

# Turnaround of jcpenny

Finance



**Opportunities:** Various opportunities await JCPenney. With the merger of Kmart and Sears which is expected to eventually close other Sears' outlets, JCPenney can move into offering the former competitor's market. With the rapidly changing customer lifestyle and preference, the retailer can look into modifying its offerings like including more low-priced items in its merchandise. JCPenney can also take advantage of globalization by opening new stores in rapidly developing economies.

**Threats:** The retailer is threatened by the expected tougher competition from rivals especially Kohl.

**Identification and Evaluation of Alternative Courses of Action:**

1. Pursue relationship marketing. Relationship marketing is now becoming essential in recognition of the lifetime value that repeats transactions from a single customer can bring. Relationship marketing will help JCPenney by cultivating customer loyalty, lowering transaction costs, and more targeted marketing. However, this new strategy will be bringing in more costs; will necessitate the introduction of a new corporate culture; and training of human resource.

2. Additional financing services. In order to attract more customers and boosts, JCPenney can extend financing services. However, this will cause a diversion from the core business of retailing.

3. Improve pricing. Since customers are searching for trendy yet high-value products, JCPenney should improve its pricing. Improved pricing will attract more customers, heighten demand, and gain their loyalty. However, price cuts might harm the company by reducing margins and erode the company's image.

**Recommendation and implementation:**

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This case analysis recommends that the best strategy that JCPenney can pursue is relationship marketing. The company can implement this through its database of customers. By looking at their purchasing behavior, it will gain significant knowledge on how to satisfy them according to their preferences. JCPenney should also move to customize customer experience in order to address their specific needs. The company can do this by intensifying its effort of providing excellent before, during, and after-sales service. In an industry where all products are becoming more homogenous, service will be a good differentiating factor.