

# Marketing analysis assignment

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For the purposes of this report we will be comparing and contrasting one of the most venerable representatives of the textile and apparel retailers. Now, the industry is having to divine how to continue to meet the consumer demands of the “Baby Boom” generation, while at the same time enticing the “Millennial” generation. Somewhere on this fine line between these two generations lies “Generation-X”. Introduction/ Executive-summary: Team Textiles chose to research the retail department store industry.

Specifically, this report looks at J c Penny (JCP) and Sears as leading competitors in the retail textiles and fashion apparel industry. Direct competitors; given their similar product selection, pricing structures, promotional methods and levels, and common location selection(s). Team Textiles’ market perspective at the beginning of this research effort was that Kohl’s has been growing and gaining positive consumer feedback over the past two years. During those same two years JCP has struggled to meet their marketing and financial goals.

Recently, JCP fired their star-studded CEO Ron Johnson, formerly Apple’s retail marketing chief executive. JCP’s press releases regarding Johnson’s hiring in 2010 gave reasoning that mirrors JCP’s firing of Johnson: innovative, creative, entertaining, significant changes to marketing and customer relationships. Through a comparison/contrast study, of JCP ; Kohl’s, Team Textiles will attempt to reveal key elements of successful marketing endeavors for the retail department store industry.

Given that the changes made by JCP, specifically with regards to their marketing, resulted in such calamitous results, the most likely path to

successfully demonstrate successful and failed marketing endeavors will be through a micro-environmental review. The primary source(s) for data were secondary sources. For primary research, a survey was published through [www. Surveying. Com](http://www.Surveying.Com), Backbone, and a fashion apparel blog site. The survey media limits demanded that the survey be limited to ten questions.

Therefore, the survey was limited to questions that attempt to differentiate consumer shopping preferences between ICP and Kohl's.

The value of this survey is related to Jars marketing attempt at repositioning their stores as offering an affordable, entertaining and contemporary shopping experience that addresses the interests of the millennial generation, without alienating the older, more established, customer base.

Purpose: This report seeks to analyze the marketing endeavors of J. C. Penny (COP) and Kohl's corporation(s). The goal is to recommend a marketing direction that will allow textile and apparel retail department stores to appeal to the millennial generation while maintaining their current baby-boomer generation customer base.

J Penny: James Cash Penny's first business, a small dry-goods store in Icemaker, Wyoming, opened in 1902. J Penny named his first store the Golden Rule. The store name reflected J Penny's personal and business values. The Golden Rule store provided working families with blue jeans, work clothes, fabrics and sewing supplies. In 1907, J. C. Opener's partners sold their shares of the Golden Rule stores to J Penny. This change of the Golden Rule business structure allowed J Penny to follow his dream of expanding the stores throughout the west.

Within two years of taking the helm, in 1909, J Penny had established Golden Rule's first headquarters office in Salt Lake City, Utah. By 1912, J Penny had grown his company to 34 Golden Rule stores with annual sales greater than \$2 million. The chain name was changed to J Penny Company in 1913, and the next year, the headquarters were relocated to New York City. According to The State Historical society AT Missouri, ten company continual to progress wilt ten motto, " Honor, Confidence, Service, and Cooperation. " The company demonstrated smart advertising: Just treatment of customers, and good products at affordable prices.

In 1958, J Penny stores discontinued their traditional policy of cash only and accepted credit selling. With the acceptance and availability of customer credit, J Penny began to emphasize apparel and expanded the range of hard and soft goods offered. Additionally, J Penny stores began to offer more fashionable merchandise. In 1968-69 J. C. Penny became a global company, opening stores in Belgium and Italy. In 1988, headquarters were relocated from New York City to Plano, Texas. By 1995, J Penny Company had expanded to Mexico and Chile.

By the early 21st century J Penny was operating approximately 1, 000 stores in the United States. J Penny celebrated 100 years in retail in 2002. In 2006, J Penny demonstrated that their traditional innovative retail growth is alive and well, by developing a partnership with the the highly regarded cosmetics chain Seaport. This collaboration brought Seaport outlets into select J Penny stores. The success of the Seaport model of a store within a store encouraged J Penny to engage other exclusive brands: In 2008, the brand,

American Living by Ralph Lauren, Linden Street and Fabulously were launched in select J. C.

Penny stores. In 2010, J Penny made the bold move of ending their well established catalog business, pushing customers to engage in the company's website. Given J Penny's customer base at that time, this move created a likely cost of a statistically significant portion of their traditional customers. One year after pushing customers towards e-commerce, J. C. Penny announced that Ron Johnson, formerly of Apple, was hired as the new CEO in 2011. J. C. Penny press releases at that time stated that Johnson was being brought on board to guide the company through significant, innovative, modern, entertaining changes.

The goal at that time was to get the attention and interest of the millennial generation. Johnson is responsible for Apple's astounding retail marketing and store development from 2000 – 2011. He is considered to be a master of marketing and development. Johnny's slavish commitment to providing high customer value and service experiences have made significant contributions to the success of Apple, as a retailer, ND set the bar for many industries. Johnson brought many Apple-sis changes to J. C. Penny, even going so far as to change the name from J. C.

Penny too more contemporary name: ICP. ICP, it's a taxable name on the order of " LOL", " BRB", " TTYL", etc. The goal was to reposition and re-image the company. The results did not meet the timeline returns that JSP board expected. As the company became more " millennial", traditional customers dropped out at a rate faster than the millennial customers jumped

on board the ICP train. Ironically, Ron Johnson was fired for making changes that were too significant, innovative, modern and entertainment based, as demonstrated by a greater than 30% decline in sales.

Despite recent setbacks, ICP claims Tanat teen prove quality, comfort, style Ana affordability that customers deserve. The book, *Main Street Merchant; The Story of the J. C. Penny Company*, by Norman Basely, states that James Cash Penny once said, “ A man is not cut out to be a merchant unless he feels deep inside him no other job will fit him... This is my Job, my life’s work. I can’t give it as much as I give me, but I can give it the best I have and all I have”(231-214). It is clear that James Cash Penny as very dedicated to his company and that may explain why it has grown and become what it is today, disregarding current problems.

The key to ICP is the customer service oriented roots of the company that have allowed ICP to survive the economic booms and busts of the industrial revolution, two world wars, and several recessionary economic periods. Having survived these travails, ICP is sure to not only survive this recent upset; but to rise to the front of the retail industry that they helped to create. Kohl’s: In 1962, Max Kohl opened the first Kohl’s Department Store in Brookfield, Wisconsin. It Egan as a small grocery business, which grew into the largest supermarket chain in the Milwaukee area.

Max Kohl then expanded into general retail. He positioned Kohl’s between higher-end and discount department stores. Kohl’s sold everything from candy to engine oil to sporting goods. In 1972, Kohl’s had five department stores. By 1980, Kohl’s had grown to 39 stores in Wisconsin, Illinois and

Indiana. During 1986, Kohl's management team spent time refocusing product lines and maintaining their concept of a oriented retailer selling moderate-priced merchandise. " At this time Kohl's had 40 stores with annual sales of \$300 million and , 000 associates.