

Each of JCPenney's 1,100 stores are refreshed monthly with bold color accents



# Relief at the register

Retailers are tweaking their business models. Find out what's in it for you.

By **Ashley Cisneros** for USA TODAY

**T**HOUGH THE RECESSION HAS OFFICIALLY ENDED, MOST PEOPLE ARE CONTINUING TO LOOK FOR WAYS TO SAVE

**MONEY** in a slowly recovering economy. Some big retailers have answered by changing the way they do business. Initiatives range from modest to drastic. Small tweaks include re-instituting layaway programs, offering lower prices, making returns easier, and providing free shipping. More integral changes affect a company's entire philosophy.

Perhaps one of the most aggressive responders is JCPenney. In February, the retailer unveiled a new pricing approach, which it calls Fair and Square.

The new price structure is designed to simplify the shopping process, freeing the consumer from having to wait, watch for doorbuster sales, or keep track of special coupons. It includes Month-Long Values on featured items and Best Price Fridays every first and third Friday—the same days many people get their paychecks.

"While it's too early to draw any conclusions, we've heard from our

customers that our new pricing model is easy to understand," says Kate Coultas, JCPenney corporate communications senior manager. "In particular, customers like how our pricing is being communicated in-store. Not only is there less signage in the store—70 percent less, in fact—but our new price signage uses specific colors to clearly highlight our three price points."

In conjunction with its Fair and Square pricing strategy, JCPenney launched a new look for its stores, showcasing bold color accents, themed shopping bags, less clutter, and wider aisles. The stores



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will also feature a series of 80 to 100 brand shops, called Main Street, along with The Square, which re-imagines the traditional department store core.

In August, the company plans to begin updating all stores with the new presentation and new merchandise.

"Everything we do is focused on syncing our business with the rhythm of our customers' lives, so shoppers can find all the things they want, exactly when they need them, month by month," Coultas says.

Will it work? Steve Allen, an associate dean of North Carolina State University's Jenkins Graduate School of Management, says that consumers will be delighted with the changes as long as they are convinced they are getting the best value.

"JCPenney is betting that [it] can get more people in the store with this policy," he says. "I am skeptical this

will work, because the middle market JCPenney focuses on is vanishing. People increasingly go for either the best and most expensive product or the cheapest product. JCPenney is neither Nordstrom nor Walmart. It has been hurting [the retailer] for years and will continue to be an issue."

Walmart itself has taken steps to improve customer experience. After six quarters of traffic decline, the mega retailer is seeing its best U.S. sales performance in two years. "To put it simply," says Tara Raddohl, director of national media relations at Walmart, "our business model is working."

Over the last several months, Walmart has added approximately 10,000 items (11 percent of the average store's stock) in areas like local groceries, electronics, sporting goods, fabrics, crafts, and outdoor living.

The retail giant also offers its Ad Match Guarantee. "A competitor may beat us on price for a product driven by a sale, and in that rare instance our Ad Match Guarantee allows for an easy price match of any local competitor's ad for an identical product, right at the cash register," Raddohl says.

But in case retailers get complacent about recent gains, Allen points out that although a company's increase in sales is often attributed to changes in marketing tactics, in most cases, it's the marketplace that is really the driving force.

"If you look at the quarterly sales reports for retailers, you usually see that they all move up or down together," he says. "Sure, sometimes there is a hot new product or a disastrous idea that results in unusually high or low numbers for one company. But most times, market trends are the key drivers."