Globalization and Fashion Business Strategy:  
Standardization versus Adaptation  

Two Case Studies of Calvin Klein Menswear and  
Tommy Hilfiger International  

Amsterdam Fashion Institute  
Bachelor Degree Program  
International Fashion Management  
Graduation Research Report  
May 2014  
Student: Haegeon Kang  
Coach: Constantin von Maltzahn  
Second Reader: Jan Piscaer
# Table of Content

## Executive Summary

01

## Chapter 1 Introduction

02

1.1 Background

02

1.2 Problem

02

1.3 Purpose

03

1.4 Methodology

04

## Chapter 2 Globalization and Fashion

05

2.1 Manufacturing and Retail

05

2.2 Design

06

2.3 Media, Technology and Trends

07

## Chapter 3 Fashion Business Strategy: Standardization vs Adaptation with 4’Ps of Marketing Mix

09

3.1 Product

10

3.2 Price

14

3.3 Promotion

17

3.4 Place (Distribution)

18

3.5 Summary

19

## Chapter 4 Empirical Findings and Analysis: A Case Study of Calvin Klein Menswear Europe with 4’Ps of Marketing Mix

21

4.1 Calvin Klein Menswear

21

4.1.1 Product

22

4.1.2 Price

25

4.1.3 Promotion

25

4.1.4 Place

26

4.2 Tommy Hilfiger

27

4.2.1 Product

28

4.2.2 Price

29

4.2.3 Promotion

29

4.2.4 Place

30

## Chapter 5 Conclusion and Recommendation

31

## References

35

## Appendix

38
Executive Summary

This is a research article about a fashion business strategy in terms of standardization and adaptation with the 4P’s of the marketing mix in the age of globalization. Globalization changed transportation, media, distribution and the internet. This made the whole world a global village and affected on the fashion industry. Especially, manufacturing, retail, design, media, technology and trends of the fashion industry have been influenced. Fashion companies started operating their businesses globally and outsourcing became one of the key parts. The standard of the aesthetic in fashion changed from Western to world-wide and the flow of fashion trends also changed from vertical to horizontal. People over the world can simply check the latest fashion trends and news with personal gadgets, so they started sharing the same fashion styles across the world.

Fashion companies are needed to set up international business strategies due to globalization. Standardization and adaptation are two main approaches for the international business strategies. Standardization is using the same strategy for different markets. This reduces costs and gives a consistent brand image. Adaptation is adapting a business strategy for different markets with a local brand image in order to maximize profits from the markets. Fashion product standardization is not easy because elements like design, size and culture should be considered for different markets. Price is often adapted depending on circumstances of a market. Promotion strategy varies time to time and can be well mixed with the standardization and adaptation strategies. Place means point of sales and distribution channels in fashion. Retail environment of point of sales can give the most strong brand experience to customers.

Calvin Klein Menswear (CKM) and Tommy Hilfiger (TH) are two case studies to see how companies operate international business strategies in reality. CKM separately standardized products in Europe and Asia while TH standardized products across Europe and Asia. CKM can satisfy more Europe and Asia but it costs double. Both CKM and TH adapted their prices in every country because of different market circumstances but price differences of TH are much more subtle than CKM. The two brands have one brand message in order to give the consistent brand image to customers. Plus, TH does a local promotion which is more effective to give local brand images but it costs extra. Retail environment is standardized for both CKM and TH. Customers have the same brand experience everywhere though it misses the local atmosphere of stores in each country. There is one distribution center for Europe and another one for Asia for TH. Similarly, CKM has one center for Europe and another Asian office has only one distribution center itself.
Chapter 1
Introduction

1.1 Background
Fashion companies gained opportunities to expand their business with globalization. Most fashion brands target more than their local market when they plan their business strategy. This gives big advantages and chances to fashion brands to grow (Kotler, 2011). Fashion companies face a global competition, so they have to consider a variety of factors such as foreign markets, different cultures and new environments to compete in the global market. In other words, fashion companies should approach their business with a global perspective which needs a global business and marketing strategy (Keegan and Warren, 2001).

Standardization and adaptation are the major strategies that companies have to consider if they want to expand their business abroad (David Jobber 2007). Standardization is an international marketing strategy that a company has the same strategy with identical products at identical prices with identical distribution systems for different countries regardless of market differences (Deirdre O, 1999). Adaptation is an opposite strategy that a company sets a specific strategy of products, prices, places and people for each target market.

1.2 Problem
Discussions about standardization versus adaptation strategies for the global market have been debated for decades because there are still lots of differences between countries. It is a hot issue for both academics and practitioners but they often miss enough empirical data (Ryans, Griffith and White, 2003). Nowadays, international marketers have been challenged with questions for international marketing strategies (Mehta et al, 2006). The main reason of these long debates on international marketing strategies is that they are continuously affected by changes and developments of the world (Ryans, Griffith and White, 2003). Especially the fashion industry is more influenced by external factors than any other industry. The fashion industry is one of the most dynamic industries in the global market (Dickerson, 1991).

There are different opinions among researchers about how to approach the global market. Theodore (1983) insists that the international market should be seen as one global market and companies should see the global market as one big market. It should not be divided by country. However, Douglas and Wind (1987) have an opposite idea. Although the standardization approach will be benefit for some companies, global companies should use
the adaptation strategy because there are huge differences among countries. For this reason, the standardization approach is too simple for different markets. Besides, Cateora, Keaveney and Susan (1987) pointed out that international companies need to decide the strategy after checking differences between their target countries.

Furthermore, the global brand strategy can be different in fashion depending on the type of a brand (Fernie J et al, 1997). For example, European luxury fashion houses often use the standardization strategy because it is harder to adapt their products for different markets and they want to keep their reputation and the same aesthetic across the world. These European luxury fashion houses brands are pretty successful with the standardization strategy due to customers have high brand recognition about them. The global strategy of European luxury fashion houses probably not work the same way, if a brand has no global reputation like them. Thus, depending on characteristics of a brand, their global business strategy can be decided differently.

### 1.3 Purpose

The purpose of this study is to explore advantages and disadvantages of standardization and adaptation strategies in order to find out which is more suitable strategy for global fashion brands with the four P’s of the marketing mix: product, prices, promotion, place and two case studies of global fashion brands: Calvin Klein Menswear and Tommy Hilfiger International.

### 1.4 Question

In order to provide a comprehensive answer to the research problem, the following sub questions are defined:

- What is globalization and what are the effects of globalization on the fashion industry?
- What elements do fashion companies should consider standardizing or adapting their businesses?
- How international fashion companies implement standardization and adaptation strategies and how does it effect on their performance?
- What are advantages and disadvantages of standardization or adaptation strategies for fashion brands?
1.5 Methodology

The first methodology of this report is an exploratory research which used for the chapter 2 and 3. Exploratory research is used when there is no clear problem defined. The first focus of the exploratory research is to collect as much as information as possible about the subject. This allowed me studying and analyzing the subject and generated hypotheses to be tested in chapter 4. Therefore, exploratory research helped this report determine the best research design, data collection method and selection of subjects. The aim of exploratory research is to provide a significant insight rather than decision making (Retrieved from http://en.wikipedia.org/wiki/Exploratory_research).

Case study approach is used as the second methodology for the empirical part; chapter 4. “Case study is not a methodological choice, but a choice of object to be studied. The name case study is emphasized because it draws attention to the question of what specifically can be learnt from the single case” (Stake, 1994). Therefore, in order to study the research questions. Two case studies of global fashion brands: Calvin Klein Menswear and Tommy Hilfiger International are chose as empirical units. With the case studies of global fashion brands, the research will find out how the international brands actually perform and check advantages and disadvantages of standardization and adaptation strategies for fashion brands.

The two brands are chose for the case studies because they are successfully operating their businesses over the world as well as building new international business strategies to approach new markets. Plus, I myself have a six month working experience at Calvin Klein Menswear and have contacts with people working at Tommy Hilfiger. For this reason, it was possible to obtain broad and actual information about the internal information of the two brands which make this research more confidence. In order to find out information of the two brands, interviews with professionals working at the companies were made. The more details are written in the beginning of chapter three and the interview questions are added in appendix.
Chapter 2
Globalization and Fashion

Last centuries, human societies are getting closer and closer. This global integration progressively grew with changes of communication, transportation and technology. These changes made countries interdependent. The integration of the world is called globalization. The definition of globalization has different meanings for different fields and people. The key components of globalization is innovation in terms of transportation, media, distribution and the internet which allows for a wider scope of business activities in economy and culture (Stever, 1972). The Oxford dictionary explains globalization as a process by which businesses or other organizations develop international influence or start operating on an international scale (Retrieved from www.oxforddictionaries.com).

The fashion industry has been affected by globalization but it is not simple to be explained because both fashion and globalization are complex and related with various fields. Through the research, a few components of the fashion industry are turned out to be heavily influenced by globalization; manufacturing, retail, design, media, technology and trends. In this chapter, the influenced components in fashion will be analyzed from a globalization point of view. These effects of globalization on fashion will be the background knowledge to understand why and how standardization and adaptation strategies are needed for fashion brands.

2.1 Manufacturing and Retail

Outsourcing is one of the main results of globalization in the fashion industry. The international production of fashion began in the 1950s and 60s in Japan and moved to other Asian countries such as South Korea, Hong Kong and Taiwan in the following years. China became the biggest clothing production country in the 1970s and 80s followed by other emerging countries in Asia like India, the Philippines and Indonesia. They still play a role as alternative outsourcing countries in the present. In the 1970s, giant fashion brands like Nike started outsourcing most of its production to developing countries. Fashion companies were increasingly able to produce at lower costs by outsourcing to faraway manufacturers compared to their former productions. Since then, lots of fashion brands followed to produce their products without own productions (Gereffi and Memedovic, 2003). Nowadays, fashion brands are always able to find cheaper manufacturers and labors worldwide due to the
effective sourcing structure made possible by globalization. This cheap production makes companies profit high but also lowers retail price of products (Kunz and Garner, 2011).

Fashion retailers started checking not only their local consumers but also all over the world. In the 1990s, luxury brands such as Prada, Gucci and Louis Vuitton extended their retail to new markets especially in Asian countries where they generated a great amount of profit. The number of luxury stores has grown rapidly during last years and it is expected to grow even more in the future (Wassener, 2011). Furthermore, big fast fashion brand like Zara also advances their markets globally. Zara has more than 150 stores on the main shopping points of Asia since they opened the first store in Tokyo in 1998. They still try to open new stores (Manuel, 2009).

2.2 Design

The world of fashion had been controlled by major European countries like the UK, France and Italia till the mid of the 20th century. The standard of the aesthetic was also focused on the Western tastes but the diversification of global fashion trends has increasingly debunked the conventional idea of Europe as the center of the fashion world (Y. Kawamura, 2011). Rei Kawakubo is one of the pioneers who entered the capital fashion cities from a different background with her brand Comme des Garcons in 1969. It was a true sign of globalization in the world of the fashion design.

People started to understand different culture and aesthetic in fashion. From the 1980s, the world of the fashion design has been changed dramatically with globalization. Lots of designers came out from different countries with a variety of backgrounds. They became very successful in the international fashion market as well as in the high fashion market which ruled by European fashion houses before. Fashion designers are now able to appeal to a broader consumer group (Djelic and Antti Ainamo, 1999).

Since the wall of the fashion design world collapsed, the amount of interaction between Western and Asian countries has increased strongly (Kondo and Dorinne K 1997). Luxurious brands including Chanel started to have their runways shows in new markets like Shanghai. Designers started to find new inspirations and materials from other countries and cultures. Valentino for instance, the brand had an exclusive collection using the local design elements in Abu Dhabi in 2009.
The standard of the aesthetic in fashion has moved from Western to world-wide. There are no geographical boundaries. Italian Vogue editor-in-chief Franca Sozzani pointed out that international fashion media now pay attention to non-Western designers who participate and gain respect in the Western sphere. Many of non-western designers present their collections at major fashion weeks in New York, Milan and Paris (Retrieved from http://www.vogue.it/en).

2.3 Media, Technology and Trends

Fashion trends traditionally had a vertical flow from the upper class to the lower class because fashion primarily was meant for people of the high society. It was a method to distinguish them from the public. People were valued by what they wear. Fashion houses designed only for exclusive people. Even fashion media was not open to the public. Therefore, for normal people, the only way to follow the new trends was copying the upper class. This is explained as Pecuniary emulation: “behavior of people who possess or are in the pursuit of wealth, and who, looking beyond their wealth, want that status that, or so they believe, wealth was meant to buy” (Veblen, 1989). Fashion was a tool to express wearer’s class and people tend to follow higher class than them.

Although key trends of the fashion still begin with high end fashion brands it is not all that exclusive anymore. People keep updated with every new trend in the fashion industry. Thus, all fashion updates and media are open to all. New trends can start from the low class to high. The public do not tend to imitate the upper class anymore, but people in the same class. The structure of the fashion trends changed from the vertical model to a horizontal model. Clothes do not necessarily express the status of people anymore as consumers face a variety of options regardless of their social positions (Lipovetsky, 1994). Media including fashion magazines which were only dealing with the high society, do not only take elites as their trend setters but more from the middle class who are the main target of the fashion industry now. High fashion houses and elites started taking in popular culture and larger trends. However, it is still true that the social pyramid of fashion exists because the upper class always like to differentiate themselves from others and media bombard the public to tell what they should wear (Dana Thomas, 2008).

Fashion media is deeply related to social and the development of technology. There are many types of fashion media such as fashion magazines and blogs. They are updated in real time and play an important role in the fashion industry. These new and up to date media made
people to share their styles cross the border and cultures over the world (Kaiser, 1999). This greatly influenced the fashion industry and more and more people started sharing their styles over years. Especially, a new way of fashion media, the internet with social networks and blogs changed the public’s whole way towards the fashion. In other worlds, there is no more merely a local fashion. All fashion can be shared for everyone over the world. People across the globe can check the latest fashion trends with their personal devices like the computer and the phone. They share their fashion styles and items across the world.

Furthermore, fashion brands are able to advertise simply on the web and can attract consumers not only from their local market but also others in other countries. The growth of the globalization and media, the public gained the accessibility to the new trends and styles in the whole fashion world.
Chapter 3

Standardization vs Adaptation with the 4’P of the Marketing Mix

This chapter will review literature and research about standardization and adaptation strategies with the 4’p of the marketing mix to check what, how and why certain strategies are needed for fashion companies facing different markets.

When a company operates its business globally, there are two options, standardization and adaptation. Companies have to choose a suitable strategy to approach different markets. Depending on the choice of a company, the structure of the company has a big difference. Standardization means a company sets-up one strategy but adaptation needs different strategies for different markets.

As mentioned in the introduction, there have been lots of discussions about standardization and adaptation strategies for a long time. Opinions of supporters for standardization are that desires of consumers tend not to vary all that much across different countries. Today, the whole world is one big global market due to globalization. Therefore, the key of the global success is the standardization of a brand image and products which gives a consistent brand image and identity to customers across the world. This also makes no confusion of the brand to customers who travel frequently. Plus, the standardization saves lots of budget of a company compared to the adaptation strategy (Nikolaos and Vlasis, 1997).

On the other hand, standardization is more difficult to meet needs of different customers than the adaptation strategy. Customers prefer purchasing localized products because it gives more satisfaction. Companies should set up their business strategy based on what customers want in order to satisfy them. Douglas and Wind (1987) said that providing local taste and preference products is a best strategy so customers can get what they really like. Furthermore, by adapting a brand for a specific market, the brand can offer a better consumer experience and convenience which make the brand image and loyalty high to customers (Retrieved from http://www.smartling.com/). The table 1 describes the general advantages and disadvantages of standardization and adaptation strategies.
Table 1) Advantages and Disadvantages of Standardization and Adaptation (Adapted from Hollensen, 2001)

<table>
<thead>
<tr>
<th></th>
<th>Standardization</th>
<th>Adaptation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td>- Reduce costs of management</td>
<td>- Satisfy various needs of different markets</td>
</tr>
<tr>
<td></td>
<td>- Easy organization management</td>
<td>- Local brand image</td>
</tr>
<tr>
<td></td>
<td>- Consistent brand image (reduce confusion of customers)</td>
<td>- Easy to adapt to laws and society</td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>- Hard to react to demands of a market</td>
<td>- Extra costs to adapt</td>
</tr>
<tr>
<td></td>
<td>- No effort to maximize profits or sales in a specific market</td>
<td>- Decentralization of management</td>
</tr>
</tbody>
</table>

3.1 Product

Products are foundations of a fashion brand. The whole process of a fashion brand begins with products and ends till they are sold. In the four P’s of the marketing mix, product is often considered as the most important part in fashion, though the four elements are dealt equally in the original theory. If products of a fashion brand do not fulfill consumers’ basic expectations, whether other elements of the marketing mix such as price, promotion and place are successful or not, products would not sell in the market (Jackson and Shaw, 2008).

The key elements of a fashion product are aesthetic appearance, style and brand image. Aesthetic appearance is the most important factor of fashion products. When consumers decide to buy fashion products, most of them consider the aesthetic appearance as the main point. Drew and West (2002) described that successful design is a combination of features, aesthetics and benefits. Features and benefits give the rational reasons to buy a new product to customers. Beyond that, aesthetic appearance plays a role because it gives consumers emotional satisfaction because fashion products are ways of expressing people’s identity visually.

Product adaptation seeks to develop different products for different markets. It generally costs a lot more for a company because of the alternative development process (Cavusgil, Zou and Naidu, 1993). Product adaptation covers the main risk of the standardized product. A standardized product may fit in some markets but it would not fit in others market environments because customers in different countries have different preferences and conditions (Roger, 2004). What fashion brands do with standardization products is trying to
develop products that fit into as many markets as possible (Aaker, 2011).

In fashion, product adaptation means developing new products for a specific market because clothes cannot just be adapted by changing one element. In order to meet what the target market wants, there are lots of parts to consider such as size, label, fit, color, material and design.

Although globalization reduces differences among countries and made people share trends across the world, there are still significant taste differences across different countries. For example, people in the south of Europe generally accept strong bright colors but in the north of Europe, people tend to avoid these colors. This means even in Europe it is not easy to satisfy all consumers in different countries (Jackson and Shaw, 2008). Cultural factors should be researched during the design process when a market is new for a brand. Effective product design has an integrating element of culture. It can satisfy customers’ needs and desire (Moalosi, 2005). Finnish accessories brand Lumi (http://lumiaccessories.com/), for instance, sells quirky color combinations such as pink and yellow in Japan but in Europe customers prefer products with subtle and classic colors like silver. Although Lumi does not adapt the design itself to different markets, they do indeed change colors and materials depending on the local market. A designer of Lumi, Sanna Kantola found that Japanese people believe that a red wallet brings bad luck whereas a yellow wallet means good luck. This traditional difference does affect their design process (Timonen, 2012).

Seasonal difference in several regions is a big obstacle for the standardization of fashion products. Fashion brands normally launch collections two times a year for spring/summer and fall/winter. Although major fashion brands launch collections during the general season in line with the main fashion shows in London, Paris, Milan and New York, some target markets can have different seasons. Some countries may need a fall/winter collection when a brand prepares a spring/summer season. In this case, products adaptation is unavoidable. Zara is a global brand that employs a global standardization strategy across all its outlets. They provide the standardized seasonal products to Asia, Europe and America. Zara launched new stores in Australia which has a different season than other markets and they started producing different seasonal products especially for the Australia market (Retrieved from http://www.marketingmag.com.au).

Size should be seriously contemplated, when fashion brands sell apparel in different
regions. This is because fashion design and silhouette is based on the shape of a human body. The global apparel industry spends billions on returns, alterations and exchanges because of incorrect sizes of garments (Retrieved from http://www.alvanon.com). Especially Asian markets need smaller sizes than Western markets. Not only the sizes but also the different proportions of Asian and Western bodies are critical matters. Table 2 and 3 and picture 1 and 2 are measurement tables and figures of the average male and female body figures in China and U.S. (Retrieved from http://www.alvanon.com).

<table>
<thead>
<tr>
<th>Average Chinese Female</th>
<th>Average American Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Height</td>
<td>5’4”</td>
</tr>
<tr>
<td>Weight</td>
<td>125 Pounds</td>
</tr>
<tr>
<td>Chest</td>
<td>31”</td>
</tr>
<tr>
<td>Waists</td>
<td>28”</td>
</tr>
<tr>
<td>Low Hip</td>
<td>35”</td>
</tr>
</tbody>
</table>

Table 2) Comparison of body size between average female in China & U.S.

<table>
<thead>
<tr>
<th>Average Chinese Male</th>
<th>Average American Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Height</td>
<td>5’8”</td>
</tr>
<tr>
<td>Weight</td>
<td>145 Pounds</td>
</tr>
<tr>
<td>Chest</td>
<td>35”</td>
</tr>
<tr>
<td>Waists</td>
<td>31”</td>
</tr>
<tr>
<td>Low Hip</td>
<td>36”</td>
</tr>
</tbody>
</table>

Table 3) Comparison of body size between average male in China & U.S.

Picture 1) Average female figure in China and U.S

Picture 2) Average male figure in China and U.S
Thus, there are certain differences in body sizes among different countries. In this situation, product standardization in sizing is pretty difficult because the height is almost the same while the body line has big differences. Not only the body differences but also Chinese arms are shorter than Americans which makes the standardization of clothes more difficult.

H&M is one of the biggest fashion brands in the world. There are 2900 H&M stores in 54 countries. However, H&M works with only one fit which is made for Germans. Germany is H&M’s biggest market, so all fitting mannequins are made after the measurements of the average German body. The German fit is sold in all markets from Europe to America and Asia. Obviously, the Asian and American bodies are different as mentioned above. Both Asians and Americans are different from European bodies. Even within Europe, bodies differ. For example, Germany and the Netherlands are two neighbor countries but there is a difference in height. The average Dutch woman is almost 4 cm taller than the average German woman. On many fashion websites, H&M customers in America complain that the H&M sizes are most of the time too small which is no surprise, because the average American woman is 1.5 sizes bigger than the average German woman.

Not only H&M but also its competitor Zara has to deal with the fitting difficulties. Zara’s general fit is even slimmer than the fit of H&M. That is the reason why Zara is very popular in Asian countries where women have a very low waist-to-hip ratio, which means that the measurement between hip and waist has a very small difference. In America, Zara is not as popular because women there are curvier with bigger sizes.

C&A and Gap offer various fits depending on the market. They consider the different body types when producing products for different markets (Retrieved from http://www.c-and-a.com and http://www.gap.com/). Japanese brand Uniqlo offers a compromise solution. Uniqlo works with a Japanese fit and a global fit. In this way, they make sure that they keep the market of origin satisfied while serving products for other markets (http://www.uniqlo.com/).

Size labelling causes another problem when a product is standardized because each country has own size standard. For example, a t-shirt in size M in Germany can be L or even XL in some Asian countries. Countries also have different units of size labelling. Table 4 is a tops size guide of an Italian fashion label, Marni.
<table>
<thead>
<tr>
<th>Italian Size</th>
<th>French Size</th>
<th>Spanish Size</th>
<th>German Size</th>
<th>UK Size</th>
<th>US Size</th>
<th>Japanese Size</th>
<th>Chinese Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>32</td>
<td>32</td>
<td>30</td>
<td>4</td>
<td>0</td>
<td>XS</td>
<td>155/80A</td>
</tr>
<tr>
<td>38</td>
<td>34</td>
<td>34</td>
<td>32</td>
<td>6</td>
<td>2</td>
<td>S</td>
<td>160/84A</td>
</tr>
<tr>
<td>40</td>
<td>36</td>
<td>36</td>
<td>34</td>
<td>8</td>
<td>4</td>
<td>M</td>
<td>165/88A</td>
</tr>
<tr>
<td>42</td>
<td>38</td>
<td>38</td>
<td>36</td>
<td>10</td>
<td>6</td>
<td>L</td>
<td>170/92A</td>
</tr>
<tr>
<td>44</td>
<td>40</td>
<td>40</td>
<td>38</td>
<td>12</td>
<td>8</td>
<td>XL</td>
<td>175/96A</td>
</tr>
<tr>
<td>46</td>
<td>42</td>
<td>42</td>
<td>40</td>
<td>14</td>
<td>10</td>
<td>XXL</td>
<td>180/100 A</td>
</tr>
</tbody>
</table>

Table 4) Tops size guide of Marni (Retrieved from http://www.marni.com/)

The units in the table are not made by Marni. They are different units of countries. The size unit system varies because each country works with a different standard based on body proportions that were measured and established long before the onset of globalization. As a result, the size specification chart varies among countries. Different size units make customers confused, when they purchase products. Global fashion brands should make sure that they provide clear sizing standards to customers.

3.2 Price

For the same style of a garment, price ranges are broad and there are many pricing strategies and mechanisms decided by internal and external factors. The whole marketing mix is used for price decisions because a price range of a brand is the main indicator telling the brand positioning in the market (Okonkwo, 2007). Another goal of pricing is getting the best profits for companies while fulfilling customers’ expectation in the market. This is the "exchange value" of a product (Kapferer, 2012). Martin Parker, Managing director of Urban Outfitters Europe said, “Pricing is one of the most important decision processes that the fashion marketer undertakes. Customers are becoming increasingly price savvy all the time and therefore are unlikely to be fooled by false value claims and deliberate price confusion” (Jackson and Shaw, 2008). In general, fashion brands set pricing by putting certain percentages of margin from production prices to wholesales and retails. The margin percentages vary depending on the brand strategy but normally the margin is between 250% and 350% each step of distributions.

Price is one of the indicators for a market positioning. For instance, high fashion products are expensive because they are generally made of better materials, manufactured to a high standard and prices of high fashion products also include intangible "symbolic value" of their
brands (Kapferer, 2012). The symbolic value of brands can be translated into the brand price position in the market. High fashion brands have a premium pricing position strategy to show their exclusivity and uniqueness in the market (Jackson and Shaw, 2008). People often consider these expensive goods as exclusive and showing high status in society. Not only for fashion products but also high end wines, jewelry, cars are examples of this dynamics. For these high end products, the higher prices tend to generate more interests from consumers. For this reason, pricing is a big part of a branding process of high fashion brands as people often judge their exclusive levels in terms of product prices (Okonkwo 2007).

Price discrimination is an important pricing strategy. It is a global pricing strategy that a company sells the same products at different prices in different markets or territories. This is because consumers have different conditions at every market (Retrieved from http://en.wikipedia.org/wiki/Price_discrimination). Most recognizable fashion brands sell their products at different prices in countries. Lots of global fashion brands have a cheap pricing strategy in the US in order to compete in the US market. Local American brands normally have cheap production costs per unit because of the US’ large scale economy. However, it is possible that consumers check the difference of product prices of brands on the internet. These brands often make a policy that customers can order products only at the local web store (Jackson and Shaw, 2008). Some brands have no system to control this due to its organization, agencies and distribution reasons.

European high fashion brands use the premium pricing strategy more aggressively in some markets. Especially, Asian consumers put a premium on many European luxury goods as they do not have confidence in local brands. Most luxury brands sell their products at more expensive prices in Asia. Chanel’s iconic bag 2.55 was sold around 3600 euros in Korea in 2008 and the price went up to around 5000 euros in 2012. However, the same bag was still sold at around 3600 euros in France in 2012. As the graph 1 shows, The price of Chanel grew about 60 percent last three years but still the growth rate of Chanel Business in Korea soared 140% in 2011 (Retrieved from http://www.hankyung.com/). Thus, if a brand understands characteristics of a market and its consumers to set up a right price strategy, a brand can maximize their profits in the market.
Customers have increasingly started to notice the different pricing strategies of global brands so they try to buy products not in their home market. Some people use the online service or even go abroad to buy themselves when products are too expensive in their market. According to London Evening Standard, “average Chinese shopper in London spends £633 per transaction as they take advantage of prices around 30 per cent cheaper than at home, with VAT waived” (Retrieved from http://www.standard.co.uk/). For instance, Burberry sell their iconic Sandringham trench coat at 1,195 GBP which is about 12,100 CNY on the UK web store but when customers log in the web store from China, the price of same coat is 18,500 CNY. It is about 150% of the UK price. For this reason, one third of the London Burberry store sales are made by Chinese people, and two-thirds of all Chinese spending on luxury goods happens outside of mainland China, according to Bain (Retrieved from http://online.wsj.com/).
In the long term, the different pricing strategy will be difficult for the global market. With globalization the sourcing of products has become much easier due to improved communication and technology. Especially the internet makes fashion brands more transparent. Fashion brands started to show their production and process to become “clean” brands to customers (Jackson and Shaw, 2008). The different pricing strategy tends to undermine customers’ brand loyalty because they see cheaper prices of the same products in other countries and understand there is no reason to pay more in their home country. People do not want to feel being ripped off when they buy products. In the lots of online fashion communities on the internet in Asia, there are discussions about the different prices compared to Europe. This is why lots of people use online services but in the end they will stop and turn back to brands which they can clearly trust.

3.3 Promotion

Trends of global advertising strategies have been changed from the 1950s. Companies used the standardization and adaptation advertising strategies alternately as the trends changed with the times. When there was a rise of patriotism among countries, companies adapted their strategy into the countries. From the 1980s, there was a growth of global advertising strategy due to globalization, so most companies standardized their advertising strategy.

Companies can choose adaptation, standardization or combining both strategies for their promotion strategy. Among these three choices, the most effective way is using the standardization and adaptation together flexibly up to the market situation (Melewar and Vermervik, 2004). A research by Monika and Rita (2008) indicated that using only one strategy of the standardization or adaptation is not the best solution of a company because mixing the two strategies can maximize the effects. Companies should analyze markets where they operate and find a common ground. The decision to mix standardization and adaptation strategies, is based on its market development, conditions, culture and competition in the market.

Marketing communication standardization means using the same communication strategies through all markets. Marketers create only one marketing message which works for the all markets (Keegan and Schlegelmilch, 2001). The main advantage of this is a company can achieve a consistent branding over the world. Customers trust a consistent brand with a global image. This gives additional intangible values to the brand and makes the identity of a
brand strong. For example, some people are familiar with brands that they have never used. The familiar images of a brand already make customers feel more comfortable with the brand (Isobel and Robin, 2008). The second advantage of standardization is minimizing costs. Companies should calculate different results and earnings when they choose a strategy (Terpstra and Sarathy, 1991).

All countries have different language, laws, economy and the environment and media and these factors affect the promotion strategy. The differences of countries encourage the adaptation of the promotion mix in order to have the maximum benefits from a market. The most important aspect of the differences of countries is culture to communicate, so companies often make adapted advertisings in each country (Keegan and Schlegelmilch, 2001). In many cases of companies, the adaptation of advertising is modifications of the original promotion of companies rather than creating a new promotion due to the extra costs and to keep the consistent brand image. For example, translating an original advertisement into the local language or changing fashion models with local people (Hollensen, 2008).

3.4 Place (Distribution)

For fashion brands, place has several meanings. Firstly, place is where they sell products to customers. POS indicates this place in fashion, which is an abbreviation for place of purchase or point of sales. Place often also includes distribution channel because there are several ways to bring products to POS. For instance, there is a big difference between two companies. When a company has only physical stores and another company has physical stores and e-commerce, they have quite different ways to deliver products to consumers (Jackson and Shaw, 2008).

Distribution strategy is essential for fashion brands, though it does not guarantee success. POS can be categorized into mass, selective and exclusive places. Getting as many POS as possible through any kind of retail environments is the goal of mass distribution. Selective distribution means that a fashion brand selects which stores they sell products to depending on its brand criteria like a location and store atmosphere. The exclusive strategy is similar to the selective strategy but its limit is very high in order to have an exclusive image of a brand (Leslie et al, 2011). For high fashion brands, its brand image and positioning is a critical factor, so they try to standardize their places which means they look for the similar
environment and setting in different markets. They often set up a flagship store to show the brand identity in a market (Jackson and Shaw, 2008).

Retail environment of POS is the closest way to give a brand experience to consumers. Retail environment has a significant impact on consumer behaviors. Retailers put lots of resources to store design and visual merchandising activities (Kaltcheva and Weitz, 2006). In some retail business, the brand experience at POS is considered as a more important part than products. The retail environment can be standardized or adapted. Some global brands use the standardization strategy across the world. There are brands adapt their store display to the local environment. On the other hand, according to Zhandos Balykbayev, a representer of H&M in Almaty, H&M has the same visual merchandising strategy managed by the headquarter. H&M stores in Europe, Asia and America, they all have the same store environment and even the way how products are displayed. Customers feel the same experience of the brand everywhere.

It is not easy to standardize the distribution channel and strategy for all markets because all countries have different environment, laws and customs which make consumers have different buying patterns (Aaker, 2011). For this reason, a company does not always have freedom to choose a standardization or adaptation strategy for distribution. Adaptation or standardization of distribution is more depending on the conditions of markets like customers, cultures, regulations and products than company’s decision. Distribution is more likely to be adapted due to regulations (Onkvisit and John, 2004). For this reason, lots of companies operate their distribution with subsidiaries but then headquarters often do not really know what is exactly happening in their markets abroad.

3.5 Summary

<table>
<thead>
<tr>
<th>Product</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Design</td>
<td>• Fit</td>
</tr>
<tr>
<td>• Material</td>
<td>• Size</td>
</tr>
<tr>
<td>• Logo</td>
<td>• Color</td>
</tr>
<tr>
<td>• Label</td>
<td>• Season</td>
</tr>
<tr>
<td>• Positioning</td>
<td>• Range</td>
</tr>
<tr>
<td>• Range</td>
<td>• Difference</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Promotion</th>
<th>Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Advertising method</td>
<td>• Distribution channel</td>
</tr>
<tr>
<td>• Marketing Communication</td>
<td>• Point of sales</td>
</tr>
<tr>
<td></td>
<td>• Retail environment</td>
</tr>
</tbody>
</table>

List 1) Elements to consider for fashion standardization and adaptation strategy
The research of this Chapter 3 shows that there are specific elements to consider for fashion standardization and adaptation strategies in terms of the four marketing mix; product, price, promotion and place. In order to clarify the specific elements, “List 1) Elements to consider for fashion standardization and adaptation strategy”, is created. As the methodology of this research said, this list 1) as a hypothesis will be applied in next chapter with two case studies.

Product is the key element for fashion brands. Products show aesthetic appearance, style and image of a brand. Product standardization is not easy for many countries because there are certain differences among countries such as design, size, fit, symbol, logo, material, season and cultural differences. They are all needed to be considered for a global fashion business strategy. If a fashion brand adapts all the elements of products, it costs lots of money. However, it is the best way to reach customers closely.

Price can vary depending on a variety of factors of a market so it is not common that prices are fully standardized through different markets or territories. Brand’s market positioning is heavily affected by prices. This is because prices are the “exchange value” of products of the brand. Fashion product prices are calculated not only by the “exchange value” of products but also the “symbolic value” of brands is added.

Promotion strategy can be changed with the times. Mixing the standardization and adaptation strategies, is the best way to promote for companies. Many global brands try to keep the consistency of their brand image but at the same time, differences of markets encourage the brands to adapt their promotion strategy.

Place indicates point of sales (POS) and distribution channels in fashion. There are mass, selective and exclusive types of POS and its environment give a big impact on customers with a strong brand experience. Distribution channel and its strategy are largely affected by external factors such as customers, cultures and regulations.
Chapter 4  Empirical Findings with Two Case Studies  Calvin Klein Menswear and Tommy Hilfiger with 4’Ps of Marketing Mix

The purpose of this empirical research is to find out how global fashion brands actually operate and manage their global fashion strategies for different markets in terms of standardization and adaptation. For the empirical research, interviews with employees of Calvin Klein Menswear and Tommy Hilfiger were conducted and my personal working experience at Calvin Klein Menswear is a plus. The interviewed employees were Boram Choi, Menswear Senior Designer, Imane Bidal, Merchandiser Manager, Damien Donnelly, Senior Pattern Maker and Walid Zaazaa, Creative Design Manager from Calvin Klein Menswear and Swen Driessen, Menswear Designer for Asia and Daphne Winkel, Product Developer from Tommy Hilfiger. The interview of each person took between half an hour and an hour. Interview questions were designed to get answers of different parts of the marketing mix because each person has their own part at the company. Questions were answered during the interviews. There were some extra questions came up during the interviews. The interviews were made in person at different places at different times. All the interviews were recorded and notes were written. It would have been ideal, if the research has been done equally for the two brands but due to the limited information and help. Calvin Klein Menswear part is more rich than Tommy Hilfiger.

4.1 Calvin Klein Menswear

*Calvin Klein Inc. is one of the leading fashion design brand in the world which was ranked #1 by Women’s Wear Daily in its coveted top 10 list of most-recognized designer brands in December 2012. Calvin Klein brands are powerful and influential over the world with several clothing lines: Calvin Klein Collection, Calvin Klein Platinum Label, Calvin Klein White Label, Calvin Klein Jeans and Calvin Klein Underwear* (Retrieved from http://www.pvh.com/brands_calvin_klein).

In Europe, the brand, Calvin Klein is well known for its Underwear line and it is hard to find fashion products of Calvin Klein whereas the brand has a reputation as a life style fashion brand in other continents like Asia and America. For this reason, Calvin Klein Inc. intended to restructure the business of Calvin Klein in Europe with an emphasis on driving improved margins by generating healthier and more profitable sales through the rationalization of
certain wholesale and retail sales in an effort to elevate and reposition the brand (Retrieved from http://www.pvh.com).

Calvin Klein Menswear is going to re-launch and reposition for the F/W 14 season in the European markets. The markets are Germany, the Netherlands, France, Italia, Spain, the U.K. and Russia. Calvin Klein Menswear is comparable with Calvin Klein Platinum Label which is the same "bridge" line of Calvin Klein Inc. but for Asia. The line name of Platinum Label for men will be also re-named as Calvin Klein Menswear because it is the same “bridge” line of Calvin Klein Inc. From F/W 14, there will be two Calvin Klein Menswear lines but one is for Europe and another one is for Asia. The two lines will be operated totally separately (Retrieved from http://www.pvh.com). In this research, the two bridge lines will be called CK-Europe (Calvin Klein Menswear) and CK-Asia (Calvin Klein Platinum Label) to prevent confusion.

Although, Calvin Klein Inc. already has several clothing lines and a bridge line in Asia, the company decided to practically launch a new bridge line even with the same line name for Europe. The main focus of this part is analyzing which strategies CK-Europe uses between standardization and adaptation for the 4P’s of the marketing mix. There are two perspectives to check the global strategies of CK-Europe. The first is how and why CK-Europe standardizes or adapts its strategies compared to other existing Calvin Klein lines including CK-Asia, but it is not always comparable because CK-Europe is basically separated and independent from other lines. The second is how and why CK-Europe operates as one brand within different European countries.

4.1.1 Product

The main strategy of CK-Europe is upgrading design and quality while tailoring the product itself to local customer tastes and retailer needs (Retrieved from http://www.pvh.com). In other words, CK-Europe products are fully adapted for the European market apart from CK-Asia and other lines.

• Design

For the first collection S/S 14, all CK-Europe was not separated from CK-Asia. CK-Europe products were based on the existing bridge line, CK-Asia. There were no designers for CK-Europe. Only product developers partly adapted some product elements from CK-Asia products for the CK-Europe markets. CK Europe did not have to operate its own design
department, so CK-Europe could save lots of costs. Plus, two Calvin Klein bridge lines, CK-
Europe and CK-Asia, could have the consistency of design across the world.

However, the first collection, S/S 14 products of CK-Europe based on CK-Asia did not go
to mass productions to sell in the European market because of the market differences in tastes
of Europe. It was a decision made by internal wholesalers and merchandising teams of the
brand. After the failure of the S/S14, CK-Europe created own design team only aiming for the
European market. Creative Design Manager of CK-Europe, Walid Zaazaa, who came from
France for the second season F/W 2014, mentioned during the interview:

“The perception of design and the level of fashion tastes are so different in Europe compared
to other continents. Brands from out of Europe often fail to satisfy European customers, so it
is harder approaching from other markets to the European market than the other way around.”

Senior knit wear designer of CK-Europe, Boram Choi, who has her design roots in New York,
pointed out that the global trends of high fashion brands are mainly made in Paris and Milan,
so non-European brands tend to have their fashion trends later than European brands. This
makes it hard for non-European designer brands to sell their collections to Europe.

CK-Europe does not offer certain products for different markets in Europe. The markets
have different tastes, but CK-Europe judged that within Europe, the difference is not big to
offer different products. Merchandiser Manager of CK-Europe, Imane Bidal, said during the
interview: “we do not offer special products for a certain market but we create a big
collection, so all markets find what they want in our collection.” One big collection of CK-
Europe covers different market needs within Europe.

• Material
All materials are sourced by CK-Europe itself. If CK-Europe shares material with other
Calvin Klein lines, costs of materials will be much cheaper due to the bulk. However, it is not
easy to communicate with different CK lines which have their office in other countries. CK-
Europe is totally independent from other lines for materials. There is no special material use
for different markets of CK-Europe.

• Color
CK-Europe can only select colors for their products, from the Calvin Klein color list of
Calvin Klein Inc. in order to keep the Calvin Klein brand colors such as black, grey, white,
etc. Although, CK-Europe markets like Italia and Spain request more colorful colors for their consumers, the color usage is still limited because of the brand identity. These typical colors of the brand evoke brand awareness and loyalty like the red of Coca-Cola (Mario and Maroto, 2001).

• Logo
Depending on markets, there are different preferences about the logo design. For CK-Europe products, logo design is not emphasized. This is because the wholesalers of CK-Europe said most European markets do not want big brand logos on products whereas Russian customers want to have bigger logos to show the brand of products.

• Season
The main season of All Calvin Klein lines are the same. Although there are some climate differences between North and South European countries, the climate differences are not especially taken into the consideration of CK-Europe.

• Size
According to Damien Donnelly, Senior Pattern Maker of CK Europe, Sizes of CK-Europe products are fully adapted for the European markets. He tried to use sizes from CK-Asia but it was inappropriate for CK-Europe. The sample size of CK-Europe is the average of all European markets. In other words, CK-Europe sizes are standardized within Europe. The average European size measurement is sourced by Alvanon, the famous company for its data of sizing and fit in the fashion industry. Size is an element that has to adapt in a way because there are significant differences among countries (Retrieved from http://www.alvanon.com/).

• Fit
Damien Donnelly said he had to make the fit of CK-Europe slimmer than other Calvin Klein lines for other continents because European men do not prefer the loose fit styles. European men traditionally wear the tight fitting styles such as Continental, British and Italian styles. The British style is cut closer to the body and the Italian style is cut very slim and the silhouette is sleek (Retrieved from http://www.moderngentlemanmagazine.com).

• Label
CK-Europe has its own label which is different than other Calvin Klein lines. Merchandiser Manager of CK-Europe, Imane Bidal mentioned that this may cause a problem for customers. There will be department stores where sell CK-Europe with other Calvin Klein lines and
customers will find the different labels of Calvin Klein products. CK-Europe label uses only English and there is one measurement method for different European markets while some other brands have different size methods for different countries in one label.

4.1.2 Price

Prices of CK-Europe are not standardized in the European markets. Prices are all different in each country. Geographical pricing strategy is the main motif behind the CK-Europe pricing strategy. Although the market positioning is the same, the main competitors and retail environments of CK-Europe are different in each market. Imane Bial said during the interview:

“Each market is unique in terms of price, so we have to adapt. Germany has the lowest price point because of the competition. There are many domestic brands with cheaper price points. In France, most of our competitors have high mark ups and sell at premium department stores which means our price point also goes high. People are more premium; the condition of the market is different. It does not make sense, if we have the same price in different countries.”

It is a matter of consumers’ willingness to pay for products. The willingness is measured by the wealth and market competition of countries (Jackson and Shaw 2008).

4.1.3 Promotion

Including CK-Europe, all Calvin Klein lines have the standardized promotion strategy across the world. The whole promotion strategy is centrally built by own in-house advertising agency of Calvin Klein Inc. and is used for all Calvin Klein lines over the world. There are many Calvin Klein apparel lines and licensing products like perfume, furniture, etc. Through the standardized promotion strategy of one in-house advertising agency, the brand, Calvin Klein can keep the consistency of the brand image across different product categories and the world. This is the key to the global success of Calvin Klein Inc. (Retrieved from http://www.vault.com/).

Primarily, Calvin Klein in-house advertising agency advertises on national print media in major target markets and billboards on the street. The Calvin Klein advertising agency believes that regardless of its products, advertisements throughout the year make the brand awareness high. Plus, Calvin Klein Collection has catwalk shows twice a year in New York
and Milan. The main aim is not selling the collection but rather lifting and keeping the whole Calvin Klein brand image as a designer brand. It affects all lines and products under the name of Calvin Klein.

Another effective Calvin Klein marketing tool is a dynamic marketing program which is based on the internet to maintain the younger generation familiar with digital activities. New marketing and advertising strategy with the interactive platform such as social media and applications on gadgets help Calvin Klein Inc. to appeal to a broader audience and reach the new generation (Annual Report of PVH, 2012).

4.1.4 Place

• Distribution Channel

There are two ways of the distribution channel to sell products to consumers; own brand stores and wholesalers.

1) Productions ► Distribution Center ► Stores ► Consumers

2) Productions ► Distribution Center ► In-house wholesalers ► Boutique, department store or other retails ► Consumer

The main route of CK-Europe is standardized for all markets. There is only one central distribution center of CK-Europe located close to the center of all markets. All products are gathered once at the distribution center and get shipped. The distribution center does not have to be adapted for each market.

In-house wholesalers of CK-Europe sell products to retailers like boutiques and department stores. It is the selective distribution mentioned in the chapter 3. Each country wholesaler has own showroom in their country which is an effective way to attract more retailers. On the other hand, operating different showrooms costs a lot of money and is hard to control the types of end retailers in each market.

There are six brand stores in six different countries. According to Merchandising Manager, Imane, the brand stores will be the places that have the standardized retail environment and products where each country of consumers can have the best brand experience while other retailers have different surroundings.
• Retail Environment
In Europe, all brand store retail environments of all Calvin Klein lines – Menswear (CK-Europe), Womenswear, Jeans and Underwear – are standardized and managed by one visual merchandising team. This is because the four Calvin Klein lines work separately but in eyes of customers, it is still one brand. Standardizing all the shopping experience is an effective way to give a consistent brand image and experience. So that different Calvin Klein lines of Calvin Klein Inc. in Europe can be showing as one lifestyle brand to consumers.

4.2 Tommy Hilfiger

*With more than 1,200 stores and distribution in 90 countries, Tommy Hilfiger is one of the few globally recognized accessible designer lifestyle brands. The "classic American cool" spirit of the brand inspires a wide range of preppy, all-American designs that appeal to a diverse array of global consumers. Tommy Hilfiger has achieved strong global brand awareness and recognition and it occupies a unique position as a premium brand offering quality apparel, accessories and lifestyle products at accessible price points (Retrieved from http://www.pvh.com/brands_tommy_hilfiger).*

Tommy Hilfiger (TH) is globally successful but TH is now trying to change its global business strategy. They used to operate its business totally separately in Asia, Europe and America with licensing. Since the world of the fashion markets is getting more and more global and closer, TH decided to control the brand businesses in one house over the world. According to Menswear Designer for Asia of TH, Swen Driessen, the main reason of the new business strategy of TH was losing its brand identity in the global market because the brand was controlled by several offices. People from different countries have dissimilar ideas about the TH brand. This also confuses customers traveling globally and nowadays people checking not only their local market but also other markets on the internet. TH decided to build a standardization business strategy to have a one brand identity across the world.

This part will find out how TH operates its business globally and the focus will be how they standardize or adapt the business strategy in Europe and Asia. TH in America will be out of the discussion because it is still separated. Although the TH head quarter started taking the management step by step, the business in America is too big and different to combine with TH Europe and Asia at the same time.
4.2.1 Product

Tommy Hilfiger (TH) has one standardizing design concept and style for all markets in Europe and Asia. Swen Driessen said:

“In the past, when different countries had their own design offices to make adapted designs for their markets, there were lots of problems such as different brand logos, styles and poor qualities. Some products looked like from different brands or even looked like fake ones. Although, the adapted products were selling well in their markets, they dropped our brand identity and image a lot.”

Therefore, there is now only one standardized core collection for both Europe and Asia. In the core collection, TH tries to prepare all assortments of what different markets want. The core collection should cover the all needs of different markets. However, the core collection still misses specific product needs of different markets. For this reason, there is a special team to create extra adapted products for each market.

The Japanese market is a special case where still has its own design team for their market because of the special taste of Japanese customers. Swen Drieseen said that the Japanese market strongly wants to have distinctive adapted styles which consumers of other markets would not purchase. However, in the end, TH’s goal is standardizing all products for the Japanese market as well. TH is slowly pushing the market.

India is a big market of TH but they have the warmer climate compared to other markets. For this reason, Indian markets have extra products with short sleeves and especially some materials of products get replaced to fit the Indian weather.

According to Daphne Winkel, Product Developer of TH, Chinese consumers prefer products with big brand logos. There are extra products which have bigger logos than the core collection, only for Chinese consumers. Plus, Chinese consumers expect more high end products from TH than consumers in other countries. The extra products for China often contain exclusive materials such as cashmere and wool.

Size and fit of TH products are measured for the European consumers. Consumers of China and India have no complaint about size and fit but countries like Korea and Japan often request about the size and fit issues for their markets. Swen Driessen said it is not ideal that we use one size and fit for lots of different countries especially countries like Korea and Japan. We try to adjust the whole sizes of some products but we often only shorten sleeve
lengths which is the most common sizing problem for Korea and Japan. Photo1 shows that the standardized TH jacket sleeve length is too long for Asian men.

![Photo1](http://www.japantoday.com/)

Photo1) It is not hard to find the sleeve length problem of TH standardized products

(Retrieved from http://www.japantoday.com/)

### 4.2.2 Price

TH wholesale prices are the same but end retail prices of TH are slightly different because of the market condition in each country. Daphne Winkle said that TH global price strategy for different markets is executed not only by pricing itself but also with products. For instance, India is a market that requires cheaper products than other markets. TH provides bigger proportions of cheap products and only a few products at high prices to India. Therefore, more Indian customers can afford TH products. When some products are too expensive, only for the Indian market, materials of expensive products are replaced. So, the products are not out of the Indian customer price range. The price adjustment is still made within the standard price range of TH. If customers visit TH stores in India and other countries, they may get a feeling that the price of TH in India is lower than others. It is not because TH products are actually cheaper in India but the reasons are different materials and the cheaper assortment of products.

### 4.2.3 Promotion

TH global promotion strategy and the marketing communication are standardized by its own marketing team but local advertising methods are adapted in each market through local PR agencies.
There is a global ad campaign of TH every year which has one concept and message to all markets of TH. The ad campaign is used for all advertisement and media. The TH website is based on the global ad campaign concept and provides the same website template for all markets. Each country customers can only change the language. This standardization marketing strategy saves lots of costs and gives the consistent brand image to world-wide customers.

Within the same brand message, TH does local advertisings in some countries especially in Asia where can get the maximum effectiveness by adapting the advertisement in terms of response and sales. For example, Korea is a country where has a local PR agency of TH. They operate own advertising with local models. Photo2 is showing the same campaign but an adapted version of Korea.

4.2.4 Place

TH distributes products internationally through in-house wholesales, brand retails and e-commerce sites. There are a variety of TH brand stores: flagship stores, anchor stores, specialty stores and outlet stores. Each country has at least one flagship store for the brand statement. All brand store concepts are standardized over the world regardless of the local environment. The aim of the brand store is delivering a “Classic American Cool” shopping experience. TH has lots of showrooms controlled by wholesalers in different cities. The main customers of the wholesales are mainly department stores.
Chapter 5
Conclusion and Recommendation

This conclusion chapter will conclude the research findings and discuss the case studies for recommendations.

Globalization influenced a variety of fields and the fashion industry is one of them. In order to survive in the globalized fashion industry, fashion companies need to choose a business strategy between standardization and adaptation. They now face different markets. The standardization strategy uses one approach to different markets while keeping a consistent brand image and saving costs. The adaptation strategy invests in several adapted approaches for different markets. From the research, it was found that fashion companies need to consider certain factors within the 4P’s of the marketing mix – Product (design, material, logo, label, fit, size, color and season), Price (positioning, range and difference), Promotion (advertising method and marketing communication) and Place (distribution channel, point of sales and retail environment) – to standardize or adapt their businesses for different markets.

Through the two case studies of Calvin Klein Menswear (CK) and Tommy Hilfiger (TH), it was found that what, how fashion brands standardize or adapt their businesses. The key points of the two brands are summarized in the tables. The tables compare the two companies’ current situations and its advantage and disadvantage, so it is easy to find recommendations.

**Product**

<table>
<thead>
<tr>
<th>Situation</th>
<th>Calvin Klein Menswear</th>
<th>Tommy Hilfiger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failed to adapt Asia to Europe. There are two different teams for Europe and Asia. Within Europe, products are standardized</td>
<td>Succeeded to adapt Europe to Asia. A few elements of products are flexibly adapted for specific markets, mainly Asian countries.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Fully satisfy different market needs between Europe and Asia</th>
<th>One brand one identity, cost saving, still satisfy needs of different markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disadvantage</td>
<td>One brand but two identities confusing customers, Costs double</td>
<td>Hard to satisfy detailed needs of markets such as size and fit.</td>
</tr>
</tbody>
</table>
Within Europe, both companies do not adapt their product strategy. It seems that having different collections for different European countries is not very necessary. However, it is important to know different tastes within European countries to fulfill the different tastes as much as possible in one collection.

Standardizing products from Europe to Asia did work for TH but still Asian countries definitely need some adapted products due to the characteristics of countries like India (climate and cheaper price), China (logo and exclusive material), Korea (size and fit) and Japan (size, fit and exclusive design). It would be more ideal, if size and fit of products get adapted more strategically for the Asian market.

Adapting products from Asia to Europe did not work for CK. From the research, it appeared that adapting products from other continents to Europe is harder but the other way around is easier. It would be worth trying standardizing CK-Europe to Asia, when CK-Europe settles down in the European market. More and more companies try to standardize their products over the world. This is because standardization is an important part to have one consistent brand in the global market. Plus, it saves lots of costs.

• Price

<table>
<thead>
<tr>
<th>Situation</th>
<th>Calvin Klein Menswear</th>
<th>Tommy Hilfiger</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Within Europe, there are noticeable differences within the brand price range</td>
<td>In Europe and Asia, there are little differences</td>
</tr>
<tr>
<td>Advantage</td>
<td>Maximizing profits</td>
<td>Transparent brand image to customers</td>
</tr>
<tr>
<td>Disadvantage</td>
<td>Some consumers will notice they pay more than others which lowers the brand image</td>
<td>Reduced profits</td>
</tr>
</tbody>
</table>

The basic price range of a brand should be standardized across all markets because the brand positioning is affected by pricing. In other words, if a brand largely adapts their price range in each market, it confuses customers about the positioning of the brand. In order to maximize profits, prices can be adapted within the basic price range of a brand depending on the market environments. However, when the price difference is too big, customer satisfaction may drop when they buy products at high prices.
### Promotion

<table>
<thead>
<tr>
<th>Situation</th>
<th>Calvin Klein Menswear</th>
<th>Tommy Hilfiger</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standardized across the world</td>
<td>Standardized global ad campaign and adapted PR agencies (local language and models) in different markets</td>
</tr>
<tr>
<td>Advantage</td>
<td>Strong brand image, low costs, reduce brand message confusion</td>
<td>One brand message as giving a local brand image, more effective</td>
</tr>
<tr>
<td>Disadvantage</td>
<td>Do not meet different views of markets</td>
<td>Extra cost, Confusion of the brand image</td>
</tr>
</tbody>
</table>

Both standardize or adapted strategies have pros and cons. CK and TH use different marketing strategies and they are all successful. The common part is both have the same marketing communication which delivers one brand message across the world. This is a key part because different markets easy to have different views on a brand. This lowers the brand power as a global brand. Advertising methods both can be powerful whether it is standardized or adapted as long as it is well executed. The choice is up to a brand.

### Place

<table>
<thead>
<tr>
<th>Situation</th>
<th>Calvin Klein Menswear</th>
<th>Tommy Hilfiger</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One distribution center for Europe, standardized brand stores, and a variety of retails</td>
<td>One distribution center for Europe and another one for Asia, standardized brand stores, and a variety of retails</td>
</tr>
<tr>
<td>Advantage</td>
<td>Effective distribution lowers costs, same brand experience</td>
<td>Effective distribution lowers costs, same brand experience</td>
</tr>
<tr>
<td>Disadvantage</td>
<td>Missing the local tastes of brand stores, uncertainty of the end retail environment</td>
<td>Missing the local tastes of brand stores, uncertainty of the end retail environment</td>
</tr>
</tbody>
</table>

Both CK and TH have the same strategy for the distribution channel and retail environments. One distribution channel for one continent works for CK (one for Europe) and TH (one for Europe and another one for Asia). When the distribution center works efficiently, one
distribution center fulfills the availability of inventories and transportation conditions for one continent. There is no need for different distribution centers. This is because of developed supply chain systems nowadays.

CK and TH brand stores are all standardized as big global brands. It is important to give the same brand experience at brand stores and the flagship stores play the role at the center in each country. Both CK and TH have in-house wholesalers in all markets, they have certain criteria to select retailers but it is still hard to check how the environments of end retailers look like. For this reason, both CK and TH can have lots of retailers but the retail environment can vary.

Overall, the standardization strategy should be prior to the adaptation strategy. The first reason is the globalization of the world. Differences among countries are getting smaller and smaller. Customers do not check products over the world. A brand cannot avoid standardizing their strategy to keep their brand identity in the global world. However, some parts still need to be adapted like size to fit body types of consumers. Cultural differences such as language and convention have to be considered. Companies should set up their standardization strategy for different markets. However, at the same time companies need to analyze the markets to check if there elements that they should to adapt for specific markets.
References


Warren J. Keegan and Mark C. Green, (2005), Global Marketing, Pearson.


Internet Sources


http://en.wikipedia.org/wiki/Exploratory_research

http://www.oxforddictionaries.com


http://www.alvanon.com

http://www.c-and-a.com

http://www.gap.com

http://www.uniqlo.com


http://www.pvh.com/brands_tommy_hilfiger
http://www.pvh.com/brands_calvin_klein

Appendix

Interview Guide Line (some questions are asked to several people)

Tommy Hilfiger

1) Swen Driessen

How do you put the extra Asian collection into the normal collection?

Are there extra people or teams for the Asian market?

Do you research and get inspiration separately for the Asian market apart from the original collection?

Which country is the main focus in terms of design and sizing? Or are they mixed?

Do Asian products have the same design but they have different sizing, fit, colors, logos and symbols?

Do Asian products have different labeling due to the different regulations?

How do you keep the consistency of products developed “differently”? Are the creative director same?
How do you source the fabrics? Are there one team for both Western and Asian collections?

How do you product products? Are there different factories for Western and Asian collections?

Is there a different warehouse for the Asian market?

How do you promote? Is it centralized? Is there a subsidiary?

How do you handle the different seasons of countries like Australia?

Calvin Klein Mens wear

1) Imane – Merchandiser

Why don’t you just do the same collection in Europe as America?

Is it worth put all the investments?

How do you choose POS? Is it up to buyers? How do they do it?

Do you not consider the different tastes of different countries?

How do you expect market reactions from different countries?

2) Damien - Fit technician

How did you decide the standard measurements and fit?

3) Bo –Designer

4) Silvia - Developer

What was the reason to do the US collection in Europe?

How was the process of Calvin Klein Zero collection?

Why didn’t it work out?

What is the main reason to start over everything again?

5) Diana – Marketing

Could you explain Calvin Klein Europe marketing strategy in terms of standardization and adaptation?

Is it an independent marketing strategy especially for the European market? Or it is like an under part of the whole Calvin Klein marketing?

Is the market positioning different due to the European market conditions/competition? Or it is quite the same as how Calvin Klein position in America? What’s the background of that?

Do you consider the differences among countries in Europe? Are there different approaches
for different countries?

Is there a special strategy that you do because Calvin Klein has the high brand awareness in Europe?

What’s the main difference of the Calvin Klein marketing from its competitors? Does it apply to all markets?

Did you have to change things that you did actually plan because of the different regulations and culture?

Do you try to keep the “global” image of Calvin Klein in Europe? Or do you try to give a new impression to customers?

Are there any changes of advertisement into different markets or from Calvin Klein in Europe? Like language, slogans and models?

**Calvin Klein Womens wear**

1) Kyungin Choi - Designer

Why does Calvin Klein launch a total new collection in Europe? Is it because of the taste or size of Europe? Why don’t you do the same collection as America? How did you make the decision?

Do you consider the different taste of countries (color, fit, etc.)?

How did you get the standard measurement? There is a significant difference between the north and south Europe.