

Sample essay on elf program, profitability and competitive advantage

[Business](#), [Company](#)



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Personal Shoppers at the Sears: The ELF Initiative

Sears, the departmental store, headquartered in Toronto, operates throughout Canada, and has close to 200 departmental stores. Being in retail business since a long time, the company planned for a new initiative in retail industry that would prove more beneficial to the company. The practice of personal shoppers had been in existence in United States; however, these personal shoppers were limited to high-end stores such as Wal-Mart, Best Buy, and Home Depot Canada. The Canadian retail market was getting more competitive due to the inclusion of existing and new retailers in the outdated full-line department stores, and on-line merchants and Sears was under tremendous pressure to introduce new initiatives to be competitive in market.

Introduction of ELF Program

As Sears was performing under pressure, it improved plans and policies to increase revenue, reclaim customers and keep its position as a major retail player in the Canadian market. Sears had been aiming for an ongoing output and efficiency drive to achieve the cost structure that would help Sears become one of the good contenders in the retail market. The initiative was to create personal shoppers, and designate them as Elves. This program included identifying customer needs to reduce the shopping stress in

customers, provide them with superior level of service and a more enjoyable shopping experience. One of their mandates is to convert a gift-purchasing visit to Sears's department store from a chore to a pleasurable experience . The objectives of the ELF program were to attract more number of new shoppers to the departmental store, develop trust, respect and overall value of the customer, and intensify the transaction value that would lead to enormous sales before and after the festival and holiday seasons. Even during the introductory phases of ELF program, Sear was emphasizing on providing the best customer experience.

Merchandising is the core business of Sears that was redefined in 2005, and it aimed to be a dedicated, efficient and profitable retailer. ELF program has been introduced to increase the revenues of Sears only if the company is successful in creating an increase in consumer spending by aggregating the transaction value. The net earnings of Sears Canada in 2002 were 52. 2 million with total revenue of 6, 535. 9 million, and in 2006, when the ELF program was introduced; the net earning was 152. 6 million with total revenue of just 5, 932. 8 million. These statistics illustrated that ELF program is capable of increasing revenue and profitability.

ELF initiatives increasing profitability. Sears is in a position to attract new customers to the stores, retain existing and old customers through the ELF program. Loyal customers are pleased shopping with Sears because of the good service, and this helps in building a long-lasting relationship. Loyalty leads to improved business performance value and increased retention rates, and the ability to successfully retain customers' results in increased

market values. Price, convenience, and selection along with high-quality service are the main business factors in Sears, and the introduction of Elves in the stores is just a step towards holding on to the old customers, and generating profits.

Competitive Advantage. A competitive advantage can be achieved by presenting customers with great importance, and providing superior value than the competitors. Offering low prices, quality services, or any other assistance that validates the high prices are a few examples of competitive advantage. ELF program was started to build and maintain life-long relationships with the customer, and the ELF program is the best example in achieving competitive advantage. Sears strategy of marketing can be termed as relationship marketing. Relationship marketing represents a shift in thinking about how companies do business, and this type of marketing can be mainly used to attract new customers, retain customers over a long term and win back former users . Sears was committed to recharge many products with continuous investments, particularly men's and women's wear, cosmetics, and accessories. To be competitive, Sears experimented with new store formats with a goal to provide an easy-to-shop environment for customers. When buyer needs differ substantially, the companies and competitors may introduce more and more specialized designs over time to serve different segment of customers .

Metrics to monitor ELF program. The metrics used by Sears to monitor the progress of ELF program were sales per square foot, sales per hour per associative, number of transactions, traffic count, and average transaction size . The success of this program is mainly dependent on every single

associate at the store, and organization. The selection criteria and continuous training are the two major factors that are crucial for the success of ELF program. To keep the elves motivated, the company has invested heavily on their training, and paid them during training. The elves are also specialized in the product categories that provide them an upper hand while explaining the product to the customer. Few elves are chosen to serve a specific set of customers whom the customer has retained over time. Considering the metrics and the success factors, Sears is likely to succeed in the retail market and provide a competitive advantage over its competitors. Sear has understood the relationship between the company and the customer that has framed the company to select a configuration of activities to create the largest gap between the buyer value and cost of differentiation. The value activities chosen by Sear create the most valued differentiation, and the newly introduced ELF program has been tested for sustainability. Sears has strengthened its relationship by creating more value for their customers.

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