

Tommy Hilfiger sold on the block

Luxury goods caught in tit-for-tat with China

By HEIDE B. MALHOTRA
Epoch Times Staff

Tommy Hilfiger Corp., makers of the iconic American brand, once again was put on the block. This time the seller was Apax Partners, a private equity company that had bought the company for \$1.6 billion in 2006.

Phillips-Van Heusen Corp. (PVH), headquartered in New York, purchased Tommy Hilfiger for \$3 billion last week, of which \$2.6 billion was straight cash, \$276 million was PVH common stock, and the remainder would be an assumption of existing debt.

For Tommy, its history has been a wild ride. In 1999, revenue reached \$1.8 billion. It reached a high of \$2.1 billion in the early 2000s, and then slowly deteriorated to a low of \$1.7 billion in 2007. In 2009, it reached a new all-time high of \$2.2 billion in sales.

Apax announced in a March 15 statement that it had achieved its investment goals with Tommy. An investor group generally disposes of an acquisition once it achieves a certain return, and the firm has reached greater profitable heights.

"Reviving the Tommy Hilfiger brand and restoring the company to profitable growth in partnership with CEO Fred Gehring and his team has been hugely satisfying for the Apax team," said John Megrue, CEO of Apax Partners U.S., in a statement.

In one fell swoop, PVH has two of the most well-known American fashion houses—the company also owns Calvin Klein Inc. With Tommy in the fold, PVH has the strength to compete against Polo Ralph Lauren Corp. and The Gap Inc.

The combined Tommy Hilfiger and Calvin Klein firm will breathe new life into the U.S. fashion industry, with

Calvin Klein's modern and contemporary clothing style, combined with the classical American cool, for which Hilfiger's collection is known.

On the other hand, designer Tommy Hilfiger, who will remain the label's most senior designer, does not envision change. "If you keep the heritage of the brand intact when you do another product, and it appears to be coming from the same mother, then you're doing the right thing ... But if it doesn't conform to the core brand, it is a mistake," he said, according to a Knowledge@Wharton (KW) report.

MASS MARKET FOCUS

"Would I like to be a luxury brand? Absolutely," Tommy Hilfiger said at a recent Wharton Retail Conference, as reported by KW.

He suggests that only 3 percent of all Tommy items sold in the market could be labelled "high-end." High-end clothing was not the goal of the brand, nor will it be in the future.

The vision of the Hilfiger team is that its product is "affordable, accessible, aspirational, cool American classic," according to Hilfiger in the KW article.

The fast growth of the company during the 1990s, when the company had grown in sales from \$500 million to \$1 billion by 1998, led the company to spread itself rather thin. The company had found its niche, but had no real growth potential, moving slowly from one side of the pendulum to the other.

Apax reversed the company's marketing strategy by giving exclusive sales contracts to chains such as Macy's Inc., instead of having to deal with the small mom-and-pop shops.

The company started listening to customers, which was the step that put the company's fortune back on



SOLD OFF: A person walks past a Tommy Hilfiger clothing store in New York on March 15. Phillips-Van Heusen Corp. announced it will purchase clothing maker Tommy Hilfiger for around \$3.0 billion. MARIO TAMA/GETTY IMAGES

track. "While it is important to come up with new products and ideas, it is most important to listen to the consumer and what they are telling you," Hilfiger said in the KW article.

CAUGHT IN TRADE WAR

Hilfiger was among 26 companies that settled lawsuits alleging sweatshop-like conditions in their Saipan operations. The total compensation package amounted to \$6.4 million and involved 30,000 former and

current workers. This amounts to a small compensation of \$213 per worker.

Even before leaving the mantle of its Hong Kong-based owner, textile firm Hilfiger is already becoming embroiled in another of China's trade war tactics used against the United States.

According to press releases, Hilfiger was also listed among foreign clothing brands that China's Zhejiang Province allegedly named for not being up to quality standards. According to a translator, Hilfiger was among the brands named in the Chinese language announcement.

"It was revealed that most clothing that were found substandard during this check were made in the following 11 countries and regions: Italy, Morocco, South Korea, France, Turkey, Romania, Egypt, Mauritius, Vietnam, India, and Bangladesh. It involved about 30 famous international brands ...," stated Zhejiang Province's English language Web site.

U.S.-China textile warfare is nothing new. It has been going on for ages. What is new is that China plays a tit-for-tat game, and is using, among others, textiles as a pawn.

The overall trade war with China has escalated, with accusations flying

back and forth, and China immediately reacting with often unfounded accusations.

The Chinese clothing incident is the latest in a series of trade disagreements with the United States, and some experts believe that it was an overreaction to President Obama meeting with the Dalai Lama in the White House in February and the Taiwan arms sale.

There are many such incidences in which China, accused of trade distorting tactics, or when it feels that its interests are at stake, comes up with accusations that may be totally different from the situation under issue.

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Eight simple tactics for achieving your big goal

By TRENT HAMM

Every single one of us has some sort of big project hanging out there in our lives. We'd love to accomplish it, but it seems so big and the free space in our life seems so small.

Spend a moment and think about what your big goal is. It could be something as down-to-earth as a major home repair. It could be something as horizon-stretching as launching a new career or new business. It could be something completely crazy, like moving to Norway.

Whatever it is, keep that goal in mind as you read the eight tactics below. Ask yourself how you could actually apply each of these tactics toward your goal. By the end, you just might find that you've worked out a plan to take you from the mundane here to the amazing there.

STOP THINKING ABOUT FAILURE

"What if I don't succeed?" That's often the big question that holds us back from taking big leaps in our life. We see something that would require a lot of work, energy, and time, and we can't imagine the disappointment and pain if it didn't work.

To that, I say who cares if it doesn't work? If this is your dream, the process to get there should be filled with fun for you. Even if the destination isn't what you dreamed of, the journey there will be fulfilling.

I want to be a fiction writer. In 15 years of attempts, I have not successfully published a single piece of fiction. I keep writing, though. Why? Because it's a lot of fun, regardless of whether I succeed or fail. In fact, I don't even think about failure. It doesn't matter. I write stuff I like and keep sending it out, at which point I've already succeeded. Anything else is just icing on the cake.

KEEP YOUR GOAL WITHIN

THE REALM OF REALITY Goals like quadrupling your salary in six months are going to backfire and demotivate you. No matter how good you are, they're simply not going to happen.

One great way to make sure a goal is realistic is to ask yourself how much of the success of that goal relies solely on you. The more your success relies solely on you and not on the actions of others, the more likely you'll find success.

Another effective tool is to get your goal reviewed, but we'll talk about that in a bit.

TAKE SMALL BITES EVERY DAY

Every day that goes by, you should take some sort of action toward your goal. Take a walk for better health. Read a book for your education. Write 1,000 words a day (as Stephen King famously suggested for budding writers). Do something to stretch your skills or to learn more about the area where your goal is focused. Take an incremental step directly toward your goal.

The big advantage to doing this is that it keeps your goal always fresh in your mind, while slowly reducing the size of the iceberg. You're always moving in the right direction, bringing that mountain in the distance closer and closer, and always keeping it in mind.

FIND A MENTOR

A mentor is someone who can offer you unbiased and worthwhile advice about your goal and your approaches to achieving it. A mentor can fulfill more of a coaching role, such as pushing you along through the specifics, or more of a guidance-based role by offering you general feedback on your goals and plans to get there.

How do you find a mentor? Seek out people who are successful in your area of interest, as well as people who are knowledgeable about the area you're trying to cover. Places to start might include your doctor, your social network, or your work environment.

FIND POSITIVE SUPPORT

Having people who you can discuss your progress with and who will support you in a positive way is essential for big goals. Good positive support fills you with confidence and helps you pick yourself back up after struggling with a particular goal.

This might not be your usual social network. Many people are often unhelpful when it comes to the positive support that others need. Do the people around you make you feel good about the things you want to do? If they don't, it may be time to start seeking out more positive people to surround yourself with.

Remember, a good, valuable friend is one who makes you feel better about yourself and makes you feel ready to conquer

the difficult things in life.

SHRED YOUR ROUTINE

When we have a highly established daily or weekly routine, it can often feel impossible to find room in that schedule for the things we dream of doing. Our routine feels natural and it enables us to keep up with the day-to-day ebb and flow of events.

If you want to find room for that goal, shake up your routine. Start doing some things before work instead of after work. Drop an activity or two that's gone stale for you. Start taking a nap. Stop watching television or surfing the Internet as much.

Shaking up your routine makes many things in your life feel new, and that's a perfect time to start working every day toward a big goal in your life.

SHARE YOUR GOAL WIDELY

Turn the people in your life into motivators by telling them about your goal. When you share your goals with the key people in your life, they become a source of motivation to get up and do something.

On one level, you're personally motivated because you simply don't want to show failure to the people in your life. On another level, they will often actually motivate you.

KNOW YOUR MOTIVATION

Why are you working toward this goal? If it's just something you want, it's much easier to put it aside. It is much easier to convince yourself to make the hard choices if you're making those hard choices for the benefit of others.

Learning something new because it fulfills you is an easy thing to put off. Learning something new because it brings value to others is much more urgent.

Keep that motivation front and center. Use visual reminders of your motivation. Put a picture of someone you really want to impress on the front of your refrigerator if you're trying to diet, for example. Wrap your credit cards in a picture of your children. These external sources will motivate you to make the little choices that build the foundation of success.

Good luck!

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