

HANDBAGS SEPTEMBER 2014 SURVEY

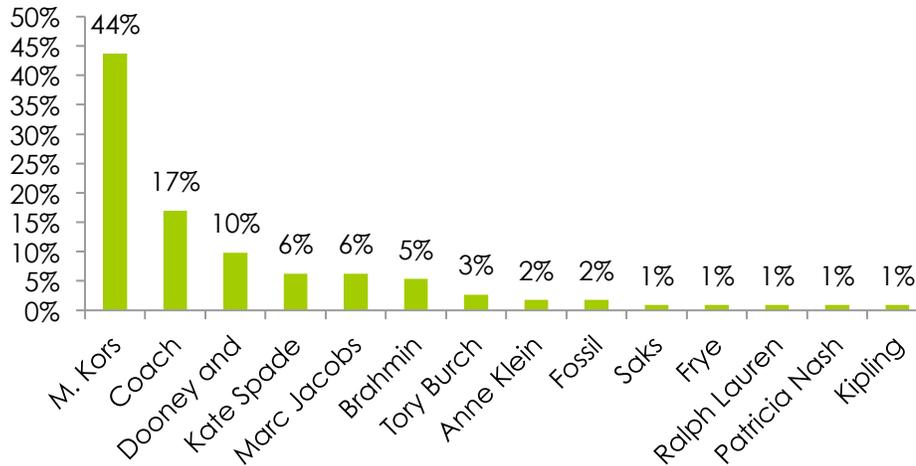
Survey completed September 30th, 2014. We interviewed store managers of various independent retailers across the US about specific handbag brand performance and positioning for the season.

SURVEY DISTRIBUTION

ANumber of Surveys			State	Count	Percent
54			AR	1	2%
			CA	2	4%
			CO	2	4%
			CT	2	4%
			FL	4	7%
Store	Responses	Percent	GA	1	2%
Macy's	19	35%	IA	1	2%
Dillard's	11	20%	IL	4	7%
Bon-Ton	8	15%	KS	1	2%
Belk	5	9%	LA	1	2%
Lord & Taylor	5	9%	MA	1	2%
Nordstrom	5	9%	MD	2	4%
Bloomingdale	1	2%	ME	2	4%
Total	54	100%	MI	3	6%
			MN	2	4%
			MO	2	4%
			MS	2	4%
Region	Count	Percent	MT	2	4%
Midwest	14	26%	NC	1	2%
Northeast	11	20%	NJ	1	2%
South	17	31%	NV	1	2%
West	12	22%	NY	1	2%
Total	54	100%	OH	1	2%
			OR	1	2%
			PA	4	7%
			SC	2	4%
			SD	1	2%
			TX	3	6%
			UT	2	4%
			WA	1	2%
			Total	54	100%

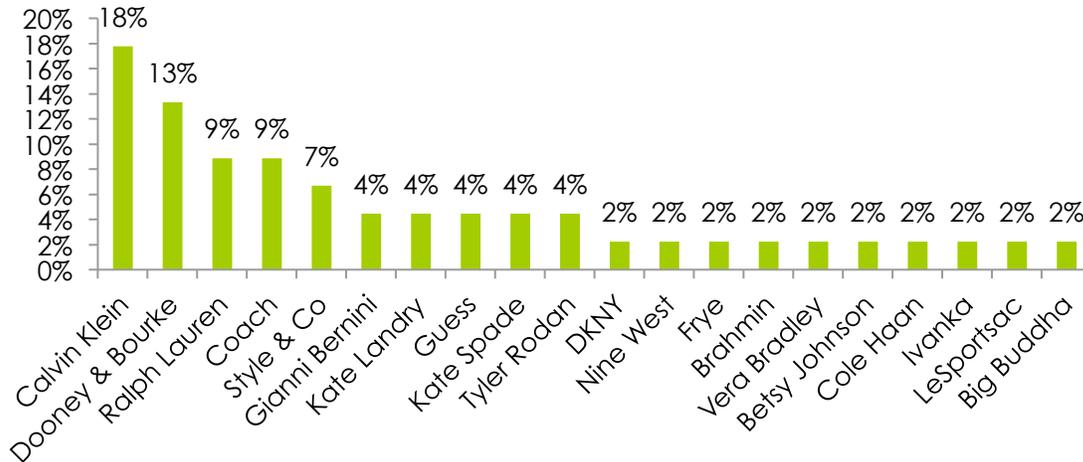
QUESTION 1

Which purse brands are performing really well over the past few months?



Brand	Count	Percent
M. Kors	49	44%
Coach	19	17%
Dooney and Bourke	11	10%
Kate Spade	7	6%
Marc Jacobs	7	6%
Brahmin	6	5%
Tory Burch	3	3%
Anne Klein	2	2%
Fossil	2	2%
Saks	1	1%
Frye	1	1%
Ralph Lauren	1	1%
Patricia Nash	1	1%
Kipling	1	1%
Rebecca Minkoss	1	1%
Total	112	100%

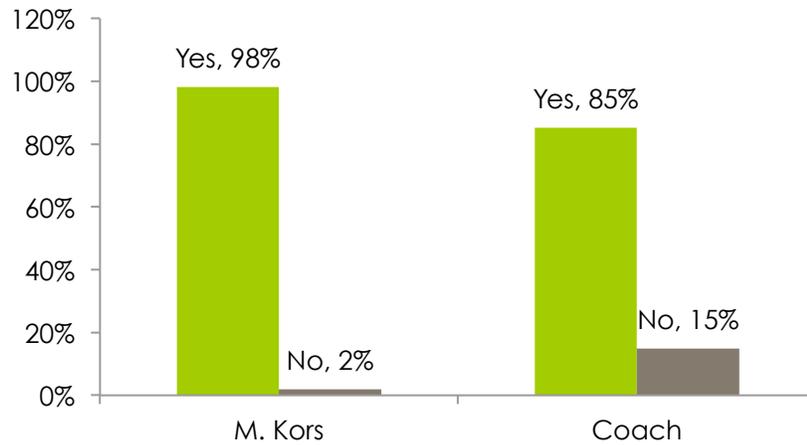
QUESTION 2

Which brands are performing poorly over the past few months?


Brand	Count	Percent
Calvin Klein	8	18%
Dooney & Bourke	6	13%
Ralph Lauren	4	9%
Coach	4	9%
Style & Co	3	7%
Gianni Bernini	2	4%
Kate Landry	2	4%
Guess	2	4%
Kate Spade	2	4%
Tyler Rodan	2	4%
DKNY	1	2%
Nine West	1	2%
Frye	1	2%
Brahmin	1	2%
Vera Bradley	1	2%
Betsy Johnson	1	2%
Cole Haan	1	2%
Ivanka	1	2%
LeSportsac	1	2%
Big Buddha	1	2%
Total	45	100%

QUESTION 3

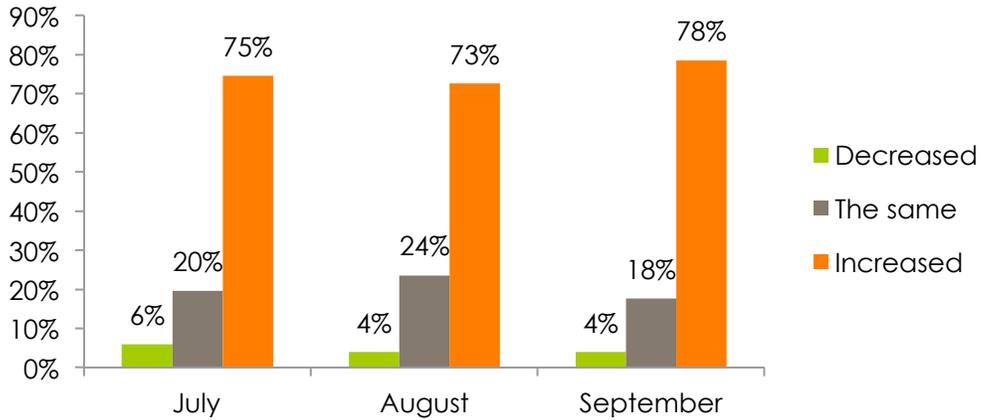
Do you carry Michael Kors and/or Coach Handbags?



	M. Kors	Coach
Yes	53	46
No	1	8
Total	54	54

QUESTION 4

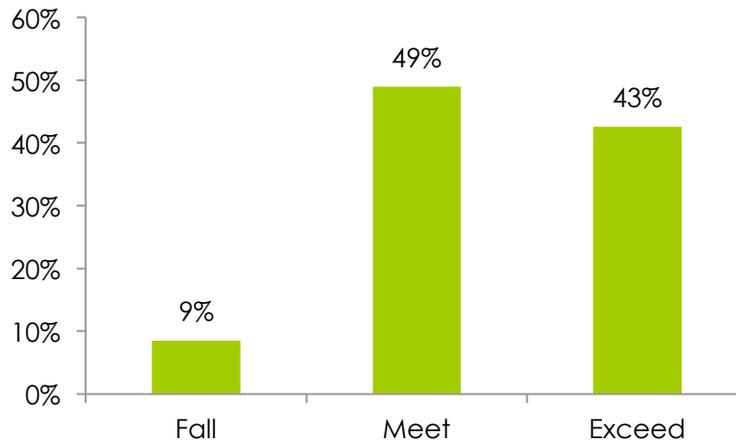
How was your Michael Kors Handbag Sales for July, August, and September this year compared to last year?



Kors sales	Jul	Aug	Sept
Midwest	20	18.55	17.61
Northeast	21.17	21.17	21.89
South	13.05	11.13	11.88
West	15	14.32	15.68
Average	17.12	15.94	16.35

QUESTION 5

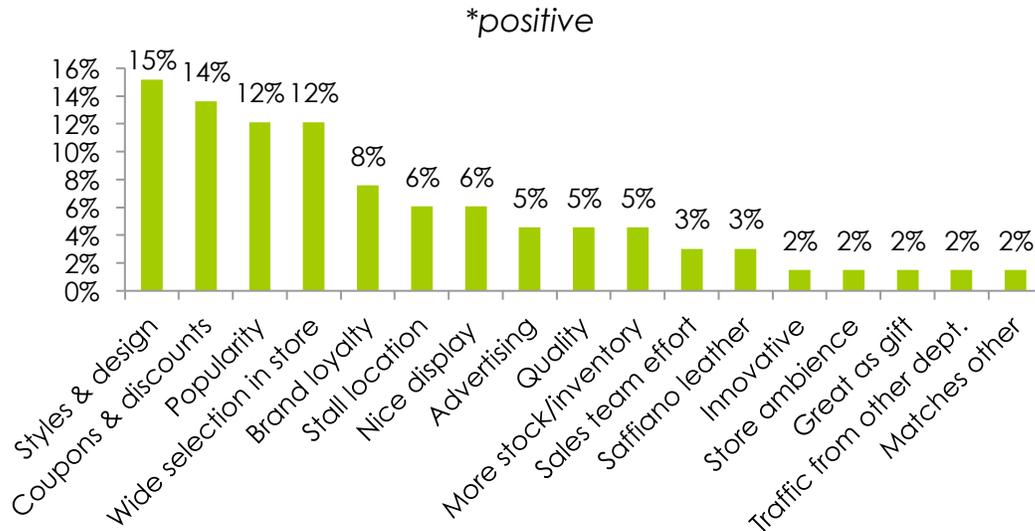
Did your Michael Kors sales meet, exceed, or fall below your plan for the 3rd quarter?



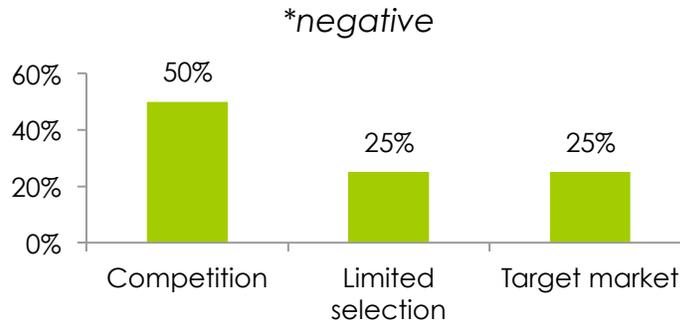
Kors sales	Count	Percent
Fall	4	9%
Meet	23	49%
Exceed	20	43%
Total	47	100%

QUESTION 6

What do you think were the biggest positive and negative impact to your Michael Kors sales these last few months?



Positive Drivers	Count	Percent
Styles & design	10	15%
Coupons & discounts	9	14%
Popularity	8	12%
Wide selection in store	8	12%
Brand loyalty	5	8%
Stall location	4	6%
Nice display	4	6%
Advertising	3	5%
Quality	3	5%
More stock/inventory	3	5%
Sales team effort	2	3%
Saffiano leather	2	3%
Innovative	1	2%
Store ambience	1	2%
Great as gift	1	2%
Traffic from other dept.	1	2%
Matches other accessories	1	2%
Total	66	100%



Negative Factors	Count	Percent
Competition	2	50%
Limited selection	1	25%
Target market	1	25%
Total	4	100%

Comments:

- For our location: having more matching accessories is really helping. It helps when you can sell a second or third item that matches. Like watches, or bracelets, or something that matches. (Dillards, MT)
- They set the bar really high, but we're still selling Kors. We don't have some of the high designs like other stores. We don't have Manhattan. Our bags are more suited for coupons. Like the other day we had people with 25% off coupons. (Belk, NC)
- Well, the positives are they're going to different colors and features, and they're a brand new thing at our store. (Belk, SC)
- There aren't really any negatives. The only thing is that we have certain customers that like Kors. They know they want it and they come in and buy it for themselves and buy for friends. No, there is not really anything special else that we do. (Belk, LA)
- I personally don't like Kors as much, but people got used to brand name. (Bloomingdale, IL)
- We really did not have much last year. We also have coupon sales. (Bon-Ton, OH)
- We have a bigger selection. We also have the coupons and presale for Kors. The presale is like layaway for goodwill. We do that in Sept. The coupon is 20-25% off. (Bon-Ton, NY)
- People are learning more about them. We just got them in last year. The advertising helps a lot. The way they're displayed – they're outstanding and not covered up like some of them. (Bon-Ton, PA)

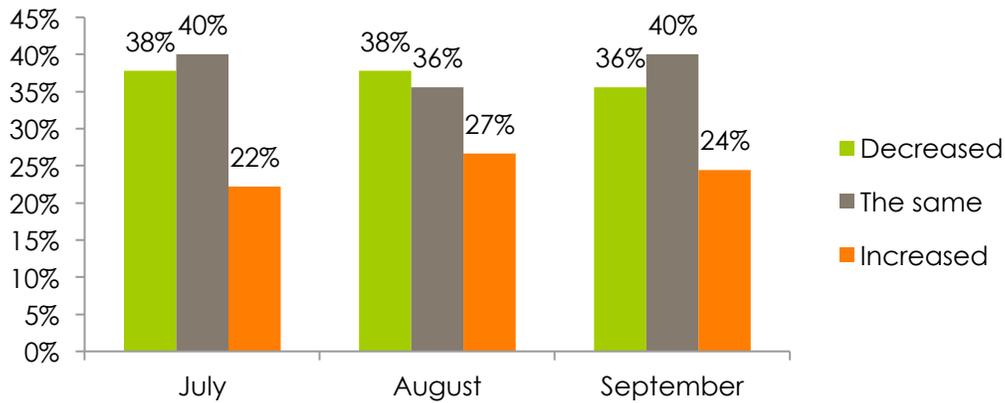
- Probably the rewards coupons. You get one for every 50. That's \$20 off for every \$50 spent. So, a \$300 bag would be \$120 off. (Bon-Ton, PA)
- Probably the discounts; that is why they are selling well. It's the trend right now that people like, people try to buy more of MK than Coach (Bon-Ton, SD)
- People are looking at Coach and Brahmin. They're seeing the better quality than Kors. (Dillard's, SC)
- MK is just a new kid on the block. It's the trend right now and that is why it's very popular to people (Dillard's, TX)
- We used to have the largest selling shop as far as selling Kors, but now we have competition. They just built an outlet and they sell Kors. There is even a Kors shop. It's the competition. (Dillard's, MS)
- I think it's both the merchandising and the product. They have some new styles and colors, and the way that they display them. (Dillard's, NV)
- It's the trend with younger people and we're also pushing it more. And we have more of their bags. (Dillard's, UT)
- He's always coming out with more stuff. He's in touch with people. He's refreshing the look more often and people want to see what he has. It's constantly changing. (Lord & Taylor, MI)
- More advertising. It's especially for clothes jewelry and shoes, and then those people come to handbags. We have the big sales, too. (Lord & Taylor, NJ)
- The customers--at this store anyway--like Kors around here. They like it because it goes on sale. We also encourage them to purchase it. (Lord & Taylor, MD)
- Basically MK is a newer brand for our Area and people like it a lot. We have started keeping MK handbags in store from May 2013 only and it was a big hit last year and hence they continued to have a same trend this year as well. MK bags are little bit more structured and a lot of people like that. Their frames are little bit more sturdy. (Macy's, MI)
- We have a bigger selection now. They increased the size of the department. There's also more volume. August was a terrible month. (Macy's, MO)
- MK design logo on all of the purses helps sell a lot. (Macy's, IL)
- We have sold more Kors up to September than all of last year. That's with two competitors in the mall that sell Kors. We also changed the set up by moving the displays. Kors is also trending right now [popular]. (Macy's, ME)
- The staffing, as in more attention to the product. Also just the product itself. (Macy's, PA)
- It's not just the product. At first, it was just product. People were getting a lot of nice discounts. Now, they are installing shops with specialized

fixtures. So it's not just the product, but people are buying because they are providing a shopping experience. (Macy's, CT)

- It's just because it's end of the year and people are looking for a gift and also the mall sale we have. Also, just the brand itself with its high quality and the reputation it gets now (Macy's, FL)
- Usually, it's the Brand name which drives them. (Macy's, FL)
- The displaying of the item. We changed some of the displays. (Macy's, UT)
- We have some different products this year and the big sales. Yes, it's the variety. (Macy's, MT)
- The product. The design and his clientele. It's who he appeals to. He is drawing the wrong crowd. (Nordstrom, MN)
- A lot of customers liked the new camel print and the backpack when the school started. Then a lot like the cross body. The zip top bags also sells well, it's one of the in style that usually they go to when they look for a bag. (Nordstrom, TX)
- It's a little bit of everything. It's the product. We sell a lot of totes and the Selma bags. It's the Saffiano leather because it's easy to clean. It doesn't scratch. And it holds a lot of the tech stuff, like the iPads. It's a low maintenance bag. (Nordstrom, WA)

QUESTION 7

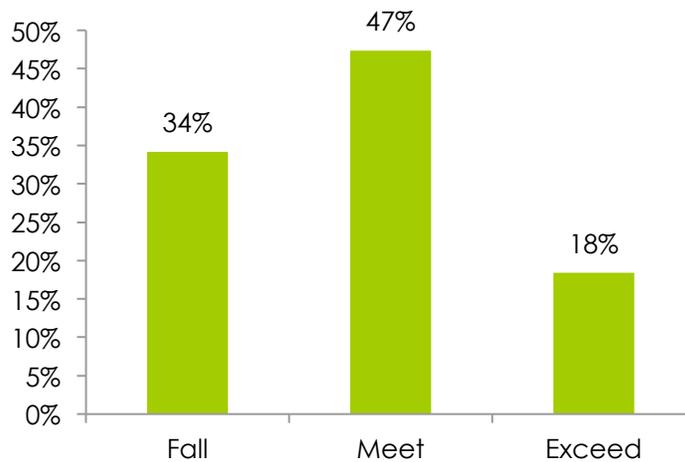
How was your Coach Handbag Sales for July, August, and September this year compared to last year?



Coach sales	Jul	Aug	Sept
Midwest	-2.88	-2.88	0.96
Northeast	-3.07	-3.07	-3.07
South	-3.83	1.72	1.72
West	1.33	1.89	5.78
Average	-2.14	-0.7	1.54

QUESTION 8

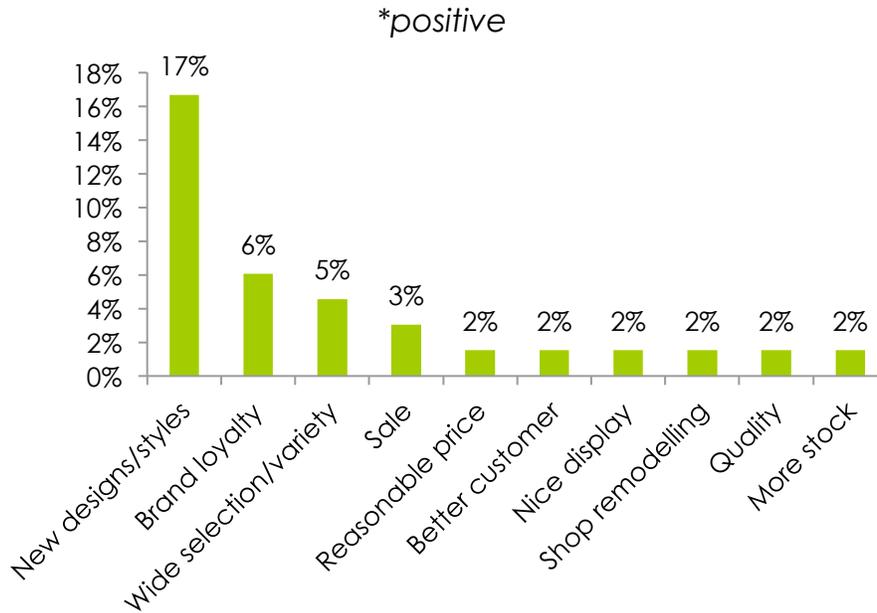
Did your Coach sales meet, exceed, or fall below your plan for the 3rd quarter?



Kors sales	Count	Percent
Fall	13	34%
Meet	18	47%
Exceed	7	18%
Total	38	100%

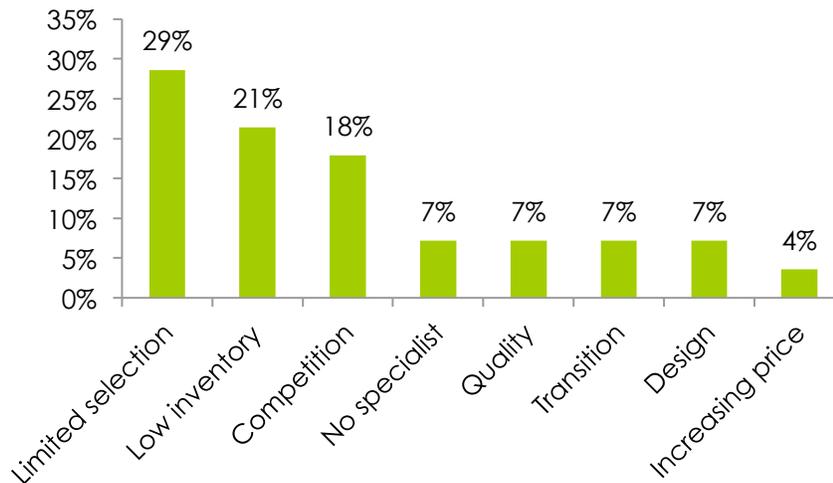
QUESTION 9

What do you think were the biggest positive and negative impact to your Coach sales these last few months?



Positive Drivers	Count	Percent
New designs/styles	11	17%
Brand loyalty	4	6%
Wide selection/variety	3	5%
Sale	2	3%
Reasonable price	1	2%
Better customer interaction	1	2%
Nice display	1	2%
Shop remodelling	1	2%
Quality	1	2%
More stock	1	2%
Total	26	100%

*negative



Negative Drivers	Count	Percent
Limited selection	8	29%
Low inventory	6	21%
Competition	5	18%
No specialist	2	7%
Quality	2	7%
Transition	2	7%
Design	2	7%
Increasing price	1	4%
Total	28	100%

Comments:

- Coach has been around for awhile and people like it, so they still come and buy it. (Belk, MS)
- We didn't have a Coach specialist for awhile. But we're starting to get new designs with the Coach. We have a new shop person. The price is also not too pricey, but they've upgraded the bag a lot. (Belk, NC)
- We're trying to get better with Coach. Interacting more with customers. They changed the whole line. It's a totally new bag. I really like it. They're using a different leather. It's a little smoother than other leather – I can't think of the name. It's a little softer. It does not get scratched. (Bloomingdale, IL)

- Coach is coming out with a lot of different lines, so out inventory is low across the board. They have new designers coming in. They're coming out with different looks. So, they're getting our inventory down before they bring in all these new lines. (Dillard's, IA)
- People want to steal Coach handbags but the only thing is we have very less merchandise here at our store and yes they don't want the price point but still wants to steal it. They come and go very quick. (Bon-Ton, MN)
- We expanded Coach a couple of months ago. It's the demand. We have seasonal colors and a big selection. (Bon-Ton, OH)
- We don't have a huge selection. There are only 6 styles. We did a lot of floor moves too, and Coach was locked up. We have this new scheduling system, so there's not enough people to sell it. (Bon-Ton, NY)
- We've got more choices and they look nice and they are just a good product, we also have a nice display set. We have new stand, new cases and new stocks. (Bon-Ton, SD)
- It would be the product because there is a new design. Coach has a new creative director. (Dillard's, KS)
- Their leather is too heavy. They're also redesigning the bag. (Dillard's, MO)
- For Coach, our sales are down as compared to last year but we still managed to reach our target for 3Q 2014 just because for Coach the sales actually fluctuates a lot. Basically because of the designs and more people go for MK for more trendy designs. (Dillard's, TX)
- With the new coach line coming out--they're revamping the line. There are lots of new styles. They're very good looking, and I think we're going to do very good with the line. (Dillard's, SC)
- It's been here for 70 years and it's a strong brand. We got a new line and new designer which is bringing new style in the department and attracting people (Dillard's, TX)
- It's a little different than Kors. The competition is still a factor, but the Coach customers are not buying. Coach went trendy. Now they're relaunching Coach and we're hoping to get back some of those existing customers, and get some new ones. (Dillard's, MS)
- Coach got a new CEO. They're revamping and have these new styles, but we don't have their variety yet. They're revamping their own company with new designs and we should get them in later this year. (Dillard's, NV)
- Coach has more faithful customers than Michael Kors. I think they're reinventing themselves. Their bags were more conservative lately, like in September. (Dillard's, UT)

- Can't compete with Kors. It's really both product and price. The quality is not what it used to be, and the price keeps going up. (Dillard's, CO)
- The positive was that we just got a Coach remodel. It was a huge improvement for the fixtures, the lighting, and the carpet. The negative of that is that it was under construction for a month. (Dillard's, MT)
- The only reason I say that is because we didn't have much stock. We were just not getting their stuff. But now we're getting it, and people are looking and smelling. I think they're just waiting for a good sale. We just started getting good stuff in the past 3 weeks. People are feeling the bags and buying. Some are buying, but some aren't. And they were changing to a new designer. (Lord & Taylor, MI)
- Coach did not have any new ideas. They always have the old style, and that does not appeal to everybody. Kors appeals to everybody, but Coach is limited with styles. (Lord & Taylor, NJ)
- They brought in more of the leather as opposed to the treated cloth. That might be cotton. They went back to the more traditional Coach. The Coach was always the 25-40 age group, and they didn't want to carry some of the bags the younger people had. So they went back to the classic look. (Lord & Taylor, MA)
- It's because a lot of people are into Kors and Kate Spade. (Lord & Taylor, MD)
- Customers are more interested in Kors. We try to show them Coach, but they would like to see Kors. It's the popularity. (Lord & Taylor, MD)
- This year specifically it's been rougher for Coach Handbags because they were going through the transition of old designer and new designer (Good leather quality, structured) and we have more interest in the new bags we got than we have had with the earlier ones. Our summer bags really struggled. (Macy's, MI)
- We have 3 shoulder strap bags right now, so there is not enough. We would sell them all year if we had them. They come in for Christmas, and we get a few for Valentine's Day and a few for Mother's Day. We're not a Coach store. (Macy's, MO)
- They put a lot of stuff on clearance. There was nothing else really. (Macy's, MI)
- Recently, there has been a change in design and a couple of changes in Leather 2 months ago as well which is positive about Coach and nothing I feel is negative as of now. (Macy's, IL)
- Their leather quality and new designs. With the leather, you can feel textures. (Macy's, ME)

- We don't have a wide variety as compared to online shopping where they can get a wide assortment. The positive is it is a high class brand. (Macy's, FL)
- We have a very limited variety of Coach. We didn't get the variety of bags this year that we got last year. (Macy's, FL)
- We don't have enough Coach in this store. I think if we had more, it would do better. (Macy's, UT)
- We don't get a lot of Coach during summer. We get Coach for Christmas. Coach is kind of quiet for summer. (Macy's, MT)
- Coach was basically taken out of the store. People can order the product if they like. Sometimes they like to see it in the store so they can see and touch the product. (Macy's, CA)
- Their design is atrocious. They have not been updating and the quality of bag is not good quality. (Nordstrom, MN)
- Older people like coach when they look soft leather middle to large size hip bag. They go for bags that zip top all the way. They like the new designer with soft leather. Usually they don't like big logos and Coach does have that simple selections. (Nordstrom, TX)
- We have not gotten a lot in over the past few years. It's an okay bag, but there's not a lot in. We've had less this year than the last few years. We get lots of calls for it and people come in and we say, "Here's the two bags we have." We have, though, started to get more in lately. (Nordstrom, WA)
- We haven't had much Coach lately. We just got a huge, huge, shipment of Coach today. We haven't had much in the past 6-8 months. Every season we get different products. Last year we had Coach sunglasses, but not so much this year. It just goes through cycles. (Nordstrom, OR)
- They're redesigning a lot of styles. They have a lot of solid colored leather instead of print. (Nordstrom, CA)