

Reinterpreting Core Essentials and Presenting a Refreshed Stance on Enhanced Movement: How Calvin Klein Can Improve Its Accessibility for Plus-Size Consumers and Support the Transition to Reemergence Through Dual-Channel Solutions

Calvin Klein

1. "pgLang for Calvin Klein", 2021, photograph, *Complex*, <https://www.complex.com/style/2021/01/kendrick-lamar-dave-free-pglang-calvin-klein>.

Do You Know What Comes Between Me and My Calvins?

Since our humble beginnings, we have yet to lose touch with the longevity in our distinguished silhouettes. Our easy fits enhance all lifestyles and emulate the rich heritage empowering our bodies and minds. Simplicity and functionality continue to drive our minimalist approach, while we make subtle adjustments to reinvent ourselves in the realms of seduction and imagination.

Our competitive yet democratic spirit remains grounded in history for us to endure disruption. Traditionally, we would find ourselves facing a paragon of cultural shifts to narrow an inherent focus on aspirational solutions. If the past year taught us anything, however, it's the need to change outdated standards and present a candid perspective on confidence as we support the transition to reemergence.

We look to penetrate a new market by presenting new voices for staple apparel. Approaching the end of the fiscal year, our iconic products write the next chapter to serve diverse needs and go beyond the breadth of comfort. We plan to expand existing underwear styles—designed for enhanced movement—to add plus-size options for men and women. Presenting a refreshed stance through core essentials, our teams and users will rewrite stories around body image while suggesting the same thrill for bold, progressive ideals².

Our channels, plus those of like-minded partners, position inventory to capture growth in our blurred lives as consumer behavior expects to fluctuate in and outside the home. While we can't always be together, we want everyone to feel connected with their bodies and embrace their most vulnerable selves. Global crises and polarized behavior may come between Calvin Klein and our cult classics that became sex symbols over the years; **nothing**, however, comes between Calvin Klein and our mission to inspire intimacy and confidence for **all people**.

1. "How Calvin Klein is Reinventing Essentials for Spring/Summer 21", 2021, photograph, *Highsnobiety*, <https://www.highsnobiety.com/p/calvin-klein-ss21-jeans-underwear/>.
2. "Calvin Klein – About Us", Calvin Klein, Inc., <https://www.calvinklein.us/en/about-us>.

Comfort in the Unknown: Reemergence Opportunity to Align Newness for Calvin Klein Movement-Oriented Underwear with Growth in Plus-Size Apparel Market and Trend in Casualization via Dual-Channel Solutions

NPD Insights: Consumer Motives and Macrotrends

Pandemic-Fueled Trends

Comfort Outpaces Total Apparel

- '20: sweatpants +17%, sleepwear +6%, sports bras +10% vs. (19%) total apparel comp. to '19 yearly dollar sales¹²

Body Diversity: Plus-Size Apparel Growth Outpaces Overall Apparel

- Plus-size market growing at 2x rate of overall apparel market ('21)³

Dual Behavior

Apparel E-Comm Sustains Growth

- '20: apparel e-comm unit sales +30%, dollar sales +4% comp. to '19; online purchase activity +50% comp. to pre-COVID²²

Store Channel Remains Relevant

- '20: low digital penetration for men's undergarments, with online sales representing 1/3 of total sales²⁶

Generational Preferences

Gen Z: Fast-Growing DTC Adopter

- '20: 3.5 percentage point increase comp. to '19 for online sales to Gen Z⁶

Online Spend for Millennials at Mass Merchants Outpaces Avg. of All Ages

- '20: ages 25-34 and 35-44 spend 11% and 12% online dollars at mass merchants vs. 10% avg. for all ages⁶

Transition Onwards

Buying Follows Changing Needs

- Spring '21: robust soft lines sales when schools reopened

Long-term Hybrid and Casualization

- 74% of people returning to workplace Sept. '21; 47% going three or more days per week; 70% of consumers dressing just as/more casually pre-COVID¹²

1. "Chika Oranika in #MyCalvins", 2019, photograph, *Who What Wear*, <https://www.whowhatwear.com/calvin-klein-in-my-calvins-campaign>.

(See additional footnotes on slide 19)

Calvin Klein Plus-Size Performance Underwear Expansion for Enhanced Movement: Launch at an Existing Retail Partner Driving Comfort vs. Youthful Expression

Potential Solutions with Existing
Partners: Refreshed Omni
Solutions in a Hybrid World

Potential Retailers:
Kohl's and Urban Outfitters

Target Customers:
Connect with Youth

Expanding Existing Calvin Klein Styles: Adding Plus-Size SKUs Q3
2022 to Follow Sales Upticks During Back-to-School Season

Kohl's



- **Current Customer:** 65M customers, ages 35-55 years old¹¹
- **Target Customer:** Gen Z
- **Strategy:** clarity through condensed brand portfolio to deliver active/casual for entire family

Leverage existing partnership to grow intimates category and serve diverse needs⁸

- **Strategic Framework at Kohl's:** achieve goal to grow athleisure and activewear categories from 20% to 30% of business²⁷
- **Growth for CK:** capture over 1/4 of dept. chain's \$15.03B net sales ('20) and follow dept. chain's growth in digital sales: +14% comp. to '20 and +40% comp. to '19¹³

Urban
Outfitters



- **Current Customer:** self-expressive youth ages 18-28⁷
- **Target Customer:** continued focus on millennials and Gen Z
- **Strategy:** eclectic brand and experiential omni journey

Leverage existing partnership to inspire social innovation for youth

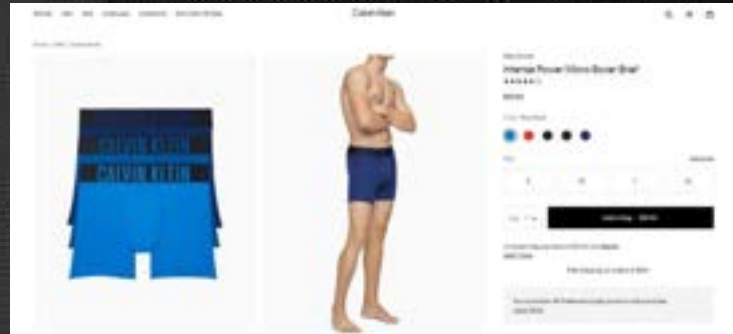
- **Strategic Framework at Urban Outfitters:** achieve global and domestic expansion through 34 new stores ('21)⁴ and growth online, where No. American E-comm sales make up 31% ('20) of consolidated net sales¹
- **Growth for CK:** capture creative spirit favored by youth and achieve higher margins under new pricing architecture at UO (owned by URBN) as brand reduces markdown rates to drive top-line growth¹⁹

1. "Plus Size 3 Pack Low Rise Trunks", photograph, L'Univers de l'Homme, <https://www.luniversdelhomme.com/en/packs/12168-49906-plus-size-3-pack-low-rise-trunks-cotton-stretch.html>.

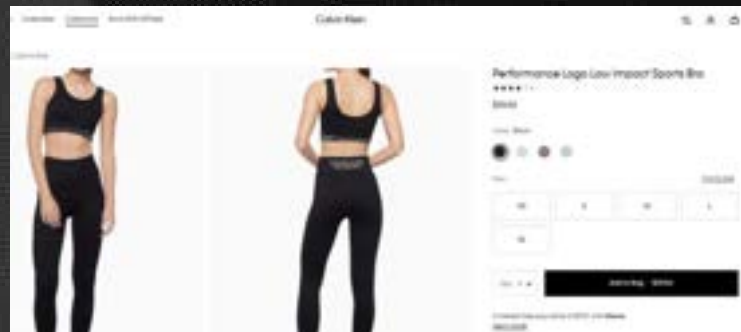
Expanding Existing Calvin Klein Underwear Styles: Adding Plus-Size SKUs and Filling White Space at Kohl's

Expand Existing Calvin Klein Styles at Select Retailer: Serve Diverse Family Needs at Kohl's

Calvin Klein DTC E-Comm: Expand Regular-Sized Styles to Include Plus-Size SKUs



- Intense Power Micro Boxer Brief, Retail Price: \$59.50
- S, M, L, XL for all colors
 - Soft microfiber and elastic waistband
 - 83% polyester 17% elastane



- Performance Logo Low Impact Sports Bra: Retail Price: \$39.50
- XS, S, M, L, XL for all colors
 - Thick rib design
 - 95% nylon 5% spandex

Kohl's E-Comm: White Space for CK Plus-Size SKUs for Singular Item (vs. a 3-Pack)



- 3-pack Cotton Stretch Boxer Briefs
3-Pack Microfiber Stretch Boxer Briefs
- Gap in assortment: no Plus-Size (1XL, 2XL, 3XL, 4XL, 5XL) Stretch Boxer Briefs (as of Aug. '21)



- Plus-Size Sports Bras from National Brands
- Retail prices range from \$30.00 - \$60.00
 - Gap in assortment: no Calvin Klein sports bras (as of Aug. '21)

White Space at Kohl's

- Fill white space at Kohl's for Calvin Klein plus-size underwear by expanding current CK assortment to add the brand's newly-launched SKUs (*see Appendices C and D for more on SKU plan*)

Expansion for Calvin Klein at Kohl's Over UO

- Launch at retailer focused on active/casual company wide, vs. expanding under UO; active initiatives at URBN center around (private label) Free People Movement

Activewear Growth at Kohl's Outpacing Growth Expectations for Total Activewear

- 10% CAGR growth for active at Kohl's over past 3 years, vs. total activewear market projected to grow at 3.35% CAGR through '23³

1. "Aria De Larriva in Calvin Klein", 2021, photograph, Pinterest, <https://www.pinterest.com/pin/66850375706366022/>.
2. "Calvin Klein Men's Boxer Briefs", 2021, images, Kohl's, https://www.kohls.com/search/mens-boxer-briefs-clothing.jsp?CN=Gender:Mens+Silhouette:Boxer%20Briefs+Department:Clothing&search=calvin%20klein&PPP=48&spa=5&pfm=search%20refine&kls_sbp=33513767551100369132243680604048969750.
3. "Performance Logo Low Impact Sports Bra", photograph, Calvin Klein, <https://www.calvinklein.us/en/womens-clothing/underwear-womens/womens-bras/womens-bras-sports-bras/performance-logo-low-impact-sports-bra-11559181>.
4. "Intense Power Boxer Brief", photograph, Calvin Klein, <https://www.calvinklein.us/en/mens-clothing/ck-mens-underwear/mens-boxer-briefs/intense-power-micro-boxer-brief-62022594-049>.
5. "Women's Plus Size Sports Bras", 2021, images, Kohl's, <https://www.kohls.com/catalog/womens-plus-sports-bras-bras-underwear-clothing.jsp?CN=Gender:Womens+SizeRange:Plus+Silhouette:Sports%20Bras+Product:Bras+Category:Underwear+Department:Clothing>.

Q3 2022 Launch: Benchmarking Target Goals Against Baseline Measurements from Fall Pre-COVID

Strategy Layout, Style Plan, and Allocation Overview for Brand and Select Retailer (Kohl's)

Style and Grand Totals									
Style	Total B&M Units	Total E-Comm Units	Total Inv. Cost	Total at Retail	Total Planned Sales	Gross Margin % (of TTL Net Sales)	Retail Reduction %	IMU %	COGS % (of TTL Net Sales)
Plus-Size Intense Power Micro Boxer Brief	5472	3629	\$287,318.57	\$700,777.00	\$413,458.43	55%	20%	61%	41%
Plus-Size Performance Logo Low Impact Sports Bra	3350	2241	\$82,523.16	\$201,276.00	\$118,752.84	55%	20%	61%	41%
Grand Total	8822	5870	\$369,841.73	\$902,053.00	\$532,211.27	55%	20%	61%	41%

See Appendices C and D for SKU plans for each style; slide 12 for pricing

Merchandising Plan

Calvin Klein (owned by PVH)

- Enter plus-size market
- Boost competitive positioning of active offerings

Kohl's

- Deepen existing CK assortment to fill white space for plus-size underwear

Distribution Overview

Calvin Klein (owned by PVH)

- Strengthen stock for B&M: where most sales funnel through (*CK senior customer analytics source*)

Kohl's

- Optimize store fulfillment to balance expected online surge with sitting B&M stock

Allocation Strategy

Calvin Klein (owned by PVH)

- Enhance inventory visibility to improve localized B&M allocation for better relevance

Kohl's

- Follow geo-proximity of online orders to cushion select DCs w/ safety stock

Cost and Margin Goal Comparisons to LLY

- PVH: slightly below PVH's '19 annual gross margin at 54.4%¹⁸
- Kohl's: exceeding Kohl's Q3 '19 gross margin at 36.3% (for three months ended)²¹

Product Costs

- PVH: separate patterns for plus-size apparel – increased manufacturing costs for fabric yield, samples, grading, and patternmaking
- Kohl's: changing ownership of goods, new plus-size fit models and mannequins, potential vendor funding to break MAP

Target COGS

- PVH: benchmark against TTL COGS for 13 weeks ended 02/03/19 at \$1.2M (incl. D&A)²⁰, adjusting for changes in producer inflation, raw materials costs, labor/duties/tariffs in foreign countries
- Kohl's: benchmark against TTL COGS for Q3 2019 at \$2.8M (for three months ended)²¹, adjusting for cost changes for receiving goods from vendors and handling/freight

1. "pgLang for Calvin Klein", 2021, photograph, *Complex*, <https://www.complex.com/style/2021/01/kendrick-lamar-dave-free-pglang-calvin-klein>.

Total Store Solution: Endcaps Featuring Key National Brands, Incl. Calvin Klein, to Display a One-Stop-Shop for Plus-Size Underwear Designed for Enhanced Movement

B&M Presentation at Select Retailer:
Newness for CK Plus-Size Displayed
with Special Endcaps at Kohl's

Broader Story Using Temporary Endcaps in Select Doors

- Insert temporary endcaps for plus-size offerings in stretchy men's boxer briefs and women's sports bras during fall and holiday promotional season to highlight newness for Calvin Klein and additional plus-size underwear offerings across key brands, such as adidas and Nike

Encourage Larger Basket Sizes

- Place temporary endcaps near underwear section to encourage consumer to increase basket size for complete underwear solutions
 - Intimates in stores currently sectioned off by brand (as of Aug. '21)

Inform the Customer

- Guide and direct customer with "Plus-Size Underwear" sign displays around fixture
- Promote use of Kohl's cash in stores

1. "T-Shirt Grand Taille", photograph, Calvin Klein FR, <https://www.calvinklein.fr/t-shirt-grande-taille-en-coton-bio-avec-monogramme-j30j318500pbu>.

Strengthened Store Inventory: Supporting Sustention of B&M Demand

DTC Omnichannel Allocation for Calvin Klein North America

Calvin Klein E-Comm

Inventory Launch at E-Comm Warehouses

- Cross-reference online sales for existing styles CK expands on

Initial Unit Quantity

- Negotiate with vendor

Sustaining E-Comm Warehouse

- Conduct customer basket analyses to balance orders across fulfillment centers

Prioritize Route and Inventory Visibility

- Follow available inventory and geo-proximity to consumer

Connect B&M with E-Comm Inventory

- Send store inventory to optimal location for fulfilling E-comm orders closest to where customer shops

Calvin Klein B&M

Inventory Launch at Stores

- Launch at select doors based on B&M sell-thru rates and sales-to-stock ratios for existing styles CK expands on

Initial Unit Quantity

- Negotiate with vendor

Localized Color and Size Stories

- Quantify # units per SKU to send to doors by comparing sell-thru rates for like-items

Door Productivity

- Send safety stock to productive doors
- Send more units to doors where percent B&M sales volume outpaces or remains in-line with percent B&M inventory for total style, total boxer brief category, and/or total brand's sports bra category

PVH Omnichannel Productivity: Reliance on DTC and Surges in E-Comm Perpetuated by COVID-19 Left E-Comm Warehouses Overwhelmed with Orders

- 24% digital penetration ('20), doubled digital penetration comp. to '19¹⁷
- 10% of revenue from department stores ('20)²⁴
- E-comm sales on PVH-owned sites +70% Jan-Sept. '20 comp. to '19⁹
- Stores used as fulfillment centers to support surges in in E-comm sales ('20) to fulfill online orders for casual apparel, while workwear inventory bubbled up, using Manhattan Distributed Order Management system to deliver 120K orders ship-from-store (March-Oct. '20)²

CK-Specific Inventory Investment: Percentage Proposals

- 40% to online channel and 60% to B&M channel
- *CK senior customer analytics source: CK sales remain B&M-driven*

Allocation Adjustments

- B&M: start with initial safety stock to for protection against high ST rates from seasonal ad exposure
- E-comm: transition to sending more units to E-comm warehouses, anticipating long-term digital growth on PVH-owned sites

1. "Plus Size Bralette Review", 2019, photograph, *The Lingerie Addict*, <https://www.thelingerieaddict.com/2019/04/plus-size-bralette-review-premme-calvin-klein-savage-x-fenty.html>.

(See additional footnotes on slide 19)

Dual-Channel Solutions to Cushion Expected Digital Sprint: Carrying Incremental Stock in EFCs and Leveraging Enhanced Fulfilment

Omnichannel Launch at Select Retail Partner: Allocation Across Kohl's

Kohl's E-Comm

Pre-Launch Exit and Initial EFC Allocation

- Exit least-productive, regular-sized boxer brief and sports bra SKUs (for same style) to make room in EFCs
- Set initial EFC units: cross-reference digital verified sales for like-items

Shipping Eligibility and Enhanced Fulfilment

- Determine shipping and depletion method referencing geo-proximity and where most stock sits

Maintain WOS in Six (as of Aug. '21) EFCs

- Send more SKUs to select EFCs based on geographic proximity to where users ordered from using app or through E-comm site

Kohl's B&M

Pre-Launch Exit and Transition

- Exit least-productive, regular-sized boxer brief and sports bra SKUs (for same style) in stores; transition to web-exclusive to make room on floor

Localized Color and Size Stories

- Quantify # units per SKU by comparing sell-thru rates for like-items

Allocate to Most Productive Doors

- Test in locations to find expected sales
- Send more units to doors in which percent B&M sales volume outpace or remain in-line with percent B&M inventory for total boxer brief category, bralette category, and brand

Omni Productivity: While B&M Currently Remains More Productive, Growth for E-Comm Outpaces Expected YOY Decline for B&M

- 20% YOY growth in digital sales ('11-'19) ¹⁰
- 40% annual digital penetration ('20) ¹⁰
- Anticipated 11% YOY decline for same-stores ¹⁴
- Omni customer: 4x more productive than store-only customer, vs. 6x digital-only customer ¹⁰

Inventory Investment: Percentage Proposals

- 45% to online channel and 55% to B&M channel
- Push more inventory in stores to support B&M sales productivity and carry incremental stock to fulfill online orders, to support growth trajectory in digital sales expected to exceed '20 benchmarks
- (While CK sells through additional wholesale retailers and offers Amazon-exclusive underwear styles, newness for Men's Intense Power Micro Boxer Brief and Women's Performance Logo Low Impact Sports Bra would start only through sales channels at Calvin Klein DTC and Kohl's)

Allocation Adjustments

- Send more units to doors requiring more B&M inventory depletion to maintain between min-max store presentation

1. "How Calvin Klein is Reinventing Essentials for Spring/Summer 21", photograph, *Highsnobiety*, <https://www.highsnobiety.com/p/calvin-klein-ss21-jeans-underwear/>.

Opportunity to Fill White Space for Calvin Klein Underwear Campaigns: Disrupting Norms for Male Body Image and Rewriting Rules for Wearers of Hero Products

White Space for Calvin Klein Underwear Campaigns Featuring and Targeting Plus-Size Men

White Space

- Introduce new ad sources to apply similarity characteristics for plus-size men in local communities (existing Calvin Klein underwear campaigns featuring plus-size women – *no CK underwear campaigns featuring plus-size men*)

Previous Non-CK Plus-Size Campaigns

- Pull Inspiration from #WeareBigandTall and #AExME for CK to take an aggressive stance on male vulnerability through underwear garments designed for enhanced movement

Forward Plan

- Intersect heritage with standards for male body image at the center of culture for campaigns launching in fall '22 by highlighting plus-size male creatives (e.g., artists, models, activists)

Sales and Communication Objectives

- Drive incremental sales for advertised merchandise, lower consumer sensitivity to price, encourage more plus-size shoppers to become loyal to CK



#WeareBigandTall project ('18) started by blogger Darnel Ghramm and plus-size male models to erase stigmas around male body image by re-creating campaigns with #mycalvins



Images from #AExME, with user wearing Ne(X)t Level Fall Denim, highlighting men of diverse body types

1. "American Eagle Celebrates Male Body Diversity", 2018, photograph, *Teen Vogue*, <https://www.teenvogue.com/story/american-eagle-plus-size-men-denim-campaign>.
2. "Jacob Elordi For Calvin Klein's New Campaign", 2021, photograph, *PopSugar*, <https://www.popsugar.com/fashion/photo-gallery/48195710/image/48195716/Janaya-Future-Khan-For-Calvin-Klein-Spring-2021>.
3. "We are Big and Tall", 2018, photograph, *elle*, <https://www.elle.com/uk/life-and-culture/culture/news/a42438/plus-size-male-models-recreate-calvin-klein-ad/>.

Do You Know What Comes Between Me and My Calvins? Revisiting Confidence for Plus-Size Men With a Digital-First Video Format

Calvin Klein Underwear Campaigns
Featuring and Targeting Plus-Size Men
(Continued): Implementation and Goals

Revisiting Meaning Behind #MyCalvins with Plus-Size Men: revisit '81 ad to spin nostalgia for #MyCalvins to celebrate men of all body types

- Channels: Instagram, Tik Tok, YouTube, and FB
- Direct Sources: relatable one-minute, short films featuring plus-size male creatives, versus the athletic/lean body-types shown in traditional underwear campaigns targeted towards men, wearing newly-launched plus-size CK underwear and expressing why they feel great in their own skin

Prior CK Campaign Inspiration: follow suit of recent CK videos and their candid approach to self-expression – evident in youth featured in CK One and activists in #proudinmycalvins

- Creative direction: candid, frank approach to intimacy and culture to reveal relatable videos of plus-size men mixed with an urban feel



The cast of CK One: real American youth



Raissa Flowers for #proudinmycalvins

Target Customer: youth-minded, socially-active and digitally-driven men compelled by raw takes on social and culture capital

ROI: measure effectiveness of promo budget (assuming sales are direct measures of ad/promo efforts) by comparing contribution margins before and after implementation

Success Metrics: YOY percent changes in growth for plus-size offerings, organic search for “plus size” and visits on PVH-owned Calvin Klein website, social channel engagement

1. “CK One Campaign”, 2021, photograph, *Paper*, <https://www.papermag.com/calvin-klein-ck-one-campaign-2648120704.html?rebelltitem=2#rebelltitem2>.
2. “Jacob Elordi For Calvin Klein’s New Campaign”, 2021, photograph, *PopSugar*, <https://www.popsugar.com/fashion/photo-gallery/48195710/image/48195716/Janaya-Future-Khan-For-Calvin-Klein-Spring-2021>.
3. “Raissa Flowers. The Moment: I Didn’t Care | #proudinmycalvins | Calvin Klein”, 2021, image, YouTube, <https://www.youtube.com/watch?v=Kos9QbVh6Jw>

Q3 2022 Launch: Conservative Planning for Branching Into Plus-Size Apparel Market

Calvin Klein DTC:
6-Month Sales Plan

Formulas	Calculations								
Monthly Sales \$	Distribution % * Season Total								
BOM \$	Stock to Sales Ratio * Monthly Sales \$								
Markdown \$	Distribution % * Season Total								
EOM \$	BOM Following Month								
Planned Purchase at Retail \$	SUM (Monthly Sales \$ + Markdown \$ + EOM \$) - BOM \$								
OTB	Planned Purchase at Retail \$ - On Order								

Merchandise Plan E/W '22		Aug	Sept	Oct	Nov	Dec	Jan	Season Total	1/3 '23 Sales Projections (Jan/Feb from less ad exposure and lower seasonal/holiday promise)
Monthly sales \$	Distribution%	22.0%	18.0%	12.1%	19.0%	16.0%	14.9%	100%	Season Total \$532,211
BOM \$	Fall/Winter 2022	\$34,015	\$24,738	\$38,708	\$29,377	\$24,738	\$23,038	\$154,634	February '23 Projections (Factored into Jan EOM)
	Stock to Sales ratio	3.3	3.1	1.9	2.8	2.5	2.0		Feb Sales % 13.10%
	Fall/Winter 2022	\$112,250	\$76,689	\$35,546	\$82,255	\$61,846	\$46,075	\$414,660	Feb Sales \$ \$69,720
Markdowns \$	Distribution%	14.92%	16.11%	11.67%	19.28%	16.20%	21.82%	100.00%	Feb Stock to Sales ratio 2.1
	Fall/Winter 2022	\$23,068	\$24,908	\$18,043	\$29,810	\$25,048	\$33,737	\$154,634	Feb BOM \$ \$146,411
EOM \$	Fall/Winter 2022	\$76,689	\$35,546	\$82,255	\$61,846	\$46,075	\$69,720	\$372,130	
Planned Purchase at Retail \$	Fall/Winter 2022	\$21,522	\$8,504	\$83,461	\$38,777	\$34,015	\$80,419	\$266,698.2	
On order	Fall/Winter 2022	\$15,773	\$7,843	\$23,957	\$15,981	\$31,026	\$9,287	\$113,868	

SEASON TOT.		PLAN	PVH Benchmarks
Sales	From merchandise plan	\$532,211 (sales revenue)	
Markup %	((Gross margin % + markdown %) / (100% + markdown %))	61.0%	
Markdown %		20%	Calvin Klein 2019 Inventory Markdown: \$13M ("Calvin Klein restructuring") - \$6.5M: relate to COGS for Calvin Klein North America, \$6.4M: relate to COGS for Calvin Klein International Calvin Klein 2019 COGS: \$4.3B
Gross Margin %		55%	PVH 2019 Benchmark: 54.4%
Average Stock	(Beg Inv. + Closing Inv) / 2	\$394,058	
Turnover	(SUM: monthly stock-to-sales ratio)/6	2.60	PVH Q3 2019 Benchmark: 2.55

At-Retail Price Based on Comparisons for Another Like-Item Offering Extended Sizes (Cotton Classic Fit):

- Set quality prices to achieve margin goals and differentiate value from plus-size competitors
- Referenced percentage increase (29%) in retail price from regular to plus-sized style for the Cotton Classic Fit 3-Pack Boxer Briefs to the Big + Tall Cotton Classic 3-Pack Boxer Briefs
- Used same 29% increase in retail price from regular to (newly-launched) plus-sized styles for Intense Power Micro Boxer Briefs and Plus-Size Performance Logo Low Impact Sports Bra (Appendix D)

1. "Rina Sawayama for Calvin Klein's New Campaign", photograph, *PopSugar*, <https://www.popsugar.com/fashion/photo-gallery/48195710/image/48195727/Rina-Sawayama-For-Calvin-Klein-Spring-2021>.

Q3 2022 Launch: Achieving Comparable Margins in New Market

Calvin Klein DTC: 6-Month P&L Statement

		For 6 Months Ended		
Items			Amount	Percent
Revenues				
	Sales Revenue		\$532,211	
	Returns and Allowances		\$26,611	5.0%
		Total Net Sales	\$505,601	95.0%
Expenses				
	Beginning Inventory		\$369,842	
	Purchases		\$266,698	
		Total Cost of Goods Available for Sale	\$636,540	
	Freight-In		\$12,000	
	Ending Inventory		\$418,333	
		Total COGS	\$230,207	45.5%
		Gross Margin	\$275,394	54.5%
	B&M Displays (Plus-Size Mannequins, Signage)		\$8,000	
	Models		\$9,000	
	Marketing		\$20,000	
		Total Operating Expenses	\$37,000	7.3%
Profit				
		Net Income	\$238,394	47.2%

Sales Revenue and Ending Inventory Calculations Used for P&L Statement (Initial Units Follow Proposal Percentage Allocated to Online Versus B&M Channels)

Styles and Grand Totals					
Style	Total B&M Units	Total E-Comm Units	Total Inv. Cost	Total at Retail	Total Planned Sales
Plus-Size Intense Power Micro Boxer Brief	5472	3629	\$287,318.57	\$700,777.00	\$413,458.43
Plus-Size Performance Logo Low Impact Sports Bra	3350	2241	\$82,523.16	\$201,276.00	\$118,752.84
Grand Total	8822	5870	\$369,841.73	\$902,053.00	\$532,211.27

Cost to Retail Percentage		
Item	Formula	
Total Cost	(See Above for Total Inventory Cost)	\$369,841.73
Total Retail	(See Above for Total at Retail)	\$902,053.00
Cost to Retail Percentage	Total Cost / Total Retail	41.0%
Total Cost of Goods Available for Sale	Beginning Inventory + Purchases	\$ 636,539.92
Cost of Sales	Cost to Retail Percentage * Sales Revenue	\$218,207
Ending Inventory	Total Cost of Goods Available for Sale - Cost of Sales	\$ 418,333.30

Immediate Margin Goals

- Low expectations in net income, following immediate margin goals in new market, derive from higher inventory-management costs

Sales Expansion

- Plan for safety stock during initial launch to meet holiday sales and demand for newness
- Adjust next order quantity according to calculated demand plus ad growth %
- Optimize cost and unit quantities to meet demand growth

1. "Megan Thee Stallion For Calvin Klein's New Campaign", 2021, photograph, *PopSugar*, <https://www.popsugar.com/fashion/photo-gallery/48195710/image/48195716/Janaya-Future-Khan-For-Calvin-Klein-Spring-2021>.

(See Appendices for more on inventory cost, pricing, and retail sales)

Scaling Plus-Size #MYCALVINS for Enhanced Movement Across CK's No. America Business: Supporting Hybrid Living and Strengthening Dual-Channel Solutions Through Real Voices

Addressing Pandemic/Post-Pandemic Consumer and Scaling Collection



Source: Allied Market Research / Nov 2020

Core essentials will remain onwards from the pandemic as we transition to more active lifestyles. Strengthening our product-presence at like-minded retailers and cushioning our inventory across all sales channels, we can scale plus-size offerings that support hybrid living in the new “normal”.

Strategies (*see Appendix A for Supporting Research on Emerging Opportunities*) for Aligning CK with Growth in Plus-Size Market

- Expand additional existing styles to add plus-size SKUs
- Focus on active offerings for plus-size wearers
- Push for neutral colors to balance and reduce seasonal markdowns
- Take a bullish stance on men's plus-size underwear offerings
- Expand # of No. American wholesale partners to carry newness in plus-size CK
- Strengthen E-Comm presence through No. American wholesale growth, since B&M plays a predominant presence on CK DTC

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Aligning Post-Pandemic Scaling with Lucrative Opportunities for Plus-Size Sportswear Clothing in North America

Appendix A: Market Research for Plus-Size Clothing

Growth for Total Plus-Size Apparel Market

- Valued at \$481B in '19 and expected to reach \$697B by '27, growing at a CAGR of 5.9%⁴

Expansion for Casual and Sportswear

- Casual continues to drive categorical growth for plus-size apparel
- Sportswear for plus-size apparel grows at the fastest CAGR of 6.4% during forecast period⁴

Lowered Sensitivity to Price

- Mid-price made up 37% of total plus-size apparel market in '19
- Premium plus-size apparel expects to grow at a higher CAGR during forecast period³

Male Segment Barely Leads Market Share

- Male segment held just over ½ of share of global plus-size apparel market in '19 and expects to contribute the most spend through '27 at a CAGR of 6.8% during forecast period; growth for female segment expected to outpace growth for male segment at a CAGR of 7.5% through '27⁴

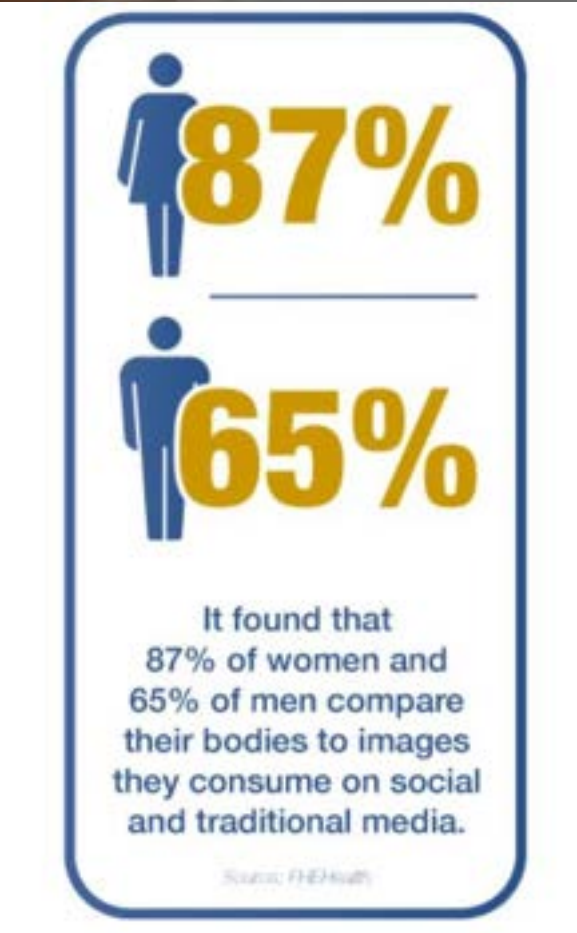
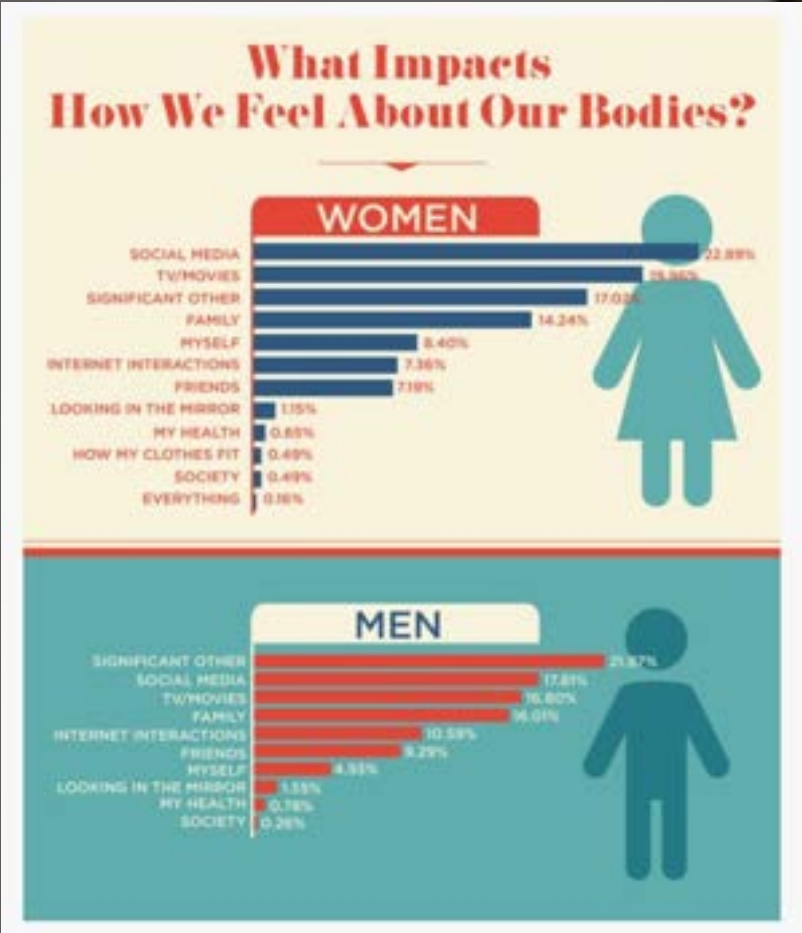
No. America Region Dominates

- No. America contributed most revenue for plus-size apparel at \$1.7M and held over ⅓ of share of global plus-size apparel market in '19; expects to reach \$2.5M through '27 at a CAGR of 6.1% during forecast period⁴

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Influence of Social Media on Body Image for Brands to Consider How Content Affects the Way People Compare Themselves

Appendix B: Influences on Body Image



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Calvin Klein DTC SKU Plan: Plus-Size Intense Power Micro Boxer Brief

Appendix C: DTC SKU Plan for Intense Micro Boxer Brief

SKU Plan															
Formula	Calculation	Comments													
Retail price	Cost of goods + (1+markup%) (Gross Margin% + Retail Reductions%)	25% AUP increase from regular-sized style													
BMLDC															
Newly-Launched Style	Color	Size	At Cost	At Retail	Gross Margin % [% of TTL Net Sales]	Retail Reduction %	BML %	B&M Inventory Units (allocated to select doors out of Calvin Klein's 185 stores in North	E-Comm Warehouse Inventory Units	Inventory Cost	At Retail	Planned Sales			
Plus-Size Intense Power Micro Boxer															
Blue Multi															
		XL	\$31.57	\$77.00	53.0%	20%	61%	246	172	\$1,196.26	\$32,188.00	\$18,989.74			
		2XL	\$31.57	\$77.00	53.0%	20%	61%	239	149*	\$1,248.16	\$29,876.00	\$17,626.04			
		3XL	\$31.57	\$77.00	53.0%	20%	61%	175	121	\$1,344.72	\$22,792.00	\$13,447.28			
		4XL	\$31.57	\$77.00	53.0%	20%	61%	143	99	\$7,639.94	\$10,634.00	\$10,994.06			
		5XL	\$31.57	\$77.00	53.0%	20%	61%	111	62	\$5,481.61	\$13,321.00	\$7,899.29			
								Total B&M Units	Total E-Comm	Total Inventory	Total At	Total Planned Sales			
								914	603	\$47,899.69	\$106,809.00	\$68,917.31			
Red/ Orange/ Grey															
		XL	\$31.57	\$77.00	53.0%	20%	61%	304	194	\$15,721.86	\$38,346.00	\$22,624.14			
		2XL	\$31.57	\$77.00	53.0%	20%	61%	289	165	\$14,332.78	\$34,958.00	\$20,625.22			
		3XL	\$31.57	\$77.00	53.0%	20%	61%	295	189	\$14,077.88	\$34,188.00	\$20,170.92			
		4XL	\$31.57	\$77.00	53.0%	20%	61%	189	136	\$10,260.25	\$25,025.00	\$14,764.75			
		5XL	\$31.57	\$77.00	53.0%	20%	61%	87	59	\$4,609.22	\$11,242.00	\$6,632.78			
								Total B&M Units	Total E-Comm	Total Inventory	Total At	Total Planned Sales			
								1124	743	\$58,941.19	\$143,759.00	\$84,817.81			
Black w/ Blue Grey/ Strawberry															
		XL	\$31.57	\$77.00	53.0%	20%	61%	245	243	\$10,563.16	\$45,276.00	\$26,712.84			
		2XL	\$31.57	\$77.00	53.0%	20%	61%	231	163	\$14,332.78	\$34,958.00	\$20,625.22			
		3XL	\$31.57	\$77.00	53.0%	20%	61%	208	148	\$11,238.82	\$27,412.00	\$16,173.08			
		4XL	\$31.57	\$77.00	53.0%	20%	61%	168	112	\$8,829.63	\$21,560.00	\$12,720.40			
		5XL	\$31.57	\$77.00	53.0%	20%	61%	123	79	\$6,377.14	\$15,954.00	\$9,576.86			
								Total B&M Units	Total E-Comm	Total Inventory	Total At	Total Planned Sales			
								1135	745	\$59,359.60	\$144,760.00	\$85,408.40			
Black w/ Red/ Orange/ Grey															
		XL	\$31.57	\$77.00	53.0%	20%	61%	337	226	\$17,773.91	\$43,351.00	\$25,577.09			
		2XL	\$31.57	\$77.00	53.0%	20%	61%	294	212	\$15,974.42	\$38,962.00	\$22,987.58			
		3XL	\$31.57	\$77.00	53.0%	20%	61%	226	154	\$11,996.60	\$29,260.00	\$17,263.40			
		4XL	\$31.57	\$77.00	53.0%	20%	61%	182	108	\$9,471.00	\$23,100.00	\$13,629.00			
		5XL	\$31.57	\$77.00	53.0%	20%	61%	134	86	\$7,263.10	\$17,710.00	\$10,448.90			
								Total B&M Units	Total E-Comm	Total Inventory	Total At	Total Planned Sales			
								1183	736	\$62,477.03	\$152,383.00	\$89,905.97			
Blue Grey/ Strawberry/ Blue															
		XL	\$31.57	\$77.00	53.0%	20%	61%	299	210	\$16,083.13	\$39,193.00	\$23,113.07			
		2XL	\$31.57	\$77.00	53.0%	20%	61%	258	188	\$14,111.79	\$34,478.00	\$20,367.21			
		3XL	\$31.57	\$77.00	53.0%	20%	61%	237	145	\$12,058.74	\$29,418.00	\$17,364.26			
		4XL	\$31.57	\$77.00	53.0%	20%	61%	193	110	\$9,585.71	\$23,301.00	\$13,715.29			
		5XL	\$31.57	\$77.00	53.0%	20%	61%	128	89	\$6,950.69	\$16,701.00	\$9,750.31			
								Total B&M Units	Total E-Comm	Total Inventory	Total At	Total Planned Sales			
								1116	742	\$59,657.06	\$143,066.00	\$84,436.94			

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Calvin Klein DTC SKU Plan: Plus-Size Performance Low Impact Sports Bra

Appendix D: DTC SKU Plan for Low Impact Sports Bra

Newly-Launched Style	Color	Size	At Cost	At Retail	Gross Margin % [% of TTL Net Sales]	Retail Reduction %	IMU %	B&M Inventory Units (allocated to select doors out of Calvin Klein's 185 stores in North	E-Comm Warehouse Inventory Units	Inventory Cost	At Retail	Planned Sales
Plus-Size Performance Logo Low	Black	1X	\$14.76	\$36.00	53.0%	20%	61%	402	288	\$10,164.40	\$24,840.00	\$14,655.60
		2X	\$14.76	\$36.00	53.0%	20%	61%	304	220	\$7,734.24	\$18,964.00	\$11,129.76
		3X	\$14.76	\$36.00	53.0%	20%	61%	263	149	\$6,001.12	\$14,832.00	\$8,750.88
								Total B&M Units	Total E-Comm	Total Inventory	Total At	Total Planned Sales
								969	657	\$23,899.76	\$58,536.00	\$34,536.24
	White	1X	\$14.76	\$36.00	53.0%	20%	61%	395	261	\$9,682.56	\$23,616.00	\$13,933.44
		2X	\$14.76	\$36.00	53.0%	20%	61%	293	204	\$7,335.72	\$17,892.00	\$10,556.28
		3X	\$14.76	\$36.00	53.0%	20%	61%	241	163	\$5,963.04	\$14,544.00	\$8,580.96
								Total B&M Units	Total E-Comm	Total Inventory	Total At	Total Planned Sales
								929	628	\$22,981.32	\$56,052.00	\$33,070.68
	Saturn	1X	\$14.76	\$36.00	53.0%	20%	61%	342	275	\$9,106.92	\$22,212.00	\$13,105.08
		2X	\$14.76	\$36.00	53.0%	20%	61%	234	135	\$5,446.44	\$13,284.00	\$7,837.56
		3X	\$14.76	\$36.00	53.0%	20%	61%	187	91	\$4,103.28	\$10,008.00	\$5,904.72
								Total B&M Units	Total E-Comm	Total Inventory	Total At	Total Planned Sales
								763	501	\$18,656.64	\$45,504.00	\$26,847.36
	Bleached Aqua	1X	\$14.76	\$36.00	53.0%	20%	61%	325	258	\$8,605.00	\$20,988.00	\$12,382.92
		2X	\$14.76	\$36.00	53.0%	20%	61%	218	123	\$5,033.16	\$12,276.00	\$7,242.84
		3X	\$14.76	\$36.00	53.0%	20%	61%	146	74	\$3,247.20	\$7,920.00	\$4,672.80
								Total B&M Units	Total E-Comm	Total Inventory	Total At	Total Planned Sales
								689	455	\$16,885.44	\$41,184.00	\$24,298.56

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