

J.C. Penny's Fair and Square Strategy

Posted on October 16, 2018

The Psychology of the JCP Shopping Experience: Before and After Changes

Part I. Descriptive Analysis

JCP exhibited different shopping experiences for its customers and employees. Before the changes, the company operated just like regular departmental stores, which offered varied products and services to its customers. Customers had a unique experience in the various departmental stores where they could do their shopping as well as enjoy other unique services provided by the store. The store offered almost all the services and customers could acquire almost everything they needed for their shopping. Once the customers enter these stores, they can visit different stores that sell different types of goods. The store additionally had tearooms where customers could rest as they wait for their friends. The shopping experience was unique and reflected the American culture of family shopping. The stores provided much space in which families could interact, have fun and bond to improve family relationships. The pricing strategies employed by JCP further boosted the experience. The discount coupons and rebates provided a perfect opportunity for families to go out shopping and enjoy the various discounts.

The shopping experience did not change even after the company made changes to boost sales. JCP made changes directed at creating independent stores that sold exclusive products. At the departmental store, new shops came up selling unique products to customers. Customers were now forced to move from one store to the other to purchase some of their favorite products. Unlike the past, the entire shopping process was tedious and discouraged family shopping. The manner in which the shops had been set meant that the place would be overcrowded mainly for products that were in high demand. The fun fare experience that was associated with shopping at JCP changed as previous services such as tearooms and salons were eliminated. The new changes brought about different expertise that became unattractive to shoppers. These changes suited the young adults who would find it appealing to shop in this kind of an environment. Adults and seniors have pushed away from JCP, which saw the company experience a dip in sales. The new changes affected the mentality of previous customers who perceived the changes as a way of doing away with loyal customers.

- Decision-Making Process: Strengths

The changes made at JCP were aimed at improving the overall productivity of the departmental store. As the company experienced an escalating drop in sales, Johnson the CEO took rapid measures to change the fortunes of the company. The move to appoint a brand spokesperson is a strength in the

decision-making process. As the company moved to make changes and introduce a new shopping experience, it was important to have a brand ambassador whom customers could associate. The choice on Ellen DeGeneres, a popular comedian, could help to pull customers towards shopping in the rebranded JCP. Brand ambassadors are important in attracting clients and creating a strong customer base for clients. Individuals who associate with such personalities are often tempted to follow their advice. It was a strategic decision by JCP management to go for an ambassador particularly when introducing new changes to the business. Brand ambassadors understand their roles when appointed, and they will always help the company to boost sales by either leading by example or visiting the business premises occasionally where he or she can interact with customers and improve the relationship of the company to its customers.

The move to introduce a new pricing strategy was a strength in the process of decision-making. While making changes to an organization, it is important to make changes to the core process that control the business. The company announced the new strategy of “Fair and Square” which would see the company sell its products at a price that was believed to be best for the customer. Unlike high-low pricing strategy, the new strategy was aimed at promoting honest among the customers by developing a culture where the customers would trust the pricing strategy of the company. Customers were used to haggling and various price promotions that were aimed at informing them on the various price cuts within certain days of the week. For JCP, such strategies led to increased cost of advertising, which was seen to affect the profitability of the company. The new strategy would reduce that costs the company spend on advertising. It additionally sought to introduce a new shopping culture among customers of knowing the prices of various products offered by the company. The decision to change the pricing strategy would quickly change the fortunes of the company if implemented right. The CEO made a significant decision that would easily reposition JCP if the customers understood the idea behind honest pricing strategy and how it would help to cut their shopping costs.

- Decision-Making Process: Weaknesses

The decision-making process at JCP also has its weaknesses, which can be directly linked to the failure of the business to increase its sales. When the CEO resorted to changing the pricing strategy, it appeared as if it was a smart move but its implementation highlighted the weakness of the decision. The decision contrasted the shopping culture and expectations of the clients. In the market in which this business operated, customers were used to high-low pricing where they could take advantage of the various discounts and rebates offered by the company. Businesses engaged in rapid promotional programs with the aim of wooing customers to a shopping spree when prices were significantly reduced. The new strategy undermined this culture by unexpectedly targeting customers to change their shopping patterns. Customers were of the opinion that the new strategy was aimed at denying them discount coupons and other price reduction campaigns. They felt threatened and opted to shop at other retail stores. The company failed to educate customers on how the new price strategy would enhance their shopping experience. By assuming this crucial aspect, the decision by the CEO ha major weakness which failed.

The new store design, which was implemented as part of the changes, exposed the weakness in the decision-making process of the company. Initially, the departmental store offered a unique shopping experience, particularly for families. Most people would visit the store because of its ample space and the ability to shop for almost everything under one roof. The various relaxation areas additionally offered unique services, which promoted business. The decision to redesign the store to have independent shops dealing with specific products was not received well by the old generation. The new design favored the youth who had much energy to walk around and sample the various shops in the store. The decision forced clients to visit other retail stores as they felt that JCP had redesigned to attract a different set of clients. The company ended up losing customers majority of whom were loyal customers.

The company additionally moved to change the sales structure, a move that was not received well by employees. The new sales structure was designed to develop product experts, which means that the aspect of personal selling had been scrapped off. Employees would no longer receive commissions based on their sales. This left employees divided and dissatisfied with the decision. This decision is weak as it moved to demotivate employees who saw sales commission as a means of improving their pay.

- Organizational Factors

JCP portrays the characteristics of the hierarchical organizational structure where the majority of the power is concentrated at the top. This organization is led by a CEO who is tasked with making decisions. The CEO has utilized his position and has developed new [strategies for improving](#) the productivity of the company. Organizational structure is to blame for the worsening of the decision of errors in the company. The fact that power is concentrated at the top denies other employees the chance to advise and make independent decisions. The CEO did not consult widely before making decisions but adopted the Apple model with the aim of changing the fortunes of the company. No employee including senior staff would be allowed to take charge of the change process and propose their ideas on better ways of implementing change in the organization (Shepherd 364).

Other employees are at fault in this case for failing to caution and raise concerns in the decisions made by the CEO. The internal policies might have forced the employees not to speak in fear of negative consequences of disobeying authority. The management and the shareholders are to be blamed for putting in place rigid structures that prevented other employees from giving their opinions on how to manage JCP better. These structures affected the communication plan in the organization as the CEO made decisions, which according to him were ideal in turning the fortunes of this company. All the stakeholders should have been involved in the move to initiate changes at the organization (Tran 229).

Part II. Prescriptions

- One or Two Concrete Prescriptions and Why

JCP has a challenge in decision-making and must adopt appropriate strategies to correct the trend. JCP should decentralize decision-making and involve employees in all major business decision. Decentralizing decision-making means that employees will get the opportunity to come up with ideas that could help the business change its fortunes. Decentralizing decision-making improves the relationship between employees and the management resulting in productivity. The move by the company to support the decisions proposed by employees can help to correct the trend where one person has the autonomy of making decisions. In such a system, all the employees share in the wrong decisions that eventually affect the company. JCP can move ahead to involve employees in all its major decisions. Involving employees provides a platform of knowledge sharing and discussing ideas with the aim of coming up with a viable solution affecting the company. Employees who are involved in the affairs of the company tend to be motivated towards working for the organization. They will develop a culture of growth, which will see the business benefiting from collective ideas proposed by employees (Shepherd 355).

JCP will engage in extensive research before making decisions that have a huge impact on the organization. Conducting a pilot study on the issues affecting the company with a proposed decision can help the company to predict how such a decision will affect the company. Appropriate research, particularly on pricing strategies, is crucial in getting to understand how customers respond. The findings from the research can then be applied to ensure that the company benefits by settling on a tested decision. Researching on the problems facing the organization and involving relevant stakeholders can improve the overall decision-making process in the company. JCP will be better placed to implement strategic challenges that will benefit the company without destabilizing the existing customer base.

- How to Overcome Resistance to Prescribed Changes

The top management might resist the advice to incorporate employees in the management of the business. The main resistance will be from the manager who would see the advice as a means of undermining his authority as a leader. The manager might perceive the contribution of employees as inexperienced. The fact that the managers occupy the top position means that they are knowledgeable and better placed to make rational decisions compared to those of junior staff. The other resistance can result from employees who might not see the need to be actively involved in the affairs of the company. Some employees may find the role of running JCP as that of top management.

One of the ways of overcoming the resistance of top management is engaging them in training workshops on the various ways of managing the organization. Inviting consultants to give a talk to this management might help them to change their stance on employee involvement in management. They will get to understand the role in which employees can play in the running of a business.

Employees can additionally be involved in a training workshop where relevant information can be presented to help them understand their importance in governance (Shepherd 362).

Works Cited

Shepherd, Neil Gareth, and John Maynard Rudd. "The influence of context on the strategic decision-making process: A review of the literature." *International Journal of Management Reviews* 16.3 (2014): 340-364.

Tran, Quangyen, and Yezhuang Tian. "Organizational structure: Influencing factors and impact on a firm." *American Journal of Industrial and Business Management* 3.2 (2013): 229.