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**ABOUT THE COMPANY**

Payless was founded in 1956, in Topeka, Kansas on an innovative idea-selling quality shoes at affordable prices in a self-select environment. Payless Shoe source is the largest specialty family footwear retailer in the Western Hemisphere. Payless Shoe source offers a trend and all-inclusive range of everyday and special occasion shoes and accessory items at affordable prices, for every member of the family. Payless has built its success by offering a large selection of shoes at very low prices and maintains its prices by engaging in a self-select model combined with leading customer service to provide a fun and engaging shopping experience for its customers (About Us, n.d.).

**GUIDING PRINCIPLES**

Payless’ mission is simple: “*To be on the Go to, Get more, Payless shoe store for our target customers.”* Payless represents its values and reflect on how they do business in and day out. The pillars that shape the culture and make Payless great are,

**Delighting the Customer**

*“We will act with customer in mind and deliver a great experience by anticipating the marketplace and exceeding expectations.”*

**Show Respect**

*“We will value everyone in all aspects of our business and embrace differences to cultivate an inspiring, fun and productive atmosphere.”*

**Inspire Possibilities**

*“We will deliver creative and innovative ideas to continuously improve; and by embracing change, we will learn and grow.”*

**Deliver Excellence**

*“We will be accountable to achieve results through consistent execution and quality in everything we do for our stakeholders.”*

**Do What’s Right**

*“We will act with courage, demonstrate honest and ethical behavior and be responsible to our customers, our shareholders, our communities, our planet and each other”* (Guiding Principles, n.d.).

**CODE OF ETHICS**

*“At Payless, we are committed to achieving results, but more importantly we are committed to achieving them honestly and ethically. Our reputation is built on a culture that inspires confidence in our associates, our business partners and most of all, our customers. Our Worldwide Code of Ethics sets out the standards of conduct we expect of ourselves and our teammates”* (Code of Ethics, n.d.).

**DIVERSITY & INCLUSION**

Payless values diversity and inclusion to realize its full potential as individuals, as teams, as a global company and as a community. Embracing diversity and promoting inclusion are essential to the success of the business and enables the company to better meet the needs of the customers, associates, partners and the communities in which they serve.

*“We believe Diversity is about people. We celebrate the unique visible and invisible attributes, experiences and characteristics of our associates. We believe Inclusion is about culture. We strive to develop, promote and sustain a culture where all feel welcome, are valued and have an opportunity to contribute and succeed* (Diversity and Inclusion, n.d.)*.”*

One way Payless celebrates the power and promise of Diversity and Inclusion is through resource groups. At the Payless corporate office, associates participate in activities with organizations such as the Women’s Resource Group, the Multicultural Resource Group, the Sustainability Resource Group, and the Young Professional Resource Group (Diversity and Inclusion, n.d.).

**SUSTAINABILITY**

Payless’ sustainability approach encompasses the triple bottom line; People, Planet, and Profit.

For Payless associates, this goes beyond individual acts such as recycling bottles and office paper, and includes larger projects like lowering corporate and store energy consumption and partnering with organizations to facilitate giving back to the community (Sustainability, n.d.).

**Reducing Waste**

***Recyclables Collection***: Payless partners with Asset Lifecycle, Waste Management, and Shawnee County Solid Waste to collect e-waste, paper, and other materials from

Corporate associates for re-use or recycling: Payless aims to offer expanded recycling services for associates on or around Earth Day every year.

**Recognition**

Payless’ commitment to sustainability and reducing energy consumption. Payless has been recognized with various awards; with their most recent achievement is the National Keep America Beautiful Award and 2nd Place for Waste Reduction.

***Label Project***: To reduce unnecessary shipping of materials and thereby reduce fossil fuel consumption, the Sustainability Resource Group facilitated the introduction of a new shipment labeling process. Payless achieved a reduction of 1,200 pounds in materials shipped per year.

***Corporate Office***: Several strategies are employed at Payless World Headquarters to reduce energy consumption. Payless use common sense practices like shutting off lights at night and urging associates to turn off desk lights and computers when they leave. Recent equipment upgrades and other improvements to the air conditioning/heating systems also allow for reduced energy consumption.

***Store Locations***: Taking the initiative on the LED lighting movement, selected Payless locations have new LED overhead lighting, substantially reducing energy consumption and waste.

***Giving Back***

At the Get Down and Get Dirty event through Keep America Beautiful, Payless’ Topeka/Shawnee County; associates volunteer to clean up litter each year in April.

**COMPANY PRESPETIVES**

***Strategy***: Payless’ primary strategic goal is to be the most successful footwear retailer in the world. With a plan to accomplish this goal by expanding their core footwear and accessories businesses, while increasing profitability and maintaining a strong balance sheet. To achieve this goal, the company has several key business strategies; Positioning Payless Shoe Source as the Merchandise Authority for value-priced footwear and accessories. The company intends to affect this strategy through: new product offerings, featuring merchandise that is right, distinctive and targeted for its customers including an increased selection of leather footwear. New messaging to communicate this positioning to its customers at every point of contact by using the stores as the lead communication vehicle and leveraging with highly identified spokespeople and exposure through influential fashion media; and improved execution, such as:

(1) Educating its store associates to use key service behaviors identified to impact conversion in their interactions with customers,

(2) Continuing to implement, through remodeling’s and new store openings; a new store design is intended to be more attractive to consumers and featuring enhanced displays, color, lighting, graphics and improved levels of customer service, and

(3) Implementing new technologies to enhance its ability to satisfy customers.

**STRENGTHS**

* International Presence
* International Franchising

Currently with Europe, Africa and Asia

- Has over 4,400 stores in more than 30 countries

- Serves all 50 US states

 - Operated through joint ventures

 - Online access

Payless operates a range of successful store formats, each designed to function in high profile shopping malls and prime retail locations. Payless’ product and its self-selection store concept caught on with customers, and Payless grew fast. Today, Payless is reenergizing their founders’ vision to make great design and fashion accessible to all customers. Demographics for Payless have always played an important role in their overall strategy. Targeting women 16-49 with an income lower than $75,000. This target market is ideal because individuals within this demographic express themselves through fashion. To celebrate its renewal and change the way people think about Payless, it has given themselves a new makeover. Payless has a new logo, its merchandise is fresh and stylish, marketing is more vibrant and is showing in stores. Most of all, Payless is changing their attitude and their self-image.

**WEAKNESSES**

As Payless continues to grow, they are working to increase its sales by joining there affiliate programs on the web, mainly in North, Central, and South America, an effort that can extend to all regions in which the company operates. As a problem for all companies, weaknesses, are undeniable and are usually established over the intervals of a company’s life span. Currently, the most powerful weakness is lack of motivation from employees but leads up to the way Payless treats their employees. It is a problem that the company faces all over the country, due to not paying employees for lunch breaks. I believe to minimize this weakness Payless’s management should take a training course on how to treat their employees. Another important weakness Payless faces is future profitability, footwear retailers like Collective Brands have seen lower U.S. sales hurt by the still weak American economy and high unemployment rates.

The retailer, the holding company of Payless Shoe Source, said lower traffic and reduced average selling prices led to a fall in Payless sales in the United States and a decline in comparable sales at the segment

**OPPORTUNITIES**

Most companies, but not all are graced with the opportunity of a plan of expansion. As for Payless, the company has decide, to expand its opportunities for franchise business. According to Franchise Business Opportunities, *“Payless has made a major step in its international expansion effort this past weekend with the first store openings in the eastern hemisphere.*”

Payless celebrated the grand opening of its first Payless Shoe Source stores in the Middle East, with a 220-square meter store located in The Avenues mall in Kuwait, and a 240-square meter store in the Sahara mall in Riyadh, Saudi Arabia (Franchise Business Opportunities, 2009).” Ensuring product availability and optimizing supply chain effectiveness: Payless uses different systems and models to ensure timely delivered to meet customer demand, which drives sales and margin growth. The company creates targeted assortments based on localized demand and specific product lifecycles. Payless also prices their products at the store level to manage aged inventory. Payless has a global supply chain structure that integrates their design, product development and sourcing functions. Coordinated transportation is also a vital component of efficiency for Payless. They employ the just-in-time model and each distribution center only has eight days of supply for store replenishment. Another opportunity present itself to Payless, is a career. Payless is known to be the largest family footwear retail companies, to offer jobs in many different areas to work. Working Payless, is not just another dead in job, it’s an opportunity for you to grow in the company, not only that you can build up a relationship with management, to become a manager.

**THREATS**

- Sales

- Revenue

- Competition- Walmart, Target, Kmart, Sears, JC Penney’s

According to Payless*, “Depending on your interests, you can gain expertise across many areas of the organization, and there are many opportunities to expand your experience and your career* (About Us, n.d.).” A major threat Payless faces, is, they compete mainly with Famous Footwear, J.C. Penney, Kohl's, Macy's, Marshall's, Ross Stores, Target, TJ Maxx, and Wal-Mart and they seek to compete effectively by coming into the market with differentiated, trend-right merchandise before mass-market discounters. Besides the timing of producing new merchandise, Payless also requires their trend-right merchandise to be priced below department stores and specialty retailers. In the worldwide footwear industry, Payless faces various competitive challenges from retailers and wholesalers since their financial and marketing resources are less than some competitors. Finally, threats that unfortunately all company face at some point of time during the company’s life span is retaining customers. As mention, in Review Stream *“the challenge is Payless needs to change the quality of their shoes* (Payless Shoesource, n.d.). Payless shoes were very poor in quality back 2003 and 2004 because their shoes were cheap and gumming in the inside of them. However, Payless has learned to improve their quality of shoes by upgrading its fashion and style of its shoes. To neutralize the threats that are occurring from within the general environment, this company should not be trying to make cheap shoes, even though it’s a value you retail footwear store, they should give you quality shoes and accessories.

I think the other footwear store owners should protest in a manner where, the other owners should speak out how Payless is choosing to sell cheap and low quality shoes. However I think the family footwear giant should focus on how to improve their shoes and accessories. I mean families who can’t afford to buy high price shoes, should be able have a good quality pair of shoes and accessories because it’s a value footwear retailer.

**RECOMMENDATIONS**

* Increase competitive edge
* Increase advertisement
* Market share
* Increase awareness

Although Payless has made some bold and aggressive steps in recent history, to further strengthen their position in the marketplace, I feel Payless needs to initiate changes on continued and expanded efforts in pricing strategies and product differentiation, a refined domestic retail system, new strategic marketing initiatives, and a revised overseas expansion policy are all necessary for Payless to realize sustainable competitive advantages in the marketplace. Payless should continue to expand their emphasis on fashion in their products, as opposed to strictly cost leadership. Payless should also continue to pursue aggressive cross-promotional strategies, such as their recent involvement with the Project Runway show. Payless has begun to successfully expand from exclusively selling footwear now to carrying fashion accessories as well. Through continued and expanded efforts in pricing strategy modifications and product differentiations, Payless will continue to strengthen their long-term viability in the marketplace.

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