Calvin Klein Menswear is a bridge apparel line of Calvin Klein Inc. There are two head offices in Europe and Asia and they are separately operated. This means Calvin Klein Menswear in Europe and Asia are actually two different brands under the same brand name. Two different operations for a brand cost double. Furthermore, it will drop the brand identity significantly because the world is increasingly connected as time goes by.

Ultimately, the two head offices for Calvin Klein Menswear should be merged and it should be approached from Europe to Asia. This is because it is proved that the market penetration is easier from Europe to Asia than the other way around in fashion. Plus, the office in Asia is licensed and the product adaption from Asia to Europe has been failed once.

This is a business suggestion to have one head office for Calvin Klein Menswear based in Europe. Firstly, detailed backgrounds of this suggestion will be explained. Secondly, the S.W.O.T analysis will evaluate Calvin Klein Menswear Europe (CK-ME) in Asia to set up a right business strategy in the Asian market. Thirdly, a 4P’s of the marketing mix will be offered to give a guide line. In the end, the conclusion will follow.

1. Backgrounds

Calvin Klein Inc. generates lots of its revenues from the licenses since a long time ago. While many designer fashion brands such as YSL and Gucci started terminating their licensees due to a damaging loss of operational control, Calvin Klein Inc. still operates effectively its licensing business (Ritson, 2008). There is a variety of product categories under the name of Calvin Klein. However, now it is time for Calvin Klein Inc. to end overseas licenses in the apparel product category. There are two main reasons. Firstly, Calvin Klein Inc. became a wholly owned subsidiary of PVH Corp. (PVH) and PVH wants the reunification of “The House
of Calvin Klein” (Retrieved from http://www.pvh.com). Secondly, it is getting harder to keep the consistency of a fashion brand with licenses across the world due to the globalization.

PVH planned the reunification of “The House of Calvin Klein” since Calvin Klein Inc. became a wholly owned subsidiary of PVH in 2012. “The House of Calvin Klein” means Calvin Klein Inc. will have “one brand steward” with one global vision for the brand. There are three apparel lines of Calvin Klein Inc.: Calvin Klein Collection, Calvin Klein Menswear/Womenswear (CK-Bridge) and CK Jeans. Calvin Klein Collection and CK Jeans already have one head office as “one brand steward” in Europe for all markets over the world. However, CK-Bridge has three head offices now because in Asia and Japan, there are licensing partners Club 21 and Onward Kashiyama, respectively (Retrieved from http://www.pvh.com).

It is expected that PVH will terminate the licenses in Asia and Japan of CK-Bridge in order to have only “one brand steward” to reach the goal of “The House of Calvin Klein”. It is also because Calvin Klein Inc. is following the business model of Tommy Hilfiger since both Calvin Klein and Tommy Hilfiger are wholly owned by PVH. Tommy Hilfiger already has successfully taken over its licenses in Asia in order to have one brand identity over the world a few years ago. CEO of Tommy Hilfiger and PVH International, Fred Gehring said that “We no longer look at Europe and the U.S. as our main markets, and other markets like Asia as tag-on markets or secondary markets. We’re grouping ourselves to become more efficient and planning specifically for Asia” (Retrieved from http://www.pvh.com). It is estimated as a foundation stone that PVH unified CK-Bridge name as “Calvin Klein Menswear/Womenswear” across the world, though the Asian licenses of CK-Bridge had a different name before, “Calvin Klein Platinum Label”. There is a very little chance that PVH is going to keep three different head offices for CK-Bridge while all other lines, Calvin Klein Collection and CK Jeans have one integrated head office.

Plus, lots of global fashion brands started terminating their licenses to control their brand under one head-quarter in order to keep their brand consistency in the age of globalization. In the past, European customers did not really know how a brand is doing in
Asia and vice versa. Nowadays, it is common that people travel abroad frequently. Even at home, the internet lets us see what is happening over the world in real time. This means it is impossible to keep a consistent brand image with licenses even if they are in different countries. Losing a consistent brand image is the loss of the brand identity. It is one of the biggest threats for designer fashion brands. For this reason, not only Tommy Hilfiger but also many global brands started terminating their licenses. Ralph Lauren is a successful case of re-acquiring licenses. Burberry bought back its China franchises for £70 million in 2010 (Retrieved from http://www.bloomberg.com/) and is gradually taking over the Japanese market to end its licensees in Japan in 2015 (http://www.japanconsuming.com/). This is the same step as Tommy Hilfiger in Asia. The CEO of Lanvin, Thierry Andrett would like to end its licenses in Korea and Japan (Retrieved from http://luxurysociety.com/). Thus, global fashion brands stop their licenses and begin the true-global business as one brand.

License business is a large part of Calvin Klein Inc. but it will be a wise decision to stop its licenses in the apparel product categories to keep the brand identity. Calvin Klein Inc. is in fact on the half way of “The House of Calvin Klein” under PVH. There are two licensing partners in Asia and Japan but it is unlikely to be continued afterwards. Tommy Hilfiger, the business role model of Calvin Klein Inc., has already bought back all licenses and the global business trends of the fashion industry has been moved from the license business to having one unified brand. Having a consistent brand image and identity over the world is now the key to success for global fashion brands.

In order to prepare the one brand steward plan of Calvin Klein Menswear, it is clever to prepare a business strategy. The one brand steward should be CK-ME, not the Asian and Japan since they are licensed. Plus, Europe based fashion brands are more likely to be successful than the other way around. It also has been proved that Asian product adaptation to Europe is unsuitable from the experience of CK-ME. Therefore, the global Calvin Klein Menswear business strategy should be approached from Europe to Asia.
2. SWOT analysis of Calvin Klein Menswear Europe in Asia

This SWOT analysis focuses on the situation of Calvin Klein Menswear Europe in Asia. So that strategies focusing on the Asian markets can be built.

• Strength
  - High brand equity with a strong brand image: modern and minimalistic
  - Strong advertising strategy of Calvin Klein Inc.
  - Support of PVH
  - Calvin Klein bridge line business history and experience from the license
  - Value of design and product made in Europe

• Weakness
  - Expensive and premium price point which limits a target group
  - Not established market position in Asia
  - Fake brand products are in the market
  - Lack of the local brand image

• Opportunity
  - Growth of population and economy in Asia
  - Fashion trends of the Asian target group are similar to Europe
  - New market opportunities in developing countries like India and China

• Threats
  - Customer perception about the brand with other product lines
  - Fast fashion is booming in Asia
  - Different needs of consumers
  - Different laws and regulations like tax implications
3. 4P’s of Marketing Mix

This part gives a guide line how to approach markets in Asia for Calvin Klein Menswear Europe (CK-ME). Based on the current CK-ME operation, the 4P’s of the marketing mix will be explained in terms of standardization and adaptation. Plus, the marketing mix will also focus on covering the weakness and threats from the SWOT analysis. The main strategy is from the operation of Tommy Hilfiger that already has a successful global business under PVH. The experience and knowhow of Tommy Hilfiger can be actually applied to CK-ME in future.

3.1 Product

Product should be standardized across Europe and Asia. Products are the most important part to show a brand identity. Different products in Europe and Asia are the main reason not to have more than one head office because it blurs the brand identity in the global market. Therefore, CK-ME should have a core collection covering Europe and Asia. If they make different products, there will be no main advantage of merging the European and Asian head offices. CK-ME should consider having a core collection but reflects different tastes of markets as much as possible since they are targeting broad markets.

However, it is recommended making extra products for specific needs of countries. One collection is still hard to satisfy all market needs in Europe and Asia, even if a collection has a broad range of products. It will be important to analyze markets to catch their different characteristics and preferences. According to a Tommy Hilfiger designer, Swen Driessen, there are certain features of markets. For instance, the Indian market wants to have cheap products with lighter fabrics. The Japanese markets needs distinctive styles that other markets would not sell.

On the other hand, size and fit should be adapted for the Asian market though designs of products are still the same. This is because there is a significant difference in body sizes between Europeans and Asians. Especially, the main product category of CK-ME is suit that needs more strict size standards to fit human bodies. Asian buyers of Tommy Hilfiger
reported that even casual clothes made for Europeans, have size and fit problems such as long sleeves for Asians. CK-ME cannot sell products that do not fit customers’ bodies at their high price range. The data of the licensed Asian head office can be a useful base to make the size and fit for Asia. For this, CK-ME should have an extra team that handles expertly on the Asian size and fit. CK-ME currently offers two fit types, fitted and relaxed, but the new team should add and handle the extra Asian fit.

3.2 Price

Prices should be standardized all over markets. Differences of prices should be only made within conditions of markets such as different currency and taxes. This is because different pricing would cause a problem for the global market. Customers nowadays can check products selling in other countries on the internet or they visit stores of other countries. The different pricing strategy tends to undermine customers’ brand loyalty because they see different prices of the same products in other countries and do not clearly understand why they have to pay more or less in other countries. Especially, when prices are more expensive at their local markets, customers do not want to feel being ripped off. Nowadays, Asian customers are getting aware of brands that sell their products at higher prices in Asia.

3.3 Promotion

Calvin Klein Inc. already has the world famous marketing strategy. This should be kept as it is. However, there should be extra promotion for CK-ME because CK-ME is new in Asia, so customers do not have an image about products of CK-ME. It will be necessary to appeal to customers what CK-ME is and its products. In Asia, it is effective to adapt advertisement to gain more response and sales. Using Asian celebrities can be an effective way. Many brands nowadays use the local celebrities as ambassadors of their brands to enter the Asian market. As Tommy Hilfiger operates local advertising agencies in many countries in Asia, CK-ME should promote through local agencies.
3.4 Place

CK-ME only has one distribution center for Europe so it will be required to have another distribution center for Asia. Although supply chain and sourcing became much easier, it is not efficient to have only one distribution center for Europe and Asia. Tommy Hilfiger as an example, CK-ME can learn how Tommy Hilfiger operates distribution centers in Europe and Asia. The distribution center and workers of the licensed Calvin Klein in Asia can be kept and re-build for CK-ME. All Asian products also can be directly shipped to the Asian distribution center from productions.

Retail environment of POS is recommended to have a standardized environment in all markets. CK-ME already planned to standardize all brand stores in Europe and it is expected to be applied the same way wherever they open new stores. Standardizing retail environment is the most effective to give the consistent brand experience and it will be important for CK-ME.

4. Organization

![Calvin Klein Menswear organizational chart]

There should be more people to operate the Asian market in the CK-ME team. The CK-ME organizational chart shows the basic structure of the team (it does not include external
organization such as marketing and visual merchandising). There are many designers for different product categories like suit, outerwear, knitwear, pants, shirts and denim. Since designs of CK-ME should be standardized, only one or two designers who design extra products for different market needs will be necessary. For the new size and fit plan, it will be more efficient to have coordinator level fit technician and patter designer who just receive the original fit and pattern of CK-ME product made for Europe and transform them for Asian customers. Developers and buyers will have more volumes to control but it would not be necessary to double the size of the current development team. Since the key part of work is the same, the development team may need a few more assistants. Merchandising is the part that needs to double the current team size to control the Asian market separately. Merchandising of Europe and Asia is very different, so another merchandising team should focus on the Asian market. This will be the key point to analyze and drive the Asian market effectively.

5. Conclusion

CK-ME should standardize its business in Europe and Asia in order to keep the brand identity across the world. License business of designer fashion brands in apparel categories are now declining. Lots of brands started taking their apparel licenses back. CK-ME should analyze the business trend in the fashion industry and carry into effect. It is also a coincidence of the plan of PVH, “The House of Calvin Klein”. Although, CK-ME now has no brand product awareness in Asia, CK-ME products produced in Europe will be a great strength to appeal to customers and its markets will grow in Asia. All the four marketing mixes should be standardized but at the same time it will be a smart choice to adapt some elements like size of products and promotion strategies. All the plans will not even require much more human powers but only some extra members and it will save lots of costs of CK-ME. Overall, this business suggestion that unifying CK-ME as one true global brand will save costs but will increase the brand identity greatly.
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http://www.brandingstrategyinsider.com/2008/09/the-poisoning-o.html#.U20-z_mSxjt

Burberry License

Burberry to cancel Japan license

Lanvin