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Roll No.

COURSE-INTERNATIONAL MARKETING  
SUBJECT CODE: MB205

Supplementary

MAX MARKS: 60

MAX TIME: 180 MIN

ALL QUESTION ARE COMPULSORY IN PART A & B  
PART A: 5 QUESTIONS 9 MARKS EACH

PART-A

1. Discuss the main task of WTO.
2. What are the main elements of corporate identity in international markets?
3. What is international marketing segmentation? What are its approaches?
4. What is high context and low context culture classification scheme?
5. What are the major functions of package in any international market?

PART-B

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Polo Ralph Lauren (PRL) is a highly successful US company. The thirty-fifth anniversary of the company has been covered in glowing terms across the globe. For example, Ralph Lauren was interviewed for the prestigious British broadsheet, The Sunday Times, followed by a lecture at The British Museum in London. Vogue magazine profiled Lauren as "The Man behind the Mega-Brand" while making the cover of both GQ (as a Man of the Year) and Architectural Digest. Time magazine presented Ralph Lauren as "A Bronx Cowboy in Europe," outlining Lauren's rise from Bronx kid Ralph Lifschitz to world-famous designer Ralph Lauren.

**Today's world of luxury in fashion**

The primary customers for luxury products tend to be women aged between 30 and 50 in the upper income brackets, where the household earns over \$100,000. In the USA, this categorization accounts for over fifteen million households. In the upper-middle category (with household incomes of \$75,000 to \$100,000), there are an additional twelve million households. However, in what has come to be termed the "democratization of luxury," people in all income brackets want to participate in the luxury market, even if that means buying nothing more than a \$4 chai latte at Starbucks, or a \$20 scarf at Gucci. Ralph Lauren recognized this himself when he described the desire for luxury as "aspirational."

Approximately thirty-five companies share 60 percent of the luxury goods market. The six top competitors, one of which is Polo Ralph Lauren, have annual revenues greater than \$1 billion; fifteen to twenty companies have revenues between \$500 million and \$1 billion; and ten have revenues between \$100 million and \$500 million. These companies tend to have a product focus and thus do not all

compete on equal terms in the various luxury categories. For instance, Richemont, a Swiss conglomerate, deals largely in watches, jewelry, and writing instruments, with brands such as Cartier, Piaget, and Mont Blanc. Hermes focuses on leather goods, selling ladies' bags for upwards of \$4000. LVMH is the industry leader in luxury goods, followed by Richemont, and Gucci Group. Coming in fourth in the industry is Polo Ralph Lauren.

#### **The Polo Ralph Lauren concept**

PRL is a family-controlled company, in that it's Chairman and CEO is designer and founder Ralph Lauren. However, the company is quoted publicly on the New York Stock Exchange. The company derives its revenues from three sources: retail, wholesale, and licensing. The retail segment operates over 236 outlet and full-price stores, including the magnificent flagship stores in Manhattan, London, Paris, Boston, and Brussels. Retail sales contributed almost \$1 billion to revenue in 2002. The wholesale segment consists of two units: Polo Brands and Collection Brands, with each unit selling its own discrete brands to department and specialty stores, and to PRL-owned and licensed retail stores. This segment is responsible for the majority of the corporation's net sales (almost \$1.2 billion in fiscal year 2002). The licensing segment accounts for almost 10 percent of total sales, generating revenue from royalties through licensing alliances, whereby the licensee is granted the right to use the company's trademarks in connection with manufacturing and sale of certain products in specific geographical areas. As a result of a corporate strategy of increasing its global presence, PRL acquired its Italian licensee, Poloco S.A.S., thus allowing for greater integration of its European wholesale operations.

#### **The Polo Ralph Lauren strategy**

PRL intends to grow by brand extension and by globalization. In its brand extensions, the company aims to expand by "creating luxury and lifestyle brands that inspire people to live their dreams." The company has developed apparel labels which segment the upper end of the luxury market into Purple Label, Women's Collection and Black Label, and in its home furnishings division it has developed the Ralph Lauren Home collection. At a lower price point, Polo Blue Labels have been developed, and will be distributed exclusively in PRL stores in the USA, and in specialty stores in Europe, Asia, and Australia. In arrangements with its licensees in department stores, the company has developed Lauren for women and Lauren bedding and bath products. The recently acquired Club Monaco concept (formerly a fifteen-category Canadian company) has been rationalized to three categories of men's, women's, and accessories. This brand extension strategy has required, and will continue to require, a very large advertising budget. The company uses a combination of television and multi-page magazine advertising, intended to illustrate the luxurious aspect of the brands. Advertising expenses in 2002 amounted to almost \$80 million, or approximately 4 percent of net sales.

#### **The global strategy**

Based on a belief that there are enormous opportunities in Western Europe the company has plans to open new Ralph Lauren stores in Europe through the next several years. Similarly, development is planned in Asia, specifically in Japan, Hong Kong, and Korea, these latter countries being managed by licensed partners. Currently, the USA accounts for almost 73 percent of company sales. Europe and Japan represent approximately 10 percent each, and Canada, Korea, Australia, and other small markets account for the remaining 7 percent of sales. Thus in the past Lauren has relied heavily on US sales. Much of this has come from department stores.

#### **13. Case Questions:**

- i. What is the company's growth strategy, mention in brief? (4)
- ii. Company targets which segment of consumers for its lifestyle brands and why do you think they select that segment give reasons from firm's perspectives? (5)
- iii. Company has major sales from US market i.e. 73% is it too much dependent on one market and should it focus extensively on other market as well justify your answer. (6)