

OPPOSING MOVES



LOW PRICING IS "OFF" TARGET

After a six-month tryout at 50 of its 400 stores--including 8 in Michigan--the Target discount chain is abandoning its "everyday low pricing" strategy. Last year's hottest retailing trend, it appears, has failed to stir consumer passions. Target, the Minneapolis-based chain owned by Dayton Hudson Corp., said it is returning to its traditional marketing format--featuring weekly sales promotions--but will offer "great buys" every day on certain categories of merchandise. These "great buys" will be assigned to value-priced items that will never go on sale. Items won't be priced as low as if they were on sale, but will be sold "for an exceptionally good price that is highly competitive in the marketplace," spokesman George Hite said. If a competitor's sale price is better than Target's "great buy" price, he said, Target will match it if the consumer brings in the competitor's ad.

SOURCE: January 12, 1990 Detroit Free Press

SEARS SWITCHES GEARS

The "Everyday Low Pricing" policy introduced by Sears Chairman Ed Brennan last fall has failed to attract shoppers. Now Brennan's latest strategy is attempting to alter the way Sears does business. In a move that will compete directly with Montgomery Ward's new style, Sears will be divided into ministores or "power formats," each with its own management and own bottom line. Theoretically, each ministore is cohesive and independent enough to compete head-to-head with the specialty chains. Adding brand names to the Sears mix also forces managers to "focus more on what customers really want rather than on what Sears wants to sell them," says a company insider. Predicts analyst John Landschulz at Chicago's Cowen & Company, "Sears will be one of the great turnaround corporations of the 1990's."

SOURCE: U.S. News & World Report, December 11, 1989

WARD'S IS GETTING A FACE LIFT

After a five-year absence, Montgomery Ward & Co. has returned to the same Sterling Heights location it once occupied, this time with a new specialty-store format that Ward's says is the key to the Chicago-based retailer's turnaround. Consultant Jay Wedeven, of The Strategic Edge in Southfield, thinks Ward's is better positioned now to compete head-to-head with specialty retailers. "They've totally revised their concept," Wedeven said. The new Ward's features four entrances to four specialty departments with distinct identities in an integrated mall-like setting. The first thing shoppers see when they pass through the main entrance to the store is not a display of the season's hottest selling sweater, but a huge customer service desk Ward's refers to as the store's "nerve center." This lets customers know that customer service is their primary offering.

SOURCE: December 15, 1989

SEARS IN TEARS!

ALBANY, NY --New York State Attorney General Robert Abrams has filed a deceptive advertising lawsuit against Sears, calling the company's "everyday low price" strategy "a ploy to get customers in the stores." In the suit filed in New York state Supreme Court, the attorney general's office said an 18-month survey showed Sears' new prices didn't offer the overall savings that were promised. Michael Bozic, chairman-CEO of the Sears Merchandise Group, said the investigation was incomplete and that Sears plans to prove the charges are false. Sears spokesmen last week indicated the No. 1 retailer is planning a countersuit.

SOURCE: January 1, 1990 issue of Advertising Age