

# Department stores

[Business](#), [Marketing](#)



A department store is a retail establishment preferring wide range of commodities, usually including ready-to-wear apparel, fashion goods, beauty necessities, yard and household goods and further on. Numerous department in which it is divided such as merchandising, advertising, marketing, services, accounting and financial department usually handle it. The first department store in the retailing history was Bennett's in Derby, it opened in 1734 and it remains in the same building since it's opening. The origin of department stores is related to the industrial revolution in the 19th century and the growth of a consumer society.

A wealthy class was growing, dragging with a constantly changing fashion, which created an enabling environment for the expansion of stores in that area. Today, department stores are mainly part of a retailing chain, usually a main department store is located in strategic area of a big city and the others are all around the city, country or sometimes the world. But we can still find independent retailers. " Vision without action is a day dream. Action without vision is a nightmare. " – Japanese proverb. This applies to marketing. Indeed, establishing a procedure in marketing without planning it in advance will lead to ruin.

Before initiation, a plan should be well prepared from it's begging to its end leaving to chance any step. For a successful marketing plan the contractors have to initially think about the aim. All factors must be taken into consideration before starting the procedure. JC Penney's case is a relevant example. When the American department store launched its new pricing strategy consisting in the suppression of discounts, heavy promotions, coupons and replacing it by every day low price. The chief executive <https://assignbuster.com/department-stores/>

underestimated the importance granted by costumers to sale and special discounts, which made its plan a bigfailure.

In the fashion industry, when a company needs to launch a new product or line they develop a marketing plan. These plans explain the strategy that will be followed and the details of the procedure in order to legitimize the costs, which will be implied on the company. We can count the main type of marketing plans: the strategic one, where the decision is up to the senior management and the plan is designed to achieve a long-range goal (at least five years), for example a ? 10 billion investment plan for Japan’s premier department store, Isetan Shinjuku, based in Tokyo.

The outlet has been completely redesigned and transformed into a fashion museum presenting a combination of art, musicand films while maintaining its primary function as a department store. The second type is the functional planning, which is a short-term plan up and is up to the middle mangers in key business areas but supervised by front line mangers.

This is the kind of marketing planning is used during the Christmas period with the window displays in the biggest department stores, such as Galleries Lafayette in Paris or Selfridges in London, they team up with fashion houses and designers for displays with recurring themes including architecture, fairy-tales and scale play. We can also count the operational planning, a short-term action plan developed by supervisors or front-line mangers to accomplish a specific goal, for example: the case Macy’s plan to open on thanksgiving, while all of its competitors are closed on that day.

The goal here is to be the only department store open, generate a tremendous profit in one day. Finally, there is the contingency plan, aiming to get a back up plan ready to cope an anticipated situation if it ever occurs. All of these plans need to be efficiently prepared step by step. According to Phillip Kotler, there are six essential steps for a successful planning. The first one is the situational analysis, where the company examines the Macro forces to highlight its strength and weaknesses. Although these factors can play in the favour of the company, sometimes they can also be barriers in the smooth running of a project.

Then comes objectives setting, in order to set its objectives a company have to take into consideration it's stakeholders, company reputation, technology and other matters of concern. Then, once the goals are set a timetable has to be held to avoid any mishaps. Then the strategy, by choosing which strategy will be pursued to complete the task successfully. The company then sets its mode of action and the path that will be followed during the project. After that comes the tactics, this step is meant to plan what is called in marketing the 4Ps (product, price, place, promotion) but also to schedule the strategy into a calendar.

And finally the controls, which lasts throughout the project, since it aims to ensure the effective conduct of each part of the marketing plan and if not then find a solution to remedy the situation. All of these plans differ from one company to another according to its positioning goal. The positioning of a company is what distinguishes it from its competitors, so the ideas in costumers mind when they think about that company. As we can see in the

perceptual positioning map above, the customers may see department stores that sell the same product as different.

Thereby, the Italian department store, Rinascente, is considered as one of the most fashionable department stores across the world. However, the German department store Kadewe which is ranked equally fashionable is perceived as more luxurious while Debenhams despite the fact that the fashion perception it granted is as high as the two previous stores its luxury perception is lower than both of them. Nowadays, these marketing plans include immense use of technology to improve and facilitate their performance. “ Information technology and business are becoming inextricably interwoven.

I don't think anybody can talk meaningfully about one without talking about the other. ” - Bill Gates. Reaching that goal is made possible by the numerous advantages of technology. One of them is social media. Based on telecommunication and social interaction, it is the best way to disclose information and to advertise, but in the same time get live feedback about it. Indeed, markets behaviour is changing, how they are known for talking but not listening and now a new strategy is being implemented known as buzz monitoring. This consists of tracking relevant conversations through the Internet that will allow the company to get an idea about its level of popularity amongst people, but also what comes to their mind when they think about it. However, a scientifically developed panel is still more effective than social media listening to gather data but then social media is more relevant because customers are discussing with each other. Indeed, they don't always trust what the company says to them since it is a part of their

strategy to only reveal the best about it self, but costumers will talk about their experience and what they honestly think about it as they don't have any interest in hiding the truth.

The beauty department store Sephora belongs to those who knew how to make profit from social networks. Indeed, it manifests its presence in all of the most popular social medias – such as Facebook, micro blogging as Twitter, photo-sharing websites as Pintrest, smartphone photo-sharing application as Instagram, video-sharing websites as YouTube and further more. It takes advantage by finding the purposes other than advertising and buzz monitoring.

The department store figured out that customers want beauty advices and tutorials both in store and online, so it started sharing experts' knowledge and guidance, which will then boost sales. It also promotes loyalty programmes via social medias, offering exclusivities to followers which was obviously a successful marketing plan to gain followers since they count more than 5 million fans on Facebook and more than 1. 8 million followers on Google+. But technology is not used by department stores only for advertising and maintaining a relationship with customers; it is also used for selling purposes.

E-shopping makes life easier by a greater availability of products, constant sales and discounts and international shipping. However, the relevance of department stores websites for shopping is still questionable. Indeed, when a retailer selects a brand to work with, it can't also select the products that will be displayed under that partnership and the brand won't display all of its collections in the department store. Since then, when it comes to online <https://assignbuster.com/department-stores/>

shopping the brand's own website is more attractive as there are considerably more options.

In the pictures below we can see the example of Adidas and Galleries Lafayette – the French department store- website. While the retailer only sells four bags for both men and women, in the brand website customers can shop up to 218 bags and that's only for women. The maintenance of this relationship between the business and the customer is based on the principal of communication. Communication is the process of transferring information between senders and receivers, using one or more written, oral, visual, or electronic media.

" The art of communication is the language of leadership." – James Humes  
Whatever the idea one person has, even if it is the greatest ever, it won't be useful for the company if the person doesn't know how to communicate it, how to explain it and make other people understand what it means. Whether addressing to a superior or an employee if there is a misunderstanding the project will be doomed to failure. Also, for some positions in the workplace one needs to deal with costumers who don't have the same level of expertise, in such situations good communication skills will be useful to explain intricate things in a simple way.

Likewise, the higher the hierarchical position, the lower are the technical skill requirements and the greater are the good communication skill needs. This is explained by the fact that important positions implies dealing with more important people, who are more punctilious when it comes to the way you talk or behave near them. Tough, to be an effective communicator it is

necessary to master the different stages of the communication process: To manage this process successfully a behavioural equilibrium has to be found.

There are three main types of behaviours: Passive Behaviour involves saying nothing in a response, keeping feelings to yourself, hiding feelings from others, and perhaps even hiding your feelings from yourself. Aggressive Behaviour involves expressing your feelings indirectly through insults, sarcasm, labels, put-downs, and hostile statements and actions. And the third type is Assertive behaviour, which is a balance between both of the preceding behaviours. It involves describing your feelings, thoughts, opinions, and preferences directly to another person in an honest and appropriate way that respects both you and the other person.

It is the latter, that is most recommended to adapt in the workplace. Then, the sender needs to decide which communication tool is the most suitable one to the audience and the situation. When it comes to business-to-business communication e-mails are faster, efficient and direct. They say enough without saying too much. While Faxes mark certain indifference since they are limited to the strict minimum. Usually, they should be accompanied with a phone call to give further information or at least show interest from the sender's part to the receiver.

Phone calls can also be used for other purposes; it is a good way to show concern but also to show respect. This leads us to the audience-centred approach which consists in getting to know the audience we are dealing with which is known as the « you » attitude. This ability to relate to the need of the others is one of the keys of success of manager leaders. It works both in the Business-to-Business communication and Business-to-Customer



communication. In the example below, we can see the example of an advertising campaign of the French department store Galleries Lafayette.

The model on the signboard is dressed like the « perfect » Parisian, with the beret, the white top and blue pair of jeans and in addition to amplify the French spirit, on the foreground of the scenery an accordion is shown. All of this staging is meant to flatter Parisian, which are proud of their identity and make them feel that the department store is made for them. Communication skills may also be useful when it comes to marketing communication. Marketing communication is defined as the media tool used to reach a market; it refers to the promotion part of the “ marketing mix” and the “ four Ps” (Price, place, product and promotion).

It also refers to the different strategies used while making the promotion of a certain product. The marketing process is divided in five steps: Here, marketing communication starts in the second stage and goes until the fourth one and its primary purpose is to create value for customers and build customer relationship because without customers a company has no reason to exist. To achieve that goal numerous tools can be used. Advertising is one of them, provides a direct line of communication to your existing and prospective customers about your product or service.

As here for example, with Harvey Nichols advertising campaign called THE NEW BREED which plays on the luxury stereotype of the handbag dog replacing the traditional Chihuahua by a bull terrier to promote its new involvement into an accessible fashion « The new breed ». Public relation is also a tool of marketing communication. Building and keeping good relationships with media is important for the brand/store’s image and <https://assignbuster.com/department-stores/>

reputation. But the art of good public relation also involves being able to manage successfully and adverse publicity.

Another tool is sales promotions, commonly used to increase sales in short term, it attracts new customers interested in lower price, which can later become loyal customers depending on their experience in the department store. For example, the British department store Selfridges runs every year « Christmas comes early », which consists in Christmas sales earlier than its competitors so it can attract its concurrent customers since they can do their Christmas shopping earlier without paying the high price.

To make their promotion, companies use more and more direct mail, which consist in an e-mail address of the receiver by its name and selling him products destined for its target group depending on information the company collected about him in its database. The Internet marketing – as seen previously – also used very much by retailers to sell and promote their products. Sponsorship is a form of indirect marketing that consists of paying an organisation, which will use your brand logo and this way generate publicity.

Below are Macy's areas of sponsorships in 2011 according to IEG Research. Competition in the retailing world has very quickly grown during the last century. Today, to face the concurrence retailers resort to strategies aiming to bring them to the top. To reach that aim different tools are used and mainly communication that builds relationship between department store, stockholders, partners, employees and customers.