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## MARKET



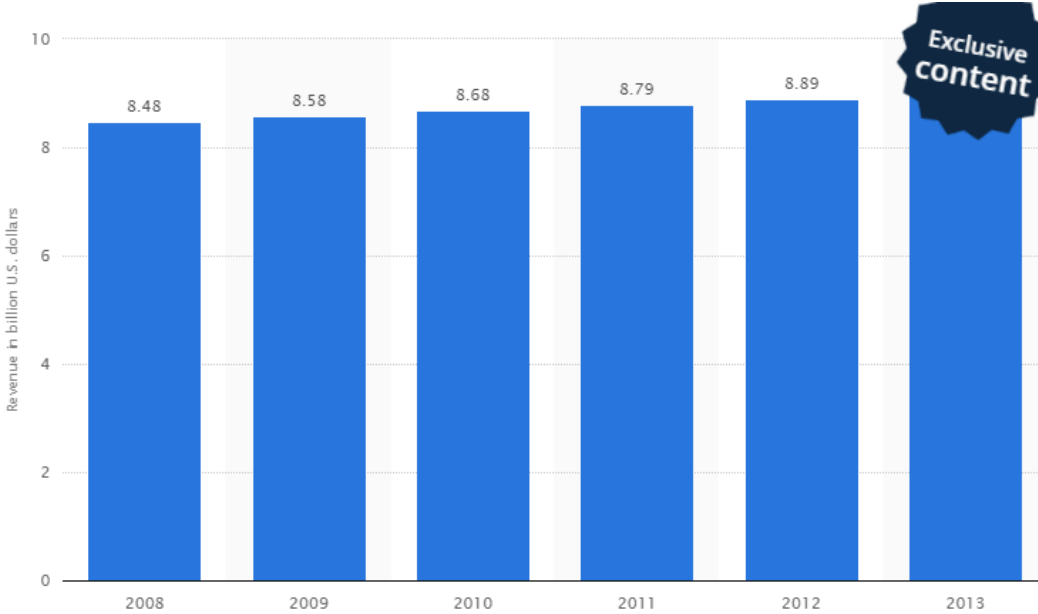
Source: <https://fashionunited.com/news/business/infographic-step-inside-the-luxury-handbag/2016101013214>



Data from 2006.

Source: <http://www.barrons.com/articles/SB115413588909921165>

This statistic displays annual revenue figures of handbag, luggage & accessory stores in the United States from 2008 to 2013. In 2009 the revenue of handbag, luggage & accessory stores in the U.S. ranged at around 8.6 billion U.S. dollars.



## 2012

According to a study from Altagamma and Bain Co., the global premium handbag and accessories market is valued at **\$28 billion in sales**. The global luxury goods market generated \$226.6 billion in sales in 2010 and \$250.2 billion in sales in 2011. In 2012, year over year growth was 2% to 4% in Europe, 0% to 2% in Japan, 18% to 22% in China and 5% to 7% in the Americas. China is estimated to achieve close to \$20 billion in the luxury market in 2012 (\$35B in Greater China), up by 20% from the prior year. Retail sales have also continued to grow at a stable pace, demonstrating a strong consumer.<sup>1</sup> Given the opportunity in China, and significant room for growth in other markets such as India and Southeast Asia, we anticipate KORS and COH to remain focused on global expansion.

The market for high-end luxury handbags is a crowded one. Ultra-chic brands such as Hermes, Louis Vuitton , Chloe and Prada dominate the accessory market. Most luxury brands only participate at accessible price points through fragrances or small accessories like sunglasses. KORS is the first brand to present any visible challenge in accessible luxury handbags: among 87 designer labels on Macy's.com, only COH and KORS are the real accessories-focused businesses with their own specialty retail presence.

<sup>1</sup> <http://seekingalpha.com/article/1282011-coach-vs-michael-kors-who-has-more-runway-credibility>

KORS recognized an opportunity to capitalize on the momentum of Project Runway and bring its brand in the off-luxury scale to an underserved segment of accessories. Bridging high-end, mass "accessible luxury" is the largest market segment (around 75%), and the most attractive of the premium handbag and accessory market. The balance between maintaining high-end credibility and brand image while having more attainable price points makes accessible luxury a challenging niche to carve out. Hence, few brands have successfully penetrated this specialty market.

## Social Media Scores of Top Fashion Brands

Brand Name	Absolute Data (th) as of 11/28/12				Ranking Within Category			
	Comments	Post-Likes	Likes	Growth	Comments	Post-Likes	Likes	Growth
<b>Michael Kors</b>	<b>28</b>	<b>1,015</b>	<b>2,924</b>	<b>32%</b>	<b>1</b>	<b>1</b>	<b>10</b>	<b>1</b>
Chanel	26	790	7,931	5%	2	4	7	8
Converse	25	762	33,796	1%	3	5	1	20
Dior	24	833	10,158	2%	4	3	5	15
Yepme	14	518	1,621	11%	5	7	14	4
Andrew Christian	13	198	342	11%	6	16	19	5
Louis Vuitton	11	972	11,408	8%	7	2	4	6
Christian Louboutin	9	241	1,484	4%	8	13	15	10
Nike Football	9	321	14,782	4%	9	12	2	12
<b>Coach</b>	<b>8</b>	<b>376</b>	<b>3,886</b>	<b>2%</b>	<b>10</b>	<b>11</b>	<b>8</b>	<b>18</b>
Life Is Good	8	465	1,663	4%	11	8	13	9
Alpinestars	7	404	1,353	12%	12	9	16	3
Burberry	6	555	14,440	2%	13	6	3	16
Ugg Australia	6	100	1,878	3%	13	19	12	13
Two in The Shirt	5	214	344	3%	15	14	18	14
Gucci	5	402	9,637	2%	16	10	6	17
Lojas Renner	5	110	664	20%	17	18	17	2
Brooks Running	5	19	232	1%	18	20	20	19
Satisfaction Guaranteed	5	199	3,259	8%	19	15	9	7
Under Armour	5	141	2,116	4%	20	17	11	11

Source: <http://seekingalpha.com/article/1282011-coach-vs-michael-kors-who-has-more-runway-credibility>

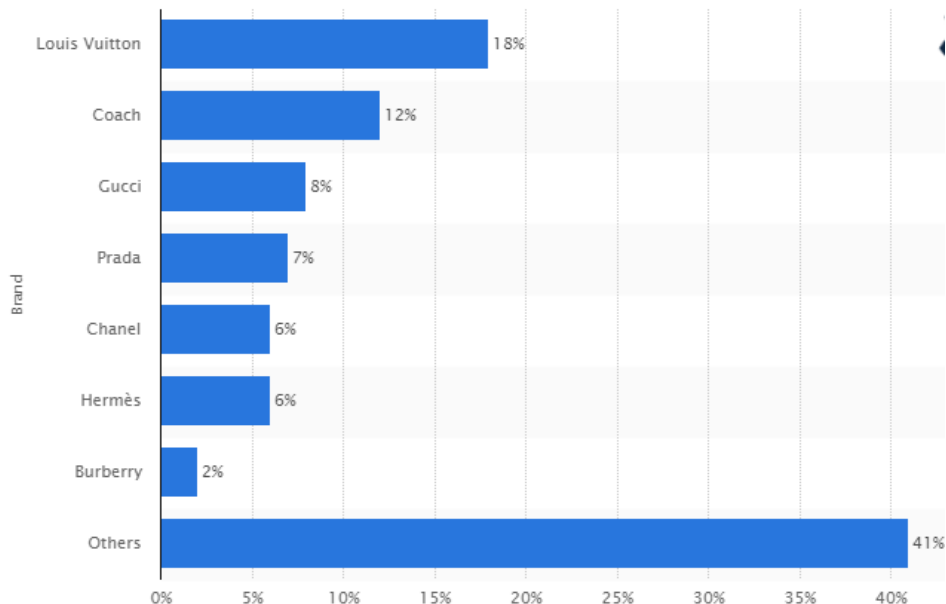
### Key trends in 2012:

- Handbags have staged a comeback with renewed consumer interest in this classification.
- “Women returned to buy handbags in 2012, especially smaller silhouettes, because they were an affordable luxury they could justify spending on as an investment,” says Marshal Cohen, chief industry analyst at NPD.
- Handbags continued their ascent toward pre-Great Recession levels: total dollar sales increased 6% while unit sales rose 2%.
- The average unit retail was \$46.
- Handbag sales to under-34 women increased last year, while sales to older age groups were flat or down. Although 54% of handbag purchases were made on sale last year, 61% of handbag sales were planned, not by impulse.
- The vast majority of handbags, 75% in fact, were self purchases.
- While most handbags continue to be purchased in a store, online sales continue to edge up, now accounting for about 18% of sales.

- When asked what primary uses their handbag purchases were for, 59% said “for anytime.”
- Many reasons go into each handbag purchase. Last year, women cited these chief reasons in order: styling/features, price, and brand.
- Only 19% of handbag sales last year were purchased as gifts.
- There was a definite return to more simplified styles, with shape and structure telling the story rather than lots of logos, hardware or bling. Smooth leather added to this sleek appeal in many cases.
- Interesting textures like wovens or perforations were another way to add subtle interest on structured shapes.
- Totes were very strong—easy to understand, practical and versatile for both the workplace and after. Their ability to hold a laptop or tablet computer was also instrumental to their success.
- Top-handle bags (single or doublehandles) captured the ladylike trend.
- Underscoring the consumers’ attraction to the classic satchel, The Cambridge Satchel company (launched in 2008 with just \$1,000 seed money) is now an \$8 million brand. The shape was modeled after the basic British schoolboy’s satchel.

## 2013

This statistic depicts the share of the handbag market worldwide in 2013, by brand. In that year, Coach was responsible for 12 percent of all global handbag sales.



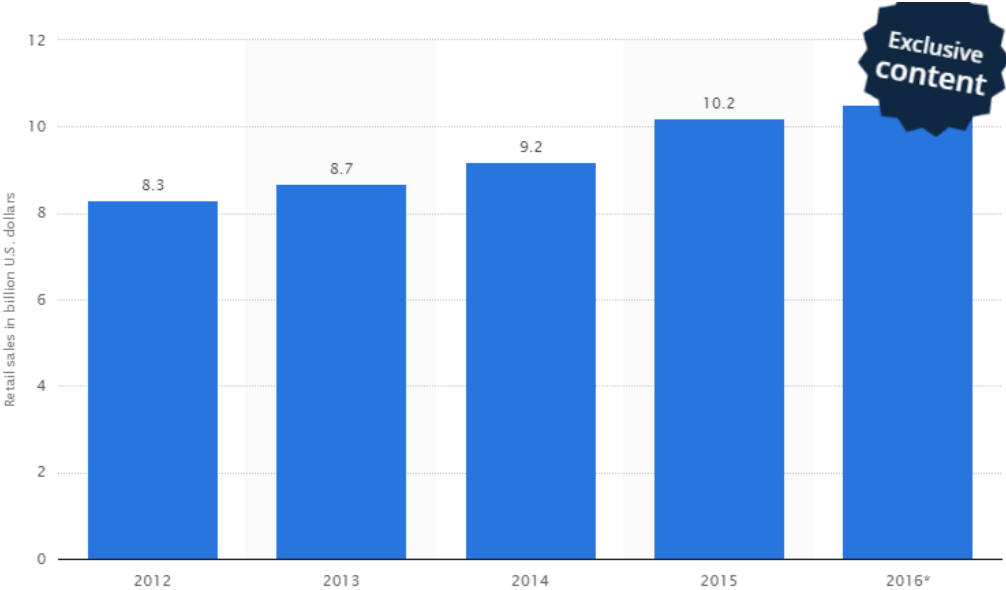
Source: <https://www.statista.com/statistics/559102/global-handbag-market-share-by-brand/>

2015

The analysts forecast the Handbags market in the US, in terms of revenue and volume, to grow at CAGRs of 5.9% and 5.29%, respectively, over the period 2014-2019<sup>2</sup>.

The premium handbags and accessories market in the U.S. continues to grow, but what could worry retailers is the slowing growth rate for this market. Although this segment is expected to grow 3% to \$11.7 billion in 2015, according to Barclays , this growth rate has declined from 8% in 2014, 11% in 2013, and 16% in 2012.<sup>3</sup>

This statistic shows the retail sales value of women's handbags in the United States from 2012 to 2016. In 2014, retail sales of women's handbags amounted to approximately **9.2 billion U.S. dollars**.



Source: <https://www.statista.com/statistics/316526/retail-sales-value-of-women-s-handbags-in-the-us/>

In 2015, the global market for personal luxury goods was valued at around 253 billion euros. The United States is, by far, the most valuable personal luxury goods market in the world, controlling about 30 percent of the global market share. In 2015, the American luxury goods market was valued at almost 79 billion euros. In comparison, the second largest luxury goods market in the world is Japan, valued at 20 billion euros.

Accessories are amongst the most important segments in the luxury goods industry, as they held about 30 percent of the global luxury goods market share in 2014. In the U.S., the women’s accessories market has been fairly profitable in the last few years. Since 2012,

<sup>2</sup> <https://globenewswire.com/news-release/2015/06/29/748206/0/en/United-States-Handbags-Market-2015-2019.html>

<sup>3</sup> <http://www.forbes.com/sites/greatspeculations/2016/01/05/u-s-handbag-wars-who-will-survive/#4bdc91ca75e6>

sales of women’s accessories have been generating around 30 billion U.S. dollars in revenues each year.

Within the U.S. accessories market, handbags and purses are one of the most important products. Brands such as Chanel, Gucci, Louis Vuitton, Hermès, and Michael Kors are some of the leading players in the handbag market throughout the United States. The retail value of women’s handbags in the U.S. was 10.2 billion U.S. dollars in 2015. This figure corresponds to around 30 percent of all revenue generated by sales of women’s accessories that year. Only the sale of women’s jewelry was more profitable than handbags in 2015.

The Handbags market in the US is witnessing steady growth and is expected to grow at a steady rate during the forecast period. The demand for handbags is rising in the US with the growing demand for affordable luxury handbags coupled with the onset of brands such as Michael Kors, Kate Spade, Marc Jacobs, Ralph Lauren, Coach, and Tory Burch. The arrival of numerous brands and their easy availability through retail stores and online retail channels increased the demand for handbags among consumers in the US.

The Handbags market in the US can be segmented into four: Totes, Shoulder Bags, Purses and Wallets, Satchels and Saddles. The Totes was the largest segment in terms of revenue and accounted for approximately 30 percent of the market in 2014. The Handbags market in the US was dominated by Purses and Wallet segment in 2014 in terms of revenue and volume.

**Segmentation - Data from 2015**



One major trend emerging in this market is the increasing disposable income among consumers. With the rise in disposable income consumers are spending more on affordable luxury products than on premium luxury products.

According to the report, online retailing is another key reason for the high consumption and sales of handbags in the country. Internet penetration is increasing in the US and is fueling demand for e-commerce. Aggressive marketing, pricing, and customer acquisition tactics are driving sales through e-commerce in the US.

Coach is in the midst of a rebranding and transformation plan, prompted by the continuously slowing sales numbers, and Michael Kors is losing its “cool” factor. Kate Spade, on the other hand, reported impressive earnings in the third quarter of 2015. It witnessed a growth in its comparable direct-to-consumer net sales of 16.0% year-over-year, and its North American segment reported a rise in its average revenue per square foot of 5%.

## Key Trends Seen In The Industry

One of the main factors attributed to slowing sales by Coach is the shift in consumer preferences from larger bags to smaller ones, which are sold at lower prices. In the latest earnings call, John Idol, Chief Executive of Michael Kors, claimed the demand for smaller size handbags has resulted in lowered average unit revenue. Kate Spade has been able to cope with this trend. While Kate continues to sell totes and other large bags, it also offers a variety of simple and creative clutches and cross body purses. Millennials being their target market, Kate Spade has also adjusted its products to a more colorful and whimsical look, with subtle logos. Unlike Coach and Michael Kors, which have been known for their loud logos, Kate Spade bags include a tiny stamp with its brand name. The former two companies are also now moving away from logos due to increasing preferences among millennials of clothing and accessories without labels or logos, with such bags now accounting for just 5% of Coach’s overall handbag sales.

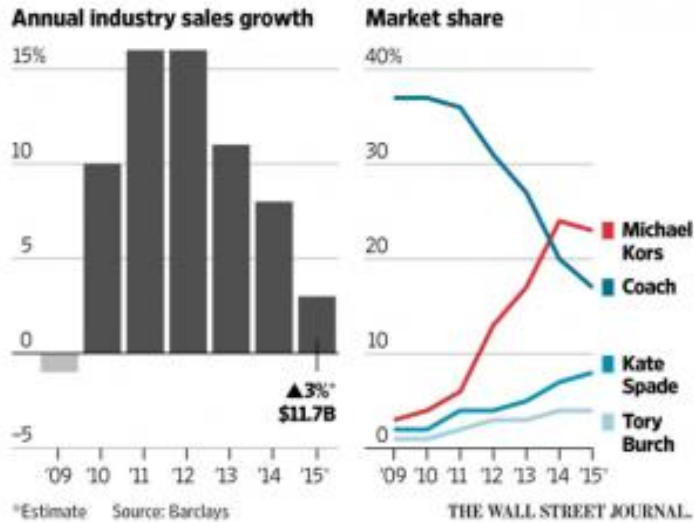
Another factor working against these retailers is the wide availability of exclusive luxury brands. According to a Goldman Sachs’ report, Coach, followed by Michael Kors, is the most “well-owned” brand among girls in the age group of 13 to 29. The two brands are highly accessible to the masses due to their presence in thousands of department, retail, and outlet stores.

However, this has resulted in the loss of their exclusivity factor which seems to be working against them. According to Sarah Quinlan, Senior Vice President of Market Insights for MasterCard Advisors, spending by consumers at businesses with annual revenue of \$50 million or less grew faster than the total retail sales year-on-year in March 2015.



## Two Trends

Kors now dominates the handbag market in North America, but sales growth has slowed.



This highlights a move towards shopping in small stores, to hunt for more unique products. Victor Luis, Chief Executive of Coach, said that the company is taking steps to differentiate itself, and has added new products, including a line called Coach 1941, that falls back on its leather heritage.<sup>4</sup>



<sup>4</sup> <http://www.forbes.com/sites/greatspeculations/2016/01/05/u-s-handbag-wars-who-will-survive/#4bdc91ca75e6>



## UK Market 2014/15

Handbags remain the most desirable **fashion accessory**, with six in 10 women having purchased at least one new bag in the last 12 months, consequently the market has continued to see solid growth in 2014. Value sales, however, have slowed compared with the previous year, with the market growing by 9.3% in 2014 to almost £1.3 billion.<sup>5</sup>

The market has become more promotional, with a third of consumers waiting for **sales/special offers** to buy the handbags they want. Handbags still remain a lucrative product, with 50% of female shoppers having purchased a bag as a treat for themselves and a third seeing a handbag as a good gift.

The handbag market remains very fragmented, with consumers buying bags from a wide range of **retailers and brands** at very **different price** points. Women are favouring mid-priced handbags over high-end designer pieces, with more affordable designer brands such as Michael Kors and own-brands benefiting.

New research from Mintel finds that **over one in four (29%) of those who have bought a handbag in the past 12 months\* now say they prefer smaller bags**, for instance a grab bag or clutch.

However, it seems that the move towards smaller handbags is having a knock-on effect to the market, with new research from Mintel finding that sales of handbags rose by just 5% in 2015 to reach £1.34 billion in 2015. In comparison, sales grew by 9% in 2014 to reach £1.27 billion.

Alongside the fashion for smaller bags, it seems the market is being hampered by tighter-purse strings. Whilst as many as one in two (51%) women bought a handbag in the past 12 months, **three quarters (74%) say that they typically buy bags that are on sale or special offer.**

Overall, **31% of Brits have bought a handbag or manbag in the past 12 months** making the bag the most popular fashion accessory behind belts, which were purchased by 27% and scarfs, purchased by 23%. Mintel estimates that the fashion accessories market grew by 3.4% in 2015 to reach £2.7 billion.<sup>6</sup>

Tamara Sender, Senior Fashion Analyst at Mintel, said: “While Brits still love their handbags, a love of bargains means the market is slowing. Value sales of handbags slowed in 2015 compared with the previous year as the market became more promotional with retailers and brands selling them at a discount. A change in trend away from large bags such as totes to smaller styles such as cross-body bags, which are indeed lower priced, has also had an impact. **Several designer brands have**

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<sup>5</sup> <http://store.mintel.com/handbags-uk-january-2015>

<sup>6</sup> <http://www.mintel.com/press-centre/fashion/handbag-market-slows-as-shoppers-decide-the-smaller-the-better-29-of-handbag-buyers-now-prefer-smaller-bags>

**looked to appeal to aspirational shoppers** with less expensive diminutive versions of their bestselling styles.”

Whilst it is younger Brits who are the most likely to have bought a bag in the last 12 months, they are also the most likely to be investing in designer pieces. Approaching three in five (59%) women aged 16-24 have bought a bag in the past 12 months, with one third (33%) of this group preferring to purchase designer bags. What’s more, they are the most likely to avoid the sale rail, with two in five (39%) women aged 16-24 saying they typically buy bags at full price.

But it’s not only young women who’ll be keeping an eye on the catwalks this London Fashion Week. Of men aged 16-24 who’ve bought fashion accessories in the last 12 months, 20% bought items from a designer store or brand, up from an average of 9%.

Indeed, **Mintel research reveals that label lust is most common amongst younger Brits.** Whilst approaching half (46%) of Brits have bought any designer fashion item in the last three years\*\*, this rises to almost two thirds (64%) of those aged 18-24. Overall, one in five (21%) Brits agree that it is worth investing in designer brands, rising to over one third (35%) of Brits aged 18-24.

Furthermore, **Mintel research shows that online purchasing of accessories has risen significantly over the last two years.** Some three in five (60%) shoppers have bought fashion accessories online in the last 12 months, up from 52% in 2014. Almost one third (31%) of fashion accessory buyers have bought these items from an online-only retailer in the past year and it seems there’s hunger amongst consumers for further growth as some 59% of shoppers say they would like retailers to better showcase accessories online.<sup>7</sup>

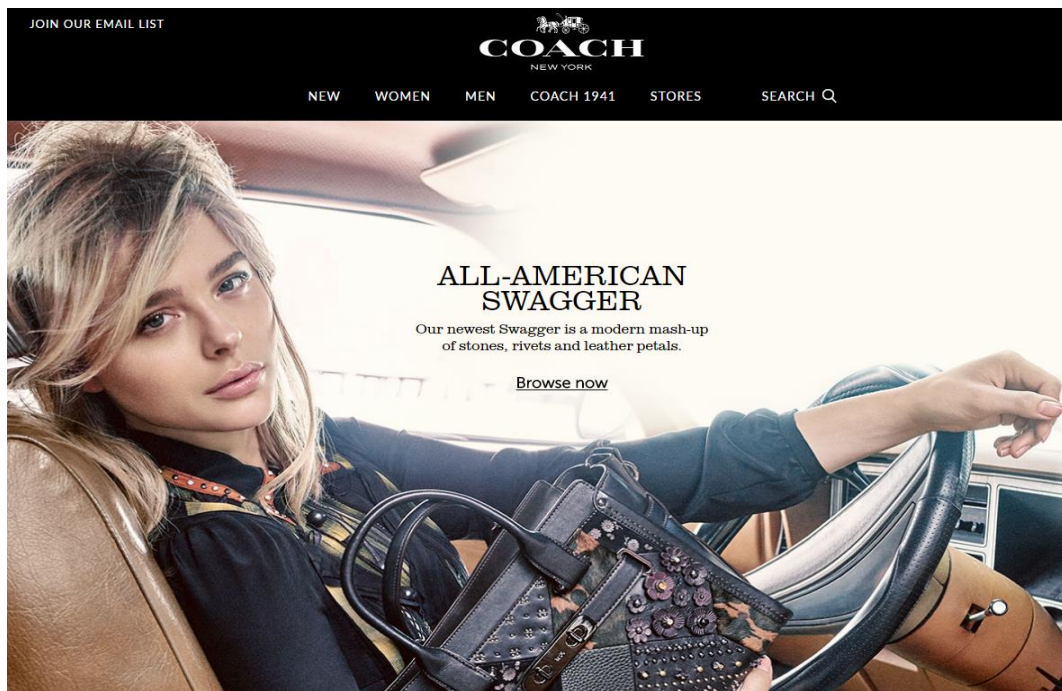
Moving forward, technological capabilities and more designer collaborations top the list for future consumer demand in fashion accessories. Over two in five (42%) fashion accessory buyers say they’d be interested in an item that incorporates the latest technology, rising to 47% of men. What’s more, 41% of fashion accessory buyers say they’d like more designer collaborations for accessories.

“Tech fashion accessories are becoming a key growth opportunity as wearable technology is becoming more mainstream, and several retailers and brands in the sector are starting to embrace this new category. **There is huge potential to combine fashion accessories with the latest technology to create standout items.** Smart jewels are set to become the latest trend in the jewellery market, and by merging fashion and technology to create designs that look good and are not just functional, the sector is raising the bar for all wearable devices.” Tamara concludes.

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<sup>7</sup> <http://www.mintel.com/press-centre/fashion/handbag-market-slows-as-shoppers-decide-the-smaller-the-better-29-of-handbag-buyers-now-prefer-smaller-bags>

## Manufacturer review - Coach



Source: <http://world.coach.com/>

Coach, Inc. is a New York fashion company known for its manufacturing of leather goods under the self-assigned label of “accessible luxury.”<sup>3</sup> Coach makes handbags, small leather goods, footwear, outerwear, ready-to-wear, watches, travel accessories, scarves, sun wear, fragrance, jewelry, and other accessories for both men and women. Initially formed as a family business in 1941 in a loft on 34th street in New York City, the company began with only six leatherworkers. Currently, the company employs over 17,000 employees and sells its product through more than 1,000 department and outlet stores. The scope of the company has broadened throughout its growth, with locations in more than 40 countries and over 35% of its sales coming from its international business segment

Coach explicitly envisions this new modern luxury to be accessible, and the discounting and factory offerings of the company during the 2000s led to them carving out a sizeable market share during the recent recession. Typically priced well below the \$2000 threshold of its upscale competitors, Coach achieved record sales and levels of turnover. However, lagging domestic sales and decreasing market share over the past year have led to a decrease in investor confidence. Having seen a rise in stock prices to peak levels of \$79.70 in 2012, the company is currently trading around \$42. Having recently installed a new CEO and creative director, Coach enters 2015 hoping to restore market confidence by salvaging its performance and restoring its sterling brand reputation.

Coach Store Locations	2014		2013		2012	
	Number	% Increase	Number	% Increase	Number	% Increase
NA Retail Stores	332	(5.4%)	351	(0.8%)	354	2.6%
NA Outlet Stores	207	7.3%	193	14.2%	169	18.2%
Coach Japan	198	3.7%	191	6.1%	180	6.5%
Coach International (Excluding Japan)	277	27.5%	218	16.0%	188	32.4%

Net Sales by Segment (in millions of USD)	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Women's Handbags	2,642	55%	2,923	58%	2,886	61%
Women's Accessories	1,046	22%	1,196	23%	1,170	24%
Men's	692	14%	600	12%	424	9%
All Other	426	9%	356	7%	283	6%

### Five Forces Analysis for Coach, Inc.

Force	Strategic Significance
Internal Rivalry	High
Threat of New Entrants	Low
Substitutes and Complements	High
Supplier Power	Low
Buyer Power	High

Source: <http://economics-files.pomona.edu/jlikens/SeniorSeminars/Likens2015/reports/CoachClientReport.pdf>

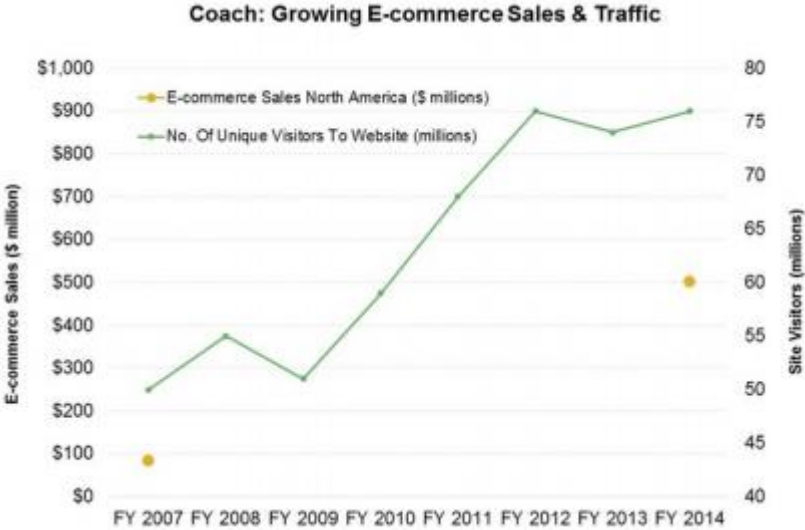
### SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>Liquidity</li> <li>Strong E-commerce Presence</li> <li>Brand Recognition and Customer Base</li> </ul>	<ul style="list-style-type: none"> <li>Declining Sales</li> <li>Declining Brand Value</li> <li>Recent Negative Cash Flow</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>International Markets</li> <li>Increase Brand Value</li> <li>Lifestyle Brand Status</li> </ul>	<ul style="list-style-type: none"> <li>Unpredictable Global Economy</li> <li>Increased Competition</li> <li>Digital Disruption</li> </ul>

Source: <http://economics-files.pomona.edu/jlikens/SeniorSeminars/Likens2015/reports/CoachClientReport.pdf>

**Strong E-commerce Presence**

E-commerce is one of the most important growth drivers for retailers, with online purchases growing from 4% of all retail sales in 2009 to 6.6% of retail sales in 2014. This is particularly relevant to premium products, with over 50% of US customers doing online research of luxury items before making a purchase.<sup>11</sup> Coach is uniquely positioned to take advantage of the affordable luxury portion of an e-commerce market that is projected to be a \$500 billion a year industry by 2018.



The chart above shows the extent of Coach’s growing e-commerce sales, as well as the increase in traffic on its website. While direct competitors such as Michael Kors and Kate Spade have established successful web presences in the United States, neither has a direct business-to-consumer web presence in China.<sup>13</sup> Leveraging this first mover advantage in the world’s largest e-commerce market provides an area for rapid growth in the near future.

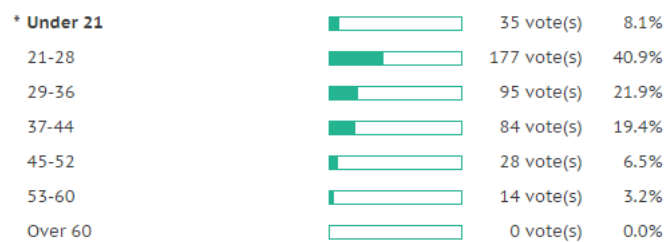
**Coach: Multi-Channel Global Distribution Model**

Coach products are available in image-enhancing locations globally wherever our consumer chooses to shop, including:

- Directly-owned and operated Coach Retail and Outlet Stores in North America, Asia, and Europe.
- Ecommerce through www.coach.com for the United States, Canada, Japan, and China, along with informational websites for over 20 other countries.
- Coach boutiques located within select department stores and specialty retailer locations, and through distributor-operated shops, all contributing to our strong global presence.

## Consumers

### What is the average age of the Coach Handbag Lover?



Source: <http://forum.purseblog.com/threads/poll-average-age-of-the-coach-lover.307034/>

1. **Young Adult (20-34 years)** Female consumers in this segment (represent 20.9% of female population- see table below) tend to purchase more hand bags than their older counterparts. Also, purchasing habits for this group are more impulsive and less driven by necessity. This consumer segment makes the most purchases per year, and will be a key factor for driving demand for accessories higher. Consumers in this group are a key target for moderate price bags. **Companies that are able to capitalize on purchases by young adults at this moderate, but above-average price point, could be well-positioned for growth.**

Age Group	% of Female Population
20-34 year	20.9%
35-44 year	16.0%
45-60 year	18.2%

Source: <http://seekingalpha.com/article/1956311-coach-understanding-consumer-demographics-is-critical?page=2>

2. **Core mid tier consumer (35-44 year)** group has a high concentration of frequent handbag buyers, representing only 16.0% of the female population in United States. Additionally, proportion of women earning \$50, 0000 and over is quiet high for this age group - which explains the higher frequency of purchases coupled with a willingness to pay for high end brands. Average price paid by women in this segment for a hand bag is higher than other demographics. Brands are channelizing their efforts to engage and educate customers from this group, striving to maintain the emotional bond between the brand and the consumer. While all segments of the market have been impacted by recession in one way or another, the core mid-market offering is still in high demand for Coach.
3. **Affluent Consumer.** With the rise in the highest price paid for a hand bag, this small segment of affluent women earning \$100,000 and over is a key segment for Coach to generate revenues with strong margins. With the rise in stock markets and real estate prices - wealthy consumers tend to spend more on luxury items - which presents a strong opportunity for Coach.



4. **Rising middle class in emerging markets** presents a very attractive business opportunity for the global luxury brands.
  - a. **Brands should focus on** sharing rich cultural heritage, broadening product assortment mix, and developing an emotional relationship with the consumer
  - b. **Asian population** which represents about 3.8% of the U.S. population (Source : US Census Bureau) is growing quickly and has a higher median household income than any other racial or ethnic group in the U.S. This suggests that there should be an increased focus by handbag companies to lure Asian consumers. It should also be noted here that growth in China and Japan has helped Coach offset some of the recent losses incurred in North America.

#### Other manufacturers – vendors

##### Key Vendors

- Burberry
- Chanel
- Coach
- Hermes International.
- Kate Spade
- LVMH
- Michael Kors
- Mulberry
- Prada
- Ralph Lauren
- Tory Burch

##### Other Prominent Vendors<sup>8</sup>

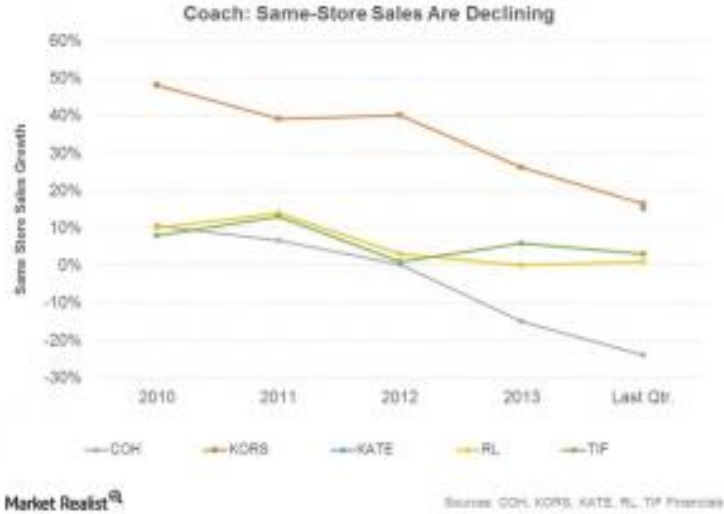
- Actual
- Artifact Bag
- AU
- BAGGU
- BAGSTIL
- Blair Ritchey
- Brynn Capella
- Burrow & Hive
- Calleen Cordero
- cinda b
- Holly Aiken
- ITZALULU
- J.W. Hulme Company
- LexiWynn
- Lola Falk
- MaddyMoo
- Merci-Fortune
- Michelle Vale
- Noubar
- Oak73
- Rebecca Ray Designs
- SEA BAGS
- Stone Mountain
- The Frye
- Tori Nicole
- Victoria Leather

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<sup>8</sup> <https://globenewswire.com/news-release/2015/06/29/748206/0/en/United-States-Handbags-Market-2015-2019.html>

## Industry Leaders

Competition is strong in the luxury handbags industry, with a number of players operating in this segment. Coach was the pioneer and broke new ground in the American affordable luxury industry. Despite a growing handbags and accessories market, the company’s market share has declined consecutively, from over 35% in fiscal 2008, to 23% in fiscal 2014. A number of new entrants, such as Michael Kors, Kate Spade, and Tory Burch, are cutting into its share. Same-store sales have been steadily eroding for Coach, while that for Kors and Kate have been rising. Coach has failed to spot numerous fashion and pricing trends over the past few years, which is why the company might be losing market share.



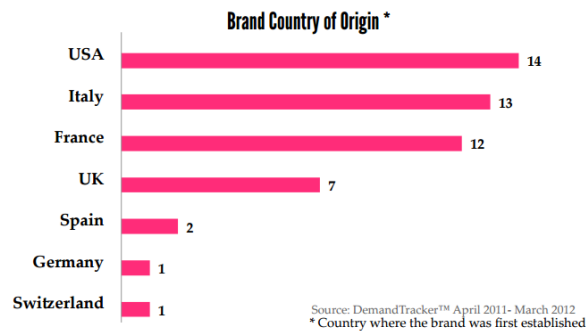
Source: <http://www.forbes.com/sites/greatspeculations/2016/01/05/u-s-handbag-wars-who-will-survive/#4bdc91ca75e6>

## Market Share of Premium US Handbags and Accessories

Brand	2012E	2013E	2014E	2015E	2016E
Coach	28.0%	27.0%	26.0%	25.0%	24.0%
Michael Kors	9.0%	13.0%	17.0%	21.0%	25.0%
LVMH	11.0%	11.5%	12.0%	12.5%	13.0%
Tory Burch	1.5%	2.5%	3.5%	4.5%	5.5%
Kate Spade	1.5%	2.0%	2.5%	3.0%	3.5%
Others	49.0%	44.0%	39.0%	34.0%	29.0%
Total Market	100.0%	100.0%	100.0%	100.0%	100.0%

Source: <http://seekingalpha.com/article/1282011-coach-vs-michael-kors-who-has-more-runway-credibility>

## AMERICAN HANDBAG BRANDS MAKING HEADWAY



Although the majority of the top 50 luxury handbag brands are European, American brands are proving their strength in the market

Markets Surprises: Varying Demand For Leading Brands:

- **JAPAN: Japanese consumers move beyond Louis Vuitton handbags** – The brand ranks 9<sup>th</sup> in Japan: the only country where Louis Vuitton does not rank in the top 5. Recently shared by *The Economist*, 85% of Japanese women already own a Louis Vuitton product. These combined statistics suggest that in Japan, consumers are looking for something “new”
- **EUROPE: Coach less popular in the EU** – Although it's the no.1 global handbag brand, Coach ranks only 29<sup>th</sup> in Italy, 19<sup>th</sup> in France, 11<sup>th</sup> in Germany and 7<sup>th</sup> in the UK
- **BRAZIL: Brazilians show a preference for niche handbag labels** – Brands that do notably well in Brazil compared to other markets include Céline (ranked 3<sup>rd</sup> in Brazil, 13<sup>th</sup> globally), Balenciaga (7<sup>th</sup> in Brazil, 17<sup>th</sup> globally), and Goyard (11<sup>th</sup> in Brazil, 29<sup>th</sup> globally)





## LOCAL BRANDS FAVORED IN THEIR RESPECTIVE MARKETS



- **FRANCE: Longchamp, the most desired** – The brand significantly leads in its home country with almost twice the searches for handbags than Louis Vuitton, which comes in 2<sup>nd</sup>
- **UK: Demand reveals Mulberry as the bag of choice** – Local brand Mulberry ranks in first place in the UK with almost twice the number of searches than 2<sup>nd</sup> brand Chanel
- **USA: American brand Kate Spade making a comeback** – The brand's renewed popularity places it in the top 10 ranking in the US

Source: [http://www.digital-luxury.com/reports/wli\\_handbags.pdf?email=elizabeth@stylics.com](http://www.digital-luxury.com/reports/wli_handbags.pdf?email=elizabeth@stylics.com)





## Brand Competitive Analyse

				
<b>Value Proposition</b>	Innovation, elegance, Style	Superior quality, Classical	Sexy, cutting edge, contemporary	Britishness, Democratic luxury
<b>Audience</b>	Intellectual and creative fashionistas	Self-made, successful people	Modern urban, fashion-aware people	Smart, authentic individuals
<b>Range of authority</b>	Leather goods, Clothing, eyewear, fragrances, jewellery	Leather goods, Clothing, eyewear, stationery, jewellery	Leather goods, Clothing, eyewear, fragrances, silks, jewellery	Leather goods, Clothing, home, fragrances, beauty, jewellery
<b>Relationship</b>	Self expression, superior taste	Achievement, career success	Confident, stylish	Heritage, Innovation and intuition

❖ **65%** increase in spending on luxury goods expects **by 2015**

❖ **98%** of target audience is spending **13.1** hours pw online doing research before making purchases

❖ in the USA reviews influence purchasing decision of **89%** target audience

				
<b>Facebook</b>	1,719 K	7,957 K	7,948 K	<b>12,836 K</b>
<b>Twitter</b>	Don't have	169 K	374 K	<b>993 K</b>

Source: [http://www.slideshare.net/olgadyachuk/prada-marketing-strategy/18-2\\_digital\\_presence\\_Who\\_wants](http://www.slideshare.net/olgadyachuk/prada-marketing-strategy/18-2_digital_presence_Who_wants)

## Turns Out, Chanel Handbags Might Be a Better Investment Than the US Property Market

Baghunter, a website where people can buy, sell, consign and swap luxury handbags, recently studied the pricing of the medium classic Chanel Flap Bag starting with when it was first on sale in 1955. It found that the value has had a "rapid increase" since 2010 and has outperformed housing prices and S&P 500 in the last six years.

If you're familiar with designer brands (even if you're not, really), you know that Chanel bags are not cheap. But, back in 1955, this specific model was only \$220. By 2005, it was being sold for \$1,650 and currently retails for \$4,900. That's a \$4,680 increase in a little over 60 years, with a \$3,250 increase in the past eleven years alone.



Source: <https://mic.com/articles/146619/turns-out-chanel-handbags-might-be-a-better-investment-than-the-us-property-market#.OaHnTC9mG>

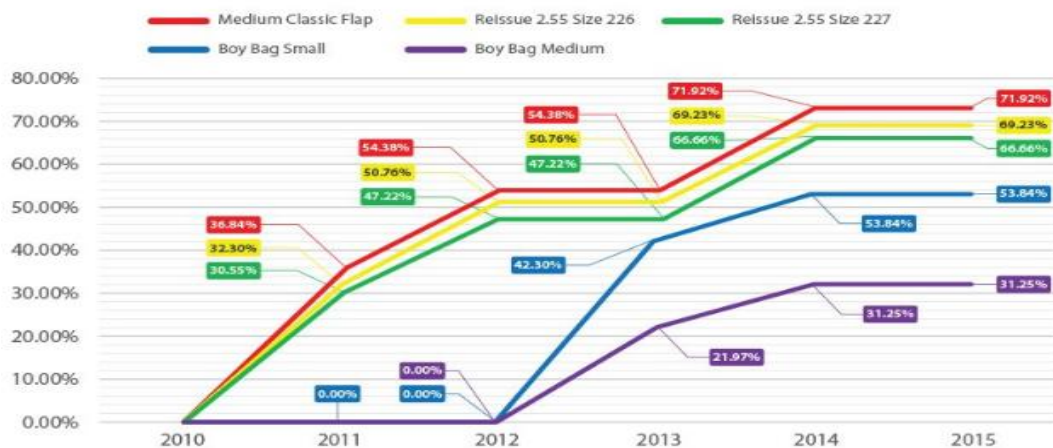
With online marketplaces, like Baghunter, The RealReal and Vestiaire Collective, more people are able to access luxury handbags, raising the demand for stock. The more demand, the higher the price rises, which means there will be a long-term payoff once you decide to sell the bag.

The table above provides an insight into selected prices for the Medium Classic Flap Bag between 1955 and 2016. What is immediately clear is that the value of the bag has only increased throughout this period. This may be expected as the price of almost everything has increased during the last 50 years due to factors such as inflation, rising material costs, and greater labor costs. However, inflation between 1955 and 2015 averages at 3.70% per year. If we were to apply this to a Chanel Medium Classic Flap Bag purchased in 1955 for \$220, today's price would be \$1,967.17. That's a full \$2,932.83 less than the actual value of the iconic Chanel bag.

Year on Year Prices of Selected Chanel Handbags between 2010 and 2015 (All prices in USD)

	2010	2011	2012	2013	2014	2015
Medium Classic Flap Bag	\$2,850	\$3,900	\$4,400	\$4,400	\$4,900	\$4,900
Reissue 2.55 Size 226	\$3,250	\$4,300	\$4,900	\$4,900	\$5,500	\$5,500
Reissue 2.55 Size 227	\$3,600	\$4,700	\$5,300	\$5,300	\$6,000	\$6,000
Boy Bag Small			\$2,600	\$3,700	\$4,000	\$4,000
Boy Bag Medium			\$3,200	\$3,900	\$4,200	\$4,200

### Percentage Increase in Value of Selected Chanel Handbags Between 2010 and 2015



Source: <https://baghunter.com/pages/chanel-bag-values-research-study>

The Chanel Medium Classic Flap Bag has increased in value by a whopping 71.92% between 2010 and 2015, far outperforming housing prices in the United States, the S&P 500, and inflation.

This trend places Chanel handbags at the forefront of any conversation about a sound investment. Of course, there are considerations to make when investing in a Chanel bag as the value relies on the bag’s condition being comparable to that of a new bag in many cases. However, vintage Chanel bags also fetch a high percentage of their value on the resale market, even with slight wear.

**RETURN ON INVESTMENT**



Price per  
**Medium Classic Flap Handbag**

2010 \$2,850      2016 \$4,900

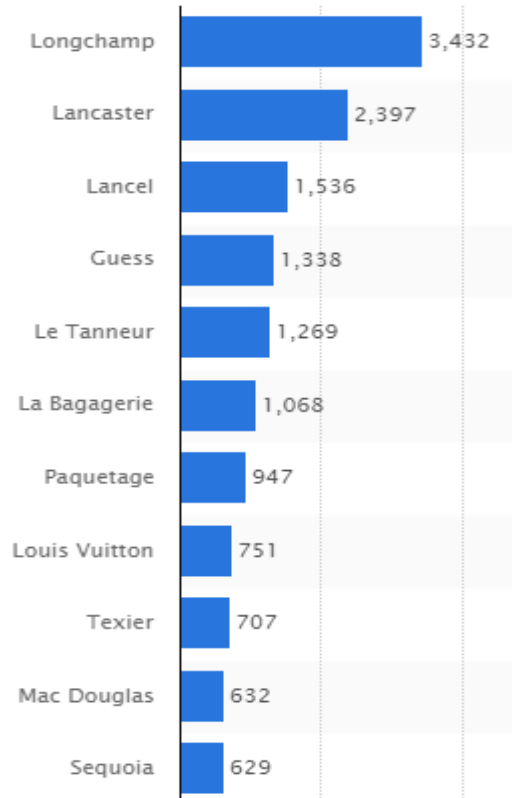
**71.92%** increase Over 5 Years

**LET'S COMPARE**

House Prices in the USA	8.1%	↑
S & P 500 Stocks	13.2%	↑
Inflation in the USA	8.7%	↑

### Brands of women handbags ranked by number of users in France in 2015 (in 1,000)

This statistic displays the leading brands of handbags for women in France in 2015, by number of users. It reveals that an estimated 12.3 million consumers owned handbags without brand, while approximately 3.4 million people had Longchamp handbags.



## CONSUMERS

Women ages **18-45** have an average of **13 handbags from** seven different brands, according to the NPD/Stylitics study.<sup>9</sup>

	% of 2012 Dollar Sales	% of 2012 Unit Sales	Average Unit Retail
Total 13 Yrs +	100%	100%	\$56
13-17	6%	9%	\$41
18-24	10%	12%	\$48
25-34	17%	15%	\$61
35-54	37%	34%	\$61
55-64	16%	16%	\$59
65+	14%	14%	\$55

	% of 2012 Dollar Sales	% of 2011 Dollar Sales
Total	100%	100%
Basic	25%	23%
Classic/Conservative	20%	20%
Sporty/Active	9%	8%
Trendy/Fashion-Forward	46%	49%

- 20% of women have spent over \$200 on a handbag<sup>10</sup>
- Nearly one in 10 (8%) women have spent over \$400

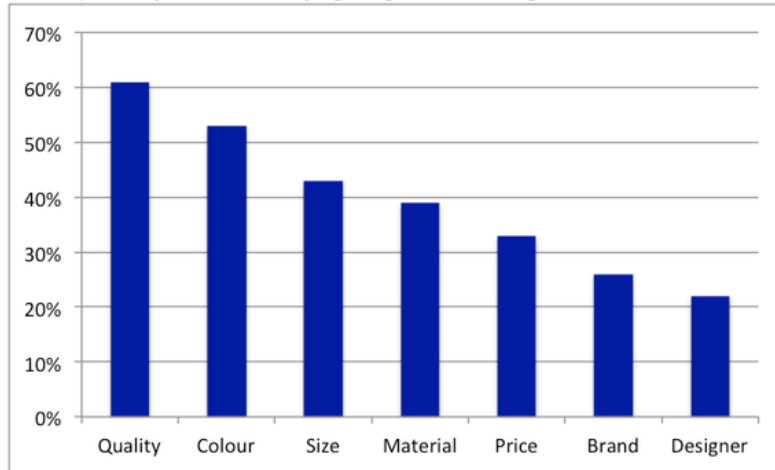
26% would rather buy one quality item than several at lower quality  
 13% feel the brand of clothes, shoes or accessories they buy is very important  
 22% feel that price is not important if they really like something  
 24% always compare shops for prices  
 25% buy clothing and accessories they like, regardless of the current fashion  
 15% always buy at least one item that is in fashion each season  
 23% are more concerned about the appropriateness than fashionability  
 21% tend to buy on impulse

<sup>9</sup> <http://www.wsj.com/articles/handbag-shopping-more-time-means-more-satisfaction-1465323629>

<sup>10</sup> <http://www.businesswire.com/news/home/2014110006318/en/65-American-Women-Handbags-They%E2%80%99re-thredUP-Cash>



Most important factors when buying a high-end handbag:



Where respondents are most likely to buy handbags from:



Source: <http://newentrepreneursfoundation.com/market-research-women-handbags-mintel-v-q-research/>

## Breakdown<sup>11</sup>:

### 18-24 YEAR OLDS (46)

- 37% would rather buy one quality item than several at lower quality
- 20% feel the brand of clothes, shoes or accessories they buy is very important
- 37% usually buy mainly sale price or discount fashion items
- 26% often pay more to get better quality.
- 24% feel that price is not important if they really like something
- 39% tend to buy on impulse
- 35% always compare shops for prices
- 61% buy clothing and accessories they like, regardless of the current fashion

<sup>11</sup> <http://newentrepreneursfoundation.com/market-research-women-handbags-mintel-v-q-research/>

**35% always buy at least one item that is in fashion each season**

24% are more concerned about the appropriateness than fashionability

**55% PREVIOUSLY PURCHASED A 'HIGH END' HANDBAG.**

*50% tend to buy their handbags from high street shops or department stores*

**25-34 YEAR OLDS: (117)**

35% would rather buy one quality item than several at lower quality

18% feel the brand of clothes, shoes or accessories I buy is very important

29% usually buy mainly sale price or discount fashion items

20% often pay more to get better quality

21% feel that price is not important if they really like something

36% tend to buy on impulse

26% always compare shops for prices

55% buy clothing and accessories they like, regardless of the current fashion

26% always buy at least one item that is in fashion each season

16% are more concerned about the appropriateness than fashionability

**59% PREVIOUSLY PURCHASED A 'HIGH END' HANDBAG.**

*52% tend to buy their handbags from luxury handbag designer stores*

**35-44 YEAR OLDS: (90)**

42% would rather buy one quality item than several at lower quality

15% feel the brand of clothes, shoes or accessories I buy is very important

18% usually buy mainly sale price or discount fashion items

21% often pay more to get better quality

24% feel that price is not important if they really like something

27% tend to buy on impulse

17% always compare shops for prices

59% buy clothing and accessories they like, regardless of the current fashion

20% always buy at least one item that is in fashion each season

18% are more concerned about the appropriateness than fashionability

**53% PREVIOUSLY PURCHASED A 'HIGH END' HANDBAG.**

*47% tend to buy their handbags from high street shops or department stores*

#### **45-54 YEAR OLDS: (67).**

- 40% would rather buy one quality item than several at lower quality
- 16% feel the brand of clothes, shoes or accessories I buy is very important
- 27% usually buy mainly sale price or discount fashion items
- 25% often pay more to get better quality
- 17% feel that price is not important if they really like something
- 36% tend to buy on impulse
- 21% always compare shops for prices
- 51% buy clothing and accessories they like, regardless of the current fashion
- 15% always buy at least one item that is in fashion each season
- 23% are more concerned about the appropriateness than fashionability

#### **69% PREVIOUSLY PURCHASED A 'HIGH END' HANDBAG**

*46% tend to buy their handbags from high street shops or department stores*

#### **55-64 YEAR OLDS: (40)**

- 28% would rather buy one quality item than several at lower quality
- 15% feel the brand of clothes, shoes or accessories I buy is very important
- 33% usually buy mainly sale price or discount fashion items
- 25% often pay more to get better quality
- 23% feel that price is not important if they really like something
- 48% tend to buy on impulse
- 28% always compare shops for prices
- 43% buy clothing and accessories they like, regardless of the current fashion
- 15% always buy at least one item that is in fashion each season
- 35% are more concerned about the appropriateness than fashionability

#### **51% PREVIOUSLY PURCHASED A 'HIGH END' HANDBAG.**

*52% tend to buy their handbags from high street shops or department stores*

The New Handbag Customer Revealed 2016 study examines the closets and mindset of Millennial women to understand their needs, aspirations, inspirations, and the triggers that make them purchase.

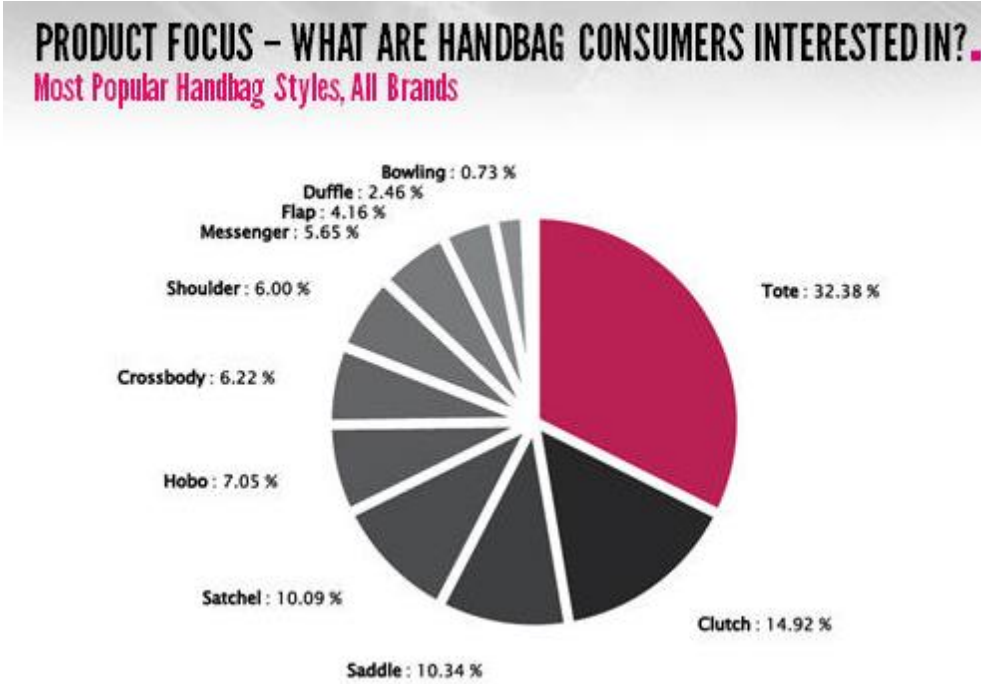
Women 18 and over spent a total of \$11.5 billion on handbags in the U.S. in 2015. Handbag expenditures grew 5 percent compared to 2014, fueled by Baby Boomers with greater

discretionary incomes. However, sales among Millennials age 18-34 inched forward by only 2 percent, led by a double-digit increase in spending by older members of the generation.<sup>12</sup>

“The Millennial customer is shopping for handbags very differently than other generations,” said Rohan Deuskar, CEO & co-founder of Stylitics, a fashion technology and insights company. “For example, this customer starts with specific product attributes, not brand, when looking for her next handbag, and invests more time and research in her purchase than brands and retailers realize. These findings have been eye-opening for handbag sellers, and are having an immediate impact on their marketing, merchandizing, and product development strategies.

### What are Handbag Consumers interested in?

The most searched-for luxury handbag brands worldwide are Louis Vuitton, Chanel and Gucci in the “powerhouse” category. Celine, Balenciaga and Miu Miu dominate the high-end sector, while Michael Kors, Mulberry and Marc Jacobs top the prestige list. Coach, Longchamp & Tory Burch are the most searched-for luxury handbag labels in the premium class. Louis Vuitton attracted an impressive 15% of global search, with most of the interest coming from the US and France.



Source: <http://www.2luxury2.com/what-are-luxury-handbag-consumers-interested-in/>

<sup>12</sup> <https://www.npd.com/wps/portal/npd/us/news/press-releases/2016/the-millennial-consumers-handbag-shopping-journey-is-more-like-buying-a-car-than-clothing/>

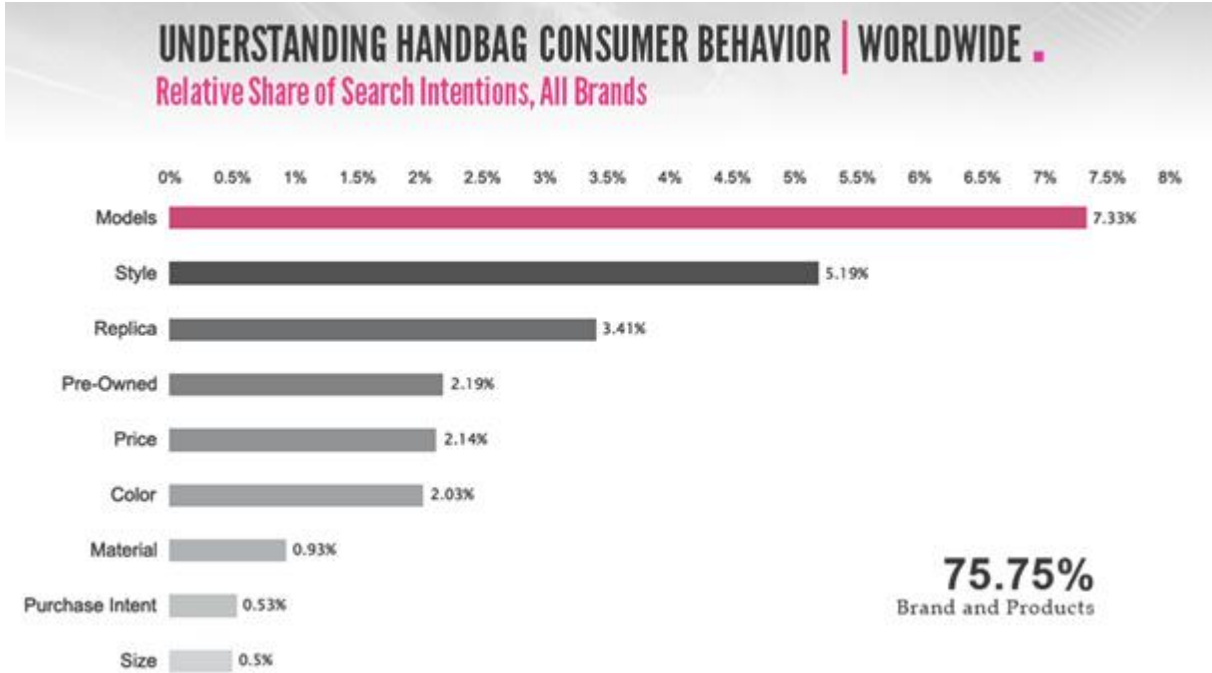
The research measures and benchmarks over 50 unique indicators to analyse the performance of **more than 120 luxury handbag brands** across ten international markets.

The report identifies and analyses over **120 million handbag-related search queries** typed into major global search engines and translates them into the client preferences driving the industry.

After searches for specific branded collections and models, **handbag style searches** represent the 2nd largest category of luxury handbag interest.

Within the specific styles analyzed, the **“tote”** captures 32% of all style-related searches, followed by the **“clutch”** at 15%. Of note is the even higher popularity of clutches in the BRIC markets.

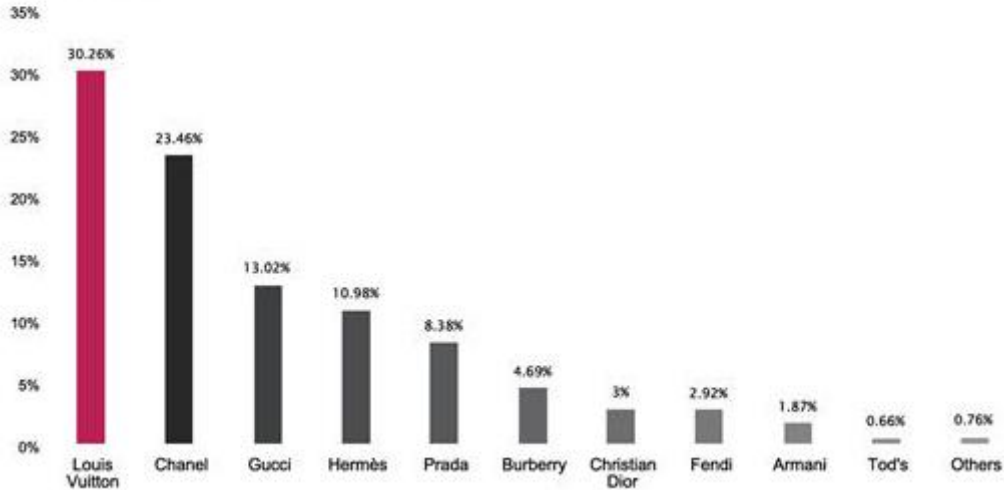
During the search for **luxury handbags online**, consumer queries are mostly related to the brand representing three quarters of all search results. In smaller markets such as India and Brazil, the brand intention is higher, highlighting the immaturity of those markets and the pursuit of consumers seeking to familiarize themselves with handbag brands.



## TOP 10 HANDBAG BRAND MARKET SHARE | WORLDWIDE.

Powerhouse Brand Category

Brand Market Share Powerhouse Focus  
January - June 2012



## TOP 15 HANDBAG COLLECTIONS & MODELS | WORLDWIDE.

All Brands

RANK	BRAND	MODELS	TOTAL
1	Hermès	Birkin	10.28%
2	Longchamp	Le Pliage	6.64%
3	Céline	Luggage	6.53%
4	Hermès	Kelly	5.06%
5	Louis Vuitton	Speedy	4.07%
6	Coach	Poppy	3.77%
7	Chanel	2.55	3.46%
8	Coach	Madison	2.86%
9	Louis Vuitton	Neverfull	2.65%
10	Dior	Lady Dior	2.01%
11	Mulberry	Alexa	1.61%
12	Michael Kors	Hamilton	1.46%
13	Louis Vuitton	Alma	1.42%
14	Rebecca Minkoff	M.A.C.	1.32%
15	Mulberry	Bayswater	1.26%

Source: <http://www.2luxury2.com/what-are-luxury-handbag-consumers-interested-in/>

## UK/Australia consumers

In January 2014, Mintel published an interesting market research report on the Fashion Accessories Market in the UK.

I happened to carry out my own market research focussing on the high-end/luxury handbag market (for reasons i'll let slip later). It is unfortunate that I came across the Mintel report after I had released mine. Unfortunately, this meant I couldn't use their questions specifically, so here are some comparisons and additions:

Their results:

- Handbag sales have risen by 10.5% in 2013 to £1.16 billion.
- 51% of women have bought at least one handbag in the last 12 months.
- Overall, Sales/Special offers are the main motivation to buy a new handbag (with half of women, under-25s and 35-54 year olds incentivised by a discount).
- Under 25s are most likely to buy new accessories to accompany a new outfit from the same store.
- Those aged 25-34 have become the main handbag buyers. This group are most likely to purchase a new item because of a special occasion, and they are less driven by price.
- 45-54s are most driven to buy new handbags for a gift.
- A new fashion trend is a key purchasing incentive for under-35s, who are the most likely to have bought handbags in the last 12 months.
- Over 55s almost twice as likely as average to buy handbags on impulse.



### IN UK

#### UK women's handbag habits



British women own an average of **6 handbags**

The average British woman's handbag weighs

**1.8 kg**

#### What's it worth to you?

UK women carry an average of **\$1,218** in their handbags



#### Top 5 essentials (UK)

- House keys
- Purse
- Phone
- Pen
- Make-up

#### The national budget

Per year the UK spends on handbags:

**\$2.3 billion**

Each woman spends an average of

**\$99 per year**



### IN AUSTRALIA

#### Australian women's handbag habits



Australian women own an average of **10 handbags**

The average Aussie woman's handbag weighs

**3.4 kg**

#### What's it worth to you?

**1 in 5**



Australian women carry more than **\$1,092** worth of valuables

#### Top 5 essentials (OZ)

- Wallet **95%**
- Mobile phone **90%**
- Sunglasses **60%**
- Personal documents **50%**
- Make-up **46%**

#### The national budget

Per year Australia spends on handbags:

**\$1.85 billion**

Each woman spends an average of

**\$272 per year**

Source: <https://www.pinterest.com/pin/272256739945044846/>



## Why handbag buyers use e-commerce?

Consumer benefits	Why people buy on the Net
Convenience	66%
Avoiding crowd	44%
Price	42%
Finding items not available locally	39%
Selection	26%
Speed and delivery	19%

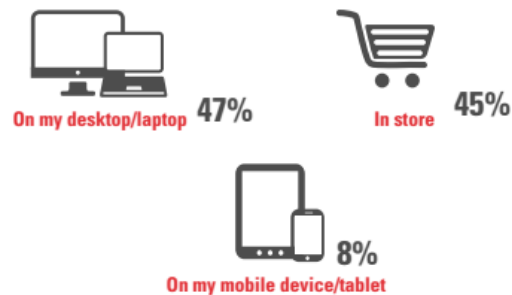
What fashion item are you coveting this season?  
(Choose 1)



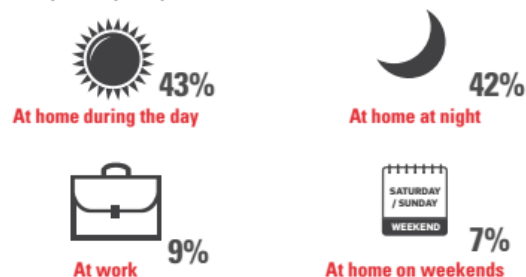
Which method/device do you use most to research products?



Which method/device do you use most to purchase products? I make most purchases...



When do you most frequently do research on products that you buy for personal use?



Source: <http://shespeaksinc.com/wp-content/uploads/2014/02/Womens-Buying-Behavior-Index-II.pdf>

WOMEN'S HANDBAGS <sup>1</sup>			
Channel Category Dollar Share Distribution			
	2012 Dollar Share	2011 Dollar <sup>*</sup> Share <sup>*</sup>	Pt. Chge. '12 vs. '11
<b>Total</b>	<b>100%</b>	<b>100%</b>	
<b>Department Stores</b>	19%	18%	1.0
<b>National Chains</b>	10%	9%	1.0
<b>Mass Merchants</b>	9%	10%	-1.0
<b>Specialty Stores</b>	32%	30%	2.0
<b>Internet Pureplays<sup>^</sup></b>	6%	5%	1.0
<b>Catalog/Direct Mail</b>	2%	2%	0.0
<b>Home Shopping</b>	3%	3%	0.0
<b>Off-Price/Factory Outlets/Warehouse Clubs</b>	8%	9%	-0.1
<b>Other</b>	12%	15%	-3.0

## Pain Points

Consumers:



Retailers:

### Recognition and Driving Traffic

- Studies show that 33% of all traffic clicks on the listing in the first position on Google.

### Conversions, Turning Browsing into Sales

- \$4 trillion worth of merchandise will be abandoned in online shopping carts in 2014, but about 63% of that is potentially recoverable by savvy online retailers.

### Fulfillment & Logistics

- Aberdeen reports only 35% of retailers currently share order management across each of their channels.

### Developing a True, Mobile-Friendly Web Store

- In the study entitled, “What Users Want Most From Mobile Sites Today,” Google found 72% of consumers expect brands to have a mobile-friendly website. Moreover, Google reported that 55% of respondents said a frustrating mobile experience hurts their opinion of a brand. Going a step further -- and back to personalization -- eConsultancy studies say 78% of companies say their customers expect their website to provide relevant information, products or services, regardless of what device they’re on.

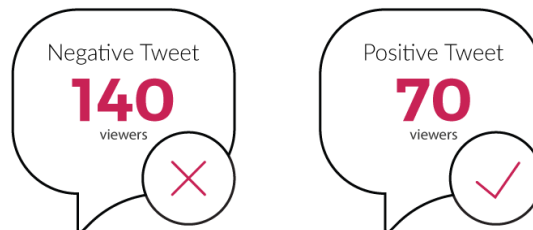
### Rising Costs of Digital Advertising

- Simply put, you can’t afford to acquire one-time buyers. A study by AdGooroo shows that the average Cost-Per-Click (CPC) on Google AdWords has increased 40% across 9 major industries from 2012 to 2014.

	One Time Purchaser	One Time Purchaser	One Time Purchaser
			
<b>CLV</b>	15	30	45
<b>CPA</b>	12	12	12
<b>Actual Value</b>	3	18	33

### Struggle to Encourage Positive Social Sharing

- The old saying “no news is good news” really isn’t true when generating a social image. The harsh reality of social sharing is that people love to talk about negative experiences and rarely discuss positive ones.



On average, it takes 12 positive experiences to make up for one unresolved negative experience.

### Increase in Site Traffic But Not Sales

- The third common ecommerce pain point is conversions, otherwise known as getting those visiting your site to actually pay for something! Luckily, the solution is simple: Customer Engagement.

Engaged customers demonstrate



Source: <https://www.sweettoothrewards.com/blog/3-common-ecommerce-pain-points-that-are-hurting-your-business/>

COMPETITORS

The Sak  
the sak

what's new leather crochet accessories jewelry gifts sale

THE ASHLAND TOTE

Featuring a retro-chic embroidered guitar strap, this new tote is both cool and convenient.

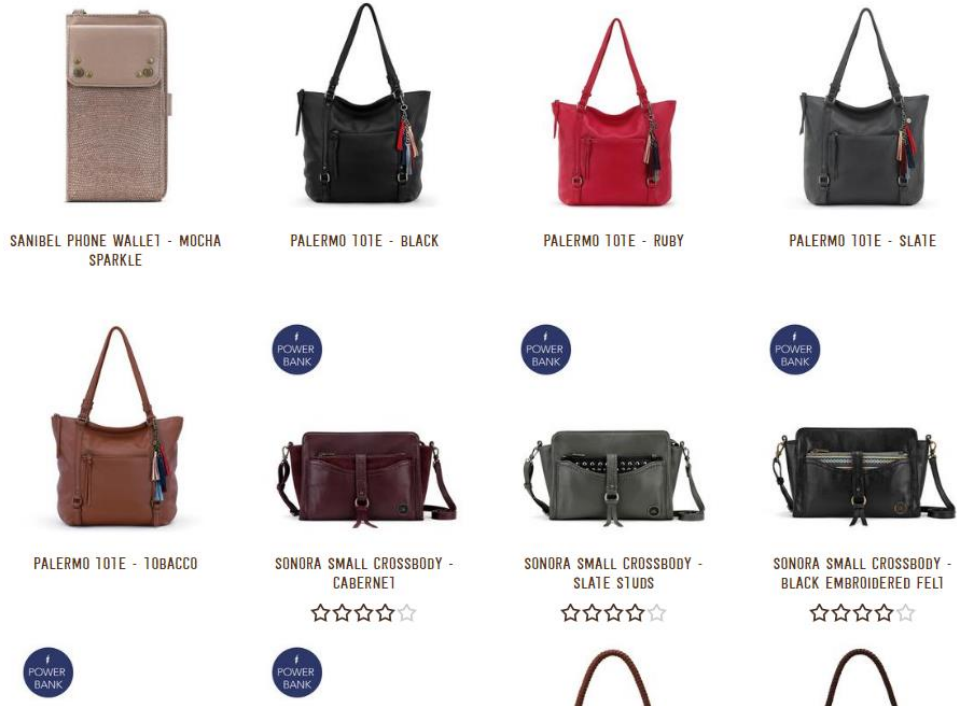
SHOP NOW

<http://www.thesak.com/>

The Sak Brand Group began 24 years ago as a house of texture and is one of the largest handbag companies in the country, offering multiple, highly differentiated lifestyle brands rich in texture. The Sak Brand Group has offices in New York City, San Francisco, China and Indonesia, designing and manufacturing three very distinct lifestyle accessory brands – The Sak, Sakroots and Elliott Lucca. The Sak Brand Group brands are sold in 4,500 department stores across the nation, in more than 850 specialty stores and across the globe in 24 international markets.

## Product review and segmentation:

what's new leather crochet accessories jewelry gifts sale



### COLOR

- AMERICANA [ 2 ]
- BLACK [ 42 ]
- BLUE [ 19 ]
- BROWN [ 64 ]
- COLORBLOCK [ 15 ]
- DENIM [ 2 ]
- GOLD [ 1 ]
- GREEN [ 2 ]
- GREY [ 12 ]
- METALLIC [ 11 ]
- MULTI [ 34 ]
- ORANGE [ 10 ]
- PATCHWORK [ 19 ]
- PINK [ 12 ]
- RED [ 13 ]
- STRIPES [ 1 ]
- TRIBAL [ 15 ]
- WHITE [ 5 ]
- YELLOW [ 3 ]

### PRICE

- \$50 AND UNDER [ 20 ]
- \$51 - \$100 [ 64 ]
- \$101 - \$150 [ 103 ]
- \$151+ [ 11 ]

## How they sell - Case study - The SAK<sup>13</sup>

Founded in 1989, The SAK has grown to be the 4th largest handbag company in the United States, with products being sold in over 1900 department and Specialty stores throughout the United States and in 22 international markets.

After years of selling only through brick and mortar stores, The SAK decided to diversify their business into the business to consumer market by selling direct through two websites, [www.thesak.com](http://www.thesak.com) and [www.elliottlucca.com](http://www.elliottlucca.com), The SAK's high end brand. They also began syndicating their product content across popular retail sites such as [www.ebags.com](http://www.ebags.com) and [www.nordstroms.com](http://www.nordstroms.com).

As the websites began to grow, they knew they needed to find a technology solution that would enable them to manage the growing capacity of their ecommerce business while giving them the flexibility to display and promote products in a way that would be appealing to customers.

They also needed a more efficient way to manage orders from checkout to post-delivery. 'We had been using a home-grown system' said Kent Griffith, The SAK Controller, 'but when order related problems came up it would take a programmer to fix it—leaving the customer waiting and the customer service team feeling helpless.'

Selecting CORESense as their retail management software solution came after extensive research of a number of retail applications. Kent noted, 'while most other applications cost 5-10 times our budget, CORESense had the best mix of price and functionality.'

Specifically, CORESense provided the flexibility needed to integrate and automate all of The SAK's back office processes across sales channels, from product catalog and inventory management to order fulfillment, customer service visibility (CRM) and promotions. As a web-based on-demand solution, CORESense made it possible for The SAK to focus on selling their products across channels rather than the costly maintenance of hardware and concerns over security of their data.

The ability to quickly implement any new functionality, such as picture zoom or picture role-over, was critical to the proper display of their product online and now possible through the CORESense Dynamic Scalable Matrix architecture. Through this innovative architecture

The SAK could now also get products up and selling through an EDI, a large area of growth for their business, in hours rather than the days that it previously took. 'The SAK has found measurable success in a number of areas through the use of CORESense' stated Kent. 'Once the system was in place, the return rate on ecommerce and EDI transactions dropped to 15% from 19%.

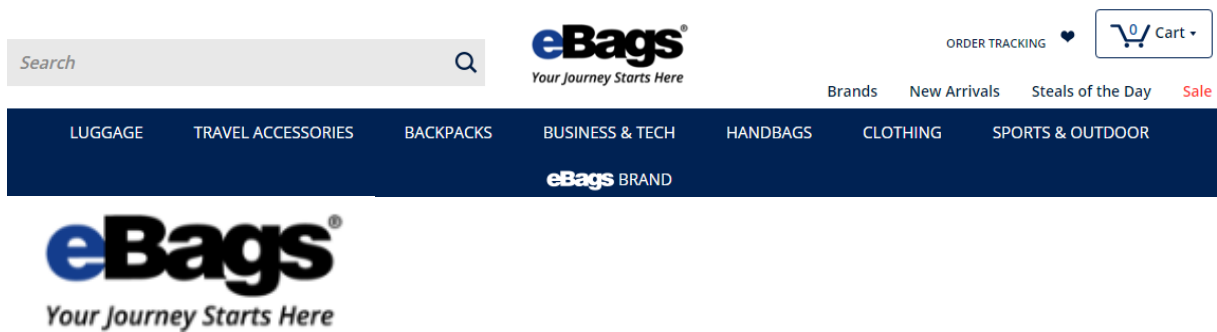
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<sup>13</sup> <http://www.coresense.com/products/collateral/TheSak.pdf>

In addition, we haven't had a single credit card chargeback due to increased fraud protection available in the CORESense solution.' The SAK also more than doubled sales from about \$300,000 in 2003 to almost \$1 million in 2004 with a relatively equal number of people due to the efficiencies gained through the automation of many facets of the business, including the warehouse and marketing.

Consumers shopping for The SAK handbags and accessories also benefited in a number of ways from the adoption of CORESense. From a satisfying shopping experience that better presents The SAK products, customers now better understand what they are getting when making a selection. Through robust customer self-service,

The SAK now provides customers with a better post-sales experience. Through greater visibility into customers shopping, The SAK now tailors offers or promotions more closely to their customers' preferences, providing greater customer loyalty. Summarizing, Kent stated that 'we expect many more examples of a positive Return on Investment from our use of CORESense. We have a number of additional plans to expand our ecommerce business and CORESense will be instrumental to accomplishing all of them.'



Today eBags.com continues to sell bags and travel accessories from over 650 brands but now also offers accessories including jewelry, hats, scarves, iphone cases, travel clothing and camping gear. As of 2016, they have sold over 25 million bags and have over 3 million reviews on the website.













eBags has received the following awards:<sup>[5]</sup>

- Website of the Year in 2011 (Multichannel Merchant)
- 2011 MCM Awards Gold, Consumer Specialty Products (Web Channel)
- 2009 TGA Award <sup>[1]</sup>
- Website of the Year in 2008 (Multichannel Merchant)
- 2008 MCM Awards Gold, Consumer Specialty Products (Web Channel)
- 4th highest scoring merchant out of 100 top online retail sites (The E-Tailing Group, 2008)<sup>[6]</sup>
- 2007 Retail Customer Experience Study, 9th out of 300 eTailers (Future Now)<sup>[7]</sup>
- 2007 MCM Awards Gold, Consumer Specialty Products (Web Channel)
- 2007 Fusion Award, Pure Play E-Commerce Operations (RIS News)<sup>[8]</sup>
- 2007 Circle of Excellence Second-Time Award Winner (BizRate)
- Website of the Year in 2006 (Multichannel Merchant)
- 2006 MCM Awards Gold, Consumer Specialty Products (Web Channel)
- TGA Community Service Award in 2006 (Travel Goods Association)<sup>[9]</sup>
- Website of the Year in 2004 (Multichannel Merchant)
- 2004 Internet Retailer Best of the Web The Top 50 Retailing Sites<sup>[10]</sup>
- 2004 MCM Awards Gold, Consumer Specialty Products (Web Channel)
- Website of the Year in 2002 (Multichannel Merchant)
- 2002 Company To Watch (Denver Post)
- Website of the Year in 2001 (Multichannel Merchant)













Source: <https://en.wikipedia.org/wiki/EBags.com>



## Product review and segmentation:

			
50 Ratings ★★★★★ 2 Colors	37 Ratings ★★★★★ 2 Colors	84 Ratings ★★★★★ 4 Colors	19 Ratings ★★★★★ 4 Colors
Vicenzo Leather Ryder Leather Shoulder Tote Handbag	Fossil Sydney Satchel	Travelon Anti-theft Classic Messenger Style Crossbody	The Sak Sequoia Crossbody
<del>\$209.99</del> <b>\$206.99</b>	<del>\$178.00</del> <b>\$178.00</b>	<del>\$64.99</del> <b>\$49.99</b>	<del>\$139.00</del> <b>\$64.99 - \$98.95</b>
 	 	 	 

			
73 Ratings ★★★★★ 3 Colors	147 Ratings ★★★★★	43 Ratings ★★★★★ 8 Colors	3032 Ratings ★★★★★ 3 Colors
Olivia + Joy Zip Zoom Tote	R & R Collections Leather Triple Zip Around Large Backpack	kate spade new york Cedar Street Maise Convertible Satchel	eBags Kalya Town Square
<del>\$97.99</del> <b>\$31.99</b>	<del>\$59.99</del> <b>\$20.99</b>	<del>\$298.00</del> <b>\$298.00</b>	<del>\$75.00</del> <b>\$59.99</b>
 	 	 	 

Source: <http://www.ebags.com/search/dept/handbags>

### Category

- Backpack Handbags (257)
- Clutches (254)
- Crossbody Bags (1528)
- Diaper Bags (252)
- Handbag Slings (49)
- Handbag Totes (1287)
- Hobos (269)
- Satchels (538)
- Shoulder Bags (1151)

### Gender

- Boys (3)
- Girls (30)
- Kids (9)
- Men's (94)
- Women's (5096)

### Brand

#### Most Popular Brands

- Anuschka (67)
- baggallini (48)
- Derek Alexander (327)
- eBags (6)
- Le Donne Leather (105)
- MICHAEL Michael Kors (69)
- Nino Bossi (129)
- R & R Collections (41)
- Travelon (61)
- Vera Bradley (113)

**Size**

- X-Small (548)
- Small (1446)
- Medium (1131)
- Large (1065)
- X-Large (924)

**Customer Rating**

- ★★★★★ & Up (2361)
- ★★★★☆ & Up (2715)
- ★★★☆☆ & Up (2801)
- ★★☆☆☆ & Up (2826)

**Price**

- \$30 & under (433)
- \$30 to \$50 (1165)
- \$50 to \$70 (782)
- \$70 to \$100 (886)
- \$100 to \$150 (857)
- \$150 to \$200 (667)
- \$200+ (832)

**Color**

- Black (2693)
- Blue (1359)
- Brown (1713)
- Gray (715)
- Green (717)
- Metallic (211)
- Orange (365)
- Pink (499)
- Prints (8)
- Purple (386)
- Red (1259)
- Tan (1164)
- White (405)

**End Use**

- Beach (71)
- Casual Weekend (5)
- College (45)
- Day Travel (464)
- Special Occasion (10)
- Work (66)

**Material**

- Fabric (1627)
- Hardside (5)
- Leather (2308)
- Man Made (1209)
- Straw (92)

**Trend**

- Animal Prints (38)
- Bohemian (37)
- Bucket Bags (33)
- Colorblock (65)
- Fringe (53)
- Novelty Totes (14)
- Patent (2)
- Perforated (37)
- Western (71)
- Woven (11)

Source: <http://www.ebags.com/search/dept/handbags>

## How they seel -Case Study – eBags.com - Changing the e-retail game

Founded in 1999, eBags.com is an Internet retail innovator with a long history of success. When competitors were showcasing products with just one or two photos, eBags was offering up five or six photos per bag. Within the competitive e-commerce landscape, eBags.com consistently strives to reinvent online shopping, offering customers experiences that are at once dynamic, practical, and fun.

Today on eBags.com, online shoppers can immediately narrow their choices using categories such as luggage, handbags, sports, or backpacks. They can choose from a large number of different brands, or by variables such as handbag type, price, color, and size. With the help of Adobe Experience Manager in Adobe Marketing Cloud, the eBags team makes it easy for

shoppers to hone in on their perfect bag, enabling customers to view handbags from every angle, inspect a bag inside and out, zoom in, and rotate 360 degrees. “We are a long-time user of Adobe Experience Manager assets capability for dynamic media,” says Mike Frazzini, eBags senior vice president of technology.

“The Adobe solution offers a deep set of capabilities for presenting dynamic, responsive images across devices. This is critical today as mobile shoppers expect online experiences to be richer and feel more hands on.” Invigorate online shopping To capitalize on the growth of tablets and smartphones among consumers, eBags.com developed eBags Obsession, a groundbreaking mobile shopping experience that would inspire customers as they shopped for the ideal bag. With eBags Obsession, consumers can browse and shop anytime, on a variety of mobile devices to explore the many styles of bags available to them. With a simple swipe, a shopper can visually “Love it” or “Leave it,” quickly combing through dozens of bags to uncover the one that best suits their taste.

“Online shopping should not feel robotic,” Maureen Shea, Director of Fashion Merchandising at eBags. “The online experience should embody a sense of discovery. With eBags Obsession, we have brought online the emotional rush of in-store shopping with the help of the assets capability for dynamic media in Adobe Experience Manager.” “Often times a customer can’t articulate specifically what they are looking for, but when they see it, they know it. eBags Obsession was designed for customers who love to browse and want to discover. We aim to present them with bags they didn’t even know they wanted, needed, or loved, but as soon as they see it, they become obsessed!” continued Shea. “Retail success hinges on mobile, with nearly half of our shoppers today visiting through a smartphone or tablet,” says Frazzini. “Adobe Experience Manager enables us to improve online shopping on smartphones and tablets in ways that are fun and spontaneous—even game-like.”

### **Personalized, rapid access to products**

Today, eBags uploads product images to Adobe’s cloud infrastructure. The assets capability for dynamic media in Adobe Experience Manager automatically resizes and presents the right image to shoppers across a wide variety of desktops and mobile devices. By standardizing on Experience Manager the company manages fewer images to accommodate the needs of shoppers, because fewer images per product view need to be stored and the optimal product images are served up dynamically. The efficiency of offloading image processing and responsive presentation with Adobe Experience Manager has resulted in better, faster shopping experiences overall, with images loading 70% faster than without the solution in place.



### **Giving shoppers control**

Constantly looking for new ways to enhance the online shopping experience, the eBags team set out to present customers more informed and personal product selections. The results have

been overwhelmingly positive. Using a mobile device, the percentage of site visitors that purchase a bag is in the double digits—impressive in comparison to e-commerce industry-average conversion rates on mobile devices. One key reason for this success is that customers are spending more time interacting with the tool, and with every swipe, eBags Obsession is learning the customers shopping preferences to serve up more personalized and relevant product offerings. “At eBags, we are raising the bar for digital shopping,” says Frazzini. “We are a relatively small company delivering ideas and experiences that you might not even see from companies with massive resources. We are proud of our site and eBags Obsession, and the flexibility that Adobe Experience Manager provides our team.”

<p><b>CHALLENGES</b></p> <ul style="list-style-type: none"> <li>- Reinvent the online shopping experience</li> <li>- Present product images dynamically</li> <li>- Enable exciting and reliable shopping experience on tablets and smartphones</li> <li>- Differentiate from other e-commerce giants</li> </ul>	<p>“With eBags Obsession, we have brought online the emotional rush of in-store shopping with the help of the assets capability for dynamic media in Adobe Experience Manager.”</p> <p><i>Maureen Shea, Director of Fashion Merchandising at eBags</i></p>
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**RESULTS**

 <p><b>GAME CHANGER</b> Mobile tool injects excitement into online shopping with "Love it" or "Leave it" swipe feature</p>	<p><b>10%</b> <small>CONVERSION RATE</small></p> <p><b>SHOPPERS TO BUYERS</b> More mobile visitors convert into customers, greatly exceeding the industry average for mobile shopping</p>	<p><b>70%</b> <small>FASTER</small></p> <p><b>REINVENTING SHOPPING</b> Dynamically select and present products from tens of thousands of options going far beyond traditional online catalog search experiences</p>	 <p><b>MARKET INNOVATION</b> Patent-pending algorithm tracks hundreds of variables and preferences to present customers with the perfect bag</p>
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Source: <http://www.images.adobe.com/content/dam/Adobe/en/customer-success/pdfs/ebags-case-study.pdf>