

# Bed bath and beyond business analysis

[Business](#)



Businesses have to adapt to the ever-changing economy. It is not much of a choice for business leaders to change elements of their organization to stay in competition with their peers. The hardest part, most of the time, is changing the people in the organization to develop the necessary outcome or goal. As a business leader getting rid of people or changing their job specifics is one of the many responsibilities they have to be comfortable performing. Organizations have to take into consideration their competitors, customers, shareholders, employees, and the community to make decisions.

Change is an aspect that many people are afraid of. In the new millennium, organizational leaders have to embrace change for success. Whether the economy is declining or on the rise, adaptation to the fluctuation will drive a business to reach its goals. Some people question how do businesses in retail remain in good standing with many competitors. Each organization must put strategies and tactics in place to stay current and to customize their style of organizing things. Organizations aim to originate their ideas, but many often mimic the ideas of their peers.

This technique is especially true with businesses in the same category of the retail industry. Retail organizations in the same category include Anna's Linens, Bed Bath and Beyond, and Linens-N-Things. There are many retail stores, such as Walmart, Target, and Best Buy, but they fall into another category of retail. Bed Bath and Beyond Inc. is the largest retailer based in Union, New Jersey. It operates stores such as Bed Bath and Beyond, Harmon Stores, Christmas Tree Shops, and BuyBuy Baby. Bed Bath and Beyond have a domestic line and a home furnishings line.

They sell bed linens, kitchen textiles, bath accessories, basic house wares, dinnerware, glassware, cookware, and small electric appliances at low prices. The Harmon Stores carry health and beauty care products. Christmas Tree Shops sell household items and gift wares. They also carry domestic merchandise and home furnishings including house wares, home decor, paper goods, food, and the seasonal products. The name Christmas Tree Shops often give people the idea that it is a seasonal, Christmas store, but CTS is much more than that.

It is operational year round, providing home-based products and services year round. Bed Bath and Beyond has a total of almost 1, 000 stores throughout the United States currently. Harmon Beauty is rebranding Harmon Face Values, and has approximately 45 stores consisting of health and beauty aids. Christmas Tree Shops has 70 stores. “ In the beginning, founders Leonard Feinstein and Warren Eisenberg formed Bed-n-Bath in 1971, which is a small chain of specialty linen and bath shops in suburban New York” (Funding Universe, 1996, para. 2).

Feinstein and Eisenberg realized that department stores were not as successful, and specialty stores were the answer to their prayers. Bed-n-Bath started with two 2, 000 square foot stores in New York’s busiest strip mall area, and the stores carried designer brand products. “ During the 1970s, Bed-n-Bath expanded at a healthy but unremarkable pace, and by 1985 the chain had grown into 17 stores located in New York, New Jersey, Connecticut, and California” (Funding Universe, 1996, para. 3). By this time, numerous other specialty stores were sprouting and making their way into the market.

Feinstein and Eisenberg set themselves apart from their competitors by opening their first Bed-n-Bath superstore in 1985. The superstore was a big, revolutionary move for these founders. In comparison to the original store, these superstores were 10 times larger and offering 20, 000 square feet of home furnishings and domestic products. The superstores carried Bed-N-Bath traditional product lines, and added more products. To gain an advantage over competitors, Bed-n-Bath offered every possibly item in every color and size.

The average department store had a limited amount of quantities, color, and sizes. “ In 1987 Eisenberg and Feinstein changed the name of their organization to Bed Bath and Beyond in order to more accurately reflect their superstore format” (Funding Universe, 1996, para. 5). Some of these superstores were 80, 000 square feet and carried more than 300, 000 different products stocked from floor to the ceiling. By 1991, they started opening new stores in more states, and two stores already in operation increased in size to match the trending superstore format.

Sales and earnings for the founders increased unexpectedly and they invested the revenue right back into the organization. As the number of stores increased, Eisenberg and Feinstein were also strategically placing Bed Bath and Beyond stores in locations contrary to the norm in metropolitan areas. Strategies and Tactics Like most organizations, ways to adapt to economic downturn or recession are strategically planned. Bed Bath and Beyond has some strategies they are engaging in. Bed Bath and Beyond is financially strong.

They have an advantage over most retailers when it comes down to possessing an availability of opportunities during an economic downturn and recovery. That one advantage is to grow. In hard times and when businesses are focusing more on cutting back on staff, resources, and adapting to working on a budget, they are in no mindset to grow and build upon the company. Bed Bath and Beyond are financially strong that they are opening more locations and taking a strong hold on the retail industry when their peers are slowing and cutting back. It is not just a store here and there.

Bed Bath and Beyond could execute on its long-term strategy of growing its core namesake stores and adding new locations under its Harmon health and beauty care banner, Buy Buy Baby children's specialty operations and Christmas Tree Shops (Duff, 2009, para. 1). More ways Bed Bath and Beyond is saving more than one million dollars is instead of buying buildings to make new stores, they lease. They fix and remodel buildings not in use anymore, and all they have to do is spend money on the upkeep, which is cheaper than buying new buildings everywhere.

Bed Bath and Beyond is completely about saving money where they can and with fewer resources they can use. The store numbers show that Bed Bath and Beyond have experienced side effects of the recession. They are focusing on their larger long-term goals of adding more stores. They have also made a Mexican joint venture and opened two "Home and More" stores in Mexico. Buy Buy Baby is originated by a family member of one of the founders. This store has grown quickly in congruence to its size.

"Bed Bath and Beyond continues to add Harmon Face Values health and beauty care departments within more of its sister store concepts" (Duff, <https://assignbuster.com/bed-bath-and-beyond-business-analysis/>

2009, para. ). Their growth spurt is not a result of opening locations that they have already committed to and them and could not get out of the agreement. Because of the recession, Bed bath and Beyond are building at new locations at a slower pace. Their strategic plan is to drive all opportunities, such as pushing BuyBuy Baby, during a time when Babies “ R” Us are getting rid of and combining locations with their parent company Toys “ R” Us.

An analyst, Joan Storms, noted in a research: Bed Bath and Beyond should continue to benefit from industry consolidation, good visibility for cross merchandising opportunities and future growth potential or newer concepts, and strong balance sheet and cash flow. With Linen-N-Things going away, they should see three district sales and margin drivers: new customers to drive sales and comps, less gross margin pressure from coupon distribution. The company’s newer stores Harmon, Christmas Tree Shop, and BuyBuy Baby, have strong cross merchandising opportunities, which should drive store productivity and have organic growth potential longer-term (Duff, 2009, para. 7).

Therefore, Bed Bath and Beyond has been successful in pushing a straight forward plan, which is to make new locations, budget, increase cash flow, and construct and build on stores. Bed Bath and Beyond implemented the strategic plan of decentralization decision-making skills to store managers. There are no warehouses to hold company products. Store managers will stock merchandise in their stores based on the local market. The store managers know what items will sell at their stores; they will order what is in high demand.

Bed Bath and Beyond say they have everyday low prices that other retail and departments stores cannot compete with, which is approximately 40% cheaper. Their strategy is to stay low-priced and have mark downs when they have an excess of inventory or discontinue products. They are extremely cost conscious, much like their peers Walmart. Another strategic plan Bed Bath and Beyond value deeply is low advertising costs. Most retailers spend 3% on advertising whereas Bed Bath Beyond only spends 1.5%. Bed bath and Beyond uses direct mailing of postcards, which here customers have the chance to get 20% off one item.

The other good thing customers have discovered from local workers is that more than one coupon can be applied during one transaction, and the coupons do not expire. On this postcard there is also store information in various places on the card. They think that because Linens-N-Things are out of business, Bed Bath and Beyond does not have any direct competition from other retailers at the moment. So they are fortunate to spend less money on advertising. Linens-N-Thing used to mail out five dollar coupons to the consumers and for Bed Bath and Beyond to remain in competition they began with their 20% coupon mail outs.

A marketer for an organization, Cynthia Fedor, evaluates the quality of one Bed Bath and Beyond coupon she receives via direct mail. “ She noted by looking at the card Bed Bath and Beyond missed several opportunities to provide relevant content, track performance of individual promotions, collect data that could aid in refining future messages, or to generate additional revenue via co-marketing” (Fedor, 2011, para. 3). Fedor stated that she

counted too much information on one postcard for the consumer to digest. Word of mouth is their other strategy that appears to work well for them.

They feel the more consumers come and shop, the more they will spread the word of “ their large selections and superior quality products”. Human Resources Co-chief executives Warren Eisenberg and Leonard Feinstein appointed Steven Tamares, the new Chief Executive Officer, in 2003 to take over. He was guided and trained by Eisenberg and Feinstein strategically. The founders wanted someone under their wings to continue their goals and wishes for this organization as well as they have. Bed Bath and Beyond soars at approximately 1. billion in cash and no long-term debt. Their mission statement is: The Company’s objective is to be a customer’s first choice for products and services in the categories offered, in the markets in which the company operates. The company’s strategy is to achieve this objective through excellent customer service, an extensive breadth and depth of assortment, everyday low prices, and introduction of new merchandising offerings, supported by the continuous development and improvement of our infrastructure (Bed Bath & Beyond, 1999-2012, para. ).

Eisenberg, Feinstein, and Tamares are the Senior Leaders of Bed Bath and Beyond. For this organization to succeed with their mission statement, they have board of directors, lead directors, and committees to govern responsibilities. One analyst reported that when Bed Bath and Beyond store managers, directors, and executives have meetings they tend to be very secretive about company information. They hold their meetings in a New York hotel conference room, and they are in there for approximately 14 minutes, the meeting is adjourned.



They do not disclose new locations or possible buildings they are pursuing to place a Bed Bath and Beyond. Manufacturing company's who supply Bed Bath and Beyond with their products were asked do they think Bed Bath and Beyond are the best retailers in America. The manufacturers say they are known for their ability to be straightforward and to the point when dealing with suppliers. Their negotiations are strict and suited for long-term commitments, and they are not shy or too proud to ask or collect incentives with their agreements.

Manufacturers still would not trade dealing with any other company over Bed Bath and Beyond. They admire the managers' aggressiveness. Bed Bath and Beyond have a productive team, and their entrepreneurial style of store managing enables the store managers to stock their stores with products in high demand. This way of managing allows the managers to fluctuate with the economy better because they have control over and are there to see operations of the store. Invest? The mutual fund manager should invest in Bed Bath and Beyond.

This is an organization making great and wise decisions contrary to most retail companies in operation today. Every quarter they are increasing profits. Their sales and income increases are remarkable, compared to the drop they did have in 2008-2009 recession. Many analysts are questioning Bed Bath and Beyond's accuracy in reporting sales and income. Investing are still in progress, but nothing out of the ordinary is exposed at the moment. It is just awkward for everyone to believe how well Bed Bath and Beyond are excelling and other stores have closed and went bankrupt.

This organization makes unordinary yet smart decisions from locations of where to place stores, the size of the store, and their market. Conclusion Investors are loving Bed Bath and Beyond's growth and debt-free approach. They offer everyday low prices on quality name brand products. Bed Bath and Beyond stock their stores to resemble different specialty sections, making it easier and enjoyable for consumers to find similar merchandise. They have lost several major competitors to them, Linen-N-Things to be one of them.

This factor is helping them to win outstanding control over the home furnishings and domestic merchandise retail sale. They provide a plethora of options for consumers to choose from, and the items are displayed throughout the store for purchase. The staff is highly trained, their retention rates are high, and they promote from within. Eisenberg and Feinstein are great leaders, and they know from experience what was becoming trendy. They took those ideas and blossomed into a superior, debt-free, profitable, retail superstore.