



# CALZEDONIA



## Calzedonia Final Report

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## **I. Executive Summary**

Calzedonia has become a popular retail presence around the world over the course of its history, however, the US is excluded from this presence. Within the brand, leggings are a relatively new and growing product line for Calzedonia, and Boston, Massachusetts presents a thriving market for this type of legwear. Boston is made up of consumers who define themselves with the style of clothing they wear, and Calzedonia offers a large variety to please these needs. The objectives of the current research are to measure the marketability of Calzedonia in the Boston market and how Calzedonia should penetrate this specific market.

Two methods were implemented in this research: focus group interview (FGI) and survey. Each method used a non-probability sampling method with convenience samples. The FGI session included nine graduate students and young professionals from the Boston area. The FGI findings demonstrated a strong likability of Calzedonia entering the Boston market with the variety of styles that they currently offer. The survey was administered to one hundred adults living in Boston. The survey results demonstrated favorable attitude and likability towards Calzedonia with a top 2 box % of 77% and a mean score of 3.97. The findings of overall evaluation passed the action standard, which is a top 2 box % of 60% and a mean score of 3.50. Research showed a slightly high level of intention to buy leggings from Calzedonia with a top 2 box % of 77% and a mean score of 3.30. The mean score for purchase intention failed to pass the action standard set for this study.

Based on the findings, it is recommended that Calzedonia expands into the Boston market.

## **II. Introduction**

Calzedonia is a fashion retail company specializing in hosiery, beachwear and underwear. It was founded in Verona, Italy in 1987 with the purpose to create a new way of selling hosiery and beachwear through a franchising sales network, paying attention to fashion and excellent quality-price ratio. The Calzedonia Group consists of Calzedonia, Intimissimi and Tezenis. The Calzedonia Group distinguishes itself with its advertising with major media campaigns (bill-posting, TV and print) and working with the best photographers and top models. Gisele Bundchen (for Calzedonia) and Irina Skayk (for Intimissimi) are two of the models that these brands incorporated into the marketing strategy, as well as the actress Julia Roberts in Calzedonia's commercial.

We selected Calzedonia to bring to the Boston market because the company has great potential to enter such a culturally rich and fashionable city. Calzedonia has had immense success in Italy and in many other countries, so we want to prove with research that it will be successful in Boston as well. Focusing on leggings, Calzedonia products would be valued by Bostonian women, especially with students, businesswomen, and young professionals.

In this project we will conduct both primary and secondary research analysis in order to evaluate consumers' acceptability of Calzedonia's leggings in the Boston market and to suggest what Calzedonia has to do be successful in this market. We will consider the multiple opportunities Calzedonia has to offer to predict how the company would do in the Boston market with the help of a survey and a focus group interview for primary research.

### **III. Literature Review (Situation Analysis)**

#### *Company Analysis*

- History

Calzedonia was founded by Sandro Veronesi (CEO) in 1987, when he launched Calzedonia to sell stockings and swimsuit. As Calzedonia grew, it was extended to lingerie with other two Italian brands: Intimissimi and Tezenis. Upon reaching twenty-eight years of existence, the Calzedonia network boasts more than 1,750 shops throughout the world: Italy, Czech Republic, Greece, Mexico, Portugal, Spain, Sweden, Turkey, France, UK, Germany and more (Calzedonia, 2015).

- Mission

The values that allow Calzedonia to be successful are passion, sacrifice, love and dedication all with a common goal: to sell trendy products for fashion forward women. CEO Sandro Veronesi's motto is "in life, as in work, we need to be actors, not spectators" (Calzedonia, 2015). Veronesi tends to opt for discretion and letting the purchasers interpret the products for themselves, favoring the notion that focusing closely on the products is the key to competitive advantage (Calzedonia, 2015).

- Size and Growth

Calzedonia started in Verona as a small company. The company took control of the historic cashmere brand Falconeri in 2009, including venues in Milan's Via della Spiga, Rome, Florence, Moscow and Saint Petersburg. Veronesi initiated the group's expansion with forty stores in France and thirty stores in Germany in 2011. He has developed business in Eastern Europe and Russia, which are now the second-largest markets after Italy (Designerzcentral, 2013). Today, the Calzedonia Group employees

approximately 26,000 employees worldwide, 3,000 of which are based in Italy (Calzedonia, 2015). The sales for Calzedonia sum up to \$1,648,400,000 and sales per employee is \$858,542.

- Business Objectives

Calzedonia stands out for its strong business structure: the ideation, production and distribution of every single product is handled either directly or through affiliates. All sales are through one-brand stores that are managed directly, through franchises or by foreign distributors. This achievement testifies to how the intimate-wear sector was aimed at a small audience until this unique company's arrival, which succeeded in opening up this product type to "democratic consumption" by a vast public of all ages and means (Calzedonia, 2015).

- Community Relations

Calzedonia has been awarded for the friendly attitude and action towards the environment by winning the bronze prize for Environmental Awards in 2014. Calzedonia not only strives to deliver functional and fashionable clothing, including leggings, but also to pay attention to the social responsibility toward environmental friendly actions. The most prominent of these actions is the recycling program. This program began in 2011, from April to the end of June every year, where Calzedonia's customers are invited to recycle their old clothes and accessories by bringing them to actual stores. By this, customers are able to purchase new collection products in the reduced prices: around \$5.50 for women's collection, \$3.50 for men's collection and \$2.50 for children's beachwear collection (Calin Group, 2015).

### *Product Analysis – Leggings*

- Product Concept

Calzedonia is an Italian fashion retailer selling leggings, socks, hosiery, cashmere, knitwear, underwear and beachwear for women, men and children. Calzedonia offers a wide range of products to appeal to women for various needs and seasons (Calzedonia SpA in Retailing). The products are considered to be “fast” fashion, meaning the products move quickly from the catwalk to the store in order to keep up with the current fashion trends. The leggings are of particular interest with the constant new styles and a variety of options.

This company features new collections according to the season and the year, but the leggings are consistent and continuously innovative with the upcoming styles. The leggings can be found in many different styles ranging from stylish to functional, or both. The more functional and/or basic are offered year-round for every season, but the stylish leggings are continuously updating with new designs and styles. For instance, leggings are sold in a jean or a leather style. The leggings are designed according to the season in terms of the temperature and/or established style of that particular season.

However, there is no e-commerce or stores in the US. The website is utilized only to showcase Calzedonia products (Calzedonia SpA in Retailing). In the other countries that Calzedonia exists in, there is e-commerce and physical store locations available. The three brands in the Calzedonia Group, Calzedonia, Intimissimi and Tezenis, sell a variety of products. Intimissimi sells more night apparel with lingerie, night clothing, etc. while Tezenis focuses more on underwear. All three companies focus on women mainly.

- Product Pricing

Calzedonia's products are priced competitively with the various fast fashion competitors, so it is positioned as neither low-end or high-end retail prices for leggings. The products' pricings reflect high fashion for more affordable prices, but there is a range from what consumers can choose from according to how much they would like to spend. A consumer can find expensive products and inexpensive products from Calzedonia if desired. For instance, leather leggings are about \$60 while more functional, basic leggings for about \$34.

- Product Place

Calzedonia has more than 1,750 store locations in more than 11 countries (Calzedonia, 2015), which are mostly located in the city streets and near the shopping areas. Calzedonia is also increasing their online distribution networks. Calzedonia cooperates with local trade-off platforms as well. Calzedonia should work on and invest time into the mobile aspect of marketing and sales. From the application store or Google play, it is easy to download the Calzedonia Groups' brand applications. These applications allow users to be up to date with the new collections and styles, to look at advertisements and different fashion looks, and to engage in games and interactive activities. Most importantly, these applications allow users to buy the merchandise.

- Product Promotion

Calzedonia relies heavily on promotions through their brand. Besides the traditional promotions, such as discounts, Calzedonia works with the best photographers, top models and Hollywood stars including Gisele Bundchen and Julia Roberts. The



Calzedonia footwear is a great example of promoting what Calzedonia has to offer with universal themes to adapt to all the countries the brand is located. Unlike the traditional footwear marketing, Calzedonia made a commercial based off a story that relates to people internationally. Calzedonia filmed more of their famous and well-known commercials in Italy and France (YouTube, 2015). Calzedonia's international campaigns and promotions make the company unique and noticeable to consumers all over the world.

### *Environmental Analysis*

- Economic

Women's leggings recorded a double-digit current value CAGR over the review period, although growth tapered off slightly in 2014 as it grew by only 7% in current value terms (Euromonitor International, 2015). This proves that leggings are a growing product in the American market. Because in the different seasons, females need different options of leggings depending on the weather and Calzedonia offers a variety of leggings based on the seasons. The prices vary from \$34 to \$60 or higher. In the case of higher-priced leggings, the perception of being expensive could be influencing sales negatively at a time when the struggling economy is still very much a concern to budget-minded consumers (Mintel, 2011).

- Social Trends

Legwear sales have seen favorable growth in recent years owing to fashion trends with the rising popularity of skirts and dresses in women apparel. Significant growth and sales in these women apparel categories have led to a surge in sales of sheer hosiery items

that complement these main garments to complete an outfit (Euromonitor International, 2015).

In addition, yoga pants are included in the category of leggings. Wearing gym clothes beyond the gym has become more socially appropriate. Indeed, in many of the world's style capitals, it's difficult to ignore the rise of the post-workout look. Yoga pants are no longer restricted to yoga class; instead, they are worn with a fancy fur vest for lunch with friends or a visit to the grocery store. The rise of the post-workout look reflects a more fundamental shift. "This is not a fashion trend, it's a lifestyle trend," said Marshal Cohen, chief industry analyst at a N.Y. based market research firm named NPD Group. "The difference here is that there's functionality mixed with fashion, not just solely fashion" (Sherman, 2014). Therefore, leggings play a functional, sporty and fashionable role in the Boston market in order to satisfy all needs of the Bostonian females.

- Environment for Leggings

Out of total 558,216 populations who are 16 years and over, 67.6% are in labor force. And in the 67.6% employed, there is 60% of employed females who are 16 years and over. These females either have full-time jobs (36.2%) or part-time jobs (23.8%) (American FactFinder, 2014c).

From the total population of Boston, Bostonian females are highly active in their professional field in relation to the leggings market. Major business fields that females work in are management, business and financial operations (11.2%), professional and related occupation (18.9%), sales and office (24.0%) and white collar (48.7%). And there is 14 % of unemployed females who are homemakers, 16% retired, and 1.6% students

(The Nielsen Group). Affordable and functional and/or more expensive stylish leggings are attractive to these age groups of females and the fields they are working in.

### *Industry Analysis*

Leggings, one of Calzedonia's major product lines, have become more common for people to wear in the workplace. One third of employed women, aged from 25 to 34, bought jeans to wear at work (Mintel, 2014). Moreover, clothing items typically worn for exercise purposes, such as yoga pants and leggings, have increased for casual purposes (i.e. yoga pants and leggings for women; jogger pants for men) (Mintel, 2015). Leggings used to be categorized into the fitness clothing industry because of their material and function. However, leggings have turned into one of the current trends because of the fashionable designs as well as consumer's perception on leggings, driven by general increase and acceptability of casualization. Female consumers wear leggings for more daily-life clothing nowadays, meaning American's attitudes towards leggings have changed where leggings fit into both the fitness and fashion industries (Mintel, 2014).

### *Competitor Analysis*

Many companies, whether local to Boston or international companies, sell leggings. Some companies sell leggings along with hundreds of other products, and some companies focus only on a few products with leggings as one category. Because Calzedonia is of the nature where leggings are a big part of a small product base, companies that are similar to this are the most threatening competitors. These companies include H&M, American Apparel and Victoria's Secret.

- H&M

H&M Hennes & Mauritz AB, or the H&M Group, is a Swedish retail company with stores in over sixty-one countries worldwide selling “fast” fashion clothes for women, men, teenagers and children. The products are sold under six brands of different names including H&M, COS, Monki, Weekday, & Other Stores and Cheap Monday. H&M in particular focuses on bringing the most updated and popular styles to consumers for reasonable prices while maintaining quality. Environmental sustainability is the company’s overall philosophy related to production of products and lifestyle. H&M sells products in all store locations, as well as through e-commerce in several European countries and in the US (Business Insights: Essentials, 2009).

Leggings are a popular product in particular for H&M because of the variety of styles the retailer offers. The leggings range from the most basic black leggings to jean leggings (jeggings) and leather leggings. H&M also showcases the printed leggings with different patterns and designs. The styles are very innovative and up to date, for instance, currently the flared leggings are new and other competitors do not even offer this flared style yet. The material always varies according to the look of the leggings. The leggings always compliment the other clothing products H&M offers, such as shirts, sweaters and/or accessories.

- American Apparel

A company founded in the United States, American Apparel manufactures, distributes and sells apparel and accessories for women, men, and children of all ages. American Apparel utilizes wholesale distribution channels that supply casual wear, such as t-shirts, to distributors. There are also retail store locations in the US, Canada and more

countries internationally that sell the products. The company also uses e-commerce through the online retail website. American Apparel is in control of all aspects of the company, from the sewing to even the photography that showcases the clothing.

American Apparel's leggings are in high demand because of the uniqueness of the material and style. Much of the styles are solid colors, but with unique options such as neon, nylon, cropped, textured, two toned, etc. There is a basic black legging offered, but American Apparel is most known for the eclectic legging styles. For example, there are leggings with the American flag, Aztec design, forest design, a skeleton design, etc. These leggings represent fashionable styles that resonate well with many consumers in terms of personal expression through clothing. Overall, American Apparel offers very unique styles in terms of fashionable leggings. The prices of the leggings range greatly, with some of the basic styles offered between \$12-\$20 and the more eclectic styles between \$40-\$60.

- Victoria's Secret Direct L.L.C.

As a women's apparel and intimate wear retailer, Victoria's Secret was founded in 1972 and offers a selection of fashionable lingerie, sleepwear, swimwear, shoes, personal care and accessories. The company is a subsidiary of L Brands, which also owns Pink, Bath & Body Works, La Senza and Henry Bendel. L Brands has sales of approximately \$11 billion and employs approximately 94,000 people in North America.

Victoria's Secret leggings are the most basic out of Calzedonia's, H&M and American Apparel's leggings. There are five styles and twenty-five different waistbands, however the leggings come in black, grey or blue. The waistbands include patterns or designs with words such as "LOVE," "ANGEL" or "VS." There are multiple lengths

offered varying from ankle length to a cropped length to shorts. A unique factor about Victoria's Secret is that the company labels some of their leggings as "yoga pants." All of the leggings are offered in cotton/spandex. Overall, these leggings are more of a functional product and could be considered more for leisure. The leggings offered are priced at a premium, but there are almost always promotions, for instance "any 2 for \$60." Calzedonia has partnered with Victoria's Secret in the past to introduce the Intimissimi label in the US (Zargani, 2013).

- Comparison

Calzedonia relates to all three of its competitors in at least one way. Calzedonia is considered "fast" fashion, but H&M is considered this type of fashion as well. The variety of leggings with affordable prices is very similar to Calzedonia's strategy, but Calzedonia offers a more sociable fashion, that may be considered a great option for the nightlife in the Boston area. However, Calzedonia's prices are much more affordable than American Apparel which would attract some consumers of leggings with lower budgets. Once again, Calzedonia's style variety is much more fashion forward than Victoria's Secret's leggings. Victoria's Secret has a style that is very specific to that company, while Calzedonia offers a wide range of styles. This will help relate to more consumers with different preferences and personal styles.

### *Consumer Analysis*

- Demographics

The current population of females in Boston, Massachusetts is 321,643 out of a total population of 617,594. Of these females, the median age is thirty-one. The households led by females without a male present are 26,492. Calzedonia's target

audience is females between the ages 18-34 and these females have occupations such as student and/or young professionals. 50.8% of females over sixteen are employed with median earnings of 35,637. More specifically, the most common occupations are students, health care and management (American FactFinder, 2009-2013). 58,360 of Calzedonia's target audience are high school graduates, 62,874 of this audience have an associate degree and 19,882 have bachelor degrees (American FactFinder, 2014b). Females of this audience 16 and older earned a median earning of \$31,061 with 23% of the females making between \$35,000 to \$49,999 (American FactFinder, 2009-2013a).

- Psychographics

When Calzedonia enters the US market, it is strongly suggested to target "Experiencers," a type of VALS II consumers. These consumers are the high-resource group of those who are motivated by self-expression. According to the age group of the target audience, self-expression is a priority when growing up between 18-34. This is the time in consumers' lives where they make more money and have the resources to pay for the clothes that express their personality and style.

"Experiencers" are avid consumers, spending heavily on clothing, fast foods, music and other youthful favorites with particular emphasis on new products and services. As the twenty-fourth largest city in the nation, Boston ranked one of the nation's third highest for quality of living, higher than New York City rated as sixth (Mercer, 2010). Calzedonia target consumers are growing up and becoming professionals to have more finances to be able to spend on Calzedonia's products.

"Experiencers" are determined to follow "fast" fashion trends, which relates heavily on seasonal changes. Boston consumers have to especially pay close attention to

the weather and their style because the weather drastically changes according to the season. Calzedonia always offers a large variety of seasonally aware products, from thin leggings to thicker ones just for the colder seasons.

With a median age of twenty-five, “Experiencers” are the youngest of all the segments. They have a lot of energy, which they pour into physical exercise and social activities. Cultural activities in literature, music, arts, history and religions are highly considered throughout Boston. In 2014, Forbes ranked Boston as one of top ten most creative cities in the nation (Forbes, 2014). Leggings play a large role in the lives of Boston consumers, from fitness to going out for a drink with friends. Calzedonia is highly aware of the growing trend of social responsibility, so “Experiencers” in Boston can relate to the company’s eco-friendly attitude towards functional and fashionable delivery to community (Sherman, 2014). Boston was ranked as the nation's fifth most eco-city ranking, following Honolulu, Minneapolis, Pittsburgh, and Washington (Mercer, 2010). As the target consumers are young and professional, they have high brand awareness when it relates to community relations. These psychographic aspects will affect Calzedonia’s success in the Boston market.



### *SWOT Analysis*

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Online distribution</li> <li>• Mobile applications</li> <li>• Previous experience with conducting business internationally</li> <li>• Previous experience with American brand (Victoria's Secret)</li> <li>• Strong marketing &amp; communication skills</li> <li>• Price affordable for target consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Lower prices may be perceived as lower quality by Americans</li> <li>• Very new upon entering the US market</li> <li>• No previous advertising or marketing for Calzedonia in American market</li> <li>• Only offer leggings and lack products to go with leggings</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Female took 52.1% of Boston's population in 2010 (US Department of Commerce)</li> <li>• Growing market for leggings</li> <li>• Leggings for daily-life clothing</li> <li>• 71% of Boston's working female population is not required to wear business attire</li> </ul>	<ul style="list-style-type: none"> <li>• Competition with established &amp; trusted competitors</li> <li>• Previous relations with Victoria's Secret</li> </ul>

### *SWOT Strategy*

- Strengths - Opportunities

Online distributions and mobile applications are a major part of how consumers buy their clothing. Shopping online is a convenient way for Calzedonia's target consumers in Boston to stay up to date constantly on the fast fashion products that the company offers. This is also important with mobile applications as usage of mobile devices for making purchases is growing, especially with consumers under the age of thirty-five (Sender, 2014). Mobile applications create a community and exclusivity for consumers that are loyal to Calzedonia. Calzedonia has previous experience with online distribution and mobile applications, so this is a strength they can utilize in the Boston

market. This company also has experience with conducting international business, so Calzedonia is prepared and knowledgeable on how to enter a new market with differing consumers. Calzedonia's previous connection to Victoria's Secret can aid with this international move because of how well known Victoria's Secret is.

Calzedonia has also had great success with their marketing and communication strategies, which may have to change with these new consumers. The use of celebrities really opens the door for opportunities and communication with consumers who are fans of the celebrities in use by the company. Also, with the prices remaining affordable to the target consumers, Calzedonia can really cater to a specific group of people while trying to include more and more consumer segments over time.

- Strengths - Threats

A large threat is the relation that Calzedonia previously had with Victoria's Secret, as Victoria's Secret is one of Calzedonia's major competitors in the Boston market. This relation might overshadow Calzedonia's brand because of the popularity of Victoria's Secret. This may not be an opportunity for Calzedonia to expand on its own, but rather a threat to Calzedonia's chance in Boston's market.

Another threat is Calzedonia's prices because they are similar to the competitor's prices. Consumers are already trusting of the products from Calzedonia's major competitors in the Boston market, so there may not a gap in the market for Calzedonia to enter. Calzedonia's style would be a critical point of differentiation, but if this does not work then consumers may remain purchasing the products that they trust, rather than buying from Calzedonia who has the same prices.

- Weaknesses - Opportunities

Boston has 52.1% of female population, so Calzedonia has a good potential in a city populated dominantly by women (US Department of Commerce, 2015). Leggings is a growing retail industry appealing to students and young professionals who already wear leggings on a daily basis. In addition, 71% of Boston's working female population are not required to wear business attire, so leggings can be an option for their working outfits. These facts support how Calzedonia's "fast" fashion has the potential to enrich in the Boston market. Finally, the lack of products may be perceived as a threat, but specializing in one or a few types of products shows consistency and dedication for a brand.

- Weaknesses - Threats

Victoria's Secret is Calzedonia's biggest competitor in terms of the target consumers, industry and the prices. Meanwhile, Calzedonia is new entering to the US market and has no advertising and commercial experience in the US before, which may be considered a concern. In terms of the products in comparison with Victoria's Secret, the local brand providing various products at the same time, Calzedonia is introducing only leggings to the US market. However, Calzedonia, unlike Victoria's Secret, is known most prominently for their lingerie, undergarments, sweat suits, etc.

- Conclusions

In conclusion, Calzedonia's style and prices relate positively to the lifestyle of its target consumers in the Boston market. The high quality with affordable prices is key to competing with competitors, as long as Calzedonia's style continues to adapt with the seasonal changes and fashion changes. The growth in popularity of leggings from fitness

to social use is crucial in understanding of the Boston market, and Calzedonia offers a variety of styles with their “fast” fashion approach. The experience with conducting international business and marketing strategies will help show the Boston market and target consumers that Calzedonia is a company worth shopping at.

#### **IV. Research Objectives**

We would like to discover if Calzedonia would be successful in the Boston market as a leggings retailer. Since Calzedonia has been successfully expanding their market in Europe, Latin America, and Asia, we would like to research the best strategy for Calzedonia to enter the Boston market through information received from the survey and focus group interview.

##### *Specific Research Objectives*

1. To learn how consumers decide to buy leggings in the Boston market.
2. To determine how often consumers buy leggings in the Boston market.
3. To determine what quality leggings should be for the price to be attractive to consumers.
4. To evaluate consumers' perception of high quality and low prices.
5. To learn how consumers feel about no ecommerce and changing seasonal offerings.
6. To evaluate attitudes towards Calzedonia and purchase intention of the target consumers.
7. To learn if consumers would be interested in the style Calzedonia has to offer.
8. To examine consumers' preferences of options Calzedonia offers.
9. To learn where consumers would prefer to find a Calzedonia store.
10. To identify the type of consumer that would be interested in Calzedonia products.
11. To explore brand perception of Calzedonia.
12. To determine the size of the potential market in Boston.

## **V. Methodology**

### **A. FGI**

#### *Participants Recruitment and Profiles*

In order to recruit a diverse set of candidates for our focus group interview (FGI), we decided to use Emerson college students who fit our demographics prerequisites. These students consisted of fellow classmates and friends. Our FGI group consisted of nine female participants. They are all students in college, aged from early to mid-twenties.

#### *Procedures*

The FGI was conducted in a room equipped with one-way mirrors on the sixth floor of the Walker building on the Emerson campus. The moderator first began the session by greeting the participants and by explaining the definition of leggings. After this basic information, she asked about in which occasions they like to wear leggings and what qualities they look for upon purchasing leggings, so as to understand their attitudes towards leggings. She continued by asking about the price they usually spend for leggings and how much does style matters to them. The last question before the concept board was about the brands that the participants usually buy from in order for us to discover major competitors of Calzedonia.

Three concept boards were formulated for the purpose of the FGI and were introduced at different times to gain deeper insight from the participants. The first and the second concept boards featured the different types of Calzedonia leggings including with the prices and descriptions. The moderator asked the participants which models and styles were most appealing to them. After the comments about the concept boards, a

commercial featuring Julia Roberts was showed. The participants were encouraged to describe the thoughts, images and moods that came to mind after seeing the commercial. The commercial was incorporated so the moderator could ask participants' opinions about the leggings in the video.

Right after the commercial, participants were asked to describe the Calzedonia brand to their roommates. They were also asked about which kind of people would go to a pop-up shop in order to identify the potential customers for Calzedonia. Finally, the moderator had them identify Calzedonia's competitors and asked their opinion on the brand's advantages and disadvantages over its competitors. Following that, two more videos were showed and they provoked more comments and additional comments about Calzedonia from the participants. The moderator concluded the session by asking if the styles showed in the video would be an appropriate addition to the Boston market.

### *Key Questions*

In the first part of the FGI, the most important questions were about the biggest concerns involving leggings and the main characteristics that the participants are usually looking for when buying leggings. After the concept board, the questions were aimed to discover the participants' opinions about Calzedonia's products and the purchase intention involving Calzedonia leggings, especially after showing them the different styles and the retail prices.

## B. Survey

### *Data Collection Method*

A person-to-person survey was conducted to only female surveyors to evaluate the success of Calzedonia if it were to enter the Boston market. We only asked female participants to answer our questionnaires, because Calzedonia leggings are offered in female styles only. There were a total of twenty-eight questions in the questionnaire and the majority of participants surveyed were of the ages eighteen and older, they all lived in Boston, and owned or have bought leggings. One hundred questionnaires were completed, and the data from these surveys contributed to the final results. Overall, the research was conducted to evaluate Boston's consumers' purchasing habits for leggings and their opinion on the Calzedonia brand.

### *Sampling Method and Sampling*

The research used a non-probability sampling method with convenience samples. The majority of survey respondents were college students, however, working professionals and older participants were also sampled. We selected participants from the Emerson College campus and from the Boston area. The samples consisted of one hundred females.

### *Measures*

The first section of the survey contained general questions related to consumers' purchasing habits and uses for leggings. The questions included frequency, brand preference, important factors when purchasing leggings, spending and likelihood of trying a new brand.



In the second section of the survey, we presented a concept board to participants that depicted and explained the major features and designs of the Calzedonia brand. After the concept board was shown, the survey asked participants about their overall impression of Calzedonia. The brand image and evaluation of Calzedonia's attributes were measured with a five-point semantic-differential scale and a five point Likert scale. Two open-ended questions about likes and dislikes of Calzedonia were asked. To assess the purchase intention of Calzedonia, participants were asked a question measured by a five-point Likert scale. Following these questions, a nominal scale was used to measure the following: how much consumers were willing to spend on Calzedonia products, the location they would expect to find Calzedonia products, the promotion they preferred and the type of social media Calzedonia should use to communicate with consumers.

#### *Data Analysis*

SPSS software was used to analyze quantitative data from the one hundred questionnaires. Cross-tabulations were used on both independent variables and dependent variables. Independent variables included age, education, and income and the dependent variables included overall evaluation and purchase intention. The relationship between these variables was analyzed by the use of column percentages. Independent sample t-tests were used to compare the mean scores of income and education and one-way ANOVA was used to analyze mean scores of different education groups.

#### *Action Standard*

Researchers chose the moderately high action standard with the Top 2 Box 60%, mean score 3.50 based on the level of high competition within the Boston market for

leggings. Due to existing competitors in the Boston market, as well as the entry cost for Calzedonia to enter the country, would suggest a high action standard to be used in this research. The mature product life cycle for functional leggings and the growing product life cycle for social, daily leggings both would be considered for a high action standard. However, the low loyalty commitment to consumers' leggings brand suggests a low action standard. These considerations led the researchers to choose a moderately high action standard in order to find a balance between the factors that led to a high action standard and the one important factor that led to a low action standard.

## **VI. Results**

### **A. FGI**

There were a number of reoccurring themes throughout the FGI session. These themes were strongly portrayed and most of the time, all the participants agreed on ideas concerning the themes.

#### *Quality & Price of Leggings*

One of the most important themes expressed by the participants was the quality of the leggings regarding the relatively affordable to high prices. Participants expected certain levels of quality with specific attributes because of these prices. This means that a lowly priced pair of leggings may be perceived as low quality leggings. The most important attribute in terms of quality for the participants is the transparency of the leggings. They did not want leggings that are see through, but they could not tell if Calzedonia's leggings are transparent from the concept board. This means it is critical for the participants to be able to try the leggings on before purchasing. Leggings that maintain shape and elasticity are a reoccurring priority for the participants as well.

The current pricing of Calzedonia leggings is generally satisfying for the participants, as long as the quality is consistent to the quality they described and/or expected. Participants negotiated together that although \$60 is expensive, they would pay that amount for the more stylish leggings. It was also expressed that between \$30-\$45 would be a reasonable amount to pay for basic, good-quality black leggings. However, Participant 8 mentioned that she “wouldn’t mind paying more inside of leggings that has fur to keep me warm, for you know, for extreme winter.” So the more benefits leggings have, the more the participants were willing to pay. Special discounts were mentioned to increase the motivation to buy from Calzedonia.

#### *General Style & Shape of Leggings*

Overall, the participants pieced together two different main functions that leggings serve in their lives: to replace pants or to wear with another options, such skirts where leggings replacd the need for tights. The more stylish leggings are considered for the first function when leggings are worn instead of pants. When used as a replacement for tights, the participants expressed a need for many options in terms of colors so that matching can be easily achieved. However, a simple black legging for an every day look was preferred by the group as a staple item to have in their lives. Jeggings were mentioned once, but only because of the style. Jeggings offer a better look than sweatpants, but still allow the wearer to feel comfortable. Leggings were expressed to be a great replacement for jeans while travelling because of the comfort.

The weather is a negotiating factor when deciding the length of leggings, for instance, leggings should be long for running during the winter. Some participants claimed they wore leggings underneath their jeans to keep warm in colder weather. This

is specific to the Boston area where the weather drastically changes throughout the year, meaning consumers in Boston need lots of weather-based benefits from their leggings.

The number one concern with leggings is the shape that they form on the body, or in other words, how the leggings fit and if that fit is flattering or unflattering. One reason for a poor shape is the inconsistency with sizing in leggings from different companies. This was a frustrating factor about buying leggings that the participants wished was different. Participant 6 explained, “You have to be really thin...to pull that look off, you have to be like a model, like her” while looking at the concept board of Calzedonia’s models posing. One reason for this relates to when the participants spoke of “weird designs” that do not look good on all body shapes and sizes, such as flower designs that will become distorted if the shape of the leggings is poor and stretches too much.

A helpful theme throughout the FGI about the style and shape of leggings favored by the participants was how the participants preferred simplicity with their leggings’ style. The simpler the leggings, the better and the more likely the participants said they were to buy a pair of leggings. Simple leggings still means that some studs or minimal designs can be incorporated, but leggings with space portrayed on the entire design are not appealing to the participants.

### *Calzedonia’s Style*

The initial reaction to the first concept board seen by the participants included a sense of provocativeness and a comment that said “you need to be a sexy chick to wear these leggings.” It was also said that the leggings that the models were wearing “wouldn’t look good on me.” As more pictures were shown of the variety of leggings Calzedonia offers, the participants warmed up to the style while using the words “appealing,”

“stylish,” “European,” “fashion-forward” and “trendy.” The most favored style of Calzedonia leggings was the designs down the outside of the leggings that added a “heightened effect” for people with shorter legs. Because there are so many more styles than just this style, Participant 2 said, “I don’t think I’ve seen one company with so many different styles of getting the caliber of quality” that Calzedonia leggings attain. This statement was compared by the participants to the lack of variety that Victoria’s Secret offers with their leggings, which are mostly black with a colored waistband. Participant 8 felt a unique way about Calzedonia’s style when she mentioned that she feels she has to buy the whole ensemble the models are wearing in the Calzedonia advertisements in order to match with the style of leggings.

#### *Brand Image Regarding the Commercial Featuring Julia Roberts*

The Calzedonia commercial featuring Julia Roberts showed to the participants was a huge disappointment for them with the main reason being that Julia Roberts was featured in it. As an Italian commercial utilizing a soft-sell method, Julia Roberts was portrayed wearing Calzedonia products throughout France and Italy in a high-context cultural way. This is different from how leggings are mostly sold in Boston where a hard-sell method is commonly used, especially if a company features discounts and sales on their leggings.

The other difference the participants were not used to has to do with Julia Roberts herself. Participant 5 said, “She is too old. The brand seems to be young, youthful, fashionista. She...is definitely a fashionista that I would see in a pant suit...” Participants felt that the commercial was targeting their mothers rather than women in a younger age group as their own, which caused confusion about the Calzedonia brand and its core

values. Participants agreed that Julia Roberts represents classic, while the brand represents trendiness. The concept boards were more appealing to the participants rather than this commercial.

#### *Participants Visionary Target Audience for Calzedonia*

The participants all agreed that females in their twenties would be the target audience for Calzedonia in Boston. A typical female target consumer would be looking for a comfortable but stylish pair of leggings for their busy life with a set career and prominent social life. Her style would be chic, yet classic and she would be “someone who is looking for something to wear on a night out maybe or even just at home, but works both ways,” said by Participant 3. Originally, some participants mentioned that Calzedonia would do well in New York, but upon being asked about the Boston market, they agreed it would work well.

The only disagreement in the negotiation of this particular theme was when some participants thought females taking the MBTA would be interested in Calzedonia styles, while Participant 2 disagreed completely. She said that the females she witnesses on the MBTA in the morning wear nothing similar to what Calzedonia has to offer. Newbury Street, Boston, MA and Cambridge, MA were both mentioned as ideal places for consumers to find Calzedonia stores. Participants said they would like to be offered free samples and see information about Calzedonia on fashion blogs, Instagram, magazines and commercials, however not the Julia Roberts commercial. The participants also discovered that it would be innovative to have a mobile application where consumers can try Calzedonia leggings on a picture of themselves.

## B. Survey

### **Attitude and Behavior of Leggings Shopping**

#### *Legwear Brand Preference*

When surveying brand preferences of leggings in the Boston market, 38% of the participants buy from H&M, followed by Sports brands (37%) and then from Victoria's Secret (29%). The least amount of participants do not know the brand they purchase leggings from (22%) and leggings purchased from American Apparel (10%). By age, from 18-24 years old, Sports brand (41%) is more than ages above twenty-five (29%). People, aging above twenty-five did not know the brand (36%) in comparison with less people from 18-24 (16%). In terms of income, more participants with an income of \$30,000 or more chose sport brands (53%), compared with people with less than \$30,000 (34%).

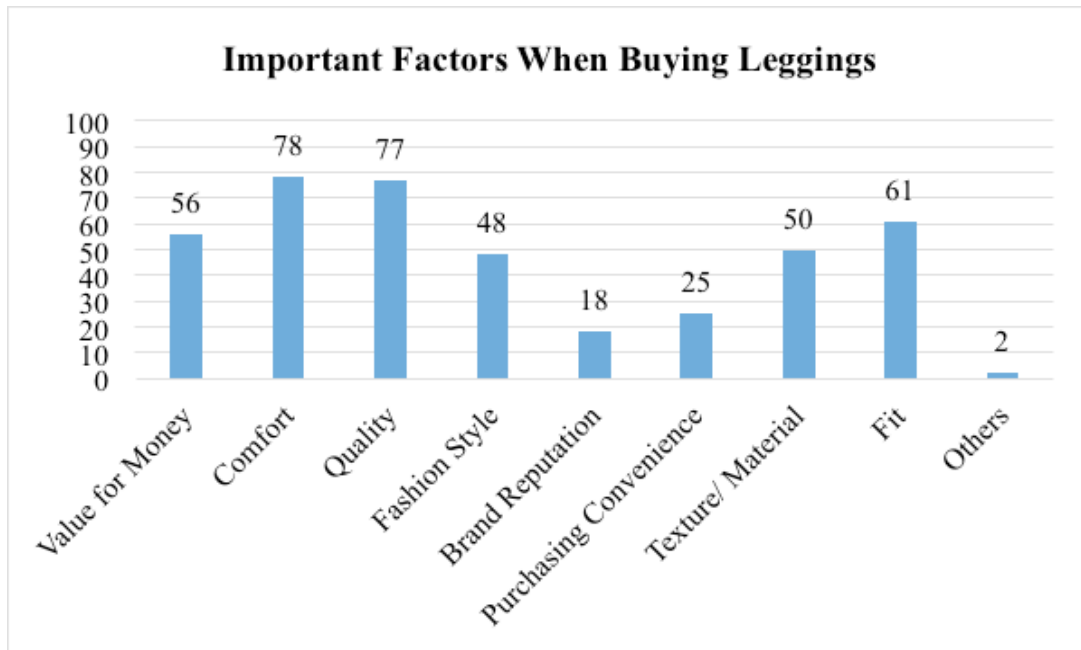
#### *Frequency of Buying Leggings*

From the result (See Table 2), 40% of participants buy leggings once per season, followed by every 6 month (22%), once per year (13%). This descent continues with participants buy leggings less than once a year (13%), once per month (7%) and once per week (5%). Specifically, 60% of participants with \$30,000 or more income shop for leggings once per season while 37% of participants with less than \$30,000 shop once per season.

#### *Important Factors When Buying Leggings*

When surveying the important factors for buying leggings, comfort (78%) and quality (77%) are the two most important factors. To a lesser degree, fit (61%), value for

money (56%), texture/material (50%), fashion style (48%) and purchasing convenience (25%) were valued less when buying leggings. Brand reputation is the least important factor (18%). There is no major difference by age and education (See the graph below and Table 3).



#### *Frequency of Wearing Leggings in the Summer Time*

From the result (See Table 4), 24% of the participants wear leggings one to two times a week, followed by once a month or less (23%), three to four times a week (20%), never (18%) and two to three times a month (10%). Almost everyday (4%) and five to six times a week (1%) are the least favored frequencies. More participants aging from 18-24 wear leggings one to two times a week (29%) in comparison with less participants above twenty-five (13%). In terms of education, the frequency for three to four times a week differs from the other groups. The graduated college students wear leggings 31%, while currently college/graduate students wear leggings 9% during the summertime.



### *Occasions of Wearing Leggings*

When researching the occasions in which participants wear leggings, leggings for leisure activity was most popular (73%) and exercising (72%) was second most popular. Occasions such as school (62%), social (59%) and work (26%) were worn of a lesser degree. With less than \$30,000 income, 29% of the participants wear leggings for work while 7% of \$30,000 or more wear leggings for work. By education, current college students wear leggings for exercising (88%) with less graduated college students wearing leggings for exercising (59%). Wearing leggings for school also differs by education, more current college/graduate student wear leggings for school (78%) while graduated college students (51%) wear leggings less than current college/graduate students for school.

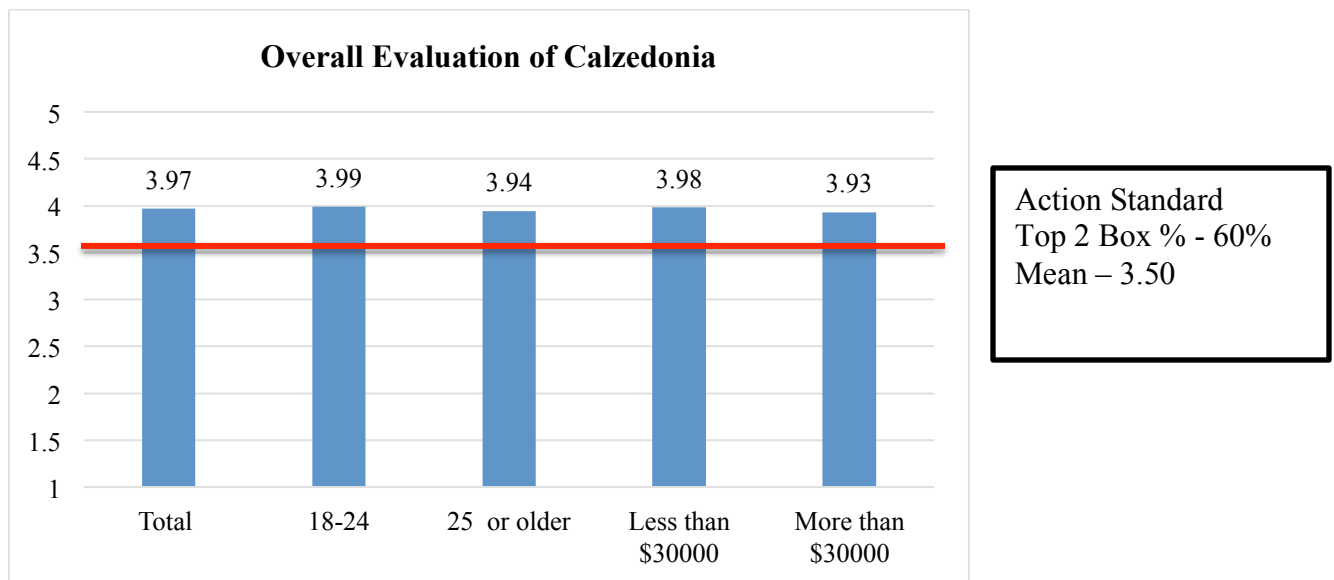
### *Spending on Leggings*

From the results, people would prefer to spend under \$20 for leggings the most (33%) and \$20 to \$29 (32%) as the second preferred price to pay. To a lesser degree, participants would prefer to spend \$30 to \$39 (14%), \$40 to \$49 (7%), \$70 or more (6%) and \$60 to \$69 (5%) on leggings. The least favorite price would be \$50 to \$59 (3%). People with income less than \$30,000 would prefer to spend under \$20 (38%) on leggings, while 7% of participants with more than \$30,000 income spend under \$20 on leggings. On the other hand, 20% of the participants with \$30,000 or more income would spend from \$60 to \$69 on leggings and 2% of the participants with less than \$30,000 would spend from \$60 to \$69. In terms of education, current college/graduate students spend \$20-\$29 (50%) on leggings which is more than graduated college students (26%).

## Consumer Acceptability of Calzedonia's Brand Concept

### *Overall Evaluation of Calzedonia*

The majority of participants showed favorable attitudes toward the Calzedonia product concept with top 2 box % of 77% and mean score of 3.97 (see Table 7). This finding passed the action standard, which is top 2 box of 60% and mean score of 3.50. There are no major differences by age and income.



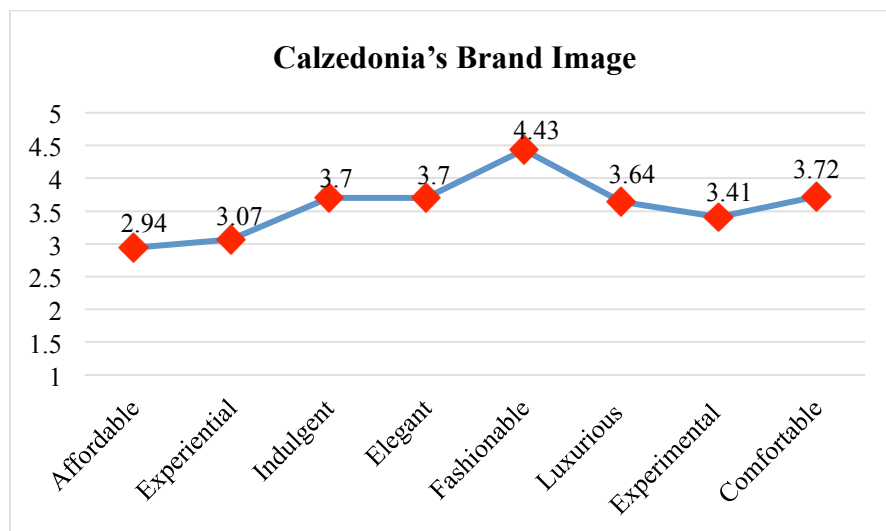
### *Likes and Dislikes of Calzedonia's Brand*

From the results of the open-ended question, the most likeable factor of Calzedonia is style (56%), followed by the variety (26%). To a lesser degree, affordable prices (19%), cute design (12%), unique pattern (8%), and variety for occasions (4%) were liked by the participants. The least likeable factors were matching (3%), functional (3%) and comfortableness (3%).

In terms of dislikes, price is ranked as the first (40%), followed by in store only options (17%), then unattractive patterns (11%), quality control (5%) and fit concern (5%) follow. The least disliked factor was matching (2%).

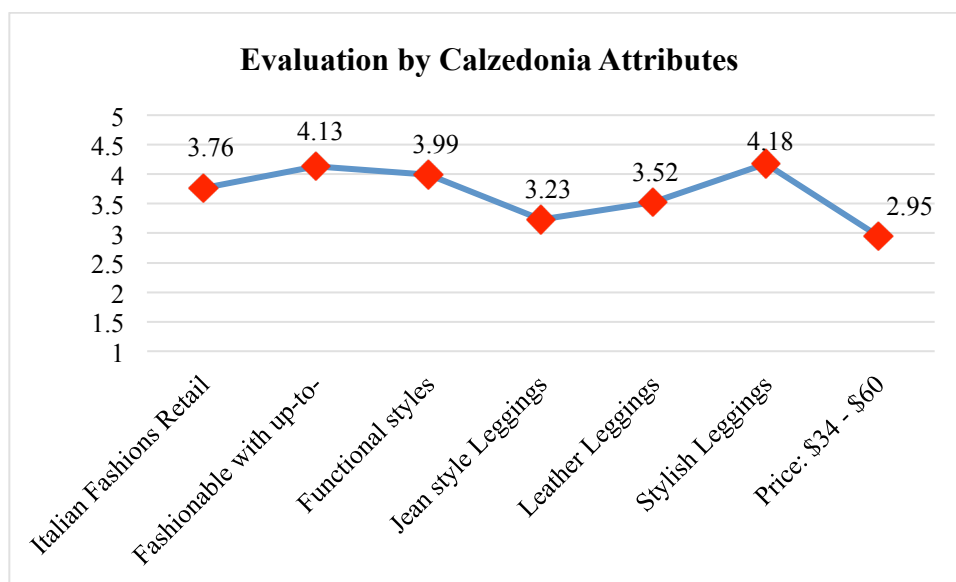
### *Calzedonia's Brand Image*

From the result (See graph below and Table 9), the participants showed very positive attitude toward fashionable style (4.43) and positive attitude toward comfort (3.72), indulgence (3.70) and elegance (3.70). There were moderately positive attitudes towards luxury (3.64) and slightly positive attitudes towards experimental (3.41) and experiential (3.07). The least positive image was affordability (2.94). In terms of education, graduated college students showed very positive attitude toward elegance (4.05), while current college/graduate student showed a lesser positive attitude (3.78). Graduated college student also view Calzedonia's leggings more experiential (3.23) and luxurious (3.85) and current college/graduate students view the leggings as experiential (2.91) and luxurious (3.50).



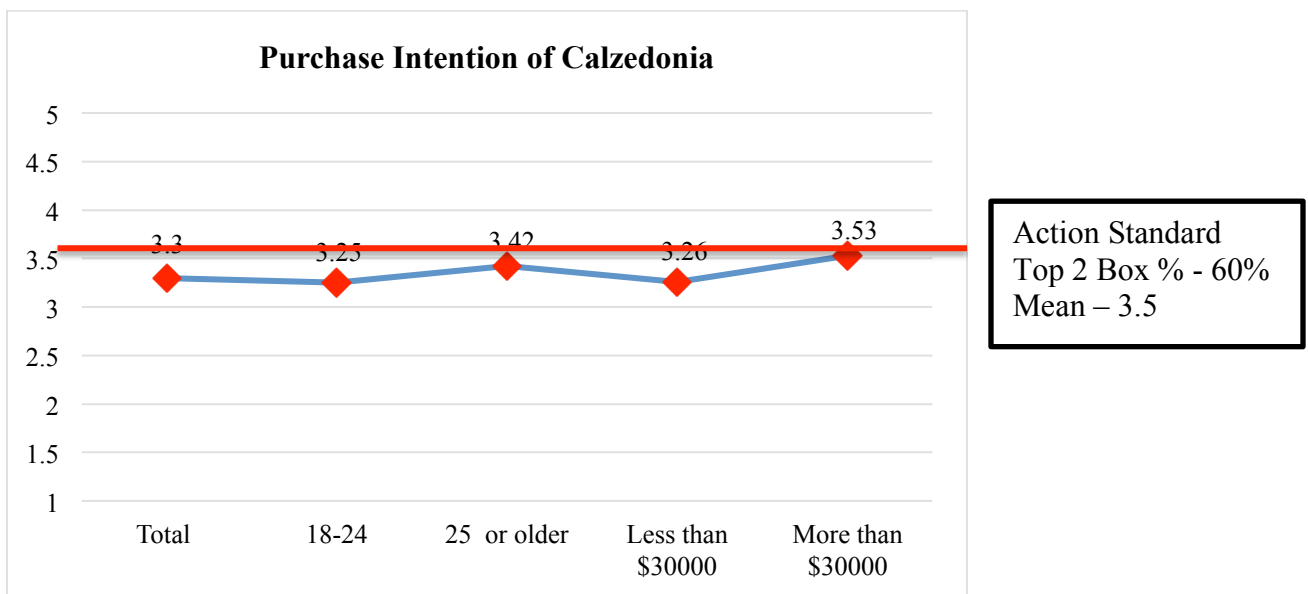
### *Evaluation by Calzedonia Attributes*

From the result regarding evaluation by Calzedonia's attributes, the participants showed very positive toward stylish leggings (4.18) and fashionable with up-to-date styles (4.13). Positivity towards functional leggings (3.99) and Italian fashion retail (3.76) were ranked next. There was a moderately positive evaluation of leather leggings (3.52) and slightly positive towards jean style leggings (3.23). The least positive attribute would be the price, from \$34 to \$60 (2.95). By income, participants with \$30,000 or more evaluated most on leather leggings (4.20), the stylish leggings (4.53) and finally price from \$34 to \$60 (3.20) when compared with participants with less than \$30,000 on leather leggings (3.40), stylish leggings (4.12) and price from \$34 to \$60 (2.91). By education, graduated college students saw Italian fashion retail (3.87) as positive more than the current college/graduate students (3.56). On the other hand, current college/graduate student evaluated jean style leggings (3.53) more than the graduated college students (3.05).



### *Purchase Intention of Calzedonia*

The majority of participants showed a slightly high level of purchase intention, with the mean score of 3.30 on a 5-point Likert scale and the top 2 box % of 37%. This finding did not pass the action standard, which is top 2 box of 60% and mean score of 3.50. See Table 11 to see that in terms of income, participants whose income is \$30,000 or more showed a higher level of purchase intention (53%) than people with less than \$30,000 income (25%).



### *Preferences of Price & Quality*

From the results, 75% of the participants showed positive attitude toward the preference that products are affordable and maintain high quality while 25% of the participants indicated that when products are affordable, they don't maintain high quality. There is no major difference by age and education.



### *Spending on Calzedonia's Leggings*

When researching into the spending on Calzedonia's leggings, 41% of the participants would spend from \$20 to \$29 on Calzedonia's leggings. Lesser than this, participants said they would spend \$30 to \$39 (26%), under \$20 (23%), \$40 to \$49 (6%) and \$50 to \$59 (2%) on Calzedonia's leggings. The least favored price would be \$60 to \$69 (1%) and \$70 or more (1%). By income, people with less than \$30,000 would spend \$20 to \$29 (47%) in comparison of 7% of the participants with \$30,000 or more income. Participants with \$30,000 or more income would be willing to spend \$30 to \$39 (40%) and \$40-\$49 (20%) more when compared with whose income less than \$30,000 on \$30 to \$39 (24%) and \$40-\$49 (4%).

### *Promotional Incentives to Try Calzedonia's Leggings*

From the results, the most attractive promotional incentive would be discounts (84%). To a lesser degree, free gifts (69%), coupons (60%), store opening event (40%), loyalty card (32%) and celebrity endorsement (22%) would be attractive promotional incentives. The least attractive is website pop up advertising (8%) for a promotional incentive. There are several differences within the age. Participants aging from 18-24 preferred incentives by coupons (65%) in comparison with people over twenty-five years old (48%). Meanwhile, the 18-24 age group were attracted to the free gift (78%) incentive in comparison with people above twenty-five (48%). By income, participants with less than \$30,000 income were attracted by discounts (87%) and free gift (73%) while participants with \$30,000 or more showed less attractiveness in discounts (67%) and free gift (47%).

### *Expected Stores to Buy Calzedonia's Leggings*

When surveying into the types of stores where participants expected to buy Calzedonia's leggings, department stores are the most expected types (66%). To a lesser degree, Calzedonia's brand website (63%), shopping mall (62%), stand-alone stores (60%), online retail stores (44%) and discount stores (40%) were next for participants to expect to buy Calzedonia's leggings. The least expected types of stores are large retail stores (28%). By age, participants aging from 18-24 expected to buy Calzedonia's leggings on the brand website (70%) and in stand-alone stores (68%) while people above 25-year-old only expected 48% though Calzedonia's brand website and 42% expectation in stand-alone stores to buy their leggings. In terms of income, 64% of participants with

less than \$30,000 expected to buy in stand-alone stores, while 40% of the participants with \$30,000 or more income expected to buy in stand-alone stores.

#### *Expected Channels to Find Calzedonia's Information*

69% of the participants expected to find Calzedonia's information via social media. The participants expected to find Calzedonia's information on magazine ads (67%), brand website (65%), in-store display (55%), friends or family (45%) and outdoor ads (37%) next. The bottom three expected channels would be email (34%), TV commercial (32%) and transit ads (20%). By age, 42% of the participants from 18-24 expected to find information from outdoor ads in comparison with 26% of the participants above 25. By education, people with \$30,000 or more income expected to find information from brand website (80%) in comparison with people with less than \$30,000 (62%).

### **III. Conclusions and Recommendations**

#### **A. Conclusion**

Based on our research, we found that at this time, the conditions are favorable for Calzedonia to enter the Boston market. The demographics chosen for this research do reflect an acceptable attitude and marketing preference for this brand. The majority of respondents showed a slightly high level of purchase intention with a mean score of 3.30 and the top 2 box % of 37%. Therefore, the purchase intention failed to pass our action standard.



Our customers prefer to buy lower priced leggings, with prices around \$30-\$45 dollars for a basic pair of leggings or leggings with a small detail to a maximum of \$60 for more stylish leggings. The main attributes the consumers favored about Calzedonia are the fashionable component of the leggings. The participants in FGI also showed positive attitude towards the fact that Calzedonia's leggings are appropriate for the nightlife, more social scene but also for staying home and relaxing. However, customers are looking for more basic styles with small and detail design rather than the heavy design.

In terms of promotion, our research showed that customers would like discounts (84%), free gifts (69%) and coupons (60%). Furthermore, they would like to see advertisements on social media (69%), such as Instagram (82%), Facebook (77%) and fashion blogs (71%) as well as in magazines (67%), on the brand website (65%) and on indoor displays (55%). The locations where consumers expected to find Calzedonia products are department stores (66%), the brand website (63%), shopping malls (62%) and stand alone stores (60%).

## **B. Recommendations**

In order to enter the Boston market, Calzedonia has to implement the following marketing strategies.

### **Price**

We recommend maintaining the prices that Calzedonia has currently because if the prices are lowered, consumers will continuously question the quality. If the prices are increased, then consumers would most likely not be interested with competitors offering lower prices for a similar variety of leggings. However, we are suggesting to slightly

lower the prices of the most expensive leggings, which are the leggings considered to be the stylish, more social leggings.

### **Place**

The placement of Calzedonia should definitely include stand-alone stores in areas such as Newbury Street. Department stores would be our recommendation as well because of the recognition and connections the brand will acquire. A brand website is essential because consumers rely on buying leggings online heavily with just as much important placed on online shopping as shopping in stand-alone stores.

### **Product**

In order for Calzedonia to successfully enter the Boston market, a few changes should be made.

#### *Design*

There should be a larger variety of more basic and small detailed leggings for consumers to choose from in the Boston market. The participants stressed the appeal of simpler designs and detail of leggings, especially down the sides of the legs for the “heightened effect” to make legs look longer. The heavier designs should still be offered, but should not be a major focus for the Boston consumers.

### **Promotion**

#### *Types & Channels*

The major disappoint with Calzedonia for the participants was the commercial featuring Julia Roberts, which should not be displayed for Boston consumers. For commercials in this market, Calzedonia will need to focus on hard-selling their products, rather than the soft-sell commercial with Julia Roberts. More relevant and trendy

celebrities should be incorporated into the advertising strategy in order for Calzedonia's target audience to relate to the brand image, only if Calzedonia feels strongly about associating with celebrities. Participants through the survey did not favor celebrity endorsements, so this is not important to do in the Boston market.

In terms of social media, we recommend Calzedonia becomes more active on fashion blogs, Instagram and Facebook. These three outlets are most popular in the Boston market and where most consumers find the information about brands and products in the apparel industry.

### **Positioning**

Calzedonia's positioning should remain the same upon entering the Boston market because the Calzedonia's positioning seems to be universal for many consumers around the world and this has worked for the brand. The participants understood the positioning as trendy, fashion-forward and stylish, just as the brand is recognized in other markets. The brand is recognizable, understandable and appealing to our participants, and we recommend this remains the same.

We highly recommend implementing the changes we have suggested for Calzedonia upon market entry into the Boston market. Calzedonia can remain the same for the most part, but there should just be a few changes to cater to the Boston consumers.

### **C. Future Research Directions**

For the future, research should include a larger range of females with a larger range of incomes in order to broaden the amount of data received. Our research was mainly based off of Emerson students with similar incomes, which limits our research to

only one segment of Boston consumers. Also, our respondents were mostly from different countries who now live in Boston, and some participants moved to Boston not so long ago. Future research should include more females who have lived in Boston for a longer period of their lives in order to capture what a true Boston consumer thinks, feels and buys.