Economic review: j.c. penny

Economics

J. C. Penney is an American department store chain based in Plano, Texas. The store was founded in 1902, in Kemmerer, Wyoming, by James Cash Penney and William McManus, and it moved to Salt Lake City in 1909. The store remained a somewhat low-key retailer until the 1960s, when it went national. After that, the company began to expanded, buying smaller corporations, and practicing discount merchandizing. After a period of success, J. C. Penney stores invaded urban and suburban shopping malls, which made the chain one of the most powerful discount merchandise and general retail companies in the country.

Recent History of J. C. Penney In 1962, J. C. Penney gained the rights to The Treasury, which was a chain of discount stores throughout the United States, which then went under the J. C. Penney name. This helped the company enter the market, and popularized the company enough for it to begin a mail-order service. Magazines that displayed the retailer's products were nationally distributed, making the store popular nationwide. And in 1963, the store opened its first full-line department stores, in New Jersey, and Pennsylvania, which sold various items, such as sporting goods products, appliances, clothes, tools, auto parts, and many more items.

In 1969, J. C. Penney gained the rights to Thrift Drug, which put another major corporation under the J. C. Penney label. Over the next decade, the store began expanding, opening at new locations, and accepting major credit cards. It continued to buy out smaller companies, which then went under its name, offering the products that the company had before. It went on to take over as the largest catalog business after Sears discontinued its monthly catalogues, and the stores became present in nearly every major metropolis nationwide.

It bought up drug stores, auto parts stores, appliance companies, and other smaller retailers which were having business problems, and remarketed the products under the famous J. C. Penney name. The company also moved its headquarters around several times, eventually settling in Texas, where it remains today. Success at the Turn of the Century J. C. Penney began an internet store around the turn of the century, and began sponsoring television shows about home furnishings.

The company has always, since its early history, practiced a policy where it closes stores that are not performing as well, which means that all of its active stores at all times are profiting the company greatly. But although the cataloguing of the company proved a major success, other major retailers offer J. C. Penney with sharp competition, even though the markets vary a little. Wal-Mart, Kmart, Target, Big Lots, and other such stores are in the same basic market as J. C. Penney. Although the company exhibits much higher grosses after buying out a number of smaller corporations, the profit J.

C. Penney experiences after selling those corporation's products under its own name are not as great, as much of the earnings are due to the manufacturers and original corporations. And the recent economic woes have also taken a serious toll on the J. C. Penney organization, as consumers are not as plentiful as they were just a few years ago, J. C. Penney continues, however, to offer new products, and merge with older companies that are experiencing monetary difficulties, hoping that some of these processes might prove to be beneficial for the corporation.

But as the economy is currently struggling, J. C. Penney has experienced economic setbacks in recent times, which not only directly impacts the company in a negative way, but it scares off investors, causing stock prices to plummet, which decreases the overall value of the corporation. And for a company that has always been quick to close down a location where performances are not up to par, there will certainly be store closings to come during these harsh economic times. Economic Woes for the Corporation " Penney (J. C.

) (NYSE: JCP) is a little timid right now in the face of the recession," Steven Mallas reports in his article, entitled J. C. Penney is scared of the economy. " According to this AP piece, CEO Mike Ullman, speaking at an analysts' meeting, is reducing the number of new locations he plans to debut this year -- look for 36 instead of 50. The CEO said that he doesn't like the unpredictability that currently exists in the macroeconomic world. " This is just one effect of the company's recent economic performance due to economic conditions.

" He's right to be careful," Mallas continues, saying that " Consumer confidence might head lower from here. And considering that J. C. Penney reported terrible comps for March -- the retailer saw a decline of 12. 3% -- now is probably not the time to be in expansion mode. Instead, management needs to figure out how best to connect with the mall traffic. " Such decline will not only force the store to cut back on the number of new locations, but it will influence the company to close some existing locations as well, which serves as a major setback for the J.

C. Penney corporation. “ This will necessitate new marketing campaigns that aggressively promote the brand and the shopping experience, and differentiate the chain from competitors such as Sears (NASDAQ: SHLD) and Macy's (NYSE: M). Retailers, in my opinion, often underestimate the value of investing in creative campaigns that focus more on the experience a consumer receives when he or she is in the store rather than the perceived value that a consumer has regarding the inventory portfolio. ” Mallas is on the right track, because J.

C. Penney has a history of closing stores that were not disadvantaging the company. Any store that is not greatly benefiting the company- even if it increases public opinion and spreads the J. C. Penney name, has historically been game for a closure by the company. So even when a store is not hurting the company (not losingmoney) it may be closed because of its lack of sharp production, which demonstrates that the corporation is far less concerned with consumer experience than it is with its own monetary gain.

“ J. C. Penney Co. said Friday that its first-quarter profit tumbled 79 percent because of a big pension expense, but it narrowly beat analysts' estimates as its expenses fell and demand remained strong for the Sephora cosmetics and American Living merchandise it sells,” Betsy Verecky wrote for her Orlando Sentinel article, entitled JC Penney 1st-quarter profit falls on pension expense; will miss Wall St. full-year estimates on May 15.

“ Looking ahead, the department store chain said it will miss Wall Street's full-year forecast because of soft consumer spending and weak mall traffic. Plano, Texas-based J. C. Penney earned $25 million, or 11 cents per share, for the quarter that ended May 2. That compares with $120 million, or 54 cents per share, a year earlier. Penney's sales dropped 6 percent to $3. 88 billion from $4. 13 billion in the period a year earlier. ”

But this should not be considered a reason for the chain to drop many existing locations that do not take that much to maintain, as similar economic conditions are impacting nearly ever major retailer in the country. J. C. Penney in the Market “ The J. C. Penney Company, the department store chain, reported a 51 percent decline in fourth-quarter profit on Friday as customers reduced spending on clothing and other discretionary items,” an article by the Associated Press reported at the end of February.

“ The company also projected a wider first-quarter loss than analysts had predicted. J. C. Penney earned $211 million, or 95 cents a share, for the three months ended Jan. 31, compared with $430 million, or $1. 93 a share, in the period a year earlier. Sales dropped almost 10 percent, to $5. 76 billion from $6. 39 billion. ” And this is all due to the corporations lack of basic sales, or, more fundamentally, the lack of consumer interest, which is impacting every major corporation during these economic times.

“ Sales at stores open at least a year fell 10. 8 percent. Analysts surveyed by Thomson Reuters expected the company to earn 92 cents a share on revenue of $5. 76 billion. Department store chains like J. C. Penney and Macy’s have been among the hardest hit retailers in the recession as shoppers have focused on necessities. To adjust, Penney is opening fewer stores and reducing its inventory," the Associated Press article, entitled Penney's Profit Was Down 51% in Its 4th Quarter. Although J. C.

Penney began small, and worked its way to the top of America's major department store chains, it has in no way been immune from the effects of the economy. Lack of consumer spending is causing the organization to rethink its current structure, and causing various store openings and closures, along with numerous employee layoffs. It is likely that the corporation will continue to experience economic difficulties until this economic recession has ended, no matter what the company does to try an increase its economic success.

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