COACH INC.

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Intro to E-Marketing

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Company Overview

Coach Inc. is an American designer of handbags, leather goods, outerwear, travel goods and accessories for men and women. Coach has been in existence for 64 years maintaining the strongest brand in affordable luxury. Coach primarily operates in the United States, Japan, and East Asia. There are approximately 190 Coach stores in the United States. Of these stores 120 are retail and the rest include factory outlets, catalogs, and an online store. Outside of the United States 175 Coach stores are spread in 18 countries.

Coach was founded in 1941 as a family workshop with six workers who made small leather goods by hand. One of the workers included Miles Cahn who began running the workshop for its owners in the 1950s. Ten years later Cahn borrowed money to buyout the company’s owners and take possession of Coach Inc. It is under the Cahns’ possession where Coach took more of a conservative, high quality and elegant feel to the leather products as opposed to following trends. But as fashion changed greatly so did Coach’s traditional style, introducing products for specific seasons and trendier styled clothing. By the late 80s the company began a mail order business and specialty stores to help sell its products outside of department stores. During this time Coach also began expanding internationally. The company opened boutiques in England, London and Tokyo, Japan. With this expansion company sales increased five times as much to $100
million in a four year span and the number of company stores had grown to 40. Now Coach Inc. operates in Japan through a 50% joint venture.

**Competition**

Coach has a total of 16 competitors. Top competitors include Dooney & Bourke, Kate Spade and Michael Kors. These companies have been in existence for at least 20 years. These brands are similar to Coach in pricing with price ranging on average $200 to $400 US dollars. Because Coach has such a distinctive brand it differentiates their products from their competitors and gives the company the title of “The strongest brand in affordable luxury”.

**Segment Information**

The company operates in two segments: direct-to-consumer and indirect. The company’s segments represents channel of distribution that offer similar marketing strategies, similar merchandise and services. Direct-to-consumer segment includes company oriented retail and factory stores, catalogs, and Internet. Indirect segment includes sales of Coach products to other retailers and sales through Coach Japan. Below is a chart of the distribution of sales through each segment.

<table>
<thead>
<tr>
<th>Fiscal 2005</th>
<th>Direct-To-Consumer</th>
<th>Indirect</th>
<th>Corporate unallocated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>$ 935,461</td>
<td>$ 774,962</td>
<td>$ --</td>
<td>$ 1,710,423</td>
</tr>
<tr>
<td>Operating Income (loss)</td>
<td>406,122</td>
<td>385,674</td>
<td>(169,986)</td>
<td>621,810</td>
</tr>
<tr>
<td>Interest Income</td>
<td>--</td>
<td>--</td>
<td>16,980</td>
<td>16,980</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>--</td>
<td>--</td>
<td>1,220</td>
<td>1,220</td>
</tr>
<tr>
<td>Minority Interest, net of tax</td>
<td>--</td>
<td>--</td>
<td>13,641</td>
<td>13,641</td>
</tr>
<tr>
<td>Depreciation &amp; Amortizations</td>
<td>29,510</td>
<td>12,126</td>
<td>15,397</td>
<td>57,033</td>
</tr>
<tr>
<td>Total Assets</td>
<td>242,604</td>
<td>273,548</td>
<td>830,980</td>
<td>1,347,132</td>
</tr>
</tbody>
</table>

**General Information**
E-Marketing Goals and Strategy

1. Continue to strengthen brand

2. Increase Distribution

3. Maximizing productivity

Coach has great success because of the strength of its brand. The brand has three brand equities: Product innovation, Relevance and Excellent value. Product innovation is implemented by designing fresh, stylish new products consistently. The company offers new products that are innovative and relevant to the customers’ lifestyle. Consumer research is done every year interviewing over 15,000 customers to anticipate their needs. As a result Coach introduces fresh, new products to the website matching the shopping desires of each customer. Relevance is also done by making sure that what they produce is what the customer wants and blends with Coach elegant style. Lastly, the Coach brand is made by having excellent value. Each product is made to be stylish, inspirational, and well made.

Coach relies on a multi-channel distribution model which is used to maintain critical balance and doesn’t depend on a single channel for performance. The company’s goal is to double sales over the next four to five years. They will achieve this goal by expanding their business internationally and increasing productivity. Coach has a great supply chain that is able to adapt to change and uses advanced technologies systems that are designed to support this growth. Over 100 new Coach stores will be placed in the
United States and Canada, bringing the total of Coach stores in North America to 300. They will also be placed in emerging markets such as Korea, Taiwan, and China.

To maximize its productivity Coach will introduce a new product monthly. They will continue to design products for new usage occasions to meet the demands of the consumers. For example, when the iPod became popular Coach produced iPod covers for the customers that wanted to carry their iPod in style. Coach will continue to build on successes by expanding and evolving the Coach collection that is popular with the consumers. Certain bags are updated seasonally because of their increase in sales such as the Madison and Duffle bags.

**Primary Stakeholders**

The primary stakeholders for Coach Inc consist of customers and investors. The customers are the ones that can affect the sales and create advertisement through word of mouth. The customers’ reaction to its products determines future decisions made by the company. The investors are the ones that help commit financially to the products of the company.

**Value Bubble**

**Attracting**

Coach has such a strong brand which attracts a lot of people to its website. The website is easy accessible with a lot of links for both the consumer and investor. It offers extensive information about the company including financial reports, mission statement, history of the company, and stock information. The links are located at the top of the webpage with drop down feature that breaks down into categories and specific items. There is also a search box available for the customer to specify what they are looking for.
within the page. For those that rather go to the store to buy the products there is a find a store locator, this locates the nearest store to the individuals’ zip code. The site contains pictures of each product with a short description. The pictures come out clear and no product is left without a photo. Another feature that attracts the consumer is the limited edition feature. This section shows items that are only sold in a few selected stores and sold online.

What the site fails to do is show the products at various angles. Showing what the products looks like inside and at different angles will give the customer more of an idea of what they are may be purchasing, sometimes descriptions aren’t enough. The webpage could also use some type of intro using flash media or with a few of its ads with models showcasing some of their products. It’s used in other sections of the webpage but nothing in the beginning to pull the visitor in. This could grab the attention of potential customers who are just hearing about the company. Instead, the company goes with a simple, straight to the point homepage with no intro at all. Overall the page fits its conservative end, but only a glimpse of its elegant, high quality side the products are known for is shown.

Engaging

Coach.com offers several features for visitors to build loyalty and to keep them returning to the website. “My Account” is a feature for those visitors who are interested in receiving emails from Coach.com. Emails include information on news about the latest styles, gift solutions and seasonal updates. The visitor can take a step further and become a registered customer. Registered customers can create wish lists, items that you would like to purchase in the future, create an address book and billing information for
easy checkouts in addition to receiving the emails. Another feature includes the Lifestyle section of the page. Here you can find screensavers and wallpapers but one that stands out is the horoscope section in Lifestyle. It gives the traits of the zodiac sign, celebrities’ birthdays and which style of bag best fits for that particular individual. The horoscope changes with new styles and information monthly.

For the visitors who aren’t comfortable with online transactions and want to take advantage of the website’s Limited Edition offers, a consumer service telephone number is given where orders can be placed. But to ensure customer privacy and security a section on its policies is given. It states all information given online is protected by a firewall and purchases are protected through encryption.

Retaining

To maintain possession of the customer the website has frequent updates of merchandise and events held by Coach Inc. Every month there are new products placed on the website due to its seasonal product line. New handbags, accessories, and clothing are placed in the New @ Coach and Limited Edition section of the website. It’s in these sections where the visitor can see exclusive offers only seen online.

Coach also holds parties and events at times when stores open up in new locations. These events are shown in the Lifestyle section with pictures from past events and celebrities with exclusive products.

Learning

Coach.com collects its data through email from its registered customers and through surveys given to those who have purchased any item online or at any department store. These emails and surveys help give an idea of what the customer desires from the
website, such as newer products or specific products no longer on the website. There is a Contact Us page that allows the visitor to make suggestions, comments, questions or concerns they have. For quick replies there is an online form given for the visitors and telephone numbers. The site states that calls can be made to Coach at any time for placing orders or product inquiries. There is also a Frequently Ask Questions page that answers practically every question received from its customers.

Relating

Coach.com has a strong customer service. As stated before the website has a toll-free telephone number and a customer service page with helpful information. With the emails they receive with suggestions and comments they use to enhance their webpage. As a result Coach.com introduces fresh, relevant products into the website frequently. Evolved from this customer services “Coach by Request” emerged where consumers can order straight from the factory and shipped to their homes.

On the investors side the website offers contact information to the Board of Directors and Executive officers. One can discuss legal and ethical issues, accounting, etc. It also gives financial reports through PDF files, stock information and a Frequently Asked Questions just for the investor. Investor Relations page also includes press releases, its company profile, and legal disclaimer. Coach.com relates to both the consumer and investor.

Conclusion

Coach Inc. will continue to be a successful company because of its strong brand and its consistency in sales. Future forecasts show a 28% increase in sales projecting 2 billion dollars in the year 2006. It shows great importance to customer service, which
keeps the old customers happy and draws in the potential customers. This is what makes them the #1 brand in affordable luxury. They continue to get bigger as they spread online and internationally opening 100 new stores in the next five years. Coach will remain the accessories powerhouse that it is because of its great customer relationship management, strong brand and its great innovation.

References:

www.coach.com

http://www.hoovers.com/coach/--ID__101101--/free-co-factsheet.xhtml

Business & Company Resource Center: Coach Inc. (COH); Company profile