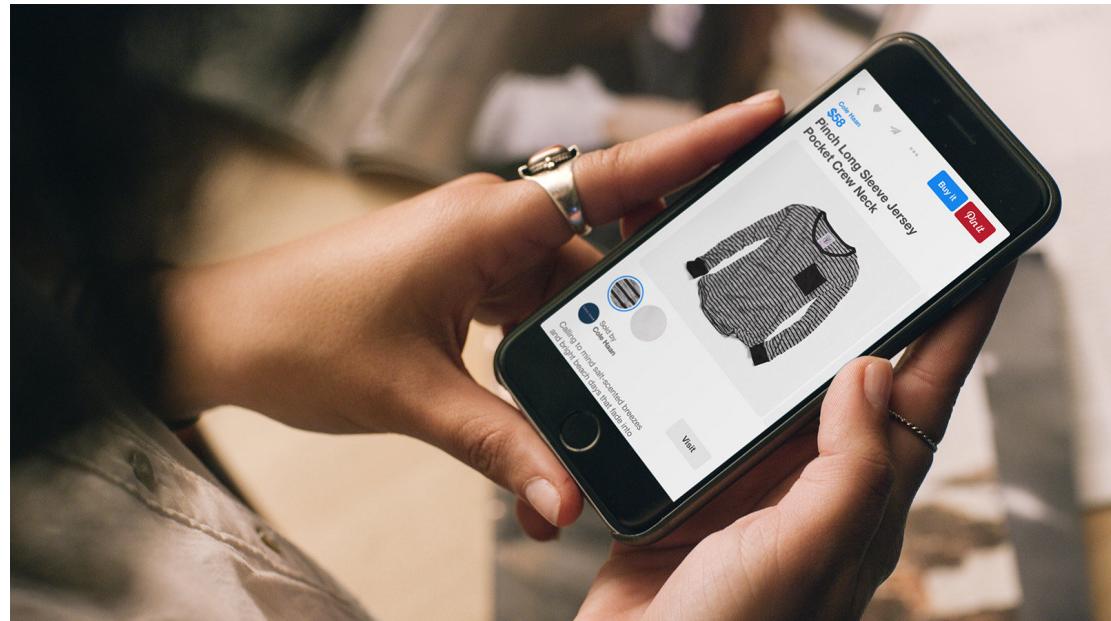
In 2013, the brand set goals to increase its social media following by 5% each month. **Michael Kors should keep working towards this goal.**

MICHAEL KORS: GROWTH STRATEGIES

SOCIAL MEDIA - BUYABLE PINS



- Increase purchases on mobile devices by 140%
- Sessions on a site is 1600% longer than their average visitor
- Average spend \$50 per order
 - Higher than orders from Facebook and Twitter



MICHAEL KORS: GROWTH STRATEGIES

SHIFT FOCUS FROM BLOGGERS TO VLOGGERS

Ages 25-34...

- 50% increase in vblog viewership since 2014
- 3/4 try new products from vblogs
- Over 1/2 keep in touch with the latest fashion from vlogs



Benefits:

- Cheaper - better ROI than TV or magazines
- Massive, targeted audience
- Long lifetime
- High trust in vloggers

MICHAEL KORS: GROWTH STRATEGIES

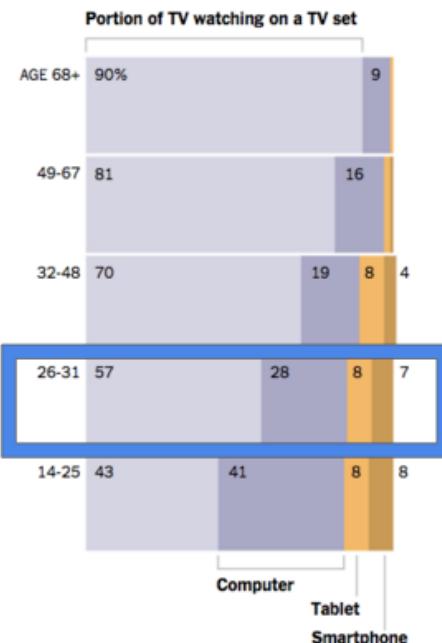
ADS ON TV STREAMING SERVICES

Ages 18-34:

- 22% increase in subscription video viewing since 2014
- 26% rise in “binge viewing since 2014

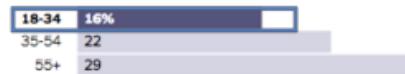


How Michael Kors customers watch TV:



Why Watch TV Online?

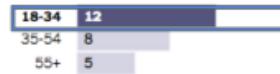
Because I missed the scheduled episode:



Because there are fewer ads:

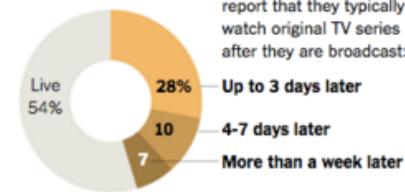


Because it's cheaper than pay TV:



When to Watch?

Nearly half of millennials report that they typically watch original TV series after they are broadcast:



MICHAEL KORS: GROWTH STRATEGIES

SNAPCHAT STORIES + SNAPCHAT ADS

- Michael Kors was one of the first fashion brands to use Snapchat for a runway show
- With the increasing value of Snapchat, Michael Kors should work with Snapchat to create "Live Stories", and pay for Snapchat advertisements and filters





MICHAEL KORS