The Ralph Lauren Corporation

Rugby Basics

BUSI 433: Marketing Management

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Executive Summary

Every person desires a certain lifestyle. The ability and freedom to express oneself and belong to something are what people achieve when they attain a particular lifestyle. This is what the Rugby brand will stand for. Rugby is a clothing line from Ralph Lauren that provides high-quality, stylish apparel for young men and women.

The purpose of this marketing plan is to create buzz and capture mass interest among our target market of college graduates and young professionals between the ages of 21 and 29. This marketing plan will sustain that buzz, which will lead to an increase in sales and eventually profits. Our team is committed to extending the Rugby clothing line by providing a new, fresh, and versatile appeal while also marketing the line as an affordable luxury.

With Rugby being a part of the Ralph Lauren family, this gives us an incredible competitive advantage over other brands. Ralph Lauren is a world-renowned brand, and the brand itself, and any association with it, opens doors for us to push Rugby effectively into the market and the minds of our targeted consumers.

Throughout this plan, we will analyze where Rugby is now and then we will show how, with the implementation of this plan, Rugby can become a symbol of lifestyle for all young men and women. Adding some more casual apparel like t-shirts and hoodies will be part of the plan to incorporate our versatile look. Our plan to sell Rugby exclusively at specialty retail stores where many of our target consumers shop will help add more outlets to our current distribution channel to adequately meet the large growth in demand we are anticipating.

In terms of this plan’s promotion strategy, social media plays a big role. Buzz created via social media will result in increased word-of-mouth advertising, and our satisfied customers will become Rugby ambassadors. Therefore, establishing a strong social presence online will allow
up to gain attention at a rapid pace. We will complement our social media attention with effective marketing tactics that include sponsorships, events, and public relations in addition to traditional advertising tactics like print ads and point-of-purchase displays.

Not only will this plan make Rugby a “must-have” brand among our consumers, but it will reap financial gains as well. The financial projections predict that we will be able to increase Rugby sales by 7%, 5%, and 3% respectively within the first three years. We also believe that we can increase Rugby’s contribution as a percentage of total sales for the Ralph Lauren Corporation to 15%. Extending the Rugby line and obtaining financial stability in the process will be the overall results of implementing our team’s marketing plan.

We believe in the product we are marketing. Rugby can expand and become a prominent brand among our target market. We are very optimistic and believe that our plan will be met with great success in the market.
Company Description

The Ralph Lauren Corporation is a world-renowned clothing company that defined what the American lifestyle is, through fashion statements that are deeply rooted in rich, American tradition. The Ralph Lauren Corporation started in 1967, when Ralph Lauren himself began to sell a line of luxury ties. The styles of these ties were contrary to the traditional fashions in those times—narrow, bland ties. Instead, Lauren designed wide, colorful ties, which initiated a new trend that instantly distinguished the Polo brand. Since then, the Ralph Lauren Corporation has grown into an extraordinary mecca of apparel, footwear, luxury accessories and home furnishings. Its brand not only includes the established Polo brand, but also Ralph Lauren and its RRL and RLX brands, Black Label, Purple Label, American Living (sold exclusively at JCPenny), Chaps (sold exclusively at Kohl’s), Club Monaco (acquired in 1999), Pink Pony, and Rugby (launched in 2004). All of these various lines continue with Mr. Lauren’s original tradition of creating a lifestyle, rather than just a fashionable, luxury clothing line. The company’s vast network of flagship stores, retail outlets, licensing and partnership agreements, and online store, combined with its well-known commitment to quality and style, have allowed it to thrive despite the economic recession (Ralph Lauren Corporation, 2011a).

Despite that success, however, the company has seen less-than-expected results in marketing its Rugby line. According to the 2011 Annual Report, only 12 of the Ralph Lauren Corporation’s 176 full-price retail stores worldwide are for Rugby. Eleven of those are located in the United States and Canada, and the twelfth opened its doors in Tokyo in the fall of 2010. Even with the existence of the online store, www.rugby.com, that seeks to attract college students by offering a 15% discount, the line still does not contribute a significant amount of revenue to the corporation’s bottom line.
To deal with this issue, we are proposing a new marketing approach for the existing Rugby line to promote it to a larger demographic of college students and young professionals between the ages of 21-29. This will be accomplished by marketing Rugby as a versatile, affordable luxury in the following three ways. This will involve using what Ralph Lauren calls a “shop within a shop” program, similar to the partnership Polo Ralph Lauren has with Macy’s. We will use our existing partnerships and retail outlets in addition to adding new outlets that are more geared towards our expanded target market. We want to harness Rugby’s existing social media presence and use wide-scale social events held in regional locations to reach out more effectively to 21-29-year-olds as they are establishing themselves and their brand loyalties as independent adults (Ralph Lauren Corporation, 2011c).

**Strategic Focus and Plan**

**Mission Statement**

According to the corporate website, Ralph Lauren’s mission statement consists of “Redefining American style, providing quality products, creating worlds, and inviting people to take part in our dream” (Ralph Lauren Corporation, 2011a). This has been true ever since Mr. Lauren launched the first collection of ties in 1967. Rugby, one of the newer Ralph Lauren lines for young men and women, boldly exhibits that same tradition. It combines classic, vintage style with what it calls “chic downtown flair” to bring out an “individualistic approach to personal style” (Ralph Lauren Corporation, 2011b). Rather than change any aspects of the brand itself, we are simply adjusting some of the existing advertising channels and marketing approaches in order to reach a larger audience within the targeted demographic of young, affluent professionals.
Goals

Currently, Ralph Lauren’s overall global vision is based around the sole purpose to expand the Ralph Lauren brand into new markets and shopping environments (Ralph Lauren Corporation, 2011c). Rugby will help Ralph Lauren in this goal by capturing a new age and lifestyle market concentrated on a younger generation with varying tastes and styles. In terms of new shopping environments, Rugby will be sold in certain specialty shops that cater to the type of younger market that Rugby is targeting. This enhances the shopping environment for the consumer because it makes our brand and product more accessible while maintaining our image of a desirable brand.

As mentioned in the 2011 Annual Report, Rugby is not currently playing a significant role in the overall revenue of the Ralph Lauren Corporation. We expect that through a unique and credible marketing plan, Rugby will be able to contribute at least 15% of total revenue for the Ralph Lauren Corporation. In terms of Rugby as a line itself, we want to increase our sales by 7% within the first year of implementing our marketing plan. Then, we have financial goals of increasing our sales by 5% and 3% respectively over next two years.

Core Competencies

As a whole, the Ralph Lauren Corporation has several very distinguished core competencies. The most valuable one is their brand recognition. Compared to their competitors who include, Tommy Hilfiger, Perry Ellis, Phillips-Van Heusen, Liz Claiborne and Jones New York, Ralph Lauren is regarded as the most prestigious and renowned brand (Yahoo Finance, 2011). When looking at the fashion industry, it is very evident that Ralph Lauren has always been a brand that sets the trends and has had a distinct impact on fashion. Since the brand is so
valuable and versatile, it is extremely important that Ralph Lauren keeps its brand recognition in line with its high standards.

Another one of Ralph Lauren’s core competencies is related to the efficiencies it has developed as a result of its intense distribution channel. Ralph Lauren distributes its product through a couple of major outlets: wholesale department stores, company-owned retail sores, Ralph Lauren factory outlets, and e-commerce. Ralph Lauren’s most prominent wholesale partner is Macy’s, a very well recognized department store chain. Ralph Lauren also operates its own distribution center in the United States in Greensboro, NC and then partners with third party distribution centers in High Point, NC, Miami, FL, and Chino Hills, CA (Ralph Lauren Corporation, 2011c). Beyond these distribution center relationships, Ralph Lauren has an immense international distribution network which consists of 13 third party locations. These distribution centers are located in various areas including Italy, Japan, South Korea, Hong Kong, Argentina, Uruguay, and two locations in Canada. These distribution centers are monitored by rigorous information technology systems that are integrated globally to keep all distribution centers in sync with each other (Ralph Lauren Corporation, 2011c).

**Sustainable Competitive Advantage**

The Ralph Lauren Corporation as a whole has several sustainable competitive advantages that can be passed on to Rugby. The first is related to its already loyal customer base and the reputation of the company. This, in turn, gives Ralph Lauren a high degree of brand equity that it can leverage against the competition. The company is also known as a leader and trendsetter in its area of the fashion industry, so its creative designs and unique looks allow it to stay ahead of the competition. Ralph Lauren’s continued vision over the past four decades has been to create lifestyles, not just fashions. Therefore, the corporate culture can also be viewed as a sustainable
competitive advantage. Mr. Lauren is still involved in both an executive and designer capacity. He works with and influences everyone throughout the value chain to create a unified corporation, despite having so many different labels within the brand. This allows the core elements of his vision to live beyond his own lifetime. Because this advantage is related to the company’s employees and their shared passion, this is not something that can be easily copied by competitors (Ralph Lauren Corporation, 2011c).

Situation Analysis

SWOT Analysis

<table>
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<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
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| • Tied to Ralph Lauren  
• Experienced fashion shows  
• Allow customers to create their own fashions online  
• Apps  
• QR Technology | • Not mature brand  
• Targeted market not well established in society yet  
• Higher prices than some competitors  
• Unavailability of clothing after fashion shows | • Online virtual fashion shows  
• Targeting trendy conscious market | • Increased competition from other brands fighting for market share among the same targeted demographics  
• Higher prices  
• Low economy |

Rugby, a fun and trendy clothing brand by Ralph Lauren, has many strong assets in its favor. One of the first things the brand can rely on is the Ralph Lauren name itself and the reputation it has already established. Ralph Lauren is well known and has acquired customer loyalty, which may be passed on to the Rugby brand. Ralph Lauren has had several years of experience in fashion shows to promote their clothing lines that Rugby can use to its advantage. Another one of their strengths is their uniqueness. They have given the customer the ability to customize their own clothing. They give the options of choosing style, colors, and even the
patches and the logos customers want sewn onto the shirt (The Fashion Spot, 2004). Ralph Lauren and Rugby are also ahead of the competition by having created an app. An app can personally reach more people, especially in this era where more and more individuals have access to iPads, smartphones, and tablets, rather than just computers. They have also taken advantage of QR technology to promote their brand and give consumers more ways to learn about and compare Ralph Lauren products.

Rugby does, however, have some weaknesses. It is still a relatively young brand and not as mature as its parent Ralph Lauren, which is already widely recognized. Rugby is also targeting the college market, which does not have as much disposable income than older, more established generations would. The high prices are difficult for some college students to afford, even if they come from fairly affluent families. Another problem Ralph Lauren brands have encountered in the past is their inability to make the new clothes available to the market once they are debuted on the runway during the popular fashion shows. As a result, they often lose many sales opportunities (Ralph Lauren Corporation, 2011c).

**Industry Analysis**

Ralph Lauren's Rugby Line is just one of the many lines that Ralph Lauren has created under the umbrella that is the Ralph Lauren Corporation. Polo Ralph Lauren is in the Textile Apparel Clothing Industry along with direct major competitors: The Jones Group Inc., Liz Claiborne Inc., and Phillips-Van Heusen Corp. Of these companies Ralph Lauren is the definite leader with $630.9 million TTM (Trailing Twelve Months) in Net Income compared to $19.5 million TTM, -$259.49 million TTM, and $266.73 million TTM, to The Jones Group, Liz Claiborne, and Phillips-Van Heusen respectively. Ralph Lauren also has seen the most growth
with a Quarterly Revenue Growth of 32.4% over 3.2%, 3.5% and 21% for its other direct major competitors (Hoovers, 2011).

The Industry of Textile Apparel clothing itself has seen a Quarterly Revenue Growth of 9.9% so Ralph Lauren's 32.4% growth means we have had exponential success above the industry norm. The major textile apparel clothing industry characteristics that, if met through a company's products, that can really set apart a company are: appropriate pricing, quality, durability, and how the product actually looks—its "cool" factor. This "cool" factor really has many different aspects behind it, such as whether it is in style with the latest trends or if the product projects a certain attitude. One of the most important quality questions is, “Can the consumer personalize the product to fit his or her needs?” (Hoovers, 2011).

**Company Analysis**

Ralph Lauren is one of the leaders in the fashion industry. The company’s main two core competencies are the high brand recognition and the distribution channels that they use. Ralph Lauren’s prestigious name is an asset to the company, because it is one of the most recognizable logos in the industry. Ralph Lauren can use its name to help the Rugby line grow to its potential just by using the Ralph Lauren brand name. The Rugby line is a great line that offers many quality pieces of clothing, but it has an advantage over other competitors that may be either new to the market or who do not have a strong brand name like Ralph Lauren does. However, the company must remain diligent in keeping abreast of the competition and the changing desires of its target market.

The distribution channels that Ralph Lauren uses are very strategic. The company has a prominent partner, Macy’s. Along with the company’s relationship with Macy’s, Ralph Lauren also has distribution channels in the United States and internationally, in addition to e-commerce.
This is a great strategic plan because it is reaching a lot of people that other companies may not be able to reach because they do not have as many distribution channels as Ralph Lauren. Any company can sell online, but having distribution channels throughout the world helps Ralph Lauren to serve its consumers more efficiently. When this happens, consumers are satisfied and are more likely to return to buy from Ralph Lauren.

A great strategic strength that Ralph Lauren has is allowing its customers to customize their clothing. Customers feel that they have control and are more willing to pay for something more expensive if it is going to fit their personal preferences. The use of QR codes on many products and advertisements has allowed Ralph Lauren to be seen as more up-to-date with technology, and it provides customers with more resources to learn more about what Ralph Lauren offers (Ralph Lauren Corporation, 2011c).

**Competitor Analysis**

According to the Ralph Lauren Corporation’s 2011 Annual Report, the company has five main competitors: Tommy Hilfiger, Phillips-Van Heusen, Perry Ellis, Liz Claiborne, and Jones New York (now known as The Jones Group). However, since Tommy Hilfiger was recently acquired by Phillips-Van Heusen, or PVH as it is now called, the two will be combined for the purposes of this report.

PVH, in addition to its recent acquisition of Tommy Hilfiger, owns IZOD, ARROW, Van Heusen, and Bass, among other lesser-known labels. It also has beneficial ownership of Calvin Klein. Therefore, the company prides itself on its strong brand portfolio and broad product offerings. It also employs multiple distribution channels. These enable the company to target an expanding global consumer base that is not dependent upon any one particular demographic, particularly in Europe and Asia. PVH and Tommy Hilfiger have experienced much success over
the past several years. Tommy Hilfiger is working on plans to open a new flagship store in Tokyo, where Rugby Ralph Lauren just launched its own new full-priced retail store in the fall of 2010. Many of the company’s brands have key partnerships with popular wholesalers. However, the most significant partnership is that of Tommy Hilfiger and Macy’s. It is the department store’s largest exclusive apparel brand and a very important part of their overall business. The relationship is mutual—in 2010, over 10% of PVC’s revenue came from Tommy Hilfiger sales in Macy’s. However, this also poses a risk to PVC because Macy’s has been having financial troubles of its own recently. Another threat comes from the fact that the current CEO of PVH’s international operations is a former Ralph Lauren executive. PVC has a vast licensing network that it lists as one of its core competencies. However, this heavy reliance could turn into a weakness for the company should problems arise between these partners (PVH, 2010).

Perry Ellis distributes its family of numerous brands primarily through wholesalers at all levels of retail distribution from Sam’s Club to Dillard’s and Macy’s. The company focuses primarily on men’s sportswear, which brought in 87% of total revenues this past fiscal year. The company lists its strengths as its “portfolio of nationally and internationally recognized brands, strong relationships with…retailers, solid licensing capabilities and relationships, sophisticated global low-cost sourcing capabilities, design expertise and advanced technology, proven ability to integrate acquisitions, and an experienced management team” (Perry Ellis, 2010). One of the key weaknesses of Perry Ellis is the fact that many of its competitors, including our company, are much larger and, thus, have greater financial and marketing resources at their disposal. However, the company has proven its ability to anticipate and respond quickly to customer demands, and it is committed to customer service, product assessment and quality control. These core competencies have given the company a loyal following of customers. As with PVH, Perry
Ellis also is very reliant upon a few major customers, which could pose a significant threat should the company lose one of these key customers. Net sales to the company’s five largest customers have repeatedly accounted for over 50% of net sales in recent fiscal years (Perry Ellis, 2011).

Liz Claiborne, Inc. is the designer and marketer of such global retail-based premium brands as Lucky Brand, Mexx, Juicy Couture, and Kate Spade. The company also has a group of department store-based brands including Kensie, Kensigirl, Mack & Jac, and the licensed DKNY® and DKNY® Active brands. It competes primarily on the basis of fashion, quality, and price. The company is going through the process of making several changes in an effort to build its brand strength and address some financial concerns. Liz Claiborne is very dependent on its licensing arrangements with JCPenny and QVC, and it does not own any of its own manufacturing facilities. Thus, any change in these relationships could have a dramatic impact on revenues and profitability. However, the new framework that has been put in place in the past few years has transformed Liz Claiborne, Inc. into a business that is more cost effective and brand-focused. Many of the extras have been cut out, and operations have been streamlined to establish a profit platform built on “a foundation of brand excellence.” This could pose a threat to Ralph Lauren despite this competitor’s much smaller size (Liz Claiborne, 2010).

The final major competitor is the Jones Group, designer and licensor of over 35 brands including Jones New York, Joneswear, Nine West, Dockers, and Anne Klein. Its products include apparel, footwear, jeans, jewelry, and handbags. As do the other companies, The Jones Group competes primarily on the basis of fashion, price, and quality. It sees its strong brand heritage, range of product offerings, and distribution efficiencies as its core competencies. Its established brand names and relationships with retailers have resulted in a loyal following. In the
past couple of years, The Jones Group has launched a new brand management model that has delivered positive results to the bottom line. This began with the Jones New York Empowering Your Confidence campaign, and similar strategies are currently being implemented for Nine West and Anne Klein. In 2010, the company reported net income of $54.4 million compared to a net loss of $765.4 million at the end of 2008. If this growth continues, The Jones Group will be one of the more threatening competitors of Ralph Lauren and Rugby, particularly in the area of women’s apparel. The major weakness of this competitor, much like the others, is its reliance on a select number of partnerships. For example, in 2010, Macy’s contributed 20% of its gross revenues (The Jones Group, 2010).

**Customer Analysis**

The Rugby Ralph Lauren line is currently targeting a younger market consisting of both males and females between the ages of 18 and 25. This target group is generally known as the Millennials. This target group is a very important detail because this is the whole reason why Ralph Lauren decided to develop the Rugby line—to produce a whole new brand that is distinctive and separate from Polo brand and catered towards the younger population. Within this target, Rugby strives to appeal to those who have a decent living, intelligent and outgoing. The reason why Rugby wants to target this clientele is because even though Rugby is attempting to become its own brand with its own image, luxury and the status of the Rugby will still parallel that of the Ralph Lauren Polo prestige.

According to a study on Millennials by the Pew Research Center (2010), three things that can describe this generation of Millennials would be confidence, connection and open to change. Furthermore, the study concludes that the ideals and mindset of this group is the most unique and distinctive than any other age group or generation. This ties in very well with what Rugby has in
mind for its target. According to their website, Rugby classified their collection as being “eclectic and irreverent…cool and rebellious…” (Rugby Ralph Lauren, 2011a). They also defined their target as young men and women who have a “playful, sexy vibe” and pursue an “individualistic approach to their personal style.”

This target group of young adults is socially powerful. This means that they are big believers in sharing life together. This is a key characteristic of this group. Through social media outlets like blogs, Facebook and Twitter, and new social deal sites like Groupon and LivingSocial, Millennials are always connected to everyone’s life. Economically, this target group is dissatisfied with their current earnings. The median yearly income earning for this group is just short of $38,000 (Pew Research Center, 2010). Since this target group is in a point of life where they are defining their own personality, their values and goals, there is a correlation between that and amount of income this group has. However, this target of young adults is very qualified, talented and optimistic group. Now understanding the target market, Rugby is currently in a positive position to influence the styles and personalities of this target group.

Market-Product Focus

Marketing and Product Objectives

Our main objective is to re-brand and provide a fresh, new image to the Rugby line. With that being our main drive, we believe that changing the clothing style from just a “preppy” look to a trendier, fresh look will be our key re-imaging factor. The reason why this is so important is because the current Rugby line is really geared towards a more preppy style. This only appeals to a certain niche group that expresses their style in that way. However, that is what Rugby started off as, and with that being their main style, it has not allowed the Rugby image and product to
grow in awareness. Therefore, allowing the Rugby line to diversify its style will help the line reach into untapped markets and, at the same time, gain much more exposure.

Part of the equation that will help develop our new, trendier Rugby line will be a shift in our distribution. We will still have Rugby sold through the traditional Ralph Lauren retail locations. However, we will also expand our distribution by allowing specialized shops and boutiques to carry our Rugby brand. Some of the distributors we have in mind include Urban Outfitters, and Bittersweet. These are viable options because they all have the targeted mid-range pricing structure already in place. These stores also appeal to the type of end user to which we want sell our product—trendy and expressive young men and women.

Finally, our financial goal is to increase revenue from the Rugby line within the Ralph Lauren Corporation by 7% by the end of the next fiscal year. Ralph Lauren Polo provides the company with a significant amount of revenue, especially when compared to other lines owned by Ralph Lauren. In recent years, however, Rugby has not provided the corporation with the level of revenue that the company hoped for since its launch in 2004 (Ralph Lauren Corporation, 2011). Our marketing plan will help jumpstart the process and give the Rugby line the edge it needs to develop into a brand that defines style for our target market.

**Target Market**

As expressed earlier, we have defined our target market as the young men and women who are students and professionals between the ages 21 and 29. The profile we have in mind of our target consumer would be a person who is not afraid to express himself or herself. This is a true characteristic of our target market, which falls into the Millennial generation. For males, we want to target men who are adventurous, good-looking, and leaders. For women, we are specifically targeting active, attractive, and intelligent women. For both sexes, we want them to
fit the profile of being experiencers, opened-minded, trendy, and colorful. We understand that our target market does want to look good, but they do not have the same amount of resources as their older peers. Therefore, we will provide an attractive pricing model that blends high quality, comfortable clothing with a reasonable price. We want our product to be worn by every ethnicity. This is important because we do not want to be totally exclusive with our image.

**Points of Difference**

The biggest point of difference will be having the advantage of using the Ralph Lauren brand equity. Since Ralph Lauren already has a distinguished brand image, Rugby will have that type of superior brand backing its line. On a scale of 1 to 10, our pricing model would fall into a range of 6 to 7, with 1 being the cheapest price for the cheapest brand and 10 being the highest price for the best product. The higher, mid-range price will attract more of the younger demographic, those between the ages 21 and 29. The style will also be tailored to this young generation. We will leave the “preppy” look to the Ralph Lauren collection and focus more on the urban and casual look for Rugby. It will be modern, relaxed, up-to-date, but it will give off a different vibe than what most other clothing lines have to offer. It will not lose its sleek and innovative style, however. To represent the Ralph Lauren brand appropriately, the product will continue to be one of higher quality compared to our competitors. Since we are targeting college students, college grads, and young professionals, our key difference will be the fact that they will able to express their style and break away from the formal suit and tie or work attire on the weekends and on a daily basis in their active lives.

Another point of difference is we will create an Integrated Marketing Communications (IMC) plan that will allow the Rugby line to go past just the shopping and fashion experience into a social arena. Incorporating social media outlets like Twitter, Facebook, Google Plus,
blogging, and vlogging will help us stay in-tuned with the lives of our target market. Social events would consist of sponsoring local concerts and conducting activities and national events with certain causes related to them. These types of entertainment are what draw our target market the most.

A new difference of ours will be how we successfully target our market, specifically some of the subgroups. For example, there has been a significant increase in the Hispanic population, so we will incorporate a new design, such as country flag designed T-shirts, to commemorate their heritage. Also, by integrating certain countries’ flags, we will reach these groups on a more personal level. Most people are proud of their home countries and like representing their nationality. Another attribute that will differentiate us is our vast distribution network. According to the 2011 Annual Report, there are currently only 12 flagship Rugby stores open, but we do not want to open additional ones in order to avoid added costs and risks. We will also consider partnering with additional retail stores to make the brand more accessible.

**Positioning Strategy**

As implied earlier, our overall positioning strategy involves marketing the Rugby Line to appeal to consumers more like a stand-alone brand, while still taking advantage of the brand equity behind the name “Ralph Lauren.” Rugby will continue to exhibit high quality and a prestigious image that is fashionable, yet modest, unique, and slightly professional in appearance. However, by adding a more casual element to the line at an affordable price, we will achieve two things. The first will be to expand our customer base by appealing to those who were interested in the brand but hindered by the high prices. Second, existing customers will have more options for their weekend wardrobe without having to buy from our competitors to get what they want. This strategy will allow us to remain consistent with Ralph Lauren’s mission
of creating a lifestyle instead of just a brand, and appeal to a larger audience through lower prices without tarnishing the luxury image of the company behind the label. Our new positioning statement will be: “To 21-29-year-olds who want new and exciting luxurious fashion at an affordable price, Rugby is a lifestyle brand that allows you to make a statement every day of the week.”

**Marketing Program**

**Product Strategy**

The current Rugby products, like those of the other Ralph Lauren lines, stand for luxury and quality, and they fit in well with the company’s goal to create a lifestyle rather than just a brand. However, in reality, they are not much different than any of the other Ralph Lauren brands and only appeal to a small group of consumers. This is the case, both in terms of price and style, which we feel are the biggest reasons the company has not experienced the level of success it had hoped for when Rugby was launched in 2004 (Ralph Lauren, 2011c). In dealing with the style side of the equation, there is obviously a market for the current “preppy” and sophisticated look of the Rugby line. Lisa Birnbach, who wrote “The Official Preppy Handbook” 30 years ago, still keeps up with the trends today and states that the “prep look” is still in and its inspirational. And, according to the article, “prep” on a budget is even more beneficial which works perfectly with Rugby and what it is trying to accomplish (Wellington, 2011). However, even the people who would classify their wardrobes as such are looking for something more. People in our target market of young professionals, between the ages of 21 and 29, want to have the quality and luxury that brands like Rugby offer, but they are also on a budget since they are just graduating from college and are trying to get established. This group would appreciate an expansion of the line to include more affordable, casual options that are
versatile enough to be worn in a variety of settings. Although the pricing aspect will be covered in the next section of the marketing plan, our basic strategy is to slightly lower the price of these new additions to the line compared to the traditional Rugby offerings, but make up the difference of the price of clothing among other things with accessories and customizable apparel. This will also allow Rugby to appeal to a larger group of people within the target market than with the current strategy and allow us to distance Rugby from Ralph Lauren while still benefitting from Ralph Lauren’s strong, established brand equity.

One of the first things we will focus on is the durability of Rugby products, Ralph Lauren delivers a high quality product and we will remain constant in that area. If the consumer is paying a premium for quality, the product should last longer than the less durable alternatives of the competition. Therefore, our goal for Rugby is to offer products with the best value without compromising on style or quality. There are several ways we will pursue this quality and durability in our products. The first will be to use fabrics that are known for their high quality and are less prone to the normal wear and tear. One such material is called poplin. Also commonly used for drapes and upholstery, it is a strong fabric characterized by fine, crisscrossing ribs. It is easy to care for and comfortable to wear. Other materials will include fine cotton and canvas, as well as durable fabrics made from recycled materials to appeal to the large portion of this generation who tend to be increasingly environmentally conscious. The final two ways are closely related. Using pre-washed fabrics will allow the clothing to be less prone to shrinkage in the wash and will add softness. We will use pre-shrunk fabrics to not only compliment the prewashing and prevent shrinkage, but to help ensure a nice fit (Kohl’s Corporation, n.d.). Pre-shrinking and pre-washing prevents the clothes from potentially shrinking later to a smaller size. People will be satisfied with our product even after they go home.
As mentioned earlier, style is a key differentiator for our Rugby products. The look and feel create a distinct appearance that not only will represent the Ralph Lauren brand well, but will also allow our consumers to accessorize and compliment their wardrobe. Most people like a variety of styles but often express frustration when they have a lot of clothes in their closets but nothing that goes well together. This is where the bulk of our proposed changes come into play. We will expand the Rugby line to include more casual options that go well with anything and can even be dressed up or down to match the situation. For example, simply adding a jacket and scarf and changing shoes could allow the same outfit to be worn for leisure or as professional/dressy-casual attire. In reality, customers could just pair up these new Rugby items with other brands of clothing in their closets. However, many will probably increase their purchases from Rugby for several reasons. The clothing will appeal to a wider audience. Many of these new items will be very versatile and can be worn several different ways, with or without adding accessories. This will allow the same products to appeal to consumers in multiple markets who describe themselves as preppy, hip, modern, or even slightly country, as well as those who want to stick with the traditional Ralph Lauren look. This scope will not only allow us to reach a larger group within our targeted age group, but will allow us to capture all types of lifestyles, and even create new ones as originally envisioned by Ralph Lauren (Ralph Lauren Corporation, 2011a).

The final element of our product strategy focuses on customization. The current online Rugby store gives shoppers the option to customize their own Rugby polo in terms of colors, patches, and numbers, but we want to take this idea to a whole new level. We will continue to offer customization of polos, but we will add quality T-shirts, hoodies, jackets, and other garments to the list. Customers will be able to add flags to show off their national heritage and
pride, as well as patches and names. We plan to customize the entire shopping experience to go along with these products. We will add an interactive element to the website where customers will have the option to take a short quiz which will direct them to a certain style that applies to them. This will filter out products that are not likely appeal to them and make the experience seem more tailored to their unique personality by offering suggestions for other items to compliment that particular style. Adding accessories or even creating a whole outfit will promote increased sales and share of mind when it comes time to shop for the newest thing in fashion. Customers will be more aware of the site and inclined to use it if it can stand out in this regard.

**Pricing Strategy**

As mentioned in the previous Product Strategy section, we feel that part of the reason for the Rugby line’s less-than-expected sales results is its very narrow style focus and lack of differentiation from the other Ralph Lauren lines. However, the other part of the reason is the fact that the high prices do not appeal to a very large market, even of those who consider themselves to be affluent. The existing clothing sold under the Rugby label is traditionally relatively high priced, as are most of the similar products offered by the major competitors in the luxury fashion industry. In our case, those are PVC (formerly Phillips Van Heusen, which now owns Tommy Hilfiger, a major competitor even before the acquisition), Liz Claiborne, Perry Ellis, and The Jones Group (Ralph Lauren Corporation, 2011c). Many of the newest clothing items are sold for well over a hundred dollars, but generally are significantly reduced once the season is well underway. The regular prices are either even-numbered, flat dollar amounts or end with .50, helping to promote the luxury, high quality image. The only time shoppers will ever see .99 at the end of a price is when there is a major sale going on for that particular item, such as during a clearance sale at the end of the season. There is obviously an existing market for these
items at these prices based on the success of Ralph Lauren in general, but there is still much room for growth. Therefore, we do not want to significantly reduce the sticker prices to gain a new market only to risk losing the existing one that is already loyal to the brand. We do not want them to think that the quality of our products has been sacrificed because that is one of our major competitive advantages.

Rugby currently offers jeans for either $98 or $128 and a few men’s T-shirts for $39.50. These two products will be the only exceptions to our no-price-reductions strategy since nearly everyone wears them, regardless of their particular style. We will lower the prices of T-shirts by $5 and the existing designer jeans by $10. This will be a small enough change to not cause a stir with our existing market but significant enough to potentially attract more of the target market. We will also offer more options that are currently lacking, such as basic, no-frills hoodies with just a small logo, for $47-$65. In comparison, a simple pullover or zip-up lightweight jacket currently starts at $69.50. Add fleece, a collar, and a relatively large logo, and shoppers are currently looking at $128. Our other basic, no-frills expansions of the Rugby line will be priced as follows:

- Plain, high quality cotton T-shirts with a tiny Rugby logo: $23-$26
- Graphic T-shirts: $28-$36
- Basic Pants (i.e., kakis or simple dress pants): $48-$56
- Basic Jeans: $62-$78
- Coats/Outerwear: $120-$230
- Accessories (i.e., scarves, hats, belts, etc.): $22-$54

These prices will be high enough to blend in with the existing Rugby offerings and not cannibalize existing sales, but low enough to be competitive without tarnishing the high quality
image. Also note that we have continued the practice of using mostly even numbers rather than odd, and flat dollar amounts (Rugby Ralph Lauren, 2011b). These premium prices are high enough to cover all of our costs to manufacture and distribute the products, but ultimately they are based on market criteria so we can maintain long-run success. We are focusing on getting people with many different styles to buy our products and create their own lifestyles, as originally envisioned by Mr. Lauren, so these slightly lower prices on the basics will universal.

Rugby and the rest of the Ralph Lauren brands already have a significant edge on their competitors when it comes to sales and market share in the luxury fashion industry. Although we are hoping to attract a larger portion of people in our target market of 21- to 29-year-olds by offering basic styles that can be worn in many different ways, we are primarily using a market skimming strategy. This makes sense because we still want to attract those who are fairly affluent and can afford to spend a significant amount of money on clothes. This age group typically has a growing income and cares a great deal about their image because they are trying to establish themselves in a professional world. Therefore, they are more concerned about quality and brands than price. We did our own research for comparison and found that 78.6% of current college students are primarily concerned with price. However, over half of them are still at least somewhat loyal to the brands they do buy. There will be a small enough supply produced to warrant the premium price. Since the company has already shown that it can still be a leader with high prices, and the fact that these prices are low enough to be competitive, there will not be much of a threat in this area. Finally, the high price is necessary to denote quality and maintain the well-respected brand image. Our main objective is to practice product-quality leadership and have Rugby be an affordable luxury for an increasing share of the target market.
We will continue to hold traditional end-of-season clearance sales to get rid of any extra inventory. However, our biggest sales will be held only twice a year for just three or four days in the middle of the season once the initial newness wears off in order to increase revenue from the line, a major goal according to the company’s 2011 Annual Report. An additional aspect of our pricing strategy will be the use of a discount system. According to the online Rugby store, there is currently a 15% discount for college students with a valid college I.D., but this group is slightly younger than our target market. We want to retain these customers as they enter the professional working world, but more of our attention will be focused on attracting new loyal customers. This will be done through a rewards-type system in which they earn higher discounts as they purchase more of our clothing within a certain period of time. The details of this program will be covered in the Promotion Strategy section.

**Placement (Distribution) Strategy**

The Ralph Lauren Corporation already has a very productive and organized multi-channel distribution system in place. The company currently distributes its product through wholesale, retail, and direct avenues. According Reuters, Ralph Lauren branded products were being sold through approximately 10,000 locations worldwide as of April 2011 (2011). Ralph Lauren products are sold in a mix of specialty stores, department stores and online. Some of these department stores include Macy’s, Nordstrom and Lord and Taylor’s. In addition to having their product being sold in department and specialty stores, Ralph Lauren has its own brand stores that consist of outlets and specifically branded stores. There are currently 176 Ralph Lauren flagship retail stores worldwide, 12 of which are designated exclusively to Rugby (Ralph Lauren Corporation, 2011c). Overall, Ralph Lauren has a very good product placement strategy.
that allows it to reinforce its luxury image worldwide. We will use this strength as an advantage when planning and implementing the specific product placement strategy of the Rugby line.

Our strategy for the Rugby line consists of using selective distribution to sell our new product line exclusively through our own Rugby branded retail stores, specialty stores, and direct to consumers online via Rugby.com. We chose a selective distribution strategy because we want to uphold the brand prestige, and we only want to sell our products in stores that will uphold the same quality standards and perceived value as our brand. To implement this, we will continue to push sales through the existing 12 Rugby flagship stores. According to the 2011 Annual Report, Ralph Lauren already has plans to open additional Rugby retail stores in the future, particularly overseas, as part of its long-term growth strategy. Until the addition of the Tokyo store in fall 2010, all of the Rugby flagship stores were located in the United States and Canada.

We also want to add specialty stores to our distribution channel that directly sell to our target market of young professionals between the ages of 21 and 29. For this reason, we would like to add two specific specialty stores, Urban Outfitters and Bittersweet, to our distribution channels. We want to sell our product through these stores because both maintain our desired image in terms of the kind of style that Rugby exudes. Both are also stores that most people in our target market are very familiar with, and they specialize in the styles and clothing fashions sought by our target market. In the future, we would like to branch out and partner with stores similar to Urban Outfitters and Bittersweet, but for now, we just want to start with these two specialty stores. Otherwise, we will continue to use the same successful strategies that Ralph Lauren already has in place with its mix of retail and direct channels. By adding some new stores to this existing retail channel and developing an attractive promotion plan, our product placement will increase sales of the Rugby line and help push our style into the market.
We have taken great care to avoid as many potential channel conflicts as possible. Channel conflict may occur among specialty stores and Rugby stores. If the Rugby stores sell products at a higher price and the specialty stores sell the merchandise for a discounted price there may be channel conflict between these stores. It would be a problem if the specialty stores are more attractive to buy Rugby clothing than the Rugby stores. If conflicts ever occur to the point where it could hinder the Rugby line’s image or negatively impact our sales, we will strategically work with those retailers to eliminate the negative factors. In each unique potential situation, we will decide on a resolution that will be best for the Rugby line’s image and product perception, even if it means disconnecting someone from our distribution channel. However, we will do our best to maintain positive relationships with those retailers for the future, should conditions change.

Online availability for our products will be exclusively through our online store, Rugby.com. Rugby customers who do not have access to the Rugby stores or to the specialty stores will have access to the merchandise through the Rugby website. To minimize the negative responses from online customers, we want to offer the same basic prices as what the resellers are using above the wholesale prices. The online prices may be lower for the product but equal to the reseller price when shipping and handling are added. Online selling is very important to our product placement plan because online buying is a growing trend among our target market. With that being said, we will go along with the momentum of online selling and offer a wider selection of the Rugby clothing line online than consumers can find in stores. Ralph Lauren already uses this strategy for all of its various lines. This strategy will boost online sales, as well Ralph Lauren’s/Rugby’s overall online presence. According to the company’s 2011 Annual Report, this is a corporate goal across the board for all of the Ralph Lauren brands. We intend to follow in
continuance with this goal and make it more convenient for our target market to obtain Rugby clothing. We will still offer in-store and online specials, as well as clearance items, but these will be discussed next in the promotion strategy section.

In summary, our product placement plan is in accordance with the corporate goals of reaching new markets effectively, gaining a larger presence online and worldwide, and increasing overall sales. We believe that Ralph Lauren’s vast distribution channel is one of the company’s primary strengths; it is a differentiating factor that keeps Ralph Lauren ahead of other competing brands. We simply want to add depth to an already successful channel by being selective in our strategy for reaching our target market.

Promotion Strategy

We plan to use a combination of multiple integrated marketing communication elements in our promotion strategy. Many of these specific techniques are already being used by Ralph Lauren and are very unique, so we do not want to reinvent the wheel if something is already successful. However, we are proposing a few new additions to complement those strategies and appeal more effectively to the new target market.

The first part of our promotion strategy will involve direct marketing by sending an email to existing online Rugby shoppers promoting the new additions to the line. We already know the shopping habits and loyalty of these consumers from the Student Union database, so our messages can be targeted very effectively (Rugby Ralph Lauren, 2011b).

Secondly, we want to place a significant emphasis on point-of-purchase displays. Research shows that 74% of purchases are influenced at the point of purchase, and the fashion industry is proof of this (Kotler and Keller, 2012). These will consist primarily of attractive, attention-getting banners placed in close proximity to our clothing in retail stores. The specifics
of these locations (i.e., on the wall versus a free-standing banner) will depend on the style and traditions of the stores carrying our clothing line. In our own stores, we will use the same placement tactics, but there will also be large pictures in the front windows to draw shoppers into the store. Something in the ad will have caught their eye, and they will specifically look for that clothing item while hopefully finding something else they like in the process.

Closely related to this strategy will be our use of personal selling through what we will call “live models” and our sales associates, particularly in the flagship stores. In many higher-end boutique-style stores, it is not uncommon to find sales associates who may help customers create an outfit and offer additional suggestions of accessories. We still want to maintain a somewhat luxury image, so this would be valued by most of our consumers and will lead to increased sales, a main goal of the company according to the most recent annual report (Ralph Lauren Corporation, 2011c). At the launch of a new store or the introduction of new clothes at the beginning of the season, we will have a group of people strategically positioned near the entrance to the store wearing Rugby clothing. They will appear natural to an extent, but it will also be obvious that it is a promotional tool. Their primary job (other than modeling the clothes) will be to interact with people as they pass by and encourage them to check out the latest arrivals inside. Rugby has traditionally done this at the opening of a new flagship store, but it could also be beneficial in some of the higher traffic areas, like big cities and large shopping malls (Rugby Ralph Lauren, 2011b). We could potentially use these “live models” to create buzz marketing, similar to the concepts introduced by groups such as Improv Everywhere. Since Rugby is still a luxury brand, we will need to be careful to ensure that these efforts do not appear tacky, but we want them to attract attention at the same time and allow people to have fun with us. For
example, the models could stage an impromptu fashion show or have a microphone and just strike up conversations with people.

Ralph Lauren Polo currently does an annual fall advertising blitz in which they buy all of the ad space in one particular medium. This year, they bought all of the ads in the iPad version of The New York Times for the month of September (Wasserman, 2011). This may seem like overkill, but it most certainly assures the company that they will get a lot of attention and not have to deal with a competitor’s ad in close proximity, or worse, one that is more appealing to the undecided consumer. Our target market is very much into technology, so using something like the iPad would be very effective. Many people in this age group are also interested in current events, so Rugby could still use an electronic newspaper. However, we don’t want to compete with another Ralph Lauren brand, so we would either need to use a different source, such as USA Today or The Washington Post, or continue to advertise in The New York Times but during a different season.

Closely related to this approach will be our use of online advertising. Rugby currently maintains a Facebook Fan Page, but we want to use side banner ads to help get our name out among our target audience. Nearly everyone in this age bracket uses social media, and many of them follow their favorite brands. However, we need to attract those users who were not in our old target market demographic. If they do not know that Rugby has added something for them, there is virtually no chance that they will search for it on their own. On the Fan Page, we can make periodic announcements, and perhaps even short-lived daily deals, to go along with our seasonal sales promotions as mentioned earlier in the pricing strategy section. It also can be used as an extension of Rugby’s Style Blog. This will keep the content fresh and relevant to our audience and will invite interaction. In addition to simply leaving comments, many users tend to
share things they find interesting, so this will lead to free word-of-mouth buzz advertising. Between 2009 and 2010, social media advertising expenditures grew by 31% (Kotler & Keller, 2012). With Facebook being referred to as the third largest nation in the world and the increasing use of smartphones with constant social media access, this is a great way to reach such a wide demographic as those in our target market. This interaction will facilitate further interaction on Rugby.com where consumers can customize their own polo shirt or build an outfit complete with suggested accessories to promote additional sales. This will be similar to the in-store attention they would receive from sales associates.

We will use social media and the Rugby website to promote our events and causes. First, we will continue Rugby’s annual Tweed Run, an old-fashioned metropolitan bike ride to promote the traditional Rugby vintage-style clothing. After all, the last thing we want to do is alienate our existing loyal customers. The most recent Tweed Run was held in New York City with upcoming ones planned for London and Tokyo. Riders dressed in Rugby clothes ride bikes from their various locations across the city to a centrally located, prearranged destination. There are official representatives from Rugby, but consumers are encouraged to join the fun and can register to participate on Rugby.com. Both the clothing and bicycles appear vintage, so they will stand out as being out of the ordinary, especially once the riders start coming together. This will create buzz because it is unique and allows customers to participate and interact with the brand and each other (Rugby Ralph Lauren, 2011c).

Secondly, we will partner with Pink Pony, another Ralph Lauren brand, in its cause to raise money for breast cancer research every October during Breast Cancer Awareness Month (Ralph Lauren Corporation, 2011c). This will not only be a way to get our name out and promote the new additions to the Rugby line, but it will demonstrate that the Ralph Lauren Corporation is
a socially responsible, philanthropic company. People in our target market are increasingly concerned with such issues, and they often make purchasing decisions, at least in part, because of a company’s reputation.

Finally, we will sponsor select intramural college sports and campus music artist events that promote the Ralph Lauren vision of creating lifestyles. After all, Rugby gets its namesake from a historically amateur sport that was traditionally played at some of the more ivy-league European schools. The sponsored teams will need to meet several criteria to be eligible for the support. First, they must have a large enough audience to warrant the expense of our advertising dollars. That audience should also be interested in both the fashion styles and price range of our products. These typically will be found at the larger universities, perhaps private ones, which tend to have a large number of students from the upper middle class. Yes, we are slightly lowering prices on the new line to attract more people, but it is still a luxury brand and we want to maintain that image.

All of these events will draw positive public relations exposure, particularly at the local and regional levels. This type of publicity is greatly sought after because, not only is it free, but it is independent and generally viewed as more credible than traditional advertisements from the company itself. Most good news tends to spread, so this will be great for Rugby to help promote its expanded image and new offerings. These events will allow us to interact with our customers in a more natural setting that will not be perceived as strictly an advertising tool.

Our last major promotional effort will be what Ralph Lauren calls “the Ralph Lauren 4D experience” and is a combination of art, technology, and fashion. Following the annual fall fashion show in 2010 for its Polo line, the company’s technology gurus put together a digital 4D recreation of the fashion show with other elements. They used the front of the flagship stores in
several major cities as a movie screen of sorts, complete with elaborate transitions, cologne scents, and even Mr. Lauren himself appearing in one of the windows at the end. This is a unique opportunity, and it will allow us to recreate some of the excitement of the original fashion show for additional audiences without all of the stress, models, supporting personnel, time commitments, etc. This will create a lot of buzz among consumers and will definitely attract attention from the local media. Spectators have filled the sidewalks and streets for previous 4D experiences. Like the previous video, it will be posted on YouTube with the hopes of it spreading around the Internet and becoming viral (Ralph Lauren Corporation, 2010). This type of advertising technique is obviously a big undertaking and should not be done too often in order to maintain that special image. However, since we are proposing a new brand mantra, “Experience Rugby, Experience Life,” we feel that this will be a prime opportunity to incorporate that campaign message and break through all of the clutter of traditional advertising methods.

As evidenced by our various promotional tools, we are predominantly using pull strategies. The purpose of all of our advertisements, events, and campaigns is to create demand and interest among our expanded target market of 21- to 29-year-old young professionals so they will buy Rugby clothing. Since we will sell a lot of our clothing through traditional retail outlets, such as Urban Outfitters, Bittersweet, and Macy’s, we will use the strength and popularity of the Ralph Lauren name as somewhat of a push strategy and leverage to encourage them to carry our Rugby line.

**Organization**

The following chart depicts the current organizational structure and departmental responsibilities of the Ralph Lauren Corporation. This is not a complete chart of the entire organization, as there are obviously other departments such as Finance. However, these three are...
the most relevant to our discussion here as it pertains to implementing our marking plan. The Finance department’s decisions will also be based on the work of the marketing department in forecasting sales and the necessary funding. Anything with an asterisk reflects our additions to help with the implementation and ongoing management of Rugby Basics.

We are expecting Rugby Basics to dramatically increase the popularity of the brand since we are targeting such a wide audience compared to the label’s current strategies. That popularity will obviously mean increased sales, and our goal is to achieve a minimum of 7% by the end of the first year after launch. To deal with all of the increased responsibilities and all of the careful monitoring involved in implementing our strategy, we want to add an executive position to lead the Rugby SBU between the CEO/Chairman of the Board (Mr. Lauren) and the three departments related to the launch of our product. This will also provide some stability should Mr. Lauren cease to lead the company for any reason or if the Rugby line branches out on its own and merely maintains influential ties with the corporation. We are increasingly focusing our
efforts on social media to more effectively reach our target market, so we want to add a monitoring/analytics responsibility under the Marketing department specifically for these tasks (TheOfficialBoard.com, 2011).

**Implementation**

For the complete details of our implementation strategy, see the chart below. In summary, it begins with April 1, 2012, the beginning of the Ralph Lauren Corporation’s fiscal year. However, we are assuming that the design and production of Rugby Basics will begin once our proposals receive the Board’s approval in the coming weeks. The official launch will take place in July when people start shopping for their fall wardrobes and back-to-school deals are prevalent. However, in the months leading up to the launch, Marketing and Product Management will work together to redesign the website to include our new mantra, “Experience Rugby, Experience Life” and promote the launch of Rugby Basics. Meanwhile, representatives from Product Development, which is already in charge of release management, will be responsible for meeting with both existing retail outlets, such as Macy’s, and new outlets, Urban Outfitters and Bittersweet, to establish partnerships and prepare for launch in those stores. Throughout the year, Marketing will be responsible for creating and running all of the various promotional campaigns. As seen in the chart, the biggest sales and advertising efforts will be focused on the time of initial launch and the peak sales seasons—late summer/early fall and Christmas. The rest will be more awareness campaigns to keep our name out there and attract new customers. Designers will work with all three of the departments to plan the annual fall fashion show and the related logistics. They will also coordinate with technology experts to create the 4D Experience, which will incorporate elements of the fashion show, and will be launched October, a month after the actual fashion show takes place. Marketing will then work with the larger corporate-owned retail
outlets to recruit and train sales associates to be “mall walk models.” They will also be in charge of the annual Tweed Run and all public relations and planning efforts required for the sponsorship and charity events. At the end of the fiscal year, the heads of all of the departments will sit down with the CFO to tally and report the results of the campaign, as well as to discuss where to go from there (TheOfficialBoard.com, 2011, Ralph Lauren Corporation, 2011c).

Evaluation and Control

We will use sales performance, profit margins, and overall brand awareness to measure progress to see if our marketing plan is working effectively. These are the most important things we want to be affected by our plan, and our goal is to have consistent increases in these areas while maintaining long term sustainability. Overall, we want to increase Rugby’s annual sales by a minimum of 7% and have the label make up a minimum of 15% of Ralph Lauren’s total sales.
within a year of the launch of the new additions to the Rugby line. People are aware of the Ralph Lauren brand and would like to wear the clothing, but it is perceived as an unaffordable luxury for many potential customers in our target market. We need to make them aware of these new basic additions so they will see it as an affordable luxury. There are not any specific numbers for these statistics currently available to the public, so it would be hard to set a specific goal for this measurement at this point. However, as discussed later, we will be conducting marketing research before and after the launch to determine how the numbers have changed.

Sales performance will be the most important criteria that will be taken into consideration when we assess our marketing agenda. With our advertising tactics and marketing power, we feel that we can achieve a total revenue increase of 7% within the first year of implementation of our plan and contribute 15% to Ralph Lauren’s total revenue. This is the primary goal we are trying to achieve, and by meeting or exceeding this goal, we will truly know that our marketing plan was fruitful and a success.

Measuring the actual profit of the Rugby line is another measuring criteria that will be accounted for in tracking our marketing plan’s progress. Current profit margins for the Ralph Lauren Corporation are 14.9%, up from 14.2% in fiscal year 2010 (Ralph Lauren Corporation, 2011c). To determine if we are going to make a profit, we have to first measure the amount of sales on a quarterly basis following the launch of the new line. Below is a chart that will specifically explain the trigger points we have established to either justify moving forward with the plan or indicate that we need to make adjustments. It is important to note that we are willing to accept a small cut in our profit margins in the short run to increase overall profit margins in the long run. However, ideally, we want to maintain profit margins at their current levels and are basing our strategy and measurements on that assumption. We believe that this will be easily
attainable due to the fact that Rugby and Ralph Lauren are higher-end brands and charge higher prices to maintain that image.

**Scenario 1: Sales Increasing Quarterly**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1-2% Increase</strong></td>
<td>(End of First Quarter After Launch)</td>
</tr>
<tr>
<td></td>
<td>In this situation, we would continue moving forward with our plan at steady pace.</td>
</tr>
<tr>
<td></td>
<td>We would strategically plan how we can expand with caution, while allocating and determining where growth is specifically coming from in our marketing agenda in order to highlight and duplicate our successful actions and tactics.</td>
</tr>
<tr>
<td></td>
<td>Keep profit margins at the current level if at all possible.</td>
</tr>
<tr>
<td><strong>3-4% Increase</strong></td>
<td>(End of 2\textsuperscript{nd} Quarter After Launch)</td>
</tr>
<tr>
<td></td>
<td>Implement guidelines from what we will do if 1-2% increase occurs</td>
</tr>
<tr>
<td></td>
<td>Plan to retain some of the extra earnings for future marketing objectives.</td>
</tr>
<tr>
<td></td>
<td>We would also research ways to expand in the future in terms of branding and perhaps becoming more of a stand-alone brand than a subsidiary, but at a brainstorming and idea generation level with no serious financial backing at this point</td>
</tr>
<tr>
<td></td>
<td>Focus on keeping current margin levels and managing growth to make sure it does not outpace our ability to meet demand for both product and financial resources.</td>
</tr>
<tr>
<td><strong>5-6% Increase</strong></td>
<td>(End of 3\textsuperscript{rd} Quarter After Launch)</td>
</tr>
<tr>
<td></td>
<td>Implement guidelines from what we will do if 3-4% increase occurs</td>
</tr>
<tr>
<td></td>
<td>Intensify research and development efforts.</td>
</tr>
<tr>
<td></td>
<td>Create and partner with new outlets to advertise our product and increase brand awareness.</td>
</tr>
<tr>
<td></td>
<td>Map out creative ways to extend the brand and test the ideas smaller scale.</td>
</tr>
<tr>
<td><strong>7+% Increase</strong></td>
<td>(End of 4\textsuperscript{th} Quarter After Launch)</td>
</tr>
<tr>
<td></td>
<td>Implement guidelines from what we will do if 5-6% increase occurs</td>
</tr>
<tr>
<td></td>
<td>Start making preparations for future plateau as sales level off.</td>
</tr>
<tr>
<td></td>
<td>Revisit our goals and plan for gradual change to handle growth efficiently.</td>
</tr>
<tr>
<td></td>
<td>Conduct an organized/efficient marketing plan audit.</td>
</tr>
</tbody>
</table>

*Percentages are cumulative*
We recognize that things may not go according to our plan and that sales may actually decrease for a variety of reasons. The following chart explains what we will do at each stage, and the details of our proposed exit strategy will follow.

**Scenario 2: Sales Decreasing Quarterly**

<table>
<thead>
<tr>
<th>Percentage Decrease</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1-2% Decrease</strong></td>
<td>In this situation, we would continue forward with our plan, but with strict caution and special attention given to profit margins. We understand that some of our tactics will take time to have the desired reach and impact; therefore we will have patience and see how the 2nd quarter fares.</td>
</tr>
<tr>
<td>(End of First Quarter After Launch)</td>
<td></td>
</tr>
<tr>
<td><strong>3-4% Decrease</strong></td>
<td>If sales are still declining by this point, we will revisit the plan and see what changes can be made immediately to recover some of the losses and follow through with the rest of the plan with caution and even more attention to profit margins.</td>
</tr>
<tr>
<td>(End of 2nd Quarter After Launch)</td>
<td></td>
</tr>
<tr>
<td><strong>5% Decrease</strong></td>
<td>Discontinue any tactics that are costing us money with no return on investment. Plan a recovery strategy and make preliminary preparations for exit.</td>
</tr>
<tr>
<td>(End of 3rd Quarter After Launch)</td>
<td></td>
</tr>
<tr>
<td><strong>6+% Decrease</strong></td>
<td>Fully develop and implement an exit strategy to gradually stop the marketing plan and potentially discontinue the new line if necessary. Our main goal at this point will be to recover as much lost profits as possible while not tarnishing the overall brand image of either Rugby or Ralph Lauren as a whole. Analyze and collect data to determine the outcomes and results of the plan and why each area failed. Brainstorm ideas for a new and different plan for the Rugby line.</td>
</tr>
<tr>
<td>(End of 4th Quarter After Launch)</td>
<td></td>
</tr>
</tbody>
</table>

*Percentages are cumulative*
Brand recognition and awareness will be the last measurement tool we will use to determine if our plan had a positive or negative result in a non-financial way. This is where marketing research will come into play. Our marketing research will consist of the following:

**Surveys**

We will start with a pre- and a post-launch survey data collection process. We want the survey to be unbiased and ask questions that directly get a positive or negative response. We will also look at previously collected Rugby statistics related to the traditional line. That way we will already know where the Rugby brand stands in terms of recognition and brand awareness. After we finish implementing our marketing plan, we will conduct the same survey and see if our image was positively affected, if awareness increased or decreased, and if people are able to recognize Rugby more effectively. The vast majority of these surveys will be included in the checkout process on Rugby.com and on Facebook. We have chosen these mediums because they will allow us to tie survey results to purchase behavior and specific advertising sources. It is also an easy and inexpensive way to reach a large number of the people in our target market for the sample.

**Focus Groups**

Similar to what we are doing with our survey campaign, we will conduct focus groups before and after the implementation of the plan. We will have the same people from the “pre” focus group in the “post” focus group in order to get a more detailed response than we would get from a survey campaign. We want to include people who have been loyal to Rugby in the past, as well as new customers, so we get both perspectives. Again, these focus groups will be aimed at measuring brand awareness and brand recognition, as well as how those factors influenced purchase decisions.
Social Media Measurements

With the emergence of social networking and new forms of social media, we want to see first-hand how our status and popularity change over time as we implement the plan. We will measure our changes in real time and document the data in a concise format for later review. The main social media forms that Rugby will be involved with include Facebook, Twitter, our Style blog, and YouTube. If other prevalent media forms are introduced in the future, then we will consider using them as well if they fit within the culture of Ralph Lauren and will help us maintain our image while reaching our target audience of young professionals and 21- to 29-year-olds. The things that we will look for to measure our success will include how many impressions, likes, comments, tags, etc., we received on a daily and monthly basis on Facebook; how many retweets and tags on Twitter; how many people commented on certain blog posts; and how many views and hits our YouTube pages and videos received. Basically, we want to measure how viral, popular, and socially significant we were before and after the marketing plan implementation and the launch of Rugby Basics.

Exit Strategy

Since we are part of the Ralph Lauren brand, we need to be very careful how we would implement an exit strategy and not diminish the overall prestigious image we have in the minds of our consumers. We are highly optimistic concerning our marketing plan and estimates, but if the new Rugby line does not do well and the marketing plan fails to achieve its goals, the outcome would be that less time and money would go into Rugby Basics. This will mean a gradual withdrawal from the new line and transitioning back to exclusively selling the traditional “preppy,” vintage style. Below are some options that can be implemented to help the exit strategy at least salvage some financial gain, depending on the specifics of the situation.
1. Sell Rugby Basics exclusively on Rugby.com since this will mean higher margins and more control.

2. Only pull the product out of the not-so-successful outlets and keep the line where it is experiencing consistent sales and average or above average profitability. We will work with the various retail outlets involved to arrange a plan that is as mutually beneficial as possible for both parties. The last thing we want to do is burn bridges with retailers that could continue to sell the traditional Rugby clothing or partner with Rugby in the future.

3. Out of season apparel and anything that does not sell in Rugby retail clearances will be sold at stores like TJ Maxx and Ross. These buyers want name brands and quality fashion but are willing to compromise on having them as soon as they hit the market in order to receive lower prices.

On the other hand, sales could skyrocket and Rugby could experience rapid growth and become a major success. If the line starts straining Ralph Lauren’s resources because of rapid growth and expansion, we will look into becoming more of a standalone brand than just a subsidiary label with our own executives. However, we do not want to completely alienate ourselves from the past influence of Ralph Lauren himself and the overall vision of creating lifestyles.

**Financial Data and Projections**

Our goal is to allow Rugby to become a versatile brand where it can truly become an expression one’s self. Our target of college students, graduates and young professionals is a group that looks for ways express themselves. That is why our goal is to market the expanded
collection of Rugby that includes more variety of t-shirts and apparel that is casual and also be used for work.

This section is going explain our projections for what we want to see happen. These projections are an example of our starting goals and we feel that this marketing can yield higher results in the future.

**Pricing Structure**

Rugby is currently a brand that has very high quality clothing and apparel. However, with the target that we are attempting to capture, the prices for the current apparel is priced way too high, which makes it hard for our target to embrace the brand if they cannot afford it. Our plan is put a profitable pricing structure in place that allows us to yield successful financial gain while making the Rugby brand accessible and reachable for our target to buy our apparel.

<table>
<thead>
<tr>
<th>Clothing Item</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plain T-shirts</td>
<td>$24.50</td>
</tr>
<tr>
<td>Graphic T's</td>
<td>$32.00</td>
</tr>
<tr>
<td>Hoodies/Sweaters</td>
<td>$57.00</td>
</tr>
<tr>
<td>Pants</td>
<td>$52.00</td>
</tr>
<tr>
<td>Jeans</td>
<td>$71.00</td>
</tr>
<tr>
<td>Coats</td>
<td>$175.00</td>
</tr>
<tr>
<td>Accessories</td>
<td>$35.00</td>
</tr>
</tbody>
</table>

Our pricing structure maintains the brand image of Rugby being a desirable brand. We do not want Rugby to be a “value” brand by no means. Having a pricing structure that high enough to where it upholds financial consistency and brand image is the major reason why we priced our product the way we did. Our pricing is also attractive to our target consumer because it is not so high priced to where they will not be able to afford to purchase Rugby. Furthermore, our pricing structure is competitive with other competing brands. For example, Express (a clothing brand that caters to the same target market we do) charges on average $35 for graphic t-shirts, $80 for
jeans, and $60 for hoodies (Express, 2011). Armani Exchange is another brand that is target a younger market of consumer ages 21-29, and is also a desirable brand. They sell graphic t-shirts for $33 and jeans for over $85 (Armani Exchange, 2011). So, our pricing is very competitive and will attract our target effectively.

**Projected Revenue**

Our strong marketing plan consists of attractive tactics that will compliment a very desirable and quality product. Therefore, we believe that we will see growth in our revenue, every year for the next three years.

Our revenue projections are based on the assumption that we will experience a 7% growth in the first year of implementing our marketing plan and then have a gradual increase in revenue over the next two years. Our goal is to meet and/or exceed these measures; however, these are realistic and attainable goals to look forward to as we implement our plan. The graph below shows our projection of how each item will sell in terms of percentages of sales in relation to our total sales.
## Revenue Per Items Sold

These tables show specifically how each clothing item is projected to sell by each year. We project that each year our units sold will increase steadily per each item every year. This will bring in an increase of revenue.

![Clothing Items as Percentage of Sales](image)

<table>
<thead>
<tr>
<th>Item</th>
<th>Units sold Year 1</th>
<th>Revenue per Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plain T-shirts</td>
<td>97,960</td>
<td>$2,400,000.00</td>
</tr>
<tr>
<td>Graphic T-shirts</td>
<td>112,500</td>
<td>$3,600,000.00</td>
</tr>
<tr>
<td>Hoodies/Sweaters</td>
<td>63,160</td>
<td>$3,600,000.00</td>
</tr>
<tr>
<td>Pants</td>
<td>60,000</td>
<td>$3,120,000.00</td>
</tr>
<tr>
<td>Jeans</td>
<td>74,370</td>
<td>$5,280,000.00</td>
</tr>
<tr>
<td>Coats</td>
<td>9,600</td>
<td>$1,680,000.00</td>
</tr>
<tr>
<td>Accessories</td>
<td>123,400</td>
<td>$4,320,000.00</td>
</tr>
</tbody>
</table>
### Cost of Goods Sold

<table>
<thead>
<tr>
<th>Item</th>
<th>Units sold Year 2</th>
<th>Revenue Per Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plain T-shirts</td>
<td>102,800</td>
<td>$2,520,000.00</td>
</tr>
<tr>
<td>Graphic T-shirts</td>
<td>118,125</td>
<td>$3,780,000.00</td>
</tr>
<tr>
<td>Hoodies/Sweaters</td>
<td>66,300</td>
<td>$3,780,000.00</td>
</tr>
<tr>
<td>Pants</td>
<td>63,000</td>
<td>$3,276,000.00</td>
</tr>
<tr>
<td>Jeans</td>
<td>78,000</td>
<td>$5,544,000.00</td>
</tr>
<tr>
<td>Coats</td>
<td>10,000</td>
<td>$1,764,000.00</td>
</tr>
<tr>
<td>Accessories</td>
<td>129,600</td>
<td>$4,536,000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Units sold Year 3</th>
<th>Revenue Per Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plain T-shirts</td>
<td>105,900</td>
<td>$2,595,600.00</td>
</tr>
<tr>
<td>Graphic T-shirts</td>
<td>121,700</td>
<td>$3,893,400.00</td>
</tr>
<tr>
<td>Hoodies/Sweaters</td>
<td>68,300</td>
<td>$3,893,400.00</td>
</tr>
<tr>
<td>Pants</td>
<td>64,900</td>
<td>$3,374,280.00</td>
</tr>
<tr>
<td>Jeans</td>
<td>80,400</td>
<td>$5,710,320.00</td>
</tr>
<tr>
<td>Coats</td>
<td>10,400</td>
<td>$1,816,920.00</td>
</tr>
<tr>
<td>Accessories</td>
<td>133,500</td>
<td>$4,672,080.00</td>
</tr>
</tbody>
</table>

### Gross Margin
Operating Expenses

Marketing Expenses
Marketing Expenses

Year 1: $8,000,000
Year 2: $7,300,000
Year 3: $7,100,000

Net Profit

Year 1: $2,323,000.00
Year 2: $3,539,100.00
Year 3: $4,064,300.00

Break-Even
A lot of our expenses and marketing will be tied in with overall Ralph Lauren marketing efforts, allowing us to use piggybacking techniques instead of funding everything ourselves. A lot of our expenses will also roll over into year two. That being said, we expect to finally break even in the second quarter of fiscal year 3 with the beginning of our fall sales.
References


