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ClothingCo Redesigning the Sleepwear Business (A)

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ABSTRACT

In January 2008 Blake Johnson, vice president of ClothingCo's consumer insights and strategy division, was charged by senior management to develop a strategy to redesign the company's sleepwear line. Should Johnson introduce a holiday-themed sleepwear line or a more multipurpose sleep/lounge line? How should Johnson convince the market research group to complete the necessary research for this project on short notice?

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ClothingCo: January 2008

INTRODUCTION

In January 2008, in a memorable senior leadership team meeting, Sarah Pintor, the CEO of ClothingCo, shared her disappointment in sales from the holiday season. Pintor's key concern was that despite an increase in revenue over the past holiday season, one of ClothingCo's staple categories, sleepwear, had seen a decline in sales. ClothingCo was an American retailer of women's wear and lingerie, with sales surpassing \$3 billion and an operating income of \$600 million.

CLOTHINGCO'S POSITIONING IN THE WOMEN'S WEAR MARKET

The women's wear market was comprised of three types of companies. There were specialty players, such as ClothingCo, Urban Outfitters, Anthropologie, and American Apparel. There were department stores, such as Macy's and Bloomingdales. In addition, there were mass retailers, such as Wal-Mart and Target. Despite its large scale, with over five times the number of stores of other specialty retailers, ClothingCo tried to be as on-trend as its competitors by using innovative materials and integrating cutting-edge designs into its portfolio of products. ClothingCo prided itself on thinking "outside the box" in its approach to women's wear. ClothingCo had been a market leader in sleepwear, a highly profitable segment, prompting Pintor to want to fix what she referred to as their "dismal" sleepwear business.

THE SLEEPWEAR BUSINESS

At the close of the senior leadership team meeting, Pintor had directed Blake Johnson, vice president of the consumer insights and strategy division, to repair the company's sleepwear business. Specifically, Johnson was informed that if he and his team did not turn around the business in preparation for the 2008 holiday season, the company would be in dire straits. Johnson had been employed by ClothingCo for five years, since graduating from business school. He had worked in several divisions of ClothingCo, including merchandise planning and brand development, and had recently been promoted to his current position.

Johnson felt conflicted about Pintor's request. Two years prior, the group had attempted to transform the holiday assortment in sleepwear but had been unsuccessful. Their approach had been to replace holiday-themed sleepwear with more simple sleepwear that incorporated holiday colors (e.g., red, green, and silver) but not patterns and prints. This approach was disastrous, as ClothingCo's key competitor had gone in the opposite direction, introducing a new advertising campaign promoting "stocking stuffer" sleepwear and incorporating the full gamut of holiday patterns and prints. This campaign resulted in record sales for their competitor, moving ClothingCo from being the market leader in sleepwear to the number three position that holiday season. Johnson was unsure whether the best direction for ClothingCo was to return to the traditional holiday sleepwear assortment that had been successful in the past or to introduce a more drastic change. It appeared that many on-trend players were developing more versatile collections, offering assortments that were multipurpose rather than used solely for a particular occasion or activity such as sleeping. Johnson knew that

taking ClothingCo in this direction could be risky, but he was also aware that this move could be the wave of the future.

BLAKE JOHNSON'S DILEMMA

In order to make the best decision for the company, Johnson knew he would need to convince the market research group (notorious for declining requests made on short notice) to rerun some consumer reports and conduct focus groups over the next week, targeting the 18- to 35-year-old customer segment. Although the market research group was incredibly well respected for delivering high-quality work, the group's reputation had recently been on the line after producing inaccurate figures for two senior leadership team meetings, as well as for the quarterly board meeting. Johnson had suffered the consequences of this error, presenting flawed work to the CEO, which reflected poorly on him and his team.

Johnson knew that he could use this mishap as leverage to get the reports done and have the focus groups conducted in a timely fashion. However, he was also keenly aware that he would need to rely on the market research group throughout this redesign process. Johnson wanted the redesign of the sleepwear business to be his legacy and wondered if he should remind the head of the group, Deborah Casey, of the mishap now or wait until later on in the process.

Discussion Questions

1. In which direction should Johnson take ClothingCo's sleepwear business?
2. What are the key challenges Johnson faces?
3. What specific actions should Johnson take?