

Lands' End: Living the Golden Rule

What's so interesting about a company that just wants to be nice? Longevity and year-after-year success, for starters. From a no-questions-asked return policy to patient, limitless customer support, Lands' End has developed a solid business model around treating customers the way they'd like to be treated. See how this former retailer of sailing products turned good manners into healthy profits.

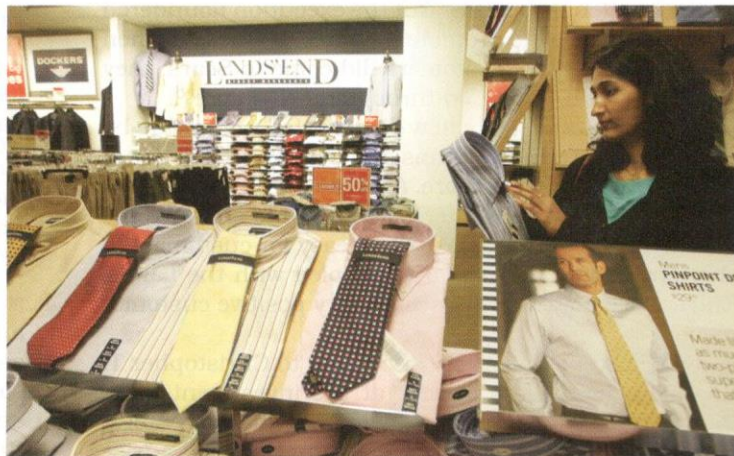
Customers Come First

Lands' End, a clothing retailer out of Dodgeville, Wisconsin, is known for its generous return policy. But no customer request tested this more than that of a car collector who asked to return a taxicab his wife had purchased for him more than 20 years before. In a novel departure from its normal trade, Lands' End had featured the vintage taxi on the cover of its 1984 holiday catalog and sold it to the woman for \$19,000. In 2005, the man contacted Lands' End and inquired about a full refund on the car. Cheerfully, Lands' End obliged and returned the woman's full purchase price.

This sort of humble business practice seems unusually generous in today's hypercompetitive retail market. But Lands' End has built a cult following—and consistently strong profits—on the basis of Midwestern kindness and durable, high-quality clothes. When online retail sales

top \$131 billion, companies need any edge they can get.¹ Lands' End gets its edge simply by living in accordance with the Golden Rule. All business practices—customer service, phone support, return procedures, employee treatment, and even relationships with suppliers—flow from the company's principled ideals. Lands' End refers to this philosophy in one simple notion: "What is best for our customer is best for all of us."²

Lands' End's customer-first policies are necessary to distinguish the company amid such catalog-based competitors as Maine's L.L. Bean, a company that has been around more than fifty years longer and has deeper brand equity. And, the firm's inimitable customer experience



has long been a shopper's favorite, especially during the holiday season. Though more and more customers order via the company's Web site, many still prefer to work with the well-trained phone staff, who receive 70–80 hours of product, customer service, and computer training when hired. They also respond to e-mails with a personal response, in most cases within three hours.³

Jeanne Bliss, author of *Chief Customer Officer* and a 25-year customer service veteran, started her career at Lands' End. She noted, "You've got to do reliability first: 24-hour delivery and answering the phone on the second ring 99.9% of the time. Then you've earned the right to do more." If you're Lands' End, "doing more" means adding fun touches, such as including holiday poems or instructions for turning shipping cartons into barnyard animals.⁴

Born from Boating

Lands' End began in 1963 when founder Gary Comer established the company to sell racing sailboat equipment, along with a handful of sweaters and raincoats. Comer, a 10-year copywriting veteran at the Chicago office of Young & Rubicam, sought a change of pace after leaving the ad industry and struck up a partnership with like-minded sailing enthusiasts.⁵ For several years, the company focused on sailing-related products until it became clear that what had been its peripheral merchandise—clothing, canvas luggage, and shoes—was in fact its most profitable.⁶

As the company's focus shifted to the casual, durable clothing it is known for today, its size and its profits continued to grow. By the spring of 1977, the company discontinued carrying sailing equipment altogether. One year later, Comer moved operations from Chicago to Dodgeville, Wisconsin. "I fell in love with the gently rolling hills and woods and cornfields, and being able to see the changing seasons," Comer said. He also likely fell in love with the substantially lower cost of operations.⁷

Lands' End continued to grow and diversify its clothing line for the next 20 years, culminating in a sale to Sears in 2002 for \$1.9 billion. Sears planned to expand on the relatively small number of Lands' End stores (only twelve outlet stores existed at the time) by creating a store-within-a-store concept. Some analysts considered this a brilliant move, especially because Lands' End was the top specialty catalog and top specialty online retailer at the time. But the execution floundered when Sears failed to promote the integration. And when faithful Lands' End customers did come to Sears, they found the stock scattered throughout the store.⁸

Lands' End shops are now demarcated from Sears by navy blue signs and columns and occupy an average of 10,000 square feet per store. According to Sears spokesman Christian Brathwaite, "The idea is to enhance the customer experience and make it easy for customers to shop for Lands' End apparel, coupled with the Lands' End service model. We've seen a very positive customer response."⁹

It's a solid bet for Sears, according to Christopher T. Shannon, managing director at the investment bank Berkery, Noyes & Co., who perceived that the store-within-a-store model is gaining steam. He noted a "rise

in demand from the public for more specialty retailers. I believe the goal is to have more of a one-on-one relationship with the end-buyer and offer as many different ways to make a purchase as possible."¹⁰

Standing Out from the Crowd

To maintain a competitive presence in the crowded retail clothing market, Lands' End employs a number of creative strategies to stay at the forefront of customers' minds and wallets. Its Web site was the first to offer a feature called "My Virtual Model," a tool that uses customer-supplied measurements to generate a 3-D likeness that can be used to "try on" merchandise. To answer customers' questions as they occur, while maintaining a seamless Web shopping experience, Lands' End installed a chat module called "Lands' End Live."

Banking on the durability and conservative styling of its clothes, Lands' End branched out of the traditional retail model to market directly to businesses, institutions, and schools. LEBO—the company's business outfitting division—strives to free organizations from the monotony of stuffy, starched uniforms. To attract attention to this program, LEBO provided a free apparel makeover to three companies, partnering to develop new looks that were eventually highlighted in the LEBO catalog.¹¹

When the annual holiday shopping season approaches, Lands' End kicks its customer-retention efforts into high gear. In a recent holiday season, one customer service representative from each of the company's three call centers is chosen to serve as Elf of the Day from November 28 to December 18 and given the discretion to offer randomly selected customers complementary upgrades, such as free gift boxing or monogramming. "It's a way to spread a little extra surprise and happiness to customers," said Lands' End spokesperson Amanda Broderick.¹²

But as other clothing retailers follow suit and improve their customer service skills, Lands' End may begin to find itself with stiff competition and pinched profit margins. Do you think the company has what it takes to distinguish itself in the crowded apparel marketplace?

DISCUSSION QUESTIONS

1. How could the planning process be followed to create a plan for continuous improvements in Lands' End's online customer service?
2. If you were hired by Lands' End to help benchmark its customer service performance, which three companies would you choose and why?
3. How could MBO at Lands' End build a clear hierarchy of objectives, improve goal alignment and help with implementing plans within the customer services area?
4. **FURTHER RESEARCH**—Browse the Lands' End web site and check the business news for updates to learn as much as you can about the company. Do the same for L.L. Bean. Does one firm or the other have any special advantage in respect to planning for future success? Why or why not?