

# FTC's Opening Statement

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***Federal Trade Commission***  
***v.***  
***Tapestry, Inc. and Capri Holdings Limited***

September 9, 2024



# Consumer Harm from this \$8.5B deal

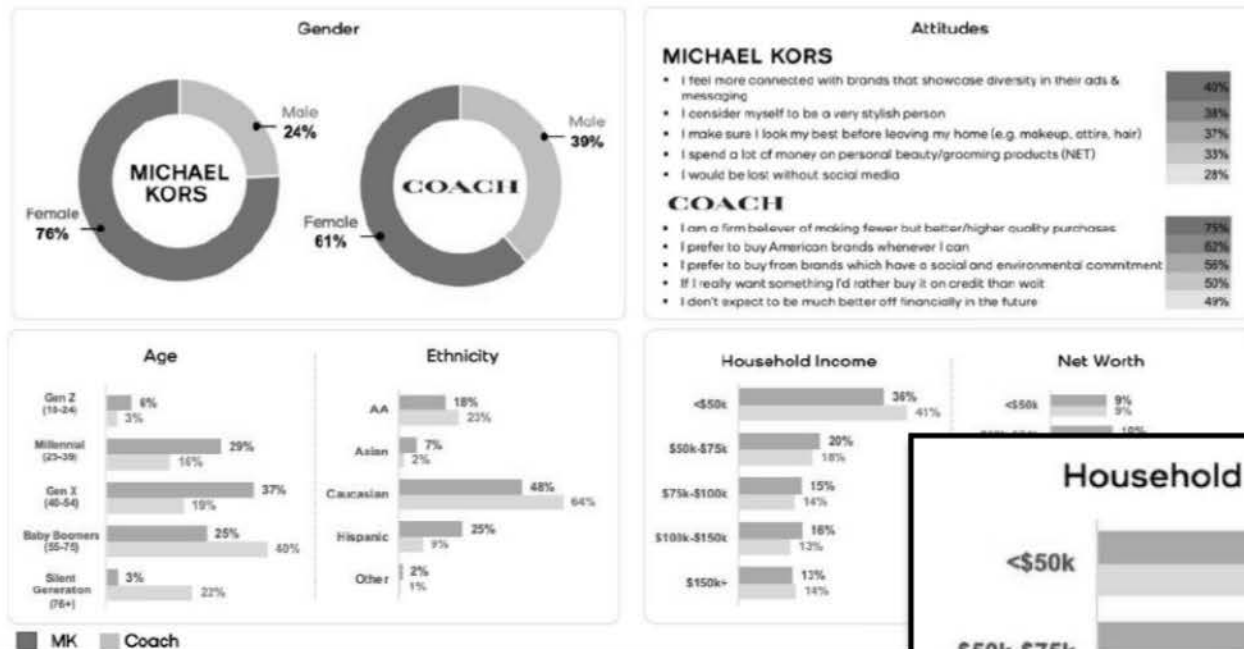
FOIA-2025-00293

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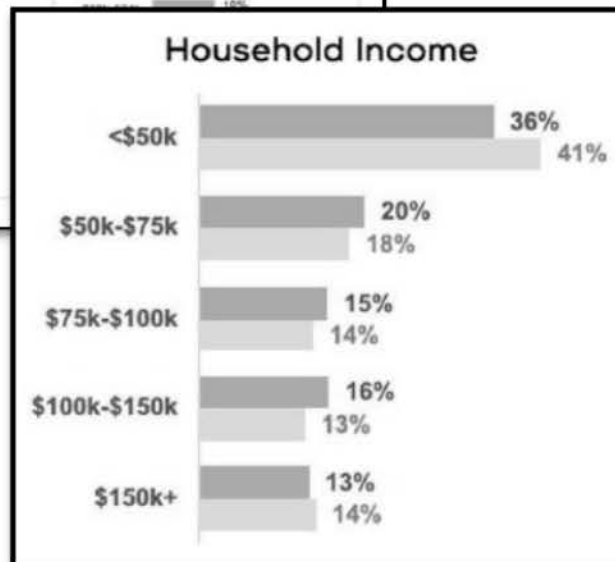
"UNCLASSIFIED"

1/21/2025

## MICHAEL KORS + COACH DEMOGRAPHIC COMPARISON



PX2128-006 (Capri)



# “Accessible Luxury” Handbags

FOIA-2025-00233 00000066611 UNCLASSIFIED 1/21/2025

(b)(4); (b)(3):6(f); (b)(3):21(f)

# Roadmap

FOIA-2025-00233

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**Legal standard under Section 13(b) of the FTC Act**

**Who, What, Why?**

- “Accessible luxury”
- Defendants
- The Proposed Transaction

**The FTC raises serious questions about two independent theories of anticompetitive harm:**

**1 Elimination of head-to-head competition**

**2 Undue concentration in a relevant market**

- “Accessible luxury” handbags = an appropriate product market
  - *Brown Shoe* practical indicia
  - Hypothetical Monopolist Test
- The market is highly concentrated, raising a presumption of illegality

**Defendants’ arguments are meritless**

**Equities favor an injunction**

# FTC's Evidence Is More Than Enough Under 13(b)

FOIA-2025-00233

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For Section 13(b) of the FTC Act, courts “follow a two-step inquiry that asks

(1) whether the FTC has shown a likelihood of ultimate success on the merits in the administrative proceeding, and

(2) whether the equities weigh in favor of an injunction.”

*FTC v. IQVIA Holdings, Inc.*, 23-cv-06188 (ER), 2024 WL 81232 at \*7 (S.D.N.Y. Jan. 8, 2024)

The FTC satisfies its burden of showing a likelihood of success on the merits in the administrative proceeding if it “raise[s] serious questions about the antitrust merits that warrant thorough investigation in the first instance by the FTC.”

*IQVIA*, 2024 WL 81232, at \*9; accord *FTC v. Lancaster Colony Corp.*, 434 F. Supp. 1088, 1090 (S.D.N.Y. 1977)

# The FTC's Case

FOIA-2025-00293 00000066811 "UNCLASSIFIED" 1/24/2025

FTC raises serious questions about two *independent* theories of anticompetitive harm:

- 1** The proposed acquisition would eliminate substantial head-to-head competition
- 2** The proposed acquisition would significantly increase market concentration for “accessible luxury” handbags in the U.S. and lead to a presumption of illegality

# "Accessible Luxury"

FOIA-2025-00233

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8 Q. Is "accessible luxury" a marketing  
9 term?

10 A. Yes, we think of it as an internal  
11 marketing term.

12 We actually don't use it as an  
13 external -- didn't, as far as I -- certainly  
14 during my tenure as CEO, we never used it as an  
15 external marketing term.

16 Q. What does it mean to be an internal  
17 marketing term?

18 A. I think it went back to the genesis  
19 of the creation. Coach created the term when  
20 Coach went public.

21 The idea was to distinguish the  
22 Coach product from some traditional European  
23 luxury brands. It talked about -- it basically  
24 wanted to be clear that our approach to luxury  
25 was one that was much more democratic, much

PX5006-009 (Todd Kahn)



Todd Kahn, CEO and Brand  
President, Coach

14 Q. Is Coach a mass market brand?

15 A. I think I've said in the  
16 investigatory testimony we don't think of  
17 ourselves as a mass market brand.

PX5006-047 (Todd Kahn)

# tapestry

- Tapestry, Inc.
  - **Coach:** founded in 1941
  - **Stuart Weitzman:** acquired in 2015
  - **Kate Spade:** acquired in 2017



STUART WEITZMAN





# Iconic, New York Brands

FOIA-2025-00233 200000066611 "UNCLASSIFIED" 1/21/2025

"Tapestry, Inc. is a leading New York-based house of accessible luxury accessories and lifestyle brands."

PX7104-004 (Public)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended July 2, 2022  
OR  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Commission file number: 1-16153

**Tapestry, Inc.**  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of incorporation or organization)

52-2242751  
(I.R.S. Employer Identification No.)

PX7104-001 (Public)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year Ended July 1, 2023  
OR  
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
Commission file number: 1-16153

**Tapestry, Inc.**  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of incorporation or organization)

52-2242751  
(I.R.S. Employer Identification No.)

PX7105-001 (Public)

"...aims to unite teams across the Company's business to work to meet...a shared objective: to create the accessible luxury company of the future..."

PX7105-015 (Public)

# Iconic, New York Brands

FOIA-2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025

- Capri Holdings Limited
- **Michael Kors:**  
founded in 1981
- **Jimmy Choo:**  
acquired in 2017
- **Versace:** acquired  
in 2018

# CAPRI

HOLDINGS LIMITED

# MICHAEL KORS

# JIMMY CHOO



# VERSACE

# Iconic, New York Brands

“...the MICHAEL Michael Kors  
accessible luxury line...”

PX7098-009 (Public)

“MICHAEL Michael Kors has a strong  
focus on accessories...and addresses  
the significant demand opportunity in  
accessible luxury goods.”

PX7098-009 and -010 (Public)

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended April 1, 2023

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-35368

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**CAPRI**  
HOLDINGS LIMITED  
(Exact Name of Registrant as Specified in Its Charter)

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British Virgin Islands  
(State or other jurisdiction of incorporation or organization)

N/A  
(I.R.S. Employer Identification No.)

PX7098-003 (Public)

“and our accessible  
luxury MICHAEL  
Michael Kors line...”

PX7098-012 (Public)

“MICHAEL Michael  
Kors is the accessible  
luxury collection...”

PX7098-014 (Public)

# \$8.5B Deal

FOIA-2025-00233

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"UNCLASSIFIED"

1/21/2025

tapestry

## MK Preliminary Consumer Pulse + M&A Consumer Survey Approach Details

August 29, 2022



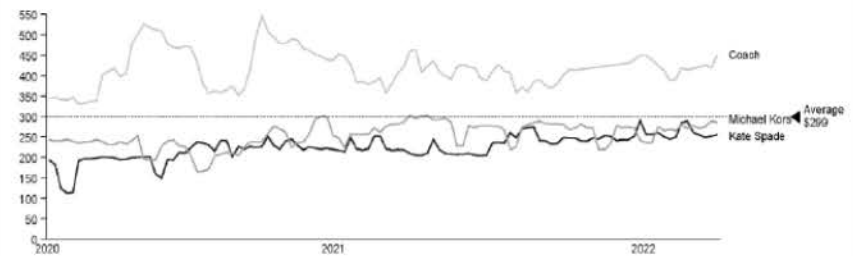
Tapestry © 2021 Tapestry, Inc.  
PX1216-003

PX1216-003 (Tapestry)

tapestry

**Coach has been priced an average \$147 above MK for the last 2 years; suggesting room to increase MK AUR**

Actual Handbag Sales Price in U.S. Full Price Channels



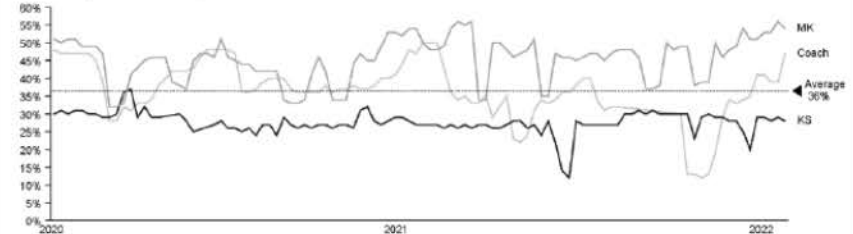
© 2021 Tapestry, Inc. Source: Edited, US only, excludes outlet, handbag silhouettes included are: crossbody, shoulder, backpack, tote, satchel representing >90% of SKUs captured by Edited

PX1216-017 (Tapestry)

tapestry

**Over the last 2 years, MK has had an average discount rate of 45% vs. 37% for Coach and 28% for Kate Spade suggesting opportunity to reduce MK discounting**

Average Discount Depth in U.S. Full Price Channels



© 2021 Tapestry, Inc. Source: Edited, US only, excludes outlet, handbag silhouettes included are: crossbody, shoulder, backpack, tote, satchel representing >90% of SKUs captured by Edited

PX1216-018 (Tapestry)

# \$8.5B Deal

FOIA-2025-00223

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1/21/2025

(b)(4); (b)(3):6(f); (b)(3):21(f)

# Elimination of Head to Head Competition

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# Fierce Head-to-Head Competition

“It is sufficient to show, as the FTC has, that Defendants vigorously compete head-to-head and that this competition would be eliminated by the proposed transaction.”

*IQVIA*, 2024 WL 81232, at \*40; *FuboTV Inc. v. The Walt Disney Co.*, 24-cv-1363 (MMG), 2024 WL 3842116, at \*17, \*29 (S.D.N.Y. Aug. 16, 2024) (granting preliminary injunction based on competitive effects, not market concentration)

Independent of any market-concentration analysis, elimination of significant competition between major competitors may by “‘itself constitute[] a violation of § 1 of the Sherman Act,’ and, a fortiori, of the Clayton Act.”

*United States v. Mfrs. Hanover Trust*, 240 F. Supp. at 867, 950 (S.D.N.Y. 1965) (quoting *United States v. First Nat’l Bank & Tr. Co. of Lexington*, 376 U.S. 665, 671–72 (1964)); Merger Guidelines § 2.2.

# Fierce Head-to-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025



John Idol  
CEO, Capri

Just reduced: top  
bags for every style.

Big savings are here. (Hooray!)

CLICK TO SHOP



The Rowan File Bag,  
now \$99.

Save 60% on this functional favorite.

CLICK TO SHOP

PX2075-002 (Capri)

On Apr 16, 2022, at 2:25 PM, John Idol <John.Idol@capriholdings.com> wrote:

They are leading with very sharp price points which must be driving engagement and conversion. They don't lead with discount therefore preserving margin.

We need to develop a strategy to compete with this. I don't love it but we have no choice. Let's discuss next week.

Begin forwarded message:

**From:** Coach Outlet <coach@c.coachoutlet.com>

**Date:** April 16, 2022 at 12:33:27 PM EDT

**To:** John Idol <John.Idol@capriholdings.com>

**Subject:** We Dropped Prices On Our Best Bags

**Reply-To:** Coach NA Outlet <reply-fcc71674706c007c-9980\_HTML-91759356-100037478-27324@c.coachoutlet.com>

PX2075-001 (Capri)



# Fierce Head-to-Head Competition

FOIA-2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025

(b)(4); (b)(3):6(f); (b)(3):21(f)

# Fierce Head-to-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

**From:** Cedric Wilmotte [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=5f270bc923034bdaa633b6e759988653-8968125e-ad]  
**Sent:** 4/19/2023 11:42:08 PM  
**To:** Laura Parsons [laura.parsons@michaelkors.com]  
**Subject:** FW: We're Offering An Extra 15% Off All These Bags 😊

We did not discuss this but i would like for you to have a page for now in the BOD presentation with 2 or 3 examples of coach and kate spade racing to the bottom with such promotions.

I want the board to see what we are up against

Am sure there will be plenty more in the next few weeks. Lets just collate a screen shot of the emails

This is to give them more color so they can see it with their own eyes

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**From:** Cedric Wilmotte <wilmottecedric@aol.com>  
**Date:** Thursday, 20 April 2023 at 01:40  
**To:** Cedric Wilmotte <Cedric.Wilmotte@MichaelKors.com>  
**Subject:** Fwd: We're Offering An Extra 15% Off All These Bags 😊

-----Original Message-----

**From:** Coach Outlet <coach@c.coachoutlet.com>  
**To:** wilmottecedric@aol.com  
**Sent:** Thu, Apr 20, 2023 1:06 am  
**Subject:** We're Offering An Extra 15% Off All These Bags 😊



**Cedric Wilmotte**  
**CEO, Michael Kors**

PX2097-001 (Capri)

# Fierce Head-to-Head Competition

FOIA-2025-00233

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1/21/2025



PX2098-003 (Capri)



John Idol  
CEO, Capri

**From:** John Idol [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3E11717731E449AFB4C3F28508BB57B8-JOHN IDOL\_E]  
**Sent:** 5/20/2023 7:10:49 AM  
**To:** Denise Guerra [denise.guerra@michaelkors.com]; Francesca Leoni [francesca.leoni@michaelkors.com]  
**CC:** Cedric Wilmotte [cedric.wilmotte@michaelkors.com]; Jaryn Bloom [jaryn.bloom@michaelkors.com]; Anne Walsh [anne.walsh@michaelkors.com]

Please speak to me about these email backdrops on Monday. We never were able to talk about this last week. Coach's creativity on these emails (outlet in particular) is killing us. Now they even have taken our water and Francesca will show you all the Instagram plane they are using. While I find most of their emails offensive they get your attention.

Sorry our backgrounds look cheap and uninspiring. This needs to be corrected quickly. Also we need to make our outlet emails feel Jet Set. They are just bland product photos with no inspiration. Help!!! Fast!!!

Please present a solution for the balance of Summer, Fall and Holiday the week of May 30th to Cedric, Jaryn, Ann and myself.

PX2098-001 (Capri)

# Fierce Head-to-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

On Aug 16, 2021, at 16:18, Lisa Slavin <Lisa.Slavin@michaelkors.com> wrote:

Hi! After reviewing with Devon, we want to jump in with one suggestion. Bradshaw is a slow seller for the majority of the world so we're not sure if Bradshaw will continue into Spring 2023. As such, we think we can just work on relaunching a softer/most functional baguette shape that has prominent branding (as we know this was JF's callout about Bradshaw), but it does not necessarily need to be in the Bradshaw family.

Pippa – Of course please let us know if you disagree!

Lisa Slavin  
Senior Director of Global Merchandising, MMK Accessories  
**MICHAEL KORS**  
11 West 42<sup>nd</sup> Street, 23<sup>rd</sup> Floor  
New York, NY 10036  
T: 917.934.2466  
M: 917.856.9593  
E: [lisa.slavin@michaelkors.com](mailto:lisa.slavin@michaelkors.com)

**From:** Carmen Bonsignore <Carmen.Bonsignore@michaelkors.com>

**Sent:** Monday, August 16, 2021 1:23 PM

**To:** Philippa Newman <Philippa.Newman@michaelkors.com>; Hannah Clayton <Hannah.Clayton@michaelkors.com>

**Cc:** Devon Ho <Devon.Ho@MichaelKors.com>; Lisa Slavin <Lisa.Slavin@michaelkors.com>

**Subject:** Re: Screenshot 2021-08-16 at 12:58.07

Hi Pippa

Yes It's a good idea move our Bradshaw  
We will work on this  
thanks

Carmen Bonsignore  
Division Vice President, Accessories D  
**MICHAEL KORS**  
11 West 42<sup>nd</sup> Street, 21<sup>st</sup> Floor  
New York, NY 10036  
T: 212 201 6100  
M: 917 938 5771

“Maybe we need to evolve our Bradshaw into a larger size?? Like C&ach is doing with their Tabby... what I like about this version is how soft it seems... not stiff...”

**From:** Philippa Newman <Philippa.Newman@michaelkors.com>

**Date:** Monday, August 16, 2021 at 1:00 PM

**To:** Carmen <Carmen.Bonsignore@michaelkors.com>, Hannah Clayton <Hannah.Clayton@michaelkors.com>

**Cc:** Devon Ho <Devon.Ho@MichaelKors.com>, Lisa Slavin <Lisa.Slavin@michaelkors.com>

**Subject:** Screenshot 2021-08-16 at 12:58.07

Hi Carmen and Hannah.

Maybe we need to evolve our Bradshaw into a larger size?? Like C&ach is doing with their Tabby... what I like about this version is how soft it seems... not stiff...

<image001.jpg>

PX2346-002 (Capri)

# Fierce Head-to-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

**From:** Philippa Newman <Philippa.Newman@michaelkors.com>  
**Sent:** Sunday, June 6, 2021 4:41 PM  
**To:** John Idol <John.Idol@CapriHoldings.com>  
**Subject:** Re: Summer Trend: Mix And Match

We have this concept already with our mixed size logos in various sizes in Mainline and it is performing quite well. It's not something that US Retail tends to pick up to be honest but we can push this further with them...

Philippa Newman  
President, Accessories & Footwear

## MICHAEL KORS

11 West 42nd Street  
New York, NY 10036  
T: +1 212 201 8381  
E: philippa.newman@michaelkors.com

On Jun 6, 2021, at 09:51, John Idol <John.Idol@capriholdings.com>

The full bag stripes on signature looks nice.  
We should do something like this for next spring in full line and outlet.

Begin forwarded message:

**From:** Coach Outlet <coach@e.coachoutlet.com>  
**Date:** June 6, 2021 at 9:20:28 AM EDT  
**To:** John Idol <John.Idol@capriholdings.com>  
**Subject:** Summer Trend: Mix And Match  
**Reply-To:** Coach NA Outlet <reply-fec3157970600d7d-9979\_HTML-91759356-100037478-22477@e.coachoutlet.com>

The full bag stripes on signature looks nice.  
We should do something like this for next spring in full line and outlet.



John Idol  
CEO, Capri



Now's the time to add a little  
(or a lot of) color to your wardrobe.

[CLICK TO SHOP](#)

PX2242-001 (Capri)

PX2242-002 (Capri)

# Fierce Head-to-Head Competition

FOIA-2025-00233

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1/21/2025

## competitive recap front table

Kate Spade



Tory Burch



Coach



Michael Kors



## competitive recap windows

Kate Spade



Coach



Tory Burch



Michael Kors



### Promotional Offer

Kate Spade: PP 70%, select 60%, and Cir 75%. Select PP on Shimmer gifting accessories. 40% off Minnie and LOVE Shack.

Coach: 60%-70% off majority of store. Select pieces—apparel, backpack, a few lifestyle pieces 40% off. Variable pp throughout the store. Displaying marketing that states "Black Friday" on select promos.

Michael Kors: Up to 70% off with 75% off Clearance. Variable PPs throughout all departments.

Tory Burch: **Black Friday sale started** already—up to 50% off entire store.



PX1127-003 (Tapestry)

PX1127-002 (Tapestry)

# Fierce Head-to-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025



Joanne Crevoiserat,  
CEO, Tapestry

**From:** Joanne Crevoiserat <jcrevoiserat@tapestry.com>

**Sent:** Monday, March 15, 2021 10:36 PM

**To:** Kelsey Mueller <KMueLLer@tapestry.com>; Christina Colone <ccolone@tapestry.com>

**Cc:** Andrea Resnick <aresnick@tapestry.com>

**Subject:** Re: Peer Trading TPR \$46.33 +\$1.72 +3.86% VOL 4.53 MM

Looking at the CPRI note - do we know where MK is closing stores? Feels like an opportunity to grab share if we can adjust marketing and if we have a presence in these areas.

PX1703-002 (Tapestry)

# Fierce Head-to-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

**From:** Jenna Hendricks [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=EACEABADA6254B2086B9AA1E897DFFE2-JENNA HENDR]  
**Sent:** 7/28/2021 12:16:40 PM  
**To:** John Idol [john.idol@capriholdings.com]; Tom Edwards [tom.edwards@capriholdings.com]; Jaryn Bloom [jaryn.bloom@michaelkors.com]  
**Subject:** RE: TAPESTRY TAKES ACTION TO DRIVE POSITIVE CHANGE FOR PEOPLE, PLANET AND COMMUNITY

Hi John,

We have already done this analysis and Anthony has started discussions with Wendy. They will be ready to discuss high level numbers with you.

Thanks,  
Jenna

---

**From:** John Idol <John.Idol@CapriHoldings.com>  
**Sent:** Wednesday, July 28, 2021 8:12 AM  
**To:** Jenna Hendricks <Jenna.Hendricks@CapriHoldings.com>; Tom Edwards <Tom.Edwards@CapriHoldings.com>; Jaryn Bloom <Jaryn.Bloom@michaelkors.com>  
**Cc:** Kimberlie Faust <Kimberlie.Faust@CapriHoldings.com>  
**Subject:** Fwd: TAPESTRY TAKES ACTION TO DRIVE POSITIVE CHANGE FOR PEOPLE, PLANET AND COMMUNITY

Kimberlie please schedule a meeting for 4pm Monday(my time) and 10am NY time with Jenna, Tom, Jaryn and Wendy to discuss the attached press release. If possible I would like to understand the financial impact on taking the US MK store fleet full price and outlet to \$15 per hour as of Nov 1st as well as the impact on fiscal 22 and the full year impact on fiscal 23 (the analysis can be at a high level).

Begin forwarded message:

**From:** Krista McDonough <Krista.McDonough@capriholdings.com>  
**Date:** July 28, 2021 at 1:42:05 PM GMT+2  
**To:** John Idol <John.Idol@capriholdings.com>; Tom Edwards <Tom.Edwards@capriholdings.com>; Daniel Purefoy <Daniel.Purefoy@capriholdings.com>; Jenna Hendricks <Jenna.Hendricks@capriholdings.com>  
**Subject:** TAPESTRY TAKES ACTION TO DRIVE POSITIVE CHANGE FOR PEOPLE, PLANET AND COMMUNITY

<https://tapestry-gcs-web.com/news-releases/news-release-details/tapestry-takes-action-drive-positive-change-people-planet-and#>

KRISTA MCDONOUGH



John Idol  
CEO, Capri



# Fierce Head-to-Head Competition

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

## COACH™ (Re)Loved

## KORS L<sup>OVES</sup> PRE-LOVED

KORSVIP members, sell your pre-owned Michael Kors pieces for store credit here.

LIST AN ITEM •

Thread Participants: [REDACTED] Dianne Roe (Owner); [REDACTED] Scott Roe (Owner); [REDACTED] Liz Harris  
 First Message: 8/23/2022 2:20:14 PM -04:00  
 Last Message: 8/23/2022 6:34:30 PM -04:00

8/23/2022 2:20:14 PM  
 how was your lunch with Monisha?

8/23/2022 2:37:36 PM  
 Postponed. Given last minute changes in investor day I pointed.

8/23/2022 4:28:15 PM  
 Makes sense. Can I share LRP with Morgan Stanley team?

8/23/2022 5:18:59 PM  
 They say imitation is the sincerest form of flattery...



“They say imitation is the sincerest form of flattery...”

PX1448-001 (Tapestry)

From: Ashish Parmar <AParmar@tapestry.com>  
 Sent: Tue, 23 Aug 2022 21:31:43 -0400 (EDT)  
 To: Liz Harris <lharris@tapestry.com>  
 Subject: Re: ankle biters

Oh wow..  
 They do know how to, rinse-repeat and repackage to the next level..

From: Liz Harris <lharris@tapestry.com>  
 Sent: Tuesday, August 23, 2022 9:01:42 PM  
 To: Ashish Parmar <AParmar@tapestry.com>  
 Subject: ankle biters  
 Kors is coming for Coach ReLoved!  
[https://www.michaelkors.com/trend/sustainable/\\_/R-cat4990017](https://www.michaelkors.com/trend/sustainable/_/R-cat4990017)

LIZ HARRIS  
 SVP, STRATEGY & INSIGHTS  
 SHE/HER  
**tapestry**

TEN HUDSON YARDS  
 NEW YORK, NY 10001  
 T: 415-844-0663  
 COACH | KATE SPADE | STUART WEITZMAN

PX1278-001 (Tapestry)

# Undue Concentration in a Relevant Market

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# “Accessible Luxury” Handbags is a Product Market

FOIA-2025-00233

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“UNCLASSIFIED”

1/21/2025

## Relevant market includes reasonable substitutes

“The outer boundaries of a product market are determined by the reasonable interchangeability of use or the cross-elasticity of demand between the product itself and substitutes for it.”

*United States v. Brown Shoe Co.*, 370 U.S. 294, 325 (1962).

“In evaluating reasonable interchangeability, ‘the mere fact that a firm may be termed a competitor in the overall marketplace does not necessarily require that it be included in the relevant product market for antitrust purposes.’”

*IQVIA*, 2024 WL 81232, at \*24 (quoting *FTC v. Sysco Corp.*, 113 F. Supp. 3d 1, 26 (D.D.C. 2015)).

# “Accessible Luxury” Handbags is a Product Market

FOIA-2025-00233

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1/21/2025

## Commercial realities inform relevant market

Commercial realities reflecting competition between the merging parties can inform market definition.

*See FTC v. Staples, Inc.*, 190 F. Supp. 3d 100, 124 (D.D.C. 2016); Merger Guidelines § 4.3.

Congress prescribed a pragmatic, factual approach and the government is not required to define a market by “metes and bounds.”

*United States v. Pabst Brewing Co.*, 384 U.S. 546, 549 (1966).

# “Accessible Luxury” Handbags is a Product Market

FOIA-2025-00233

00000066611

“UNCLASSIFIED”

1/21/2025

## FTC paths to establishing a market:

- 1 *Brown Shoe* practical indicia (Qualitatively)
- 2 Hypothetical Monopolist Test (HMT)  
(Quantitatively)

# “Accessible Luxury” Handbags is a Product Market

FOIA-2025-00233

00000066611

“UNCLASSIFIED”

1/21/2025

## Relevant *Brown Shoe* practical indicia

- **Industry or public recognition:** Industry participants recognize “accessible luxury” handbags as distinct market
- **Distinct prices:** Focused generally on opening price of \$100 but rarely exceed or approach \$1000
- **Peculiar characteristics:** High-quality materials, elevated craftsmanship
- **Unique production facilities:** Typically made offshore in Asia
- **Distinct customers:** Majority of customers are working and middle-class Americans

# Brown Shoe: Industry Recognition

COACH

FY23-25 LRP  
March 2022

COACH

PX1431-001 (Tapestry)

*Our Brand Positioning*

**Our Global Brand Positioning:** Redefine and Own "Accessible Luxury"

## Our Position

Coach enables people to explore their individual take on "Accessible Luxury." We make the highest quality leather goods with an outstanding passion for details and craftsmanship to make sure our bags are carried from one generation to another. We want to make more people feel put together, smart and confident to be themselves.

8

## Our Purpose

To inspire people to be confident to express their true selves and play the main character in their story. To have the courage to be real.

## Who

Appeal to a broad inclusive audience with a focus on the Timeless Gen Z/Millennial.

## Our Offering

Product focus will be between \$150-500 for NA and [REDACTED] for China and Rest of Asia and distributed through a multi-channel network.

COACH

12

PX1431-012 (Tapestry)

# Brown Shoe: Industry Recognition

FOIA-2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025

Case 2:22-cv-04392-FMO-JEM Document 50-41 Filed 07/17/23 Page 2 of 22 Page ID #:7250

1	KATE SPADE LLC,	Case No. 2:22-cv-04392-FMO-JEM
2	Plaintiff,	
3	vs.	JOINT STATEMENT OF
4	WOLV INC.,	UNCONTROLLED FACTS IN
5	Defendant.	SUPPORT OF JOINT BRIEFING
6		REGARDING PLAINTIFF KATE
7		SPADE'S MOTION FOR PARTIAL
8		SUMMARY JUDGMENT
9		Date: August 17, 2023
10		Time: 10:00 a.m.
		Dept.: Courtroom 6D
		Assigned to the Hon. Fernando M. Olguin
		Action Filed: June 27, 2022
		FAC Filed: September 13, 2022

Statement of Fact: “For a quarter of a century, Kate Spade, through its predecessors-in-interest and licensees, has been a leader in accessible luxury.”

P.3



PX1725-001 (Tapestry)

## Competitive Pricing Update: Mainline Handbags

KS has narrowed the gap vs. select other Accessible Luxury players;  
However significant price opportunity remains vs. our long-term targets



Q4 FY23	AUR	MSRP	KS MSRP vs. Peer	KS MSRP vs. Peer LY	KS Target MSRP Positioning
Kate Spade	\$293 +4% YoY	\$322			
Michael Kors	\$247 -3% YoY	\$355	-9%	-16%	10%
Coach	\$385 +1% YoY	\$420	-23%	-28%	-10%
Tory Burch	\$459 -13% YoY	\$541	-40%	-48%	-25%

KS Price Positioning

PX1725-005 (Tapestry)



# Brown Shoe: Industry Recognition

FOIA-2025-00233 0000006611 UNCLASSIFIED 1/21/2025



**Cedric Wilmotte**  
**CEO, Michael Kors**

“Mr. Wilmotte next discussed with the Board the U.S. leather goods market and the accessible luxury market.”

**CAPRI**  
HOLDINGS LIMITED

Minutes of the Meeting of the Board of Directors (the “Board”)  
held on August 1-2, 2023  
London, United Kingdom

PX2439-001 (Capri)

Then, Mr. Edwards reviewed with the Board the free cash flow and leverage ratio forecast for fiscal 2024 as compared with fiscal 2023, 2022 and 2021.

Finally, Mr. Edwards presented our calendar second quarter sales versus selected peers. He also reviewed U.S. retail sales trends of the peer group for calendar second quarter.

The Board members asked questions of Mr. Edwards and Mr. Idol concerning the foregoing.

#### 8) Michael Kors Business Update

The following members of Michael Kors management joined the meeting:

Jaryn Bloom (President, North America Retail, Michael Kors)\*  
Francesca Leoni (SVP, Chief Brand Officer)\*  
Philippa Newman (President, Accessories & Footwear)  
Laura Parsons (VP, Strategy and Transformation)\*  
Robin Gendron (President, EMEA)

Mr. Wilmotte provided the Board with an update on the Michael Kors business. He discussed with the Board key operational and financial metrics for Michael Kors for the first fiscal quarter and also reviewed key challenges and initiatives for the business, including risks and opportunities.

Ms. Leoni reviewed with the Board marketing and communications strategic priorities.

Mr. Wilmotte next discussed with the Board the U.S. leather goods market and the accessible luxury market. Mr. Wilmotte also reviewed with the Board revenue by channel, revenue by region, and data base growth and anticipated future growth.

Mr. Gendron provided the Board with an update on the Michael Kors EMEA business, including trends, headwinds and outlook. He next reviewed with the Board key initiatives in EMEA and recent and expected brand activations in the region.

Ms. Newman reviewed with the Board the Michael Kors product strategy and opportunities. The Board members asked questions of Michael Kors management concerning the foregoing.

Ms. Bloom, Ms. Leoni, Ms. Newman, Ms. Parsons and Mr. Gendron left the meeting.

Mr. Wilmotte discussed with the Board the Michael Kors transformation agenda, including goals and priorities and the intended operating model and organizational plan, as well as the anticipated timeline for setting the transformation strategy. The Board members asked questions of Mr. Wilmotte concerning the foregoing.

#### 9) Jimmy Choo Business Update

Richard Kozlowski (CFO – Jimmy Choo), Helene Phillips (Chief Client Officer – Jimmy Choo) and Daphne Cousineau (President, EMEA – Jimmy Choo) joined the meeting.

Minutes of Meeting of Board of Directors

08/01-02/2023

PX2439-004 (Capri)

# Brown Shoe: Industry Recognition

FOIA-2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025

## Our Positioning: Expressive Luxury

### Our Position

Coach invites our community to be their true selves through **Expressive Luxury**. Luxury is not just about impressing, it's also about self-expression. We make the highest quality leather goods with an outstanding passion for detail and craftsmanship to make sure our bags are carried from one generation to another. Our distinct attitude **inspires confidence** in the community to find the courage to be real and express their true selves.

### Our Purpose

To inspire people to be confident to express their true selves and play the main character in their story. To have the **courage to be real**.

### Our Customer

Our bullseye is the **Timeless Millennial / Gen-Z**. We will remain relevant to our current loyal audience through the halo which transcends segments and age groups.

### Our Offering

Product focus will be between **\$150-500 for NA and \$150-1000 for China and Rest of Asia** and distributed through a **multi-channel network**.

PX1731-023 (Tapestry)

COACH

Board Update

February 2023

PX1731-019 (Tapestry)

Our Brand Positioning

## Our Global Brand Positioning: Redefine and Own "Accessible Luxury"

### Our Position

Coach enables people to explore their individual take on "Accessible Luxury." We make the highest quality leather goods with an outstanding passion for details and craftsmanship to make sure our bags are carried from one generation to another. We want to make more people feel put together, smart and confident to be themselves.

### Our Purpose

To inspire people to be confident to express their true selves and play the main character in their story. To have the courage to be real.

### Who

Appeal to a broad inclusive audience with a focus on the Timeless Gen Z/Millennial.

### Our Offering

Product focus will be between **\$150-500 for NA and [REDACTED] for China and Rest of Asia** and distributed through a **multi-channel network**.

COACH

8

11

PX1431-012 (Tapestry)

# Brown Shoe: Industry Recognition

FOIA-2025-00233 00000066611 "UNCLASSIFIED" 1/21/2025

While perceptions of Coach as a brand from their teen years or for moms persist ...

...many are aware that things are changing at the brand, especially within the last year.

*Coach is more established, they're more of an established brand like Ralph Lauren. And because of that I feel like they're just old. It's not something for 20-somethings that are going to the club. It's more for the 13-year-old going to cheer practice or the 30-year-old that's taking her daughter to cheer practice. - Talena, 19*

*Coach is a timeless brand. Someone who's a polished professional I would say, and stylistically traditional - Yamini, 25*

*I used to look at it as a mom brand because my mom would wear their bags. But now I feel like there's something for everybody because my sister she likes their chain purses, and I like their little mini bags. Now there are some pieces that do attract me, like the vintage pieces. - Karis, 18*

*When I think of what Coach used to be, I immediately think of middle aged mom... it was just very tacky for a while. But then they got rid of their super flashy brand name after they realized that people don't really care for that as much anymore. Coach is still for someone that wants to feel maybe a little bit more affluent but isn't really splurging on something such as LV or Gucci. I've been actually wanting to purchase something from Coach. - Erika, 23*

*Coach is trying to make a comeback. I'm constantly seeing videos, I'm not into it. It's very casual, like cherry designs - I can't imagine walking to a high end sushi place in a Coach cherry bag. - Lucy, 22*

*I don't see myself owning any Coach because Coach is my mom's brand. I don't see many people my age wearing Coach, but since the revamp with their new subtle branding and their fun pastel colors I've seen, it's a little more intriguing and tasteful for me. Coach seems to be making a comeback within this last year but just because it's Coach, it irks me and I'm stuck with that mom bag image of Coach. - Vivian, 24*

S&CI  
COACH

Gen Z Insights, LA 45

PX1325-042 (Tapestry)

"Quality, Timeless, Affordable luxury"



COACH

Confidential Commercial Information

"Coach is still for someone that wants to feel maybe a little bit more affluent but isn't really splurging on something such as LV or Gucci."

## Pre-Shop

- Quality
- Timeless
- Affordable luxury
- Entry level
- For older consumers
- Outdated ("C logo prints")

## Post-Shop

- More modern than expected
- More appealing, driven by men's and other designs (Sig C, Tabby, Rogue, etc.)
- Ancillary categories also more exciting (e.g., white sneakers)
- Coach Outlet crowded and less cohesive
- The service in the store was generally noted as what they expected. Only one interaction was mentioned as overboard (with too much shadowing)
- Collaborations and themed offering sometimes confusing and not in Coach aesthetic

Young Millennial Ethnographic

21

Tapestry-FTC-00389140

PX1936-027 (Tapestry)

# Brown Shoe: Industry Recognition

FOIA-2025-00233 00000066611 UNCLASSIFIED 1/21/2025



PX7182-001 (Public)

## REBECCA MINKOFF

Rebecca Minkoff website:  
“An industry leader in accessible  
luxury handbags...”

## BRAHMIN

## RALPH LAUREN

# Brown Shoe: Distinct Prices

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

**Coach Growth Strategy: Room to grow with our global brand positioning through acquiring new customers, elevating median price, and increasing unit sales/customer**

New Customers

Median Price

Unit Sales Per Customer

8

“Product portfolio starts at \$100 as point of entry and does not exceed \$1000 where luxury owns market”

- Median Prices still are \$500 and below globally, with the lowest prices in NA
  - NA - Retail: \$270; Outlet: \$131
  - [REDACTED]
  - [REDACTED]

- Average units sold per customer: [REDACTED]
- Cross-selling and repeat purchase concentrated in Leather Goods

[REDACTED]; product portfolio starts at \$100 as point of entry and does not exceed \$1000 where luxury owns market

***Increase cross-selling and repeat purchase efforts to maximize CLV; product expansion in select categories to help accelerate***

PX1431-018 (Tapestry)

# Brown Shoe: Distinct Prices

FOIA-2025-00233

0000006611

"UNCLASSIFIED"

1/21/2025

## Q2 2024 Tapestry Inc Earnings Call - Final

Q2 2024 Tapestry Inc Earnings Call - Final

we continue to look at the deal. Remember, we never bought into necessarily your estimates. We had what we call prudent assumptions on the condition of the business and we still have confidence in those key drivers.

OPERATOR: Our next question is from Lorraine Hutchinson of Bank of America.

LORRAINE CORRINE HATCHINSON, MD IN EQUITY RESEARCH, BOFA SECURITIES, RESEARCH DIVISION: I wanted to focus on China for a minute. Understanding the year-over-year comparisons are pretty volatile.

“...and the white space between us and traditional European luxury, that's at an all-time high...So I'm excited by the white space.”

And again, we continue to have confidence in the long-term opportunity in the market. And what's driving our success is that our teams in the market are doing an excellent job building our brands and connecting with consumers. We continue to see consumer desire for our brands is strong and we saw that through the second quarter. And importantly, in the surveys we field in the market, purchase intent in our category, handbags and leather goods is still high with consumers in the market. So again, expectations are high. Maybe I'll pass it to Todd, if there's any other color on your secret sauce in the market, Todd?

TODD KAHN: Well, I won't give away the full secret sauce, but I will say building on your comment, we feel really good about China, particularly the long-term opportunities in China. And one of the things that I point to and one of the questions all of you ask me every quarter is how do you continue to see AUR growth and expansion. When you look at where the Coach brand sits today and the white space between us and traditional European luxury, that's at an all-time high. And in a market like China, where maybe people are being more frugal and thoughtful about their purchase, that bodes very well for Coach.

So I'm excited by the white space. I'm excited by our brand positioning, expressive luxury is working, as Joanne said in the prepared remarks. Our last quarter, we saw growth in all markets, including China. So excited by what we have coming up and we're already seeing Quilted Tabby take hold in that market in a really meaningful way.

OPERATOR: Our next question is from Brooke Roach of Goldman Sachs.

BROOKE SILER ROACH, RESEARCH ANALYST, GOLDMAN SACHS GROUP, INC., RESEARCH DIVISION: Joanne, I was hoping you could provide some additional thoughts on how you're thinking about the outlook for North America handbag and accessories, but specifically both for your Coach brand and for Kate Spade? What's driving the underlying confidence in stronger growth in the back half of the year, specifically in fiscal fourth quarter? And how are you thinking about that relative to the competitive pressures that you might be seeing in the market?

Market is always competitive. So we love a competitive market, it was flat with last year, in line with last year, but above our margins. So we continue to prioritize a healthy business and we will focus on healthy growth in the market. What we see is being choiceful and they're responding to newness and we're delivering in the market. And we'll continue to do that.

with where it was in the first half. So no dramatic inflection in it. We think trends will be in line. But again, we're managing quarter, expanded gross margin and operating margin. Our North America, but globally. So we expect to continue to move forward.

PX7135-011



**Todd Kahn, CEO and Brand President, Coach**

**PX7135-011 (Public)**

## Q4 2022 Capri Holdings Ltd Earnings Call - Final

Q4 2022 Capri Holdings Ltd Earnings Call - Final

landscape and Jimmy Choo was "opening price point." And that has just been historical since before we purchased the company. The management team led by Hannah Colman, our in particular, we made the decision that we, quite frankly, were just underpricing the product.

We have taken about 2 very large price increases. We have another 1 coming for the fall season. And that is just to get us to a level where we believe we will sit with the true luxury pricing. We have seen absolutely no pushback from our consumer on that. You can see the Jimmy Choo business is literally on fire at this point. So I think it's been a combination of the great designs led by Sandra Choi, and the teams and the fact that obviously, dress up and having a little more fun with your glamor is back, which all plays right into Jimmy Choo's hands.

And our competitors are all sitting at much higher prices than we are. So I don't think the consumer looks at what we've done and said, "Oh, that's not the right place to be." So that's ongoing. I don't know that there'll be a lot more happening at Jimmy Choo. Maybe there'll be something again more next year, but it won't be large. Versace, we went through the same exact exercise. And as you know, in the real power of luxury brands, prices are rising consistently. But once again, Versace, I would, again, call it almost opening price point to the luxury world. We have moved somewhat and really our first big price increases are coming this fall season. But we think there is absolutely more room to go in Versace.

Again, as the brand continues to get the traction that it's getting, as we have the relevance with the consumer, we definitely think in particular, in accessories, I would say, that there's a tremendous amount, more opportunity. We will do that very strategically, and we will do that as we see product perform and make sure that we really have a foothold with the customer in that category. You saw that we grew accessories by over 75% during the quarter. We grew it footwear by 70%. These are enormous increases, and I think it just resonates to our strategic initiatives and it's working at Versace.

And then lastly, on Michael Kors. Again, the luxury market has continued to move up very consistently. Price increases probably happened in the 5% to 7% range and on very expensive products. So the delta between where Michael Kors is and the luxury world continues to widen. So we believe that, that will continue to have a pathway for us to raise prices as we elevate the brand.

To answer your final question, we don't really give out units versus increases. But as we've told you, the AUR has really grown double digit during the year. And part of that's been price increases and quite frankly, part of that's just been much higher full price sell-throughs because we've taken a less promotional attitude posture during the

“So the delta between where Michael Kors is and the luxury world continues to widen.”

MATTHEW ROBERT BOSS, MD AND SENIOR ANALYST, JPMORGAN CHASE & CO. Congrats on a nice quarter. So John, having now lapped stimulus and in light of the different consumer categories, how are you thinking about growth prospects, maybe accessories space structurally relative to pre-pandemic? What are you embedding for? And then just on the luxury side, can you just speak or elaborate on the glide path to maybe as it relates to the \$2 billion target and just growth opportunities that you see in

JOHN D. IDOL: Thank you for that question, Matt. Look, I think in terms of the stimulus company saw a little bit of softness during March, very little bit in the beginning of April, come back. So we're seeing business in North America trending very nicely right now, that - obviously, everyone continues to speak about the health of the American consumer more in savings than it was at this time, prepandemic.



**John Idol CEO, Capri**

**PX7138-011 (Public)**

# Brown Shoe: Distinct Prices

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

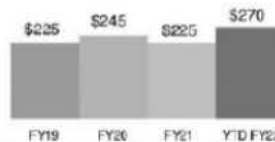
## Coach Women's Handbag Median Price Points

*Room to stretch, but still much lower than traditional luxury entry point of \$1000+*



North America

RETAIL



OUTLET



8

“Room to stretch, but still much lower than traditional luxury entry point of \$1000+”

PX1431-019 (Tapestry)

# Brown Shoe: Peculiar Characteristics and Unique Production Facilities

FOIA-2025-00233

0000066611

"UNCLASSIFIED"

1/21/2025

**From:** "Joanne Crevoiserat" <jcrevoiserat@tapestry.com>  
**Sent:** Sun, 29 Jan 2023 16:28:40 -0500 (EST)  
**To:** "Peter Charles" <pcharles@tapestry.com>; "Scott Roe" <sroe@tapestry.com>; "Noam Paransky" <nparansky@tapestry.com>  
**Cc:** "Debra Meyer" <dmeyer@tapestry.com>; "Laura Booth" <lbooth@tapestry.com>; "Kerri Reynolds" <kreynolds@tapestry.com>; "Melissa Lawrence" <mlawrence@coach.com>; "Kamisha ShimHus" <kshimhus@tapestry.com>; "Theresa Menno" <tmanno@tapestry.com>  
**Subject:** Re: Feb Board Innovation Topic - Working Session 3

Debbie, Noam and Peter,

I edited the word document to illustrate the content and flow of the document. It should not be written as a letter, rather as a narrative that will be positioned in front of the slides. The narrative will tell the story (and back story) and the slides will be used to facilitate the discussion in the meeting on specific topics. Please review the comments and edits and make further adjustments that you think move us further in this direction.

Debbie/peter, specifically, I think we can add a bit to the beginning of our SC section reinforcing that our supply chain innovation over the years effectively created the accessible luxury market - balancing lower cost with quality well made product. We continue to innovate to support the creativity that the brands need while ensuring costs are managed to deliver the value the consumer recognizes. You can call out recent successes like Tabby as illustration as well as the innovation we are supporting on environmentally preferred materials.

Hope these notes are helpful in moving us closer to a final product. Please reach out with any further questions. Happy to review a 'next turn' w

Thanks,  
Joanne

PX1704-001 (Tapestry)



Joanne  
Crevoiserat,  
CEO, Tapestry

Joanne Crevoiserat put in an email in preparation for a Board of Directors meeting "...our supply chain innovation over the years effectively created the accessible luxury market – balancing lower cost with quality well made product."

"Our approach to delivering innovative, high-quality product while optimizing costs created the accessible luxury market."

## Supply Chain

... creates innovative, consumer-centric product while balancing speed and costs. To achieve this, we leverage our global network of Tapestry talent, raw material suppliers (RMS) and external service providers (SPs) to develop product using new materials, techniques, and processes.

Our approach to delivering innovative, high-quality product while optimizing costs created the accessible luxury market. The evolution of our supply chain - from being a US based manufacturer at Coach's inception, to pioneering a shift to China in the 1990's, leading to a significant diversification within SE Asia in 2010 - exemplifies our commitment to innovation. We have multiple development centers around the world, comprised of our own talent in NY

PX1731-048 (Tapestry)



# Brown Shoe: Distinct Customers

FOIA-2025-00233 0000006611 "UNCLASSIFIED" 1/21/2025

## GLOBAL OMNI (LSS + eComm) CUSTOMER VALUE SEGMENTS: FY22Q3

Customer Value Segment	Profile	Value of the Customer	% Net Sales	% Customers	Customer Discount %
Gotta Have It	<i>Price insensitive, loyal repeat purchasers</i>	\$495	13%	6%	8%
One & Done Gifter	<i>Annual full-price gift purchaser</i>	\$209	12%	12%	0%
Promotionally Persuaded	<i>Converts during FP events</i>	\$202	10%	12%	22%
Sale Savvy	<i>MK Loyalist, only buys markdown</i>	\$435	15%	8%	40%
Spending Saver	<i>Buys lots, on eComm "clearance"</i>	\$325	27%	19%	64%
Right Product, Right Price	<i>Buys one item, when discounted enough</i>	\$144	7%	11%	42%
Handbag Bargain Hunter	<i>Waits to buy handbag at deep markdown</i>	\$109	16%	33%	66%

SOURCE: Unified Customer Platform. Real Customers, excludes Resellers, Employees, & Affiliate's

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PX2753-043 (Capri)

# True Luxury Handbags Are Not Reasonable Substitutes

FOIA-2025-00233

00000066611

"UNCLASSIFIED"

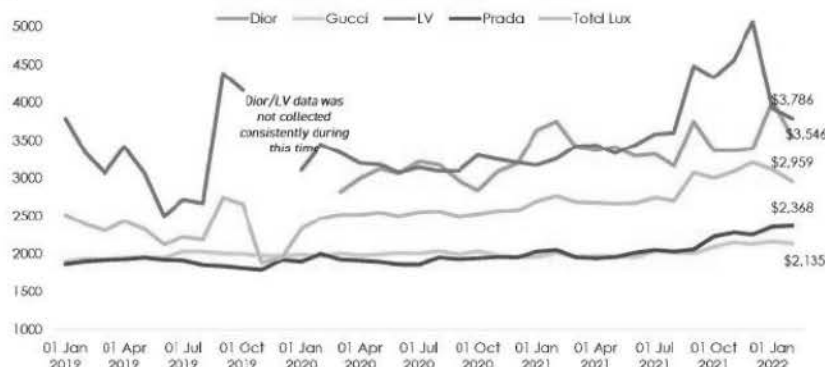
1/21/2025

## Pricing Analysis: US Bags MSRP Peer Review

tapestry

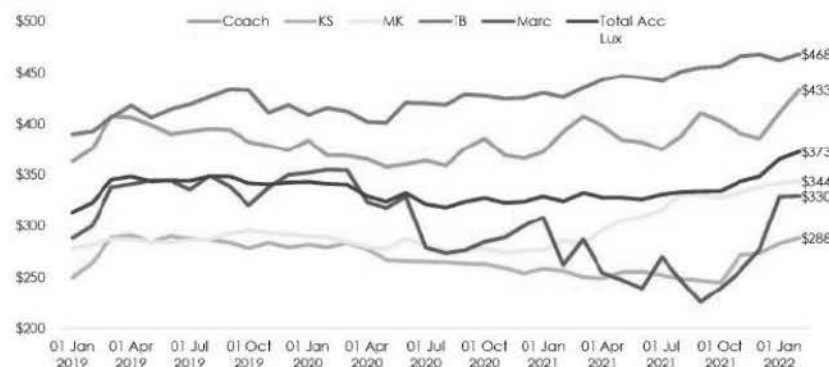
All brands have shown MSRP increases in the last year.

### LUXURY BAGS



MSRP GROWTH					
	'19 vs '18	'20 vs '19	'21 vs '20	'22 YTD vs '21	'21-'18 CAGR
LV	+8%	-3%	+19%	+1%	+7%
Dior*			+13%	+10%	+13%
Gucci	-1%	+1%	+1%	+6%	0%
Prada	+3%	+2%	+8%	+14%	+4%
Total Bench	+4%	+6%*	+11%	+7%	+7%

### ACCESSIBLE LUXURY BAGS



MSRP GROWTH					
	'19 vs '18	'20 vs '19	'21 vs '20	'22 YTD vs '21	'21-'18 CAGR
Coach	+9%	-5%	+6%	+8%	+3%
KS	+10%	-4%	-5%	+12%	0%
TB	+1%	+1%	+7%	+4%	-3%
MK	+13%	-2%	+11%	+10%	+7%
Marc	+12%	-6%	-17%	+27%	-4%
Total Bench	+8%	-3%	+1%	+11%	+2%

\* No Dior data provided for 2019 as EDITED began collecting Dior data in March 2020. Dior '21-'20 growth and '19-'22 CAGR based on March 2020. Source: EDITED as of 2/8. Note: data excludes outlet & exotics (alligator, crocodile, ostrich, python and snakeskin).

COACH GLOBAL PRICING

6

PX1296-008 (Tapestry)

# True Luxury Handbags Are Not Reasonable Substitutes

FOIA-2025-00233

00000066611

"UNCLASSIFIED"

1/21/2025

\$1000 - \$5000

"White Space"

\$200 - \$500



# True Luxury Handbags Are Not Reasonable Substitutes

FOIA-2025-00233

00000066611

"UNCLASSIFIED"

1/21/2025

"Gucci bags at \$2000  
is just not our  
customer in NA"



**Todd Kahn**  
CEO and Brand President, Coach

**Thread Participants:** - [REDACTED] Elizabeth Fraser (Owner); - [REDACTED] Todd Kahn; [REDACTED] Elizabeth Fraser (Owner)

**First Message:** 8/3/2021 8:51:55 AM -04:00

**Last Message:** 8/3/2021 8:57:14 AM -04:00

8/3/2021 8:51:55 AM  
We may think we're competing with LV and Gucci but I can assure you that they are not competing with us

[REDACTED] Todd Kahn  
8/3/2021 8:55:04 AM  
Exactly. In the past we bought market share

[REDACTED] Todd Kahn  
8/3/2021 8:55:24 AM  
Now we are trying to do it in a healthy way

8/3/2021 8:55:59 AM  
This worries me that we'll make bad decisions in order to try to grab the wrong market share

[REDACTED] Todd Kahn  
8/3/2021 8:56:08 AM  
Gucci bags at \$2000 is just not our customer in NA

[REDACTED] Todd Kahn  
8/3/2021 8:56:14 AM  
You and I won't

[REDACTED] Todd Kahn  
8/3/2021 8:56:53 AM  
Take it from MK, TB, etc

8/3/2021 8:56:21 AM  
We should be focused on the correct market share

8/3/2021 8:56:58 AM  
Exactly

8/3/2021 8:57:14 AM  
Even Burberry has pushed up into true luxury

PX1067-001 (Tapestry)

# True Luxury Handbags Are Not Reasonable Substitutes

FOIA-2025-00233

00000066611

"UNCLASSIFIED"

1/21/2025



Liz Fraser  
CEO and Brand President, Kate Spade

Thread Participants: - [REDACTED] Elizabeth Fraser (Owner); - [REDACTED] Tim Ryan  
First Message: 8/11/2022 10:15:08 AM -04:00  
Last Message: 8/11/2022 5:57:03 PM -04:00

"Bottom line, saying we're in the same market with true luxury is a joke"

8/11/2022 10:33:23 AM

Bottom line, saying we're in the same market with true luxury is a joke

That's why "market" is growing

[REDACTED] Tim Ryan

8/11/2022 10:33:34 AM

I don't believe the strategy teams #s

[REDACTED] Tim Ryan

8/11/2022 10:34:01 AM

PX1427-001 (Tapestry)

"Nobody says 'should I buy a LV bag or a Coach bag?'"

disconnected strategy team is with business

8/11/2022 10:34:02 AM

Nobody says "should I buy a LV bag or a Coach bag?"

[REDACTED] Tim Ryan

8/11/2022 10:34:21 AM

And if we believe in luxury why are we in outlets

PX1427-002 (Tapestry)

# Mass Market Handbags Are Not Reasonable Substitutes

FOIA-2025-00233

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"UNCLASSIFIED"

1/21/2025

Capri told China's State Administration for Market Regulation ("SAMR") while obtaining regulatory clearance for this deal in China: "high-end mass market products also offer good quality and performance and are made with decent materials and manufacturing processes, [but] they are not on the same level as luxury products."

## High-end mass-market goods are different from luxury goods

There may be criteria to separate high-end mass-market goods from other mass-market goods. It remains clear that high-end mass-market goods differ from luxury goods. In addition to the previous analysis regarding the substitutability of luxury and mass-market goods, the analysis further elaborates the distinction between luxury goods and high-end mass-market goods, suggesting that luxury goods may constitute a distinct product market.

From the perspective of customers:

**Exclusivity:** Luxury products are often associated with exclusivity and rarity. They are produced in limited quantities and are not easily accessible to everyone. By contrast, high-end mass-market products are more widely available and accessible to a larger consumer base compared to luxury products. The former are produced in larger quantities and distributed through various retail channels.

- **Premium Quality:** Luxury products are known for their superior craftsmanship, finest materials, and attention to detail. They are made with the highest quality standards, resulting in exceptional performance and durability. By contrast, although high-end mass-market products also offer good quality and performance and are made with decent materials and manufacturing processes, they are not at the same level as luxury products.

PX2061-004 (Capri)

## 4. Relevant product markets

### *Personal luxury goods constitute a separate relevant product market*

The Parties submit that personal luxury goods differ from mass-market goods and constitute a separate relevant product market due to the following reasons.

Tapestry told SAMR: "The Parties submit that personal luxury goods differ from mass-market goods and constitute a separate relevant product market..."

PX1088-003 (Tapestry)

# HMT: Hypothetical Monopolist Test

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## HMT is another tool to analyze a market

“If a single firm controlled the entire . . . market, as defined by the FTC, could it profitably impose a price increase? Or would that price increase result in customers moving enough of their business to other alternatives to make the price increase unprofitable? If the price increase would be profitable, then the FTC has defined the relevant product market accurately. If it would not be profitable, then the market is broader than the FTC has contended.”

*IQVIA*, 2024 WL 81232, at \*25.

- Dr. Smith performed the HMT and it confirms that “accessible luxury” handbags is a relevant market within which to analyze the effects of the merger. *See generally IQVIA*, 2024 WL 81232, at \*25-31.
- Dr. Smith also conducted alternative analysis showing that a market made up of only Coach, Michael Kors, and Kate Spade would also satisfy an HMT.

# “Accessible Luxury” Handbag Market Is Highly Concentrated, Raising Presumption of Illegality

## Undue Concentration

Combined market share >30%

*U.S. v. Philadelphia Nat’l Bank*, 374 U.S. 321, 364-65 (1963)

## Herfindahl–Hirschman Index (“HHI”)

>1800, with delta more than 100

*2023 DOJ and FTC Merger Guidelines* § 2.1; *IQVIA*, 2024 WL 81232, at \*34



# “Accessible Luxury” Handbag Market Is Highly Concentrated, Raising Presumption of Illegality

## Undue Concentration

Combined market share >30%

Coach, Kate Spade, Michael Kors >50%

*U.S. v. Philadelphia Nat'l Bank*, 374 U.S. 321, 364-65 (1963)

## Herfindahl–Hirschman Index (“HHI”)

>1800, with delta more than 100

>3500 Coach, Kate Spade, Michael Kors, delta more than 1000

2023 DOJ and FTC Merger Guidelines § 2.1; *IQVIA*, 2024 WL 81232, at \*34

# Defendants' Arguments Are Meritless

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- No cognizable merger-specific efficiencies
- Entry is not timely, likely, and sufficient to counteract the anticompetitive effects
- High barriers to entry
  - Building a brand is challenging
  - Marketing is costly
  - Brick and mortar stores are important
  - Defendants' treasure trove of consumer data

# The Equities Favor an Injunction

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## Public equities:

- Effective enforcement of the antitrust laws
- Avoiding “unscrambling the eggs” after consummation

“Private equities are not to be afforded great weight”

*IQVIA*, 2024 WL 81232, at \*52 (quoting *FTC v. Penn State Hershey*, 838 F.3d 327, 352 (3d. Cir. 2016))

“[N]o court has denied a Section 13(b) motion for a preliminary injunction based on the weight of the equities where the FTC has demonstrated a likelihood of success on the merits.”

*FTC v. Peabody Energy Corp.*, 492 F. Supp. 3d 865, 918 (E.D. Mo. 2020)

# The FTC's Case

FOIA-2025-00293 00000066811 "UNCLASSIFIED" 1/24/2025

FTC raises serious questions about two *independent* theories of anticompetitive harm:

- 1** The proposed acquisition would eliminate substantial head-to-head competition
- 2** The proposed acquisition would significantly increase market concentration for “accessible luxury” handbags in the U.S. and lead to a presumption of illegality