

When designer brands go discount route - New York News

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NEW YORK (MYFOXNY) -

Lilly Pulitzer was all the rage when the designer went discount and partnered with Target this spring. Denise Lee Yohn, author of *What Great Brands Do*, compares the social media craze surrounding that launch to Black Friday. People lined up outside Target stores for hours and the products were gone in a flash.



But other designers have lost their cachet going the discount route.

Take Coach, for instance. Its sales dropped over 20 percent last quarter in North America, where the brand has been struggling for some time. Last year the company announced plans to close 20 percent of its North American stores in an effort to reel in after opening too many outlets and entering too many department stores.

Martin McNulty, CEO of Forward3D, a global digital marketing agency, says it is hard not to be seduced by having your product in your own stores, online, in wholesale channels like Saks, and in outlets, which offer massive distribution very quickly. But, McNulty says, it's hard to be exclusive and ubiquitous at the same time.

Coach isn't the only brand struggling with this problem.

The Michael Kors stock has tanked over the last year. The brand, once considered aspirational and cool, has become another victim of overexposure.

Denise Lee Yohn says at a certain point brands go from being aspirational to being everywhere and overexposed, and discounting is usually a factor in crossing that line.

Last week, Kors paid nearly \$5 million to settle a lawsuit claiming the brand's outlet store price tags give the illusion of discounts. McNulty says that's a huge problem with discounting. Shoppers think they're getting designers at 70 percent off at outlets. What many customers don't realize is that some designers manufacture clothing specifically for their outlets. The clothes have never walked down a runway and don't have the same integrity.

Tory Burch is yet another brand that's losing some of its luster. Just look at what happens when you type "Tory Burch" into a Google search. The first suggestion you see is "Tory Burch Outlet." McNulty says that absolutely reinforces the view in the consumers' mind that they shouldn't pay full price for Tory Burch products.

Fine designers like Chanel and Rolex never have sales, which McNulty believes helps maintain their exclusivity.