

FOREVER 21 INC.

BRAND AUDIT

AMY VO

BRAND INVENTORY: *Company*

Location: 3880 North Mission Road,
Los Angeles, California, 90031



Subsidiaries: Forever XXI, forever21.com, Gadzooks 21, Heritage 1981, heritage1981.com, Forever21 Girls, Love21 Maternity, Forever 21+, 21Men, Love21, Twelve by Twelve, and twelvebytwelve.com

*for love*₂₁ **HERITAGE**¹⁹⁸¹

21MEN
BY FOREVER 21

*love*₂₁
maternity 21

Brand History:

- Started on April 21, 1984 in Los Angeles, California. The store was originally called Fashion 21. Because of the rapid sales, the founder was motivated to open new stores every 6 months, eventually changing the name to Forever 21.
- In 1989, Forever 21 opened its first store inside a mall, which was its 11th store. It has also started to expand the size of their stores.
- By 1997, there were a total of 40 stores across the U.S.
- In 1999, Forever 21 finally created a prototypical store for the mall setting, which included the expansion of the store as well.
- In 2001, they opened XXI flagship store in Texas, Miami, Los Angeles, Chicago, and Canada.
- By 2005, they were operating in over 355 locations nationwide, with more brands including Forever XXI, For Love 21, and Gadzooks.

Organization/Major Activities: One of their core values is to encourage giving. In 2011, Forever21 introduced their new brand Give to Love Love to Give, where a portion of those sales go back to a designated charity. In all, they have donated over \$9.5 million worth of money and merchandise.

- *FEED's Project* >> The mission is to create quality products that "FEED" the world. By utilizing environmentally friendly materials and fair labor production to create all FEED products, this partnership has provided 71,120 meals for people in need.
- *The Humane Society of the United States (HSUS)* >> Being the nation's largest animal protecting organization, Forever21 was able to help raise \$32,733.
- *Japan Disaster Relief* >> Donated 100% of all global ecommerce sales on Friday, March 18 to support the victims from the earthquake and tsunami. This relief campaign raised \$2,012,112 for the victims.
- *The American Red Cross* >> This partnership collected over \$85,000 that allowed the continuation of support for the Japan relief efforts.
- *Susan G Komen for the Cure* >> This partnership collected over \$200,000 for donations.
- *The Samburu Project* >> Built a well in Kenya that benefits 26 villages, with over 1500 people.
- *Big Brothers Big Sisters* >> This partnership hopes to raise \$20,000.
- *Starlight Foundation* >> Raised over a quarter million dollars for them.
- *American Society for the Prevention of Cruelty of Animals (ASPCA)* >> Hopes to raise \$85,000 for them.



THE AMERICAN SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS®



Key Personnel:

President: and CEO: Don Won Chang



Co-Founder: Jin Sook Chang



CFO: Ann Cadier Kim



Senior Vice President: Chris Lee



Recent News:

- Adobe sues Forever21 for allegedly pirating Photoshop and other programs
- Forever21 faces the challenge of filling such a expansive floor space with the right merchandise
- Made it onto Forbes List - #118 America's Largest Private Company
- Forever21 opens on New York's 5th Avenue
- Forever21 was fined about \$300,000 for unsafe working conditions

Financial Data:

Revenue: \$3.85 Billion

Net Income: \$124 Million

Total Assets: \$1.4 Billion

Number of Employees: 30,000

Number of Store Locations: 480 (In the United States)

Annual Report:

2014 Revenues: \$2.6 Billion

Revenue Change: 18.2%

Fiscal Year End: February

Operating Income: \$319 Million

BRAND INVENTORY: *Category & Competition*

SHOPS:

FOREVER 21®

HERITAGE 1981®

forever21 *girls*

Tweloc by Tweloc™

21MEN™

NEW ARRIVALS ▾

APPAREL ▾

SHOES ▾

ACCESSORIES ▾

FEATURES ▾

SALE

love21™

FOREVER 21+
PLUS SIZES

Methods of Distribution:

E-commerce and retail stores

Category definition:

- Women's
- Men's
- Kid's Apparel
- Accessories

Major Players:

- Abercrombie & Fitch Co.
- American Eagle Outfitters, Inc.
- Charlotte Russe Holding, Inc.
- H&M
- Urban Outfitters, Inc.
- Top Shop
- American Apparel

Seasonal Factors:

There are not really any seasonal factors because they produce apparel for all seasons and occasions.

History of Category:

Started off as only women's apparel and accessories, in recent years added Men's clothing, then shortly after that introduced kids clothing.

Legal Considerations:

Forever21 enters into comprehensive agreements with each of its vendors and their factories where they promise to use legally qualified workers, pay them wages that are fair and legal, and provide an environment that complies with their legal requirements. The agreement also covers issues of time off, free association rights, nondiscrimination, environmental protection and security, and prohibits the use of slave labor, child labor, and prison labor.

Size of Category:

- Women's apparel/accessories accounts $\frac{3}{4}$ of the merchandise
- Men's apparel/accessories accounts for $\frac{1}{4}$ of the merchandise
- Kid's apparel accounts for less than $\frac{1}{4}$ of the merchandise

Regional Factors:

There are not any regional factors because they make clothing for all types of weather.

BRAND INVENTORY: *Products within Category*

Share of Category by Product:

Apparel & Footwear:

2009: 0.2

2010: 0.2

2011: 0.2

2012: 0.2

2013: 0.3

2014: 0.3

Market Share in 2011: 1.70%

Product-Form Description:

The products contain names that are straight forward. Each product usually has a characteristic of the item in its name.



Benefits & Appeals of New Products:

The strategy Forever 21 uses to showcase their new products is based on trends and seasonality. Whatever the current fashion trend is, Forever 21 will most likely offer a version like it. Also, their new arrivals usually sell at a cheap deal.

New Product Introductions:

There is a whole tab dedicated to new arrivals. Forever21 market's its new products by placing them in front of the stores, usually with a sign "new arrival" above the rack. Online, the landing page will display models showing off the new products.

New Packages/Innovations:

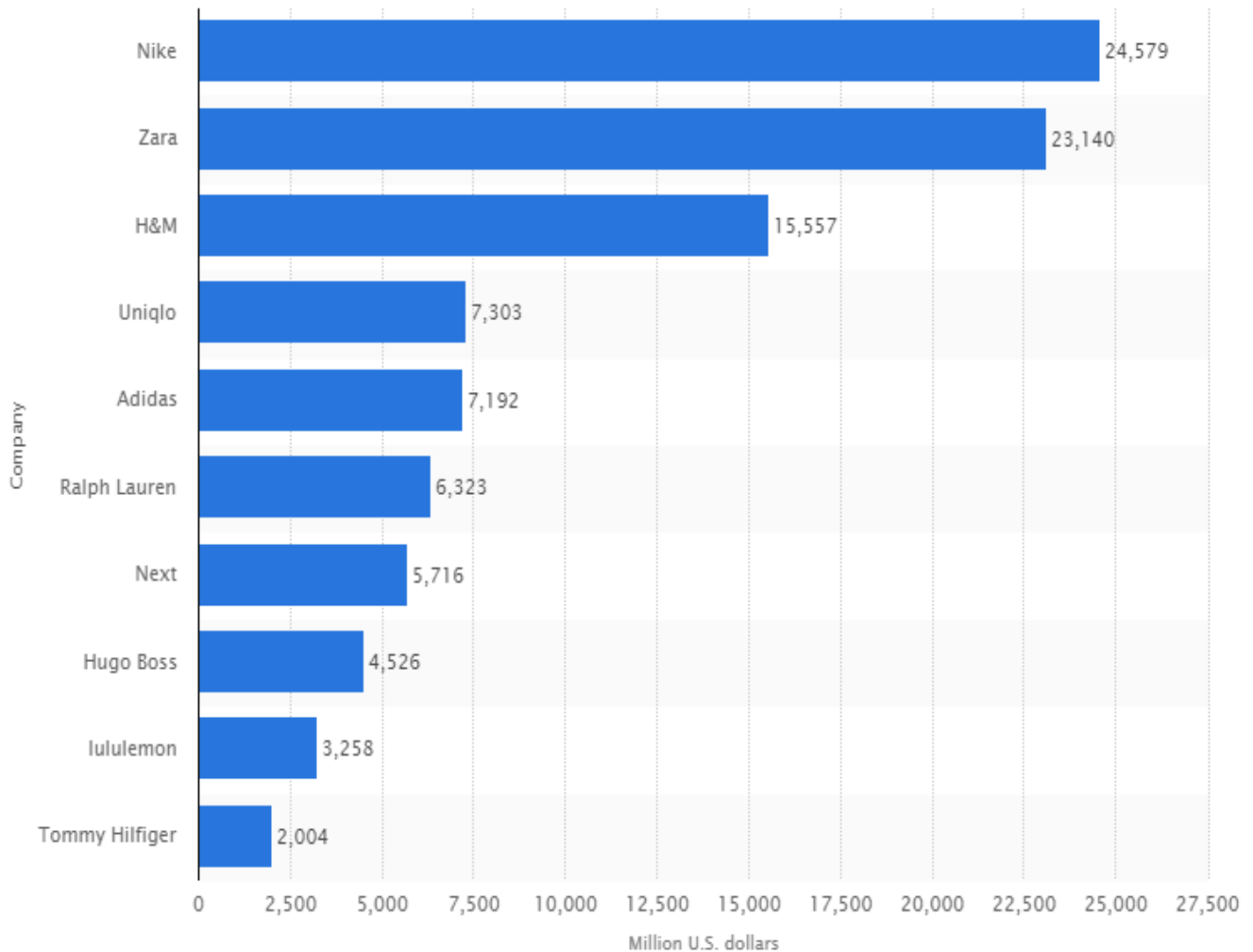
No new packaging, still gives out the same old yellow plastic shopping bag with "FOREVER21" at the bottom. No new innovations either.

Recent News about Product Category:

- Plaid and gray are current trends for 2015.
- Free Shipping is anew battleground.
- E-commerce consumer privacy is a top concern.

BRAND INVENTORY: *Brand Analysis*

Top Brands by U.S. Dollar or Unit Sales (2014):



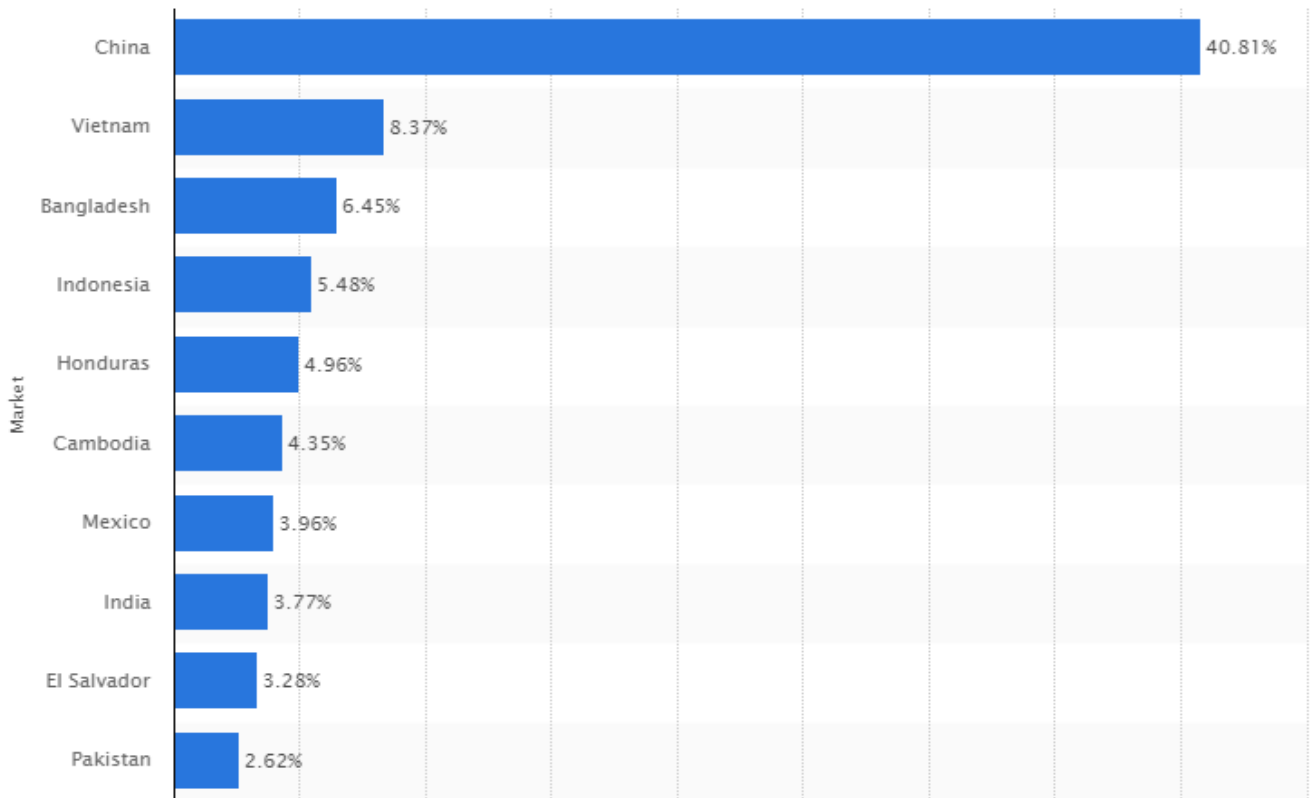
Growth Trend of Top Brands:

2010: -4%
2011: 10%
2012: 13%
2013: 21%
2014: 29%

Recent News about Competitor Brands:

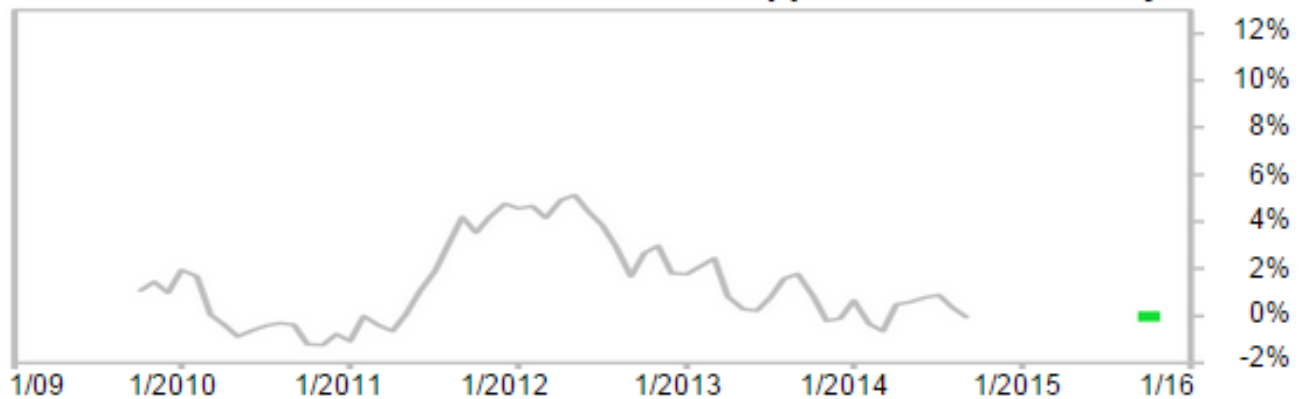
There is a rise in sales for all women's apparel clothing retailers. This is due to the increase in younger generations evolving to be more proactive in fashion. Also, H&M has been lowering their prices, having more promotions and sales.

Category Share by Country or Region:



Pricing Trends:

Inflation Rate for All Urban Consumers: Apparel - 5 Year History



Annual US Inflation Rate for Apparel is plotted monthly in gray (Consumer Price Index for All Urban Consumers: Apparel). The forecast for the target month is shown in green. Other links related to this economic indicator are below.

BRAND INVENTORY: *Consumer Profile*

Demographics of Users:

Forever21 used to target only teen girls, but in recent years, they have expanded their target market to men and also older women. It is almost like a fashion department for all ages, genders, and races.

Frequency of purchase/usage:

Because of the quality of the brand, most purchases are only worn around 5-7 times before it's worn out. Forever21 shoppers shop there about every time they go shopping.

Place of Purchase:

Forever21 stores are mostly located inside shopping malls/strips.

Heavy-User Profile:

A very frequent shopper of Forever21 is mostly fashion-oriented and/or on a budget. Forever21 offers good prices for stylish clothing.

Awareness and Attitude:

Most shoppers know about Forever21 mainly because of its popularity for good deals. The attitude that comes with this brand is that of positivity and happiness.

Decision Makers vs. Purchasers:

When deciding whether or not to make a purchase at here, it comes down to the price and quality match. Those who purchase immediately are normally those who buy in bulk and do not wear the products as often.

Brand Loyalty/Switching:

They do not offer any rewards or loyalty programs; however, due to the age and popularity of this brand, most customers stay loyal. Although there are many competitors out there, most stick with Forever21 because of pricing.



Normal Purchase Cycle:

The normal incentive most shoppers have is buying something for an occasion. Forever21 offers a variety of different styles, in a trendy way. Therefore, the normal purchase cycle is just when they need to find something quick or if they are buying in bulk.

BRAND INVENTORY: *Advertising/Marketing*

Creative Strategies:

- Stores are inviting and modern with white floors and bright lights
- Top sellers online are displayed in front of the store with a sign to direct attention there
- Constant new merchandise for all seasons
- Social media interaction
- Mobile marketing/app
- Celebrity marketing

Communications

Specific Promises:

- Most recent trends for less
- You get what you pay for

Claims:

Offering the trendiest clothing.

Special Effects:

To keep up with the innovative market, Forever21 implemented holographic into their runway shows.

Appeals:

- Trending clothing
- Offers all types of clothing for all types of people
- Low price, fashionable product
- More than just clothing: sells accessories, shoes, and jewelry
- All sizes available
- All ages (except infants and toddlers)
- Merchandising by style
- Large selection



Examples of past and current executions/information on competitive brands:

Many of the competitors like H&M and Charlotte Russe implement similar marketing strategies, especially the store format. Other similarities other competitors have are low pricing, and variety of styles. Examples of some past executions are producing tops with quotes and sayings on them that did not produce any sales.

BRAND INVENTORY: *Media*

Category and Brand Spending:

- Low wages
- Cheap designs
- Inexpensive manufacturing process
- Mass production

Seasonality:

Forever21 provides clothing for all types of weather, for all types of occasions. Therefore, there is no specific season where there is an influx of sales. However, depending on the season, the type of clothing for that season will exceed in quantity.



Regionality:

With over 600 store locations across the world, the U.S. contains the most. There are also stores in Africa, Asia, Europe, and South America.

Media Employed:

Considering Forever 21 to be a fashionable, up to date brand, it can be found on many social media platforms like Facebook, Twitter, YouTube, Instagram, Pinterest, and google+.

Spending Patterns:

Forever21 spends a large amount of money on media for marketing their brand. There is a larger spending budget once summer comes around; this is because they know their target market is out of school and in need of a new wardrobe.

Spending Compared with Market Share:

Their spending's match their market share.

Competitor Spending:

Most competitors spend the same amount due to similar styles and pricing.

BRAND INVENTORY: *Promotions*

Promotions Used in Each Category:

- Category named "Style deals" which are all clothing under 20
- Able to shop by outfit or style

Major Brand Promotion Types & Examples:

- Offers free shipping for purchases over 50
- Free shipping when signing up for emails
- Offers special promo when signing up

Success Rates of Promotions:

Success rate is very high; most e-commerce purchases are over \$50 in response to the free shipping for purchases over \$50.

Competitor Promotions:

- Charlotte Russe offers free shipping over \$50. Also has BOGO shoes, and happy hour online (where for one hour certain items are discounted significantly). Web-exclusive dresses, and a variety of BOGO promotions. You can get 10% off when signing up with them.
- H&M offers 20% off one item when signing up for emails.
- Uniqlo offers free shipping over \$100 purchase.

BRAND INVENTORY: *Internet & New Media*

Website:

www.forever21.com

E-Commerce

Activities:

- Offers web-exclusives
- Offers free shipping on purchases over \$50
- Promotions for in-store and online
- Models to market apparel.

Social Media Activities:

- Twitter
- Facebook
- Instagram
- Pinterest
- Blog
- YouTube
- Google+

Do the Strategies Support the Brand?:

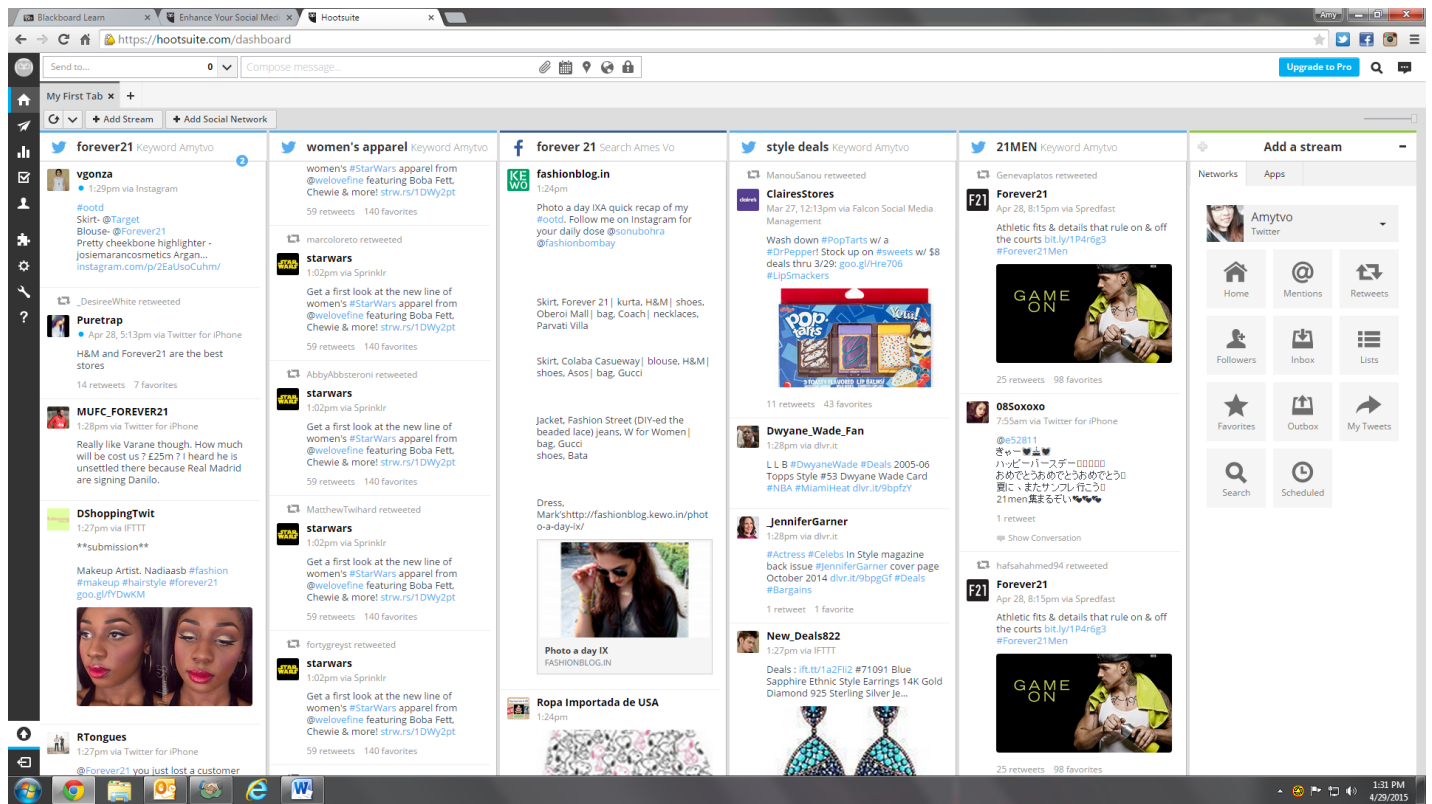
Yes, all the usages of social media support and produce a positive image for the brand.

Purpose of Site:

Used for promotions, but mainly e-commerce.

Social Media Strategy:

- Facebook: Primary source for customer interaction, as well as updates about new arrivals and sales.
- Twitter: Used to create new hashtags to spread brand awareness.
- YouTube: Videos that model ways to wear forever21 apparel, matching outfits, and suggestions
- Pinterest: Create boards as a way to interact with fans, product awareness
- Instagram: Post daily deals, new arrivals, celebrity models, recent news



BRAND INVENTORY: *Brand Value*

Their brand value continues to increase due to its customer loyalty, and brand name. Their net sales are still on the rise and are continuing to grow. Although in recent news they are being bashed on about stealing designs, their customer base still remains strong. With their constant flow of new products, they remain at the top of the fashion ladder.



BRAND EXPLORATORY: *Qualitative & Quantitative*

In Nature Research

(10 people surveyed)

Qualitative

Are you male or female? (User Profile)

- Male 30%
- Female 70%

Is Forever 21 a positive or negative brand? (Brand Association)

- Positive 100%
- Negative 0%

Are the prices reasonable? (Credibility)

- Yes 100%
- No 0%

What are the top three brands you think of when you think of women's fashion? (Brand recall)

- Forever 21 80%
- H&M 60%
- Charlotte Russe 40%

Are their products true to size? (Reliability)

- Yes 90%
- No 10%

Do you like the return policy? (Preference)

- Yes 0%
- No 100%

Quantitative

What age group are you? (User Profile)

- 5-17 0%
- 18-24 100%

What is your annual income? (User Profile)

- \$0-\$24,999 100%
- \$25,000-\$50,000 0%

How much would you spend on an outfit? (Preference)

- Less than \$50 60%
- Over \$50 40%

How often do you wear the products? (Durability)

- Only once 0%
- Less than 3 times 20%
- More than 5 times 80%

How often do you shop here? (Frequency)

- Once a week 40%
- Once a month 10%
- Every time I shop 50%

How much do you normally buy at once? (Preference)

- Less than \$20 30%
- Less than \$50 60%
- Less than \$100 10%

BRAND EXPLORATORY: *Recommendations*

After careful research about Forever 21, I would recommend that the company change their return policy because that was one of the questions that had a unanimous vote. The feedback from the research also concludes that Forever 21 is losing its originality. I would suggest finding new graphic designers, or finding new product lines. Analysis shows that the quality of the products is low. Also implementing a rewards system would be a very good asset considering the number of loyal customers they have.

SOURCES

- <http://bi.galegroup.com.libproxy.utdallas.edu/essentials/article/GALE%7CI2502046570/0d3e569e5eede5200e8199e303f04d76?u=txshracd2602>
- <http://bi.galegroup.com/essentials/article/GALE%7CA373327322/ca7798f92fe2bd5d56df7ad742e8ae7e?u=txshracd2602>
- <http://bi.galegroup.com/essentials/article/GALE%7CA375581621/ca7798f92fe2bd5d56df7ad742e8ae7e?u=txshracd2602>
- <http://bi.galegroup.com/essentials/article/GALE%7CI2501295701/9fc0590744f2ca2b6c001f64feffdcda?u=txshracd2602>
- <http://bi.galegroup.com/essentials/article/GALE%7CI2502046570/43959bf8bf8560d87f36643f374f6482?u=txshracd2602>
- <http://clients1.ibisworld.com/reports/us/industry/default.aspx?entid=1413>
- <http://speckyboy.com/2012/08/08/how-seasonal-factors-can-influence-your-business/>
- <http://www.businessinsider.com/forever-21-dominating-teen-retail-market-2013-3>
- <http://www.businessinsider.com/the-secret-behind-forever-21s-dirt-cheap-clothing-2012-2>
- <http://www.businessinsider.com/why-forever-21-is-winning-teen-retail-2013-11>
- <http://www.collegefashion.net/fashion-tips/how-forever-21-works-plus-6-tips-for-shopping-there/>
- <http://www.forbes.com/companies/forever-21/>
- http://www.forbes.com/lists/2011/21/private-companies-11_Forever-21_SI70.html
- <http://www.forecast-chart.com/inflation-apparel-usa.html>

- <http://www.mbaskool.com/fun-corner/top-brand-lists/9879-top-10-apparel-brands-in-the-world-2014.html?limitstart=0>
- <http://www.portal.euromonitor.com/portal/analysis/tab>
- <http://www.portal.euromonitor.com/portal/statistics/tab>
- <http://www.portal.euromonitor.com/portal/statistics/tab>
- <http://www.space150.com/work/forever-21-runway/>
- <http://www.statista.com/statistics/242277/share-of-the-leading-10-us-apparel-import-markets/>
- <http://www.statista.com/statistics/267930/brand-value-growth-compared-to-the-previous-year-worldwide-by-sector/>