

Interview

A Strong Portfolio of Brands

An Interview with Helen McCluskey,
Chief Operating Officer, The Warnaco Group, Inc.



Helen McCluskey

EDITORS' NOTE Helen McCluskey was named to her current post in September 2010. She joined Warnaco in July 2004 as Group President-Intimate Apparel and in June 2007 she assumed global responsibility for the company's swimwear brands. Prior to Warnaco, McCluskey served as Group President of the Moderate Women's Sportswear division of Liz Claiborne Inc. Before this, she spent 18 years in Sara Lee Corporation's intimate apparel units. She held executive positions in marketing, operations, and general management, including President of Playtex Apparel from 1999 to 2001.

COMPANY BRIEF Headquartered in New York, The Warnaco Group, Inc. (www.warnaco.com), designs, sources, and markets a broad line of men's, women's, and children's sportswear and accessories, swimwear, and intimate apparel worldwide under brand names including Calvin Klein, Speedo, Chaps, Warner's, and Olga. Warnaco's products are distributed domestically and internationally through multiple distribution channels.

Warnaco and its brands have sustained a strong position during the past two years of fiscal crisis. To what do you attribute your growth and how are the brands positioned going forward?

Our powerful revenue and earnings growth over the past two years is primarily the result of our strong portfolio of brands, anchored by

the strength of the Calvin Klein brand and our ability to successfully execute our strategies for growing internationally and expanding our direct-to-consumer initiatives.

For Calvin Klein Jeans and Calvin Klein Underwear, the perception and positioning of the brand globally is incredibly strong. Our heritage brands – Speedo, Chaps, Warner's, and Olga – also hold leadership positions in the markets in which they trade, but the key driver is the power of the Calvin Klein brand globally.

Driving our global footprint, expanding our direct-to-consumer base, along with the strength of our Calvin Klein businesses, have enabled us to outperform throughout the past two years.

Are there specific markets where you're most focused internationally?

We have a broad focus. Our infrastructure has one managing director each in Asia, Europe, and Latin America. The expectation is for all of the regions to grow, albeit some of them at faster rates than others. China and Brazil are our two fastest growing countries, but we've also had healthy growth within more mature geographies in Europe.

The platform we have established has allowed us to drive all regions with a similar level of focus and intensity.

Is the product offered relatively consistent globally or is it tailored to each specific market?

It's a combination of both.

For Calvin Klein Underwear, we have a common product line and consistent positioning throughout the world, but the business will take on regional distinctions based on fashion versus basics penetration or premium price versus opening price point mix.

Jeans is somewhat different in that the U.S. business is positioned differently than it is in Europe and Asia, and is largely a wholesale business. In our international business, Jeans enjoys a more premium positioning and has a large percentage of owned retail. So we are addressing consumer preference through channels of distribution and differentiated product by geography.

Is the Calvin Klein brand consistently bringing new product to the market?

Both Calvin Klein Jeans and Calvin Klein Underwear have big idea launches, which are major initiatives driven globally – it's what drives our advertising campaign and is normally a new innovation.

This year, for the first time ever, the major launch is a joint launch across categories (underwear and jeans). We're launching CKOne in Spring 2011, and the impact of that campaign, which will feature men's and women's underwear and jeans combined, is going to be substantial.

What are the plans for your direct-to-consumer platform?

When we look at our growth strategy, we want to be able to control our own destiny and the way to do that is by driving our own direct-to-consumer initiative. Expanding retail is important for our growth strategy – it sets the standard for how the brand should look.

So retail becomes a marketing initiative as well as a revenue generator, because we're positioning and showing the brand with impactful in-store collateral and great merchandising assortments, beautifully presented in our stores. Our ability to do that elevates the perception of the brand in the eyes of the consumer. It also shows our wholesale and franchise partners how the brand can best be displayed at retail.

There is such great brand awareness with names like Speedo, Calvin Klein, and Chaps. How much of a focus do you place on the awareness of the broader Warnaco brand and is it important to build that?

With the consumer, the focus is on the specific brand; with the investment community as well as internally with our own employee population and in our recruiting, building the Warnaco brand is important.

We have a number of initiatives internally, including Warnaco One, in which all our offices around the world are branded as Warnaco.

So while you might be affiliated with one brand within the portfolio, as the employer, Warnaco is where all of the growth opportunity and development potential resides.

Has assuming the Chief Operating Officer role changed your focus?

I'm still engaged with the brands, because the brands report to me and that is what drives our business.

But what has been so broadening for me is working closely with the international teams and the retail team to implement and optimize our strategies.

The brand is important, but we seek to operate with a holistic integrated commercial approach – retail, wholesale, and geographically – to drive our strategy and achieve our growth objectives. ●