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Story

Hilfiger: Out-Of-Touch Or On The Money?

Sarah Mahoney, Feb 10, 2009 04:34 PM



In unveiling its newest marketing campaign, Tommy Hilfiger is doing more of what it has always done: Invoking young, glamorous, affluent Americans with that classic cool. This time, they're looking more like movie stars than ever, as they lounge on expensive cars, sunbathe at the pool, and bask in palm-tree-studded sunsets. "This is a season of renewed excitement and optimism for what America represents," designer Hilfiger says in the company's release.

Huh? Either these folks missed the memo that, at the moment, America represents job loss, recession, and a cratering economy, or the company is hoping its lifestyle fantasy image will have more appeal than the latest downer headlines.

The company says the new ads, called American Stories, are a tribute to Hollywood's Golden Era, and "incorporate the look and feel of a film-strip narrative by following different characters at work and play. Breezy scenes staged at familiar locales--an actor's trailer at Paradise Cove, in Malibu; the exterior of a Beverly Hills villa; cruising Sunset Strip; against the backdrop of the Griffith Park Observatory--evoke classic imagery."

But the ads--running online as well as in *Vogue*, *Elle*, *GQ*, and *Vanity Fair*--also illustrate how difficult it is for image-driven brands to find a message that resonates beyond fashionistas, and can connect with shoppers who are still somewhat shell-shocked by the volatile economy.

"Consumers are overwhelmed with the bad news in the paper and on television," says Michael J. Silverstein, senior partner at the Boston Consulting Group, and author of *Treasure Hunt: Inside the Mind of the New Consumer*. "They certainly are looking for a couple of places to take a break from the crisis economy."

Hilfiger has shown up in the Top 10 ranking of fashion brands in the past, says Robert Passikoff, founder and president of Brand Keys, a New York-based brand and consumer loyalty research firm. And in its most recent results, the privately held company has done well compared with other lifestyle brands, with its total global sales gaining 30.5% for the six-month period ending in September, and sales in the U.S. climbing 16.7% to \$356 million. In its wholesale business, the company says its partnership with Macy's saw "significant growth."

But that was before the retail meltdown of the fourth quarter, and some recent studies have shown that close to half of American consumers say they have pared back their clothing budget in the last six months. Silverstein says "apparel is not one of the categories where consumers are planning an increase in spending."

Passikoff says he expects Hilfiger to be edged out of the top tier of fashion brands, as consumers shift their loyalty toward value. "Driven by the economy, consumers are looking for a price-value equation, and I'm betting that brands like Dockers and J. Crew will start showing up," he says. "It's not enough for consumers to recognize a brand--think of GM or the Gap. It's recognized, but the brand doesn't mean anything and people aren't buying. There's no differentiation, and there's no

emotional engagement."

And besides, when it comes to swimsuits, jeans, and new shoes, it's easy for consumers to wait the economy out. "They will continue to buy replacement goods for items that wear out and for a couple of items that make their day," says Silverstein. "In apparel, it is much more an issue of looking at their closets and saying, 'I don't need a new pair of pants or a new blouse.'"