Case Study on the Sears Corporation

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The Sears & Roebuck Company has been in a transformation phase for many decades now. They originally started off as an appliance store, and only offered products like refrigeration and lawn and garden. The company, which was founded in 1866, has grown to one of the largest retail giants in modern history. They are also dedicated to excellence in community service and helping out with community events. An example of this is the Sears American Dream Campaign, which has risen over a $100 million which is dedicated to help millions of Americans overcome the common problems associated with home ownership and home furnishing. The focus of this campaign is home and family and the community. Over the last couple of decades, they have also started to try to reposition themselves as more of a department store. There were many problems associated with this maneuver. First, there was bad communication between the higher managers in the company. There was a lot of open criticism going on between the higher executives. There was an instance when one of the higher CEOs took a shot at another CEO. Negative criticism like this only shows the public and the paying customer that there is unrest within the company and may sway potential investors and shoppers to do their business elsewhere. The loss in revenues that Sears suffered was due to the lack of communication within the executive level, and the poor customer service. They have since rebounded though and in many ways are back on the right track. First you have to look into the company structure and their re-construct efforts. It has been not only a lengthy and expensive reconstruct, but a timely one which may now take them where they want to go. They have been used to the old fashioned brick and mortar approach for many years, but they are beginning to get left behind with the new E-commerce age. The
company can be analyzed to show what direction they are heading, especially after the big merger that just went down with K-Mart.

The first thing to look at when studying Sears & Roebuck is who they are and who do they associate themselves with, as far as distribution goes. The Sears Company consist of 245 neighborhood Sears hardware stores, 790 locally owned small retail stores that are mostly in smaller communities, and also many mall stores. Sears also deals home and garden products, as well as, home fixtures. Sears also has become a large force in the automotive department by giving customers a place where they can go and get things like oil changes done, and purchase tires and get tires changed and rotated. The Sears Corporation employees 275,900 employees and has over 160,000 investors worldwide. Most of the products sold by Sears are products they produce themselves and are mostly Sears’s brand name products. A few examples are Craftsman, Kenmore, and Lands End which are all produced by the company. They have been working hard to improve there weak CRM, which has been a problem in the past. Recent studies in CRM have shown that Sears has shown a significant improvement in this area over the last decade. I think this has to do with the ever-emerging Internet and the configuration of E-commerce. With the development of online customer service and better interaction between customer and company, it has become advantageous for customers to use the Website and not the old fashioned telephone method. Also on the new Sears Website, which changes and gets updated almost daily, there are features like a virtual reality program that is designed to help customers preview there interests in new appliances and the like.
The next thing to discuss is the competition Sears faces and how they have to position themselves in the marketplace to overcome the problems faced with the competition. The list of the competitors includes Target, J.C. Penny, and of course the retail super power that is Wal-Mart. Wal-Mart has grown to a major force in the last couple of decades by the practice of selling products for as cheap as possible and trying to exterminate all local competition. In a Wal-Mart store, the products are positioned so to as a customer can get whatever they need all in one stop and not have to go many different stores. You can walk into a Wal-Mart and buy a T.V., buy tools, and also get your groceries done at the same time. This is a major problem for Sears because customers don’t have to go there to buy things like tools or other products when they can just go to a local Wal-Mart and get it all done at once. Target has also grown into a retail giant in just the past one or two decades with its store sizes and product strengths as well. The major difference between a Wal-Mart and a Target it that the Target stores are not readily available as the Wal-Mart’s which are located just about every couple hundred of miles in the United States and now also in the world. Sears has got to come up with a strategy which will bring more available products to the customer in one place for convenience. A step in the right direction is the merger that just went down with another one of their major competitors K-Mart. With the merger, a new aspect can be added to Sears that was not there before and this a whole new aspect of products like the Martha Stewart line. The statistics clearly show that something had to be done. The list went as follows: number one was Wal-Mart with $260 billion in revenues last year alone, then there was Target with $24 billion, and then there was Sears and K-Mart with $9 billion each. So as you can see something had to be done to compete.
The next thing to be discussed will be the SWOT analysis of the Sears retail store. The first thing will be the strengths which include the power of the Sears owned brand name products. Craftsman, Diehard, and Kenmore to name a few, are all common place products that are nationally recognized and are very reliable. Another strength is the community service Sears has besieged upon itself to serve the community and help the less fortunate. A major weakness possessed by Sears is their unawareness of their place in the bigger market picture. They struggle with an identity crisis that has gotten better in the past decade or so but forced them to spend millions of dollars to reposition themselves in the market. An opportunity for Sears is the new merger with K-Mart, which will no doubt bring new markets and new products to new customers and existing customers as well. It will allow both stores to tap into new resources and previously unexplored areas that will hopefully bring better revenues and more shares in the bigger picture against their competition. An existing threat faced to Sears is the threat of new companies and new retail stores popping up that will pose a force in the same marketplace that Sears is trying to dominate. Target, for example, is only a couple of decades or so old and they have already sprung as a major power in the market. Even Wal-Mart, as mentioned before, is a company that is just a baby when compared to Sears. Another threat that is very viable is what will happen if the merger with K-Mart is more of a bust than anything? This can only happen the two companies allow it too, and if there is poor management.

A new area to discuss is the e-business marketing goals and strategies. This is relatively new to Sears because they have not been an Internet presence for long. The Sears Company has looked hard into their E-commerce practices and has come up with a
few ways of improving this to better support the customer base. They found out that they could reduce logistics cost, increase data accuracy, and reduce the time it takes for a product to be cycled through their stores. Because of the high logistics that Sears deals with on a daily basis, it is crucial that a system had to be put into place to minimize problems in that area. Another problem was, of course, in the CRM arena and getting time sensitive customer feedback. One idea was the creation of the National Sears Website. With the Sears National Website, this allows the company to drastically improve its CRM habits also and to show their inventory to more of an audience on a greater scale. The Website also contains JavaScript, Cascading Style Sheets, and HTML which allows for better graphics and quicker load up times for new customers and existing customers. Another good reason for a Website presence is the ease at which and Internet order is processed. In the past orders could only be made through the phone and in the store which could pose problems. The process of ordering products on the phone can take a long time because the CRM aspect of phone orders is horrific. It takes a lot of time and can be an inconvenience. The supply chain is also an area of major improvement within the Sears Company. Every Sears store has cash registers that are linked to one another and to their warehouses that update inventories and take count of products every time a product is sold. So at a small retail store, like the one in Fort Kent, if an item like a washing machine is sold, it automatically triggers the warehouse. This is good because the product will be replaced right after it has been purchased. It improves product availability and store inventories to keep an accurate account of all products. Also in the same breath, the customer database can be explained to show a valid system that keeps track of things like customer purchases and product warranties. This is
necessary to process things like product returns and product repairs. It is a very large
database that only needs the customer’s phone number to obtain their information. Any
business that does not use a similar system is quickly becoming left behind in the ever
changing world of e-commerce.

The Value bubble for Sears can be adequately explained in two phases. The two
most important phases are the engaging phase, and the retaining phase. The first one to
talk about is the engaging phase. This is when things like promotions and special sales
are offered to get new customers. Another thing that sort of falls in this phase is the
promise of the brands Sears has to offer that they will work and be reliable. The retaining
phase can be explained with Sears’s ideas like the idea of the extended warranty for
products that offers customer piece of mind. This protects items against unforeseen
consequences that are out of a customer’s control. For example, if the warranty is bought
on a fridge, it will protect not only the fridge buy also the contents of groceries in the
fridge. It will pay for a rental and up to two hundred and fifty dollars of grocery
recovery. If the fridge can not be fixed, then it will be replaced at no extra charge by the
newest available item. Another program offered in the retaining phase is the promise of
price matching. This states that if you can find a product that is the same as a product
offered at Sears but cheaper, Sears will match that price plus give you ten percent of the
difference. This is just a small part of the engaging phase and another example of CRM
offered by Sears. These two phases truly explain the efforts put in place by Sears to
improve its share of the retail store market place. Both phases can be shown on the
Internet and the National Sears Website by the continuously updating of the site and the
advertising of sales and promotions to customers who frequent the site. Also the site
shows customers future sales and events intended to lure them into the store or to order the products off line.

Another important thing to look at in the reconstructing efforts Sears has been putting into place is the drive to reconfigure CRM and putting the right employees in the stores to work at the right time when it is normally the busiest. This was a new focus for the new Sears leadership after they had declined rapidly in the nineties. The old fashioned approach was putting more effort and time into profit margin and the accounting side of the company and not enough time into the CRM and paying attention to employee actions and attitudes. More strict training was put into place and this was measured by overall customer satisfaction and overall job performance and sales profits by building stronger customer alliances. Investment growth was also measured by things like asset margins, investment opportunities, and revenue growth. The main thing the company is trying to strive towards now is being a retail giant once again and trying to keep its customer base and build new customer relationships.

The future, although uncertain for Sears, is cloudy due to the bigger competition that Sears faces on a daily basis. With the growth of Wal-Mart and Target, an ever increasing cloud forms over the head of the Sears Company and its’ investors. The steps and plans put into place by Sears and its’ corporate structure shows that this company is striving to become the force it has been for the past century. Even in the ever changing world of technology and the ever changing marketplace, many new implementations have to be put into place to ensure the company built by Mr. Sear himself continues to grow well into the twenty first century.
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