



COACH

NEW YORK

Strengths: • Advertising and marketing strategies increase net sales and customer base • Growth in global sales and reach • Omnichannel focus and digital innovation	Weaknesses: • Dependent on U.S. market • Competition with other luxury brands • Less traffic in stores and changes in consumer preferences and trends
Opportunities: • Spreading brand awareness and e-commerce presence • Maintain consumer communication initiatives • Creating a unique customer experience	Threats: • Macroeconomic conditions • Highly saturated market • Overseas material suppliers

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COMM 210

SWOT Analysis Paper

Coach is a global fashion house with 30,000 employees, founded in 1941, in New York City. Tapestry Inc. is the parent company of Coach, Stuart Weitzman and kate spade new york. Since the beginning, Coach has strived to create authentic leather products that reflect American style and craftsmanship. In recent years, Coach has seen great success with their company, averaging \$6.6B in annual revenue in 2022 and 2023. The annual revenue has grown 1,138.79%, from \$537.7m in 2000 to \$6.7B in 2023.

The current general issues for Coach are the economy, efforts to become a more sustainable leather company and competition with other luxury brands. Rising costs and inflation have made all products, goods and services more expensive than ever. It poses a threat to luxury companies like Coach, a company trying to become more sustainable and needs consumers to buy their products.

STRENGTHS:

- Marketing strategies and advertising driving sales and brand influence

Coach spent \$100 million on digital and print media advertising in 2023 and invested in over 50 media properties on different media formats. Coach also received two WindowsWear awards, for Best AR/VR Experience (In My Tabby) and Sustainability (Coachtopia Pop-Up).

- Large global reach; over 1000 stores worldwide in five continents

Coach's revenue is dominated by North America and Chinese markets with plans to expand in other Asian, European and South American markets. Additionally, e-commerce on www.coach.com is available to customers from the United States, Japan, China and Canada, and 20 other countries with their own websites.

- Growth in customers and net sales

In 2023, women's handbags sold in the U.S. generated \$2.45B in net sales alone. Also, Coach operates retail stores, outlet stores, flagship stores and e-commerce websites and wholesale customers with plans to expand into footwear and lifestyle products. As of Q2, Coach generated 2.5 million new customers in North America.

- Omnichannel focus and digital innovation

The company's focus on creating a seamless omnichannel shopping experience allows it to better engage with customers and capitalize on online sales. Coach has been investing in digital technology like consumer analysis platforms and embracing e-commerce to enhance its customer experience. Direct-to-consumer revenue increased 4% from last year, and digital sales represented 1/3 of total revenue.

WEAKNESSES:

- Dependent on the revenue from the US market where most Coach stores are located

There is risk involving the expansion of overseas business because of political, social and economic factors, especially in the Chinese market. Foreign government regulations and authority with business, relationships with manufacturers and suppliers, taxations on imports and exports are just a few factors that Coach does not have control over.

- Competition with other established luxury brands like Louis Vuitton and Gucci

Maintaining the value, quality, sustainable and authentic products while also being innovative. There is also the risk that competitors launch more popular products or expand into other product categories.

- Trends and style preferences from consumers, less traffic in malls and stores.

Changes in consumer shopping patterns because of fast-moving trends, while trying to maintain a fast response with new products, and economic factors can cause issues with identifying customer demand. A major shift in online shopping since the pandemic has reduced the traffic in stores and malls because of competition in the area, inflation, store location, etc.

OPPORTUNITIES:

- Focusing and strengthening brand presence in e-commerce utilizing digital media advertising and building personal consumer relationships

Using coach websites as a channel to increase global transactions can spread brand awareness. Creating a personal experience with a direct approach like email and text notifications regarding sales and new product releases to customers to stimulate purchases. Utilizing marketing strategies like this could potentially increase annual revenue to reach their goal of \$8 billion by 2025.

- Growing marketing strategies relevant to their target audience (25-40yrs) to maintain consumer communication initiatives

Coach saw a 1% increase in net sales from 2022 to 2023 related to their marketing related activities, which totaled 9% of net sales or \$570.7 million.

- Focusing on creating a unique customer experience:

Coach priorities customer service and visual experience in its outlet stores to target value-oriented customers in established outlet centers that are close to major markets in major metropolitan cities. Connecting with loyal customers and engaging via omni-channels and direct communications can create long lasting relationships.

- Build momentum in sub-brand, Coachtopia

Coachtopia is a sub-brand of Coach that focuses on creating products sustainably and with recycled materials. Their focus is to reduce the harm of fast fashion and create circular fashion because of the effects it has on climate change. Increasing marketing and advertising for coachtopia can expand its presence in the fashion industry and appeal to younger customers. Specifically, Gen Z feels very strongly about climate change and the integrity of the environment and targeting its marketing towards that age group would be successful.

THREATS:

- Material suppliers: Coach supplies most of their materials overseas, issues with overseas relations and economic fluctuations

The state of the economy since the pandemic has affected the cost of raw materials, supply chains, factory productions, shipment delays, fuel and energy costs and tax rates, which affect overall expenses for the company and drive-up product prices for consumers.

- Macroeconomic conditions

Brands like Coach rely on the consumer demand for luxury products and their attitude to spend money on items that Coach sells. Numerous economic events have affected consumer attitudes like inflation, COVID-19 pandemic, unemployment rates, and periods where consumers' disposable income is low.

- Highly saturated market with several successful competitors

Coach operates in a market with many other luxury brands, all competing in style, brand awareness, price, quality and prestige. Specifically, the fashion industry has grown tremendously in recent years allowing existing brands to grow and creating opportunities for the creation of new brands, increasing competition.

Analysis and recommendations to the brand:

Based on my brand analysis and Coach's weakness and threats, I would recommend a few strategies to the brand. Firstly, I would advise that Coach decreases the number of overseas manufacturers, partners, distributors and suppliers to reduce overall expenses for shipments, material and labor costs, and product prices. Many of the risks mentioned in the threats and weaknesses section would be reduced significantly if suppliers were American based.

The opportunity to expand e-commerce and omnichannel presence is a good strategy for Coach because of the major shift for consumers preferences to online shopping and channels over in-store purchases. Expanding social media presence and engagement can attract customers of all ages and increase organic reach.

Maintaining the value of the brand and its prestige is also important when responding to changing fashion trends and customer demand. My recommendation would be that Coach uses

customer feedback for product launches and campaigns to provide a consistent message every time.

Utilizing celebrities and high-profile influencers, the Coach public relations team should collaborate with people who appeal to the brand and their target audience. Allowing past/current/prospective customers to see new products “unboxed” and styled on social media can drive sales. These collaborations would be released digitally on social media platforms in addition to Coach websites.

In reference to the increase in net sales from marketing-related activities, I would also suggest that the in-person shopping experience be improved to increase sales from stores. Opening new locations in European, Latin American and Asian countries, specifically in the fashion districts of their major cities can spread global awareness and Coach’s global market.

Furthermore, launching campaigns that target the customers in those countries can drive up sales by keeping up with their trends and style. Global expansion should be prioritized; as of FY24 Q2, revenue increased 11% in Europe, 19% in China, 6% in Japan, and a 9% total from Korea, Singapore, Australia and New Zealand, while the North American revenue was flat from last year.

Overall, Coach must adapt to the current economic and business markets and not let it affect the value of their brand, if they want prestige and presence in the fashion industry while maintaining customer loyalty. However, Coach has not faced any detrimental financial disruptions despite the COVID-19 pandemic and inflation, with that in mind the threats and weaknesses of the brand should be on their radar in the event of recessions or future public health crises.

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Weaknesses:

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Threats:

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Recommendations and Analysis:

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