

LANDS' END

Situation Analysis for the Online Retail Industry 3/22/07



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Situation Analysis of Lands' End

Executive Summary

This marketing plan is devised mainly to separate Lands' End from its association from Sears Corporation. "Lands' End started out as an independent catalog company, becoming the largest specialty apparel e-tailer before Sears acquired it in 2002" (Apparel Merchandising, 2005). Even though Lands' End has reached success as the number one Internet retail apparel site, it has had tremendous difficulty reaching the same success rate in Sears stores. "Sears has proven its inability to improve sales of soft goods and successfully integrate the Lands' End apparel line into its stores" (Multichannel Merchant, 2005). "Sears which is best known for as a hard-line retailer, is having difficulty melting the soft-goods company into its operations and brand" (Multichannel Merchant, 2005). Sears attempted to introduce Lands' End as a softer side of Sears's campaign, which was not well received. Lands' End as a Sears store brand has never quite worked. The two separate customer bases for each company are just not compatible. It is evident that Sears does not know how to make Lands' End work for it. Therefore, we must devise and recommend a future marketing strategy for Lands' End future. These future marketing strategy goals and objectives are designed to keep initial Lands' End customers and attract and capture new consumers through our marketing efforts. This will also increase sales, thus revenue for the corporation in the long run.

Our plan is to introduce Lands' End apparel in stores in area shopping malls. Even though it has proven to be successful on the Internet, there are still some consumers who want that personable and face-to-face customer service. The majority of Lands' End merchandise is offered online or through catalogs. Even though, Lands' End customer service representatives are available via Internet or telephone twenty four hours and seven days a week. Many

consumers want that unique shopping experience. The Internet offers a more convenient way to shop from home or work though it still does not offer the treatment you receive from direct customer/ associate contact. As we discussed earlier, Lands' End online offers the Virtual Model, which allows you to create a 3-D model of yourself by providing critical personal measurements. Introduction of products in an actual store setting provides the option of trying on clothing items for the "true" fit, color, and feel in person. This would attract more buyers from the shopping mall traffic, especially during holiday seasons. As shoppers walk through the mall, they would see a Lands' End store stop, shop, and buy. For example, other retailers within the same industry such as J. Crew, Eddie Bauer, and Banana Republic have benefited from both mall retail stores and online shopping.

In addition, Lands' End should build and open more stores in the Southern, Western, and Northern areas of United States. "Lands' End is currently operating 15 Inlet stores and 4 not quite perfect (NQP) stores. These stores are only located in Wisconsin, New York, Illinois, and Minnesota" (Lands' End Inc., 2007). There are 4 Inlet stores located in the United Kingdom and Germany. Building more Lands' End stores in other parts of the United States, would gain the company more exposure.

Furthermore, targeting multi-ethnic and urban consumers would also increase customer base. "Primarily Midwestern, Caucasian Lands' End customers are familiar with the brand, but the multi-ethnic and urban consumers are not" (Apparel Merchandising, 2005). Further strategy is to change the appeal of some clothing lines to include sizes for obese teenagers. At the present time, Lands' End clothing includes women's, women's plus sizes, men's, newborns to preteens, school uniforms, intimate, business outfitters, and swimwear. "Among children and teenagers ages 6-19, 15 % (almost 9 million) are overweight according to the 1999-2000 data" (Palo Alto

Medical Foundation, 2004). Industry wise there are no other retailers that include larger sizes for children. This would allow Lands' End to stand out above the rest.

Overall, through our marketing strategy and promotion plan, we anticipate capturing a whole new customer base and attract new customers. We hope that in the end, our market share will increase significantly and Lands' End will gain back its level of success prior to their association with Sears.

Analysis of the Internal Environment

Current Marketing Goals & Objectives: Lands' End has built its reputation on the dependable

and service, typically

Some of the major product features and benefits are men's, women's, and children's

Lands' End is not only known for its high-quality products, but also for its customer service. Their customer service strategy is to please customers with the highest levels of quality and service and ship products very quickly. Lands' End offers some unique customer service features that other retailers do not. They allow customers to return items at any time, for any reason, for a full refund of the purchase price or a replacement. If customers are not completely satisfied with any item, at any time during its use, it can be returned for a full purchase price refund.

Lands' End overall pricing strategy is value-based pricing. This approach is used where

a little higher than ordinary, but

Lands' End uses a multi-channeling supply chain strategy. Lands' End is a direct

Lands' End has also developed the "Giving Hands" campaign. To partner with organizations in the communities to help needy families overcome obstacles for a better tomorrow. Lands' End primary means of giving is focused on product donations for human service organizations.

Current and Anticipated Resources: In 2002, Lands' End was acquired by Sears in what appears to have been a collaborative effort to revamp the apparel lines in Sears stores, while also increasing brand awareness for Lands' End. Even though the customer base for Lands' End apparel was a more affluent group than that of Sears (apparel bargain-shoppers), the companies' thought this acquisition would work based upon the higher-end customer base that Sears draws for its Craftsman tools and Kenmore appliances (Lands' End Inc., n.d.). This acquisition has not yet demonstrated to be a positive move for either company. For Lands' End, a high-turnover rate of top executives has been experienced, which is possibly due to the differences in the two companies' strategies, and almost 400 jobs were cut in 2005 as a cost-controlling measure (Berner, 2005; Fischer, 2005; Lands' End Inc., n.d.; Scardino, 2005). In March of 2005, rumors circulated that the K-Mart and Sears merger might lead to the sale of Lands' End, but in spite of struggles, Lands' End is still a part of these parent companies (Berner, 2005; CNNMoney.com, 2005).

A positive resource for Lands' End could be the hiring of Gerard Cunningham as the new Chief Marketing Officer. Cunningham was hired late in 2006 and comes to Lands' End after serving as the Vice President of Operating Strategy for GAP. Cunningham was responsible for improvements made to the customer experiences at GAP, Old Navy, and Banana Republic stores and has demonstrated his ability to build customer-focused and research-driven marketing programs (Internet Retailer, 2006).

In order to continue with their tradition of great customer service, Lands' End teams up with a few consultants to provide the optimal on-line shopping experience. Consultants include IBM, Akamai, Vignette, EasyAsk, Responsys, LinkShare, Paymentech, and Coremetrics (EasyAsk, n.d.; Multichannel Merchant, 2005).

Supply Chain Analysis: Lands' End promotes itself as a direct merchant with great supplier connections. The idea of the company is to keep the middleman out in order to keep prices to a minimum for their customers. By placing their line of apparel in Sears stores, Lands' End has created a dual distribution of its products, increasing opportunities for sales (Lands' End Inc., 2007).

Economies of Scale Analysis: Lands' End provides several product lines under the umbrella of its brand name. Traditional lines include men's, women's, children's apparel, luggage, and home products. Over the years, Lands' End has expanded its product lines to include women's sizes, petites sizes, tall sizes, maternity clothing, essential clothing for school-aged children and group business attire, as well as recently adding a line of baby apparel. To go one step further, Lands' End also provides custom tailoring services to match an individual's specific body measurements. In the U.S. market, an overstock section is available on-line that provides steep discounts on Lands' End items (Lands' End Inc., 2007).

Website Analysis: As previously stated, Lands' End uses various consultants in order to optimize the on-line experience of their customers. In 2002, Landsend.com was recognized as one of the top 25 retail websites by Internet Retailer (EasyAsk, n.d.), and in 2005, it was selected as the I.Merchant of the Year (Multichannel Merchant, 2005). In February of 2007, the Internet Retailer lists Lands' End as one of the top ten apparel and beauty websites with unique visitors, meaning each customer only counts once no matter how many times they visit the site (Internet

Retailer, 2007). Lands' End provides separate websites for the United Kingdom, Japan, and German markets to cater more specifically to their different needs and styles. Additionally, a website is provided for the business outfitters product lines, which include company rewards/gifts and group apparel (Lands' End Inc., 2007; Multichannel Merchant, 2005).

The overall appearance of the Lands' End website is friendly and inviting and is arranged in a logical manner, making it easy to navigate. Catchy headlines grab the customer's attention and give them a reason to buy products now instead of looking somewhere else. Pictures of products are clear and allow a zoom-in feature to view close-ups of fabrics, providing customers with a sense of comfort that they are getting a quality product. Ordering and checkout are made simple, and the customer service options are listed on the side of the product pages, which is very convenient. Also on the left side of the product pages, alternative products are listed, resulting in more effective sales (Lands' End Inc., 2007; Multichannel Merchant, 2005).

Other on-line innovations at the Lands' End website include My Virtual Model, Lands' End Live, and Affiliate Networks. My Virtual Model is a three-dimensional model created using your body measurements and is then used to mimic how the clothing would look on you if you were trying on the clothing. This model can be saved and emailed to family and friends in order to increase customer satisfaction with the look and fit of clothing selections. Lands' End Live is an option available for customers to chat with a member of customer service while shopping at the on-line store. The Affiliate Network is a way for Lands' End to spread their brand name through other groups who have websites. By placing a link to the Lands' End website on your group's webpage, the group can earn a percentage of every sale that is made by connecting to Lands' End from your site. These and other innovations all add to the success of the website that was launched in 1995 (Lands' End Inc., 2007).

Customer Service Analysis: Customer service is the core value and absolute pride of the Lands' End Company and is demonstrated by the extensive training that all customer service representatives are required to complete. When first beginning a job with Lands' End, representatives are required to complete 70-80 hours of training related to their products, customer service and computer technology. The training does not end there. During each year of employment, representatives are required to complete an additional 24 hours of training (Lands' End Inc., 2007). Lands' End even has an apprentice program to help develop the future leaders of its company. This program lasts from twelve to eighteen months and focuses on a career in merchandising, direct marketing, quality assurance, copywriting, art direction and design. After completing the apprentice program, individuals are qualified to work in an associate position in the area of specialty that they studied (Lands' End Inc., 1998).

Lands' End utilizes over 1,100 phone lines during the busy holiday season in order to guarantee that each customer receives individual attention. A live customer service representative answers the phone within three rings, and on an average day, representatives respond to 40,000-50,000 calls (English, 2006).

The exceptional customer service at Lands' End is the result of many more company attributes. One such attribute is the Lands' End "Guaranteed Period" policy. This policy allows customers to return or exchange merchandise at any time and for any reason, which allows a lot of flexibility for customers. Lands' End provides free services such as putting a hem in pants, providing swatches of fabric, giving replacement buttons and supplying luggage parts for repair. Another aspect is that most in-stock orders leave the distribution center the next business day after the order was placed. It is obvious that customer service is at the heart of this company,

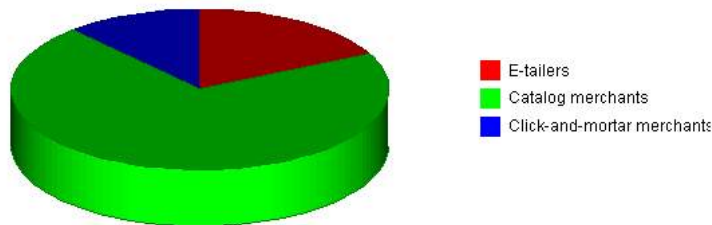
and they display this through their actions rather than just putting it in writing (Lands' End Inc., 2007).

Analysis of Product Positioning: Before being acquired by Sears, Lands' End had positioned its products in the area of high quality at a fair price. Customers did not mind paying a little extra in cost because they knew that they were getting a quality product (Lands' End Inc., 2007). With Sears as their parent company, Lands' End has somewhat over-positioned their apparel products. It was clear when the two companies came together that Sears's customers, who were shopping for apparel, were also looking for a bargain (Lands' End Inc., n.d.). It was hoped that the acquisition of Lands' End would raise the standard of the traditional Sears apparel customer; however, it appears that the opposite has occurred, causing the Lands' End position to be lower than they desire.

Analysis of Customer Environment

Who are Lands' End Current and Potential Customers: Lands' End customers are typically Caucasian, males and females. They range in age from thirty to fifty years old and many have a higher education. "We know a lot about our 28 million customers, including that 88% are college educated", says company licensing director John Maher (Andreoli, 2001). These customers are primarily located in the upper mid-west part of the United States, but are also doing business in Europe and Japan. The Internet is continuing to grow and becoming more accessible to people all around the world. Therefore, anyone who enjoys doing retail shopping online is a potential customer for Lands' End. Typically Lands' End has appealed to an older generation, to travelers or to the "week-ender" type.

What do customers do with Lands' End products: Lands' End provides retail for the entire family. The clothing is more casual and trendy, but not necessarily professional. In addition, Lands' End provides many complementary products to go along with your clothing. There is potential for a buyer to purchase all their needs for traveling at once. From the clothing to the luggage, Lands' End is a one-stop shop where you can buy everything online. Also, Lands' End provides specialty services; such as, luggage repair, monogramming, and specialty sizes for big and tall men. With all this available to a customer, Lands' End has an advantage over other e-tailers and click-and-mortar stores.



Market Analysis							
Potential Customers	Growth	2000	2001	2002	2003	2004	CAGR
E-tailers	50%	30	45	68	102	153	50.28%
Catalog merchants	20%	120	144	173	208	250	20.14%
Click-and-mortar merchants	40%	20	28	39	55	77	40.08%
Total	29.63%	170	217	280	365	480	29.63%

Where do Customer's Purchase Lands' End Products: Lands' End is a primarily Internet based company. Sears acquired Lands' End in 2005, and the products were placed into select stores mainly in the mid-west. Apart from the Internet and Sears, Lands' End also provides catalogs that customers can order from.

When and Why to Customers purchase Lands' End products: Many customers are not enthusiastic about buying clothing online. Recent surveys reveal that 89% of consumers say that return policies influence their decision to shop online and 67% consider potential return hassles to be a barrier to online shopping (Palo Alto Software, Inc., 2007). In contrast, it seems that online purchases continue to grow each year. The rapid pace of online sales growth is expected to continue as 2003 e-commerce revenues top \$144 billion from 3.5 billion online purchases (Palo Alto Software, Inc., 2007). Customers are typically using online purchases when the items cannot be found in the store or when convenience, not time, is a factor. Lands' End customers continue to purchase their products because of the high quality of customer service they provide. The products they provide are high quality and reasonably priced. In addition, the Internet site provides valuable tools such as a personal shopper and a virtual model, which in turn helps the customer feel safe when making an online purchase.

Why do potential customers not purchase Lands' End products: Lands' End clothing has primarily been focused on an older generation . The clothing does not have the trendy appeal that other companies, such as Abercrombie and Fitch, L.L. Bean, and The Gap have. The older generation usually represents those consumers who do not usually make online purchases. They might find it troublesome to buy a product that could possibly not fit correctly, and then have to

return it to the company that it was purchased from. Lands' End customer service tries to fill in those gaps by providing The Virtual Model and a personal shopper to lessen the return rate.

Analysis of the External Environment

Competition: Our major competitors in the catalog and e-tailing apparel industry include The Gap, J.C. Penny Corporation, L.L. Bean, Dillard's Inc., Polo Ralph Lauren Corporation, American Eagle Outfitters, Coldwater Creek, and Abercrombie & Fitch. These are brand competitors because they offer similar clothing and apparel to similar target markets as Lands' End. Our product competitors consist of Wal-Mart Stores and Target Corporation. These mass distribution retailers offer a variety of clothing and non-durable apparel from a variety of brands. The size and market penetration of these two corporations, as well as their distribution chains and pricing strategies pose a great threat to the e-tailing business (Sears Holding Corporation, 2006). Other competitors include Amazon.com, e-Bay, QVC and a variety of television, catalog and online retailers that offer clothing and other non-durable merchandise. Given the advancing technology and growth of e-commerce, any number of existing and unforeseen competitors could prove more of a threat than previously anticipated (Lands' End Inc., 2006).

We consider our biggest competitors to be J.C. Penny, The Gap, and L.L. Bean. All three competitors operate stores in the U.S. and/or International markets and enjoy the benefits of strong customer brand recognition. The physical presence of storefronts gives these companies direct sales distribution to help save on margins paid to wholesalers and retailers. The physical presence also provides stores with insight, influence and market expansion through customer interaction with sales staff.

The Gap and L.L. Bean both have a strong presence in the U.S. and International markets. The Gap Inc. has a competitive advantage due to the presence of more than 3,000 physical stores in the U.S. and 450 stores in International market locations. Furthermore, the company targets low, middle and high-income markets with Old Navy, The Gap, and Banana Republic stores, respectively. It is also launching the Forth and Towne brand focusing on women over the age 35 and offering a broad range of size, fit and occasion variety (The Gap Inc., 2006).

Much like The Gap, L.L. Bean commands a strong brand image in the world market. The company offers a wide range of products and has a very strong direct to customer presence, establishing over 14.5 million customer contacts in 2005 through its e-commerce site and 200 million catalog distributions in the U.S. and 140 other countries (L.L. Bean Inc., 2006).

Of these three, J.C. Penny is the biggest threat due to its geographic position in the U.S. market, financial strength, distribution network and expansion plans resulting from strong revenue growth in its department stores and direct sales. The corporation has over 1,000 stores in the U.S., operates 1,462 catalog units, and launched 35,000 registered point-of-sales with Internet connection in the stores (J.C. Penney Corporation Inc., 2006). This has enabled them to penetrate 96% of the metropolitan market in the U.S. (Black Book, 2004). The market penetration and expanding e-commerce plans gives J.C. Penny more exposure to the consumer, specifically to the moderate-income family. In fact, J.C. Penny was the only department store that produced positive same-store sales from 2001 through 2004 (Hirschberg 2004). The company plans to leverage these profits into the launch of an Accelerated Growth Program which will focus on opening new stores in off-mall sites, adding new brands to the existing 25 private brands it currently operates, and continuing its strategy of direct exposure to consumers

via ecommerce. The store reported a 28% revenue increase in online retail sales through January 2006, a trend it plans to target (J.C. Penney 2006).

Wal-Mart, Target, and Amazon.com are on the horizon to pose an instrument for eroding the strength of the e-tailing market of our company. The leverage power of Wal-Mart gives the greatest opportunity to threaten the sales growth of our company. They have a strong U.S. and global market position, continually expand into India and China, operate a supply chain that is composed of central system of warehouses and distribution centers, and offer value-based products (Wal-Mart Stores Inc. 2006). Target Stores has an increasingly strong brand image and is geographically diversified to offer new private labels and recognized external brands at lower prices. The Target network plans to expand its operations through new store openings, revamping existing stores, and initiating brand building initiatives in 2007. Plans to focus on strengthening its ecommerce site to target the growing online retail spending are also planned for the future (Target Corporation 2006). Amazon.com is strictly an online company and plans to increase its penetration in the retail industry through 2008. They acquired women's fashion-forward apparel retailer, Shobop.com, in an effort to leverage their expansion in the U.S. market. They have acquired one of the largest online retailing sites in China and have opened a software development centre in India to assist its expansion in foreign markets (Amazon.com Inc. 2006).

Competition in the retailing industry continues to squeeze the online e-tailing business between bricks and mortar department stores and value-oriented mass distribution stores. With U.S. online retail sales expected to grow by 17% annually and projected to reach \$144 billion in 2010, many competitors are focusing much of their revenue on the development and marketing of their ecommerce business (Kohl's Corporation 2006).

Industry consolidation could benefit and threaten our company. The 2002 acquisition of our store by Sears allowed the multi-channel expansion of our products in more than 180 Sears' stores. The recent acquisition of Sears by Kmart has further enhanced the exposure of our brand (Ranganathan 2004). Unfortunately, we are not the only company to have consolidated with larger companies. The continuing consolidation in the retail industry is creating larger entities, leading to price competition, lowering the operating margins on smaller companies unable to find cost savings compared to industry giants. Given the existing geographic and financial leverage of Wal-Mart, Target, and JC Penny, it is imperative that Lands' End use its quality brand name, customer service reputation, and expanding multi-channel opportunity to leverage ourselves into a stronger position in the rapidly evolving retail industry.

Economic Growth and Stability: In 2003, the U.S. retail industry generated more than \$3 trillion in sales. The industry has grown at a rate between 4 and 5% annually since 1988 (Ranganathan 2004). Marketing research indicates online retail spending to reach \$144 billion by 2010 with 71% of online users likely to shop over the Internet. By 2010, the Internet will influence about half of total retail sales, compared to 27% in 2005 (Sears 2006).

The growing economic progress and development in the Asian-Pacific markets also looks to offer expanding opportunity for sales revenue in the retail industry. India has a 300 million middle class experiencing rising income levels due to economic growth (Wal-Mart 2006). Rising income levels in the Asian-Pacific markets equate to growing demand for consumer goods. Retail clothing sales are projected to grow at 11.9% in China and 12.4% in India (The Gap 2006). Future growth in these markets will depend on increasing income levels and demand for retail goods. Companies will need to leverage existing positions in foreign markets and look for new partnerships with foreign businesses to penetrate and develop these segments.

According to The Consumer Intentions and Actions™ survey by BIGresearch, consumer confidence declined in 2006 (BIGresearch 2007). Consumer confidence continues to erode with the falling domestic and foreign stock markets. Consumer spending is expected to slow down due to rising interest rates, rising energy prices and increasing health care costs. Seventeen consecutive interest rate hikes continue to depress the disposable income available to consumers. Many are forced to focus on needs rather than wants and have thus depressed the amount of money spent on non-durable retail goods such as apparel. This slow down will continue as more income is channeled to variable interest credit card and mortgage payments. Furthermore, rising fuel costs are eroding disposable income, as well as leading to increased prices for consumer goods. The rising cost of goods, coupled with rising interest rates and fuel has led to the drop in consumer spending from 4.8% during the first quarter of 2006 to a 2.5% during the second quarter of 2006 (Abercrombie & Fitch 2006). Consumers are being forced to focus on job security and needs versus wants in regard to their discretionary purchases.

An outlying factor that could lead to declining economic growth is the decline in world cotton production. Cotton consumption is expected to reach 122.5 bales in 2007 and production is expected to be about 117 million bales (L.L. Bean 2006). Due to the supply and demand discrepancy, raw material costs for clothing and apparel production will likely increase. Increase cost for raw material will lower profit margins and require a transfer in cost to the consumer, furthering the decline in spending on non-essential goods.

Political, Legal, and Regulatory Issues: The political and legal issues at home and abroad could adversely affect our revenue growth and expansion opportunities in both the short and long-term future. The war in Iraq and its unclear solution lead to many questions about the safety of the country and the stability of the world in general. The Democratic take-over of

Congress raises questions about the future stance of free trade and the security of the nation (BIGresearch 2007). Upcoming presidential elections only increase the questions in regard to the direction of the country. These issues will only be revealed with time, but the concerns of identity theft, China and India's entrance in the market, and counterfeit products are on the forefront of consumer and corporate minds.

The Payment Card Industry (PCI) data security standards was created by American Express, Discover, MasterCard, Visa, and others in an effort to combat fraud, identity theft, and other security issues. Companies that conduct business online have to comply with a common set of security measures outlined by the PCI. There are varying enforcement policies and penalties for non-compliance with the largest of fines equating to \$500,000 per incident if cardholder data is compromised and the merchant is not PCI-compliant. The associations can also eliminate non-compliant companies' credit card processing privileges (Bednarz 2005). This standard offers our company a consolidated measure for customer security and lends us credibility for ensuring customer protection.

China entered into the World Trade Organization (WTO) in 2002 guaranteeing American companies' products and services access in China's markets, and Chinese companies' access to American markets. The increased competition from China in the American market has led to market disruption from surges in Chinese imports. Safeguard provision Section 421 of the International Trade Commission gives the U.S. the right to impose unilateral trade restrictions in the form of tariffs or quotas against Chinese import surges that cause or threaten to cause market disruption to a domestic industry. The provision is at the discretion of the president and in 2003 President Bush denied import relief to American companies on two separate occasions. His message has been the disfavor of unilateral trade restrictions against China (Brinkman 2003).

The limited or unwillingness to enforce quotas or tariffs on the influx of Chinese textile and apparel goods could put our company at a disadvantage as China looks to leverage its ability to distribute mass amounts of cheaper products into the American market.

In regard to India, we are currently awaiting the Indian government's decision in regard to opening up its retailing sector to foreign direct investment. The middle class numbers 300 million and could potentially serve as a huge target market for the penetration of our product. As of now, we are prevented from directly investing in India (Wal-Mart 2006). Given the possibility of access, offices to conduct research and development of facilities should be a strong consideration for future expansion and partnership with local Indian companies.

The Global Congress on Combating Counterfeiting recorded more than 5,000 incidents of worldwide counterfeiting and piracy in 2005. There were more than 1.4 billion counterfeit items valued at more than \$4.13 trillion seized in this same year (JC Penny 2006). The Federal Bureau of Investigation (FBI) estimates that U.S. businesses lose as much as \$250 billion a year to counterfeit products. With the counterfeit product market forecasted to reach \$2 trillion by 2026, this issue could pose a serious threat to revenues and profits (Abercrombie 2006). Furthermore, the cost of combating counterfeiting continues to increase, thus eroding profits. Companies are also witnessing dilution of brand images as a result of counterfeit products.

Technological Advancements: As technology advances, more and more customers are using the Internet to browse products before they shop. Many sites are allowing customers to input specific measurements to create a 3-D model of the customer. Once the image is created the customer can select design and style preferences to narrow selections and tailor apparel that best fits their physical measurements and body styles. In a sense, these advances are allowing customers to become their own designers.

Bloggers and Webcasting are becoming more useful in facilitating discussion about existing merchandise and launching new merchandise. With an increasingly competitive market, bloggers can be useful allies in promoting the company and its brand. Video Webcasts will serve as another avenue for companies to pitch their products and find customers. With the advances in cell phone and Ipod capabilities, the formulation of business-to-business partnerships may offer new marketing and advertising avenues in the future.

Sociocultural Trends: With the projected Internet shopping figures totaling over 71% by 2010, the consumer is consistently displaying their desire for ease of use, convenience, and time efficiency. Over 87% of consumers reported regularly or occasionally researching products online before purchasing them in person. Apparel ranked second behind electronics in researched products (BIGresearch 2007). It seems that more and more people dislike traveling to the crowded, time-consuming stores for their shopping needs. Customers value a service that is informative and easy to use. Lands' End gives the customer quality service and the ability to chat online and customize clothing to their individual needs and preferences. They can do all of this from the comfort of their home.

Consumer spending on private label products account for one out of every five items sold. Most of this spending occurs in the food sector but non-food sector items are indicating an increasing consumer trend. As private label products become more acceptable, Target and Wal-Mart could pose an ever-increasing push to capture more market shares. Target is already known for selling designer wear at affordable rates. As this occurs, premium brands such as those sold by Lands' End may lose some of its appeal to value-focused consumers. On the flip side, the acquisition of Lands' End by Sears and the recent acquisition by Kmart have lead to the dilution of our brand in its appeal to the affluent customer.

The dilemma for our company in regard to sociocultural trends centers on the ever-changing customer preferences of the tweens, teens, and young adult markets and the increasing population of baby-boomers. Lands' End has a reputation for quality, but not so much for its fashion-forward sense. This makes it difficult to maintain pace with the evolving styles of the younger generation. Teens influence many of the purchasing decisions in the household and, along with young adults, tend to be more susceptible to spur-of-the-moment purchases. With our company being regarded as an Internet and catalog retailer, our focus may be subjected to evolving strategies to capture a younger market, or appealing to the baby boomers via our customer service and timesaving business practices.

SWOT Analysis:

Strengths:

- Customer Service
- Efficient Operation
- Economies of Scale
- Established Reputation
- Strong Virtual Web Features
- U.S. and International Catalogs, Online Services, and Retail Stores

Weaknesses:

- Over positioning in relation to parent company
- Not very mainstream or stylish
- Brand Promotions
- Must anticipate consumer interests

- Must anticipate consumer quantities needed
- Pricey

Opportunities:

- Global marketplace
- Corporate customers
- Latest technology-easier to communicate with other companies and customers
- Increasing online retail spending
- Multi-channeling through Sears and Kmart stores
- Industry consolidation

Threats:

- Sudden price fluctuations could drive up prices after catalog has been printed.
- Industry consolidation
- Private label growth
- Counterfeit and Piracy
- Decrease in consumer spending
- Diluted brand image

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