



Core Project

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Executive Summary

Men's Wearhouse is an internationally renowned retail store specialized in providing men with high quality, professional apparel. They specialize in the sales and rentals of suits with a style designed to build confidence in their customers. Originally founded in 1973, by George Zimmer and his college roommates, they found a potential way to tap into the market that would allow them to grow and prosper into the organization they are today.

One of Men's Wearhouse main ideals is to operate through their core values, which include "maximize sales, provide value to our customers, and deliver top-quality customer service," (Ewert, Men's Wearhouse Corporate Governance, 2014). Another way Men's Wearhouse lives by their slogan, "Confidence Suits You". They continue to strive to reach these goals through their hard work and dedication to their customers and the services they offer. Men's Wearhouse main customer's, however are looking for new ways the company can advance and diversify itself.

Our team has developed a growth strategy, throughout this paper that will introduce an existing product to a new market. *Suits U*, by Men's Wearhouse, is a program that will be established through university and college campuses. This program will provide the college male student with rentable attire to build confidence and a professional image for special occasions. Our team has chosen three locations, The University of Houston, Northwestern University of Chicago, and North Carolina State University to test the implementation our strategy. This paper will be categorized in three sections, Management, Marketing, and Finance. In the Management section we will outline supply chain management and general information about Men's Wearhouse. In the Marketing section we will focus on the price, product, promotion, and place of our products through our growth strategy. In our final section, finance, we will report cost of capital, pro forma statement, and a variety of other financial scenarios. After conducting research, this paper will establish our strategy and the methods that we believe will succeed for this proposed project.



Who Is Men's Wearhouse

Men's Wearhouse, founded in 1973, is best known for their tailored suits and professional wear for men. Men's Wearhouse originally aimed to provide a more inexpensive professional wear option to men with original prices of \$10 dollars for slack and \$25 dollars for sports coats. Today they are known best for providing high quality suits as well as a tuxedo rental program for special occasions, casual wear, shoes, accessories and a variety of other clothing items for men.

What Is Men's Wearhouse Know For

Men's Wearhouse is known mostly for supplying professional men with professional and casual work attire. The company has worked toward reaching out to a greater population of men by adding casual wear, accessories, and other essential products. One of the features Men's Wearhouse is most known for is their in-store alteration, to create a perfect suit fit for all customers. This has given Men's Wearhouse an advantage by providing men with their entire suit needs in one location. Men's Wearhouse provides a tuxedo rental that offers a variety of styles for special events, such as wedding, proms and quinceañera's. These products are provided with excellent in-store service as well as a guarantee of high satisfaction.

Differences

Although there are related department stores that provide similar products to Men's Wearhouse, there are three things that set Men's Wearhouse apart from their competition; maintenance and up keep of suits, unique style advice, and sustainable efforts. One of the most well-known attributes of Men's Wearhouse is their in-store tailoring option. This service is available to a customer in any Men's Wearhouse location; 24-hour tailoring of any suit is also available upon request of the customer. Along with providing custom tailoring, Men's Wearhouse offers lifetime pressing on all suits purchased from their stores. These services provide customers with high quality, well-maintained suits while, insuring that customers will return if they are satisfied with their experience.



Often stylists at a store can offer advice on current trends and what is appropriate for men in the workplace. Men's Wearhouse has taken this a step farther and has introduced "Guy'd Lines". "Guy'd Lines" is an online function that offers a variety of videos and articles that range in advice from suit basics to unique ways to update or showcase a customer's individuality. This gives men the opportunity to style themselves at the convenience of their home. Guy'd Lines also attracts a younger demographic who may need advice on how to dress professionally. This sets Men's Wearhouse apart from other major competitors, while also increasing several demographic.

The third way Men's Wearhouse is different from its competitors is due to their sustainable efforts. Men's Wearhouse is environmentally conscious and socially conscious through their social responsibility doctrine, available to the public on their website. One aspect of this doctrine is the 100% green dry cleaning, Men's Wearhouse uses at their two facilities. They have created a process that produces minimal waste while maintaining high quality through the cleaning process. Men's Wearhouse also manages a recycling program that recycled 1,640 tons of waste in 2012 alone (Men's Wearhouse-Corporate Responsibility, 2014). Their social efforts are also present, through their multiple donation and relief programs. Men's Wearhouse upholds a commitment to communities and the Earth, not always present in their competitors. Although this does not directly relate to increases in profits, their efforts to improve areas they live in can make them a well-rounded and influential company.



Corporate Goals

Men's Wearhouse has three main corporate goals outlined in its mission statement: to maximize sales, provide value to our customers, and deliver top-quality customer service, as stated by the CEO and President of Men's Wearhouse, Doug Ewert (Men's Wearhouse-Corporate Governance, 2014). Although there is no formal mission statement, this statement from Ewert is the most accurate view of Men's Wearhouses' mission. These goals are promised to be upheld through "collective honesty, sincerity, integrity, responsiveness, authenticity, mutual goodwill and caring" (Men's Wearhouse-Corporate Governance, 2014). Men's Wearhouse has delivered on this promise through their excellent customer service in the stores as well as at their call center. They continue to improve their productivity and quality through these goals and attributes.

Stock Analysis

Men's Wearhouse's stock price, traded under the ticker symbol MW, has been growing since a previous decline. The reported price range on October 8th was \$44.00 to \$45.71 per share and trading closed with a per share price of \$45.53. Shares were up 1.07% that day (in the green) but looking at the day's stock growth on *Yahoo! Finance*, share prices did not stay constant throughout the day. Shares were their most expensive starting at 2pm and rapidly climbed before the trading day closed. Shares were their lowest between 11am and 1pm. This could be due to a various number of factors, but none out of the norm for stock such as Men's Wearhouse. Investors may have decided to resell their existing stock at the end of the day when prices were up, investors may have decided to purchase stock for the first time, or additional stock when it was down earlier in the day, forcing the price of stock up. It is very typical for stock prices to go up and down in a given day, and when the trading day closed, the companies stock was still up 1.07% (*Yahoo! Finance*).

As mentioned above, MW's stock has not always been a climber and hit some recent falls after the business done with competitor Jos. A Banks Clothiers, Inc. The company fully acquired its competitor (Banks) through the cash purchase of all outstanding shares of common stock as well as associated stock purchase rights in June of this year. The stock price



was set at \$65.00 net per share in cash and stock was purchased with no interest attached and did not require any withholding of taxes (*Men's Wearhouse Completes Acquisition of Jos. A. Bank*, 2014). Men's Wearhouse was in a position to expand, both in profits and scale of their sector in the industry, and was at a position to do so. This was great news for the current stockholders in Men's Wearhouse as they could see that the company was in a financial position where it could do something of this nature, without impacting the long-term debt and equity of the company and their investments. Both companies seemed to be looking forward to a successful and profitable collaboration of both brands, and to add additional value to their stockholders. Not only was Men's Wearhouse celebrating becoming more profitable but now had cornered a larger sector of the competitive market- suppliers, stores, employees and customers of Jos. A Banks.

However, the afterglow of this acquisition was short lived, as Men's Wearhouse reported a 71% profit decline as early as September. The acquisition, which cost the company \$1.8 billion, not only decreased profits compared to 2013 but also decreased the stock worth of the company. The two companies could not see eye-to-eye on some promotional ideas, such as the sales that Jos. A Banks was running. As cited by *The Street*, shares of Men's Wearhouse dropped 6.68% and were priced at \$50.27 per share the morning of September 11th. Profits were calculated at \$12.3 million, or 25 cents per share, down from the \$42.9 million profit and 85 cents per share for the 2013 period (Meola, 2014). It seemed as if investors jumped ship and pulled out from their investments when news broke of the acquisition not going to plan. Investors no longer saw value in the stock they had acquired previously and more than likely started to doubt any financial gain and success of the acquisition. For a business decision to cost so much and for it not to go well or even as planned, had the potential to tarnish the trust between Men's Wearhouse and its current and future investors.

Although Men's Wearhouse stock has been down lately, the price has been up comparatively over the last five years. They have not been a straight upward climber since 2010, but the stock has been on the rise every year. On October 4, 2010 the opening-trading price for shares was \$24.01 and closed at \$24.85. Approximately 3.9 million shares of stock were traded in that day with a percent change of -2.32% ("Men's Wearhouse Equity- 5 Year



Chart”, 2014). It should be noted that this might have had to do with the time of year that this took place. Some of Men’s Wearhouse primary customers are grooms and those looking for wedding attire, as well as prom goers and young up-and-coming professionals. The company offers suit rentals as well as suits for sale, and wedding season, homecoming and back-to-school season all co inside around May till October. The busy season for the company in terms of inventory turnover due to this time of year may have sparked an increasing interest in stock. This trend can be noted in most years from 2010 to now.

An exception to this trend was in September 2013, when stock prices decreased at a rapid rate. During this time Jos. A Banks put in an open bid to purchase the remaining stocks in Men’s Wearhouse, which the company later rejected. Like the current issues related to the acquisition of Jos. A Banks, this news could have made investors fearful of the future and resulted in the decline in stock price. Lead Director of the Board Bill Sechrest went on to say that the proposal ““significantly undervalues Men’s Wearhouse and fails to reflect the Company’s growth strategy and upside potential,”” (McGrath, 2013). After the news of this failed acquisition went to press, it can be noted that the stock increased again in October.

SWOT Analysis

Strengths

Men’s Wearhouse has several strengths that help make it the successful company it is today. First, Men’s Wearhouse has a strong brand name and a good reputation. Furthermore, as being one of the largest tuxedo rental companies in the industry, Men’s Wearhouse could be considered the go-to place for prom-goers, grooms and business professionals. The company makes suits for men of all ages and sizes. Their company website is another strength, in the way that it is easy to navigate and allows purchases to be made from the comfort of the customer’s home. The website also has filtering techniques to better help the customer search for what they desire. Likewise, the company holds strong ties with top fashion brands for men such as, Michael Kors and Calvin Klein. Men’s Wearhouse can afford to have high quality suits and still sell them at a reasonable price unlike some of its competitors in the industry. Lastly, the company is very community based holding an annual suit drive that has collected over 200,000 suit pieces to help men get into the workforce.



Weakness

Unlike most companies, there are practices Men's Wearhouse does not help the company generate revenue. For example, Men's Wearhouse does not spend a large amount of money on marketing and does not keep an active social media page. Whereas, other companies in the industry have a greater presence on social media. Another weakness is that Men's Wearhouse focuses on suits for males only therefore, the store is less accommodating for shopping trips with the family. Consequently, stores are mainly found in suburban areas making for a further trip to the store for customers in rural areas. The company tends to promote from within. This potentially causes a reduction in creative ideas and company innovation("What Falling Estimates & Price Mean for Men's Wearhouse (MW)", 2014). This can create a negative affect against its competitors. Last, after an aggressive move to purchase Jos. A. Bank for \$1 billion dollars, currently Men's Wearhouse has not had a positive return on its \$1 billion investment (Seltzer, 2014). The company has been trying to increase profits by cutting any costs possible. This could lead to a harmful relationship with their suppliers.

Opportunities

There are several areas for Men's Wearhouse to increase their share in the market. For example, Men's Wearhouse could increase the number of stores they have overseas and increase their presence in the international market. In addition, the company could create stores around college towns especially, ones known for their business schools. Likewise, Men's Wearhouse can extend its products into women's clothing as well. Suitcases and luggage for business travel would be a successful product line as well. To expand further, the stores could hold a wider variety of accessories to go along with the professional clothing they have to offer. Men's Wearhouse can expand their market base and develop a more modern marketing strategy for this generation's customers. For example, the stores could offer embroidery that customers could create and customize their suit. This could provide individuality to all customers. In an effort to strengthen the company's relationship, Men's Wearhouse could also enter into a long-term contract with its suppliers and vendors. This way Men's Wearhouse could continue great quality products from their suppliers.

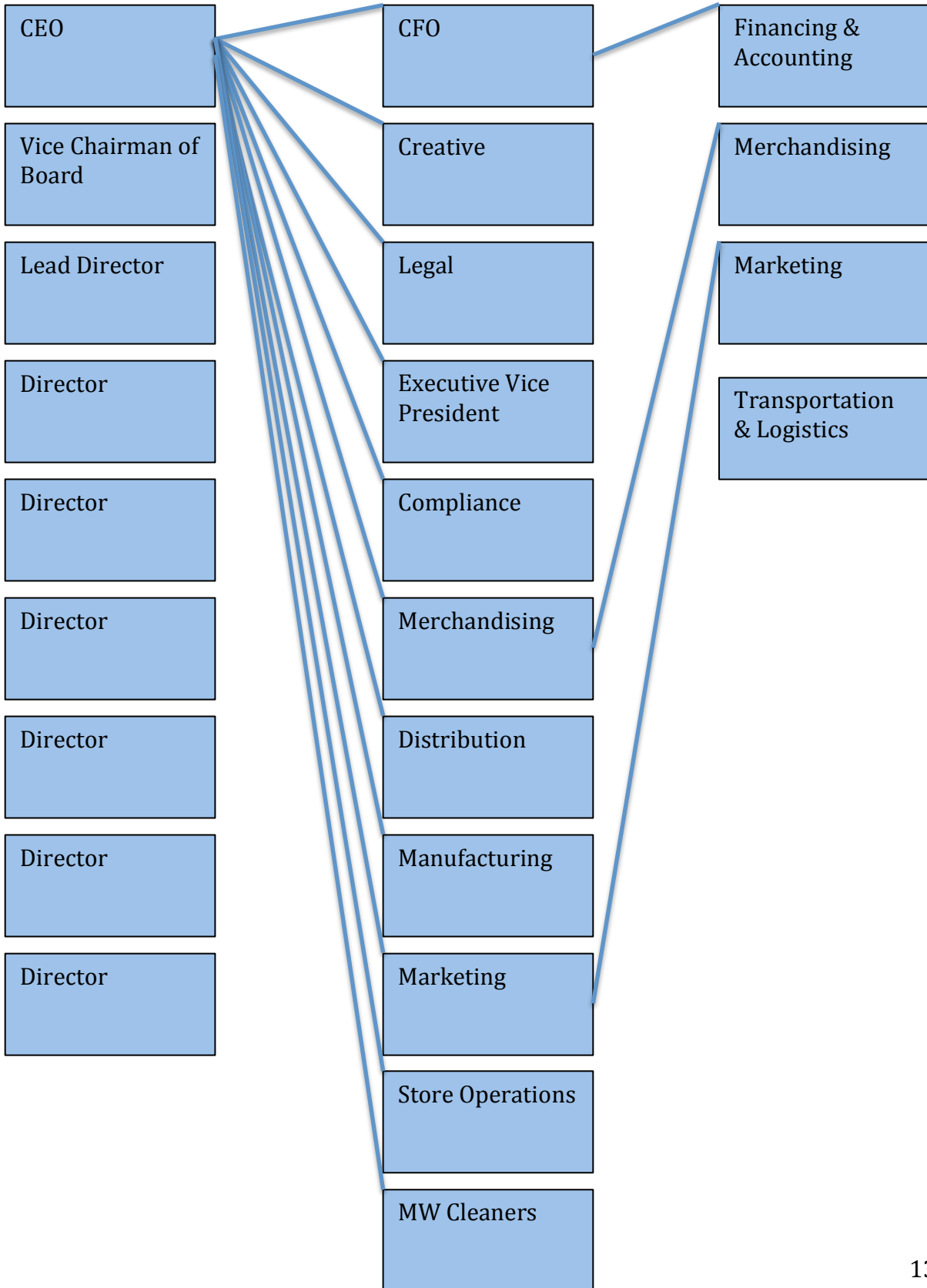


Threats

Many factors pose a threat to Men's Wearhouse from expanding its product and generating revenue. First, the company's stock is falling and the acquisition with Jos. A. Bank has not shown a positive return. There is a slump in regards to the company's earnings. From an outside perspective there are several companies who affect Men's Wearhouse's sales. The companies in the same industry as Men's Wearhouse are: Macy's, JC Penny, Nordstrom, Saxe Fifth Avenue, and according to Bloomberg the biggest competitors are: TJX Cos Inc., L Brands Inc., The Gap, Ross Stores Inc, Lululemon Athletica Inc, Urban Outfitters and Burlington Stores Inc. All of the above companies are competing for similar customers and reduce Men's Wearhouse's share of the market. Men's Wearhouse needs to continue to adapt quickly to the environment of the market to attract as many customers as possible.



Organizational Structure





Historical Growth

Since opening their doors Men's Wearhouse has grown to 1,756 (Yahoo! Finance, 2104) stores nationwide. After their twelve successful stores in Houston they moved to the San Francisco Bay Area with continued expansion in Dallas, Sacramento, Portland and Seattle. By 1992, Men's Wearhouse was opening around 50 stores a year. This is the equivalent to one store every week, reaching just over 500 total stores by 2000. The Men's Wearhouse website has also allowed the company to expand into a larger market. Launching in 2000, the website currently allows Men's Wearhouse to ship to over 100 countries worldwide.

Another way Men's Wearhouse has improved their growth rate has been through the use of television ads. Their first ad aired only two years after they opened, and "looked and sounded very much like commercials for used cars" (Men's Wearhouse-Timeline, 2014). It was not until 1986 that Zimmer himself starred in his first commercial. Zimmer said that he wanted to become a spokesman "because I wanted to establish credibility for our everyday low pricing." He believed that he would be more relatable to customers and in turn they would be more willing to buy from Men's Wearhouse. It was in Zimmer's first commercial the famous line "I guarantee it" became a staple of Men's Wearhouse advertising.

Our Customers

Customers, often times educated working white-collar career orientated males, come to Men's Wearhouse for an the available products but also an experience. They are looking for a suit or clothing item for work or a special occasion at a reasonable price point but expect an interaction between themselves and the staff in-store. The consumers of Men's Wearhouse, like any retail store, expect to feel cared for and that there needs are being meet by sales associates. A known level of quality customer service not only attracts customers to the store but will help develop relationships with repeat customers.

A man needs to feel comfortable in the suit and complementary products they select from Men's Wearhouse to exude confidence. Customers also visit Men's Wearhouse for their personalized in-store tailoring. Tailoring to a suit creates a more uniform and professional



look, making the suit personal to the individual customer's body type. Tailoring, often times an expensive and daunting prospect is made easy and worry free at Men's Wearhouse.

Customers can breathe easy knowing that the money put into the suit will be well worth it because once a seam is altered Men's Wearhouse guarantees free re-alterations on that seam, within the limitations of the garment behavior ("Men's Wearhouse" (MW), 2014).

Recent Changes in Customers Behavior

Men's Wearhouse Current Demographics

While most of Men's Wearhouse demographics is aimed toward all men ages 18-45, the majority of sales come from men above the age of 35 (Marzilli, 2013). Although Men's Wearhouse has attempted to increase their sales by marketing to a younger demographic, through the use of slimmer fit styles and tuxedo rental programs, Men's Wearhouse does not hit this target consumer. However, with their ever-growing product range and effort to create a company that men reach out to for professional wear and all clothing and style; Men's Wearhouse is always growing and improving.

Demographic Changes in Target Market

Recent changes however have created a new look and potential growth for the company. Their recent acquisition of Jos A. Bank and their move to create higher value with a better-rounded supply of products. This is an attempt to create new customer relationships, while maintaining old relationships as well. One reason for this change is in the average age of the work force and a change to a more casual dress in the past years. With Baby Boomers retiring and Generation Y filling these positions along side Generation X there will be a large change in the workforce, including the styles that are appropriate and on trend (Bernard, 2014). IBISWorld expects this trend to change in three to five years, altering the workforce dress code to more casual work environment. With the more laid back style at work, Men's Wearhouse has the opportunity to reinvent itself in the coming years. One way they have already started this change has been in the recent drop of their slogan "You're going to like the way you look, I guarantee it". Although the phrase "We Guarantee It" is still present on



their website, it has stopped appearing in commercials, instead the slogan in commercials is, “Confidence Suits You”. This switch is most likely to integrate returning customers and new potential clients. With the step towards obtaining customers from a different age demographic, it is not surprise Men’s Wearhouse would attempt to change their image to best suit this new target market. Men’s Wearhouse is attempting to adapt to the changing market, through different style options and creating a new public image.

Economic Changes in Marketplace

Due to the recent recession many customers did not make purchases as often. This is especially true of Generation Y and Generation X, who have both received more purchasing power in the most recent years (Bernard, 2014). This demographic will increase as Baby Boomers retire over the next three to ten years. However due to the increase in the economy, many consumers are more willing to spend money on quality products, such as professional apparel. Men’s Wearhouse will be able to increase their profits if they are able to meet customer demands for products.

Product and Services

Men’s Wearhouse offers a wide range of products and services. Men’s Wearhouse is most known for selling suits but there is a wide range of retail clothing products offered as well. Some of the retail products offered by Men’s Wearhouse include suits, suit separates, sport coats, slacks, formalwear, business casual, sportswear, outerwear, dress shirts, shoes and accessories. These come in classic, modern and slim fits and in a range of sizes, including a selection of Big and Tall product (“Men’s Wearhouse Inc. (MW) Company Profile”, 2014). They offer many of these options online or at any of their store locations.

Men’s Wearhouse is set apart from its competitors through the number of services and quality they offer to their customers. The service that Men’s Wearhouse is most known for is their suit and tuxedo rental program. Men's Wearhouse Tux stores accounted for 70.3% of its total retail segment net sales in fiscal 2012 (“Men’s Wearhouse Inc. (MW) Company Profile”, 2014). The program has a smaller selection of suits and tuxedos compared to their overall inventory. However, the tuxedo and suit rental program is designed to attract a younger



demographic, expanding the brand and attracting new consumers. Another service they offer is a 24 hr. suit repair and tailoring. All suits come with free lifetime suit pressing at anyone of its many stores around the country. They also have the ability to hem slacks while you wait for your suit to be pressed. One more service is that Men's Wearhouse will repair dress shoes. Adding this service of shoe repairs helps set them apart from their competitors. In addition, the Company operated 35 retail dry cleaning, laundry and hair looming facilities in the Houston, Texas area ("Men's Wearhouse Inc. (MW) Company Profile, 2014"). The dry cleaning facilities are all made to be environmentally friendly to help aid in creating a cleaner world.

The last service Men's Wearhouse provides to its consumers is a rewards program called the Perfect Fit. Perfect fit is a program in which the consumer can receive \$50 reward for every \$500 purchased; online users receive free shipping, \$30 off tux rentals, and a special offer on a customer's birthday. Perfect fit is a program designed to retain and build their consumer base and to keep customers coming back and buying again. Men's Wearhouse has created a wide range of products and services for its customers to create an unforgettable experience.

Why Customers Buy Men's Wearhouse Products

There are many reasons consumers chose to purchase Men's Wearhouse products and services. Men's Wearhouse has a wide range of retail products to choose from, fulfilling a wide range of consumer style and fashion trends. Men's Wearhouse has popular brands such as Calvin Klein, Kenneth Cole, and Jones ("Men's Wearhouse (MW)", 2014). The brands that the company carries are focused on casual and business events. Whatever the event Men's Wearhouse offers world-class consumer service and high quality products, to give you the consumer a great look and inspires confidence.



Order Qualifiers and Winners

Men's Wearhouse has many order qualifying and order winning characteristics of their products. Men's Wearhouse has quality suits of various styles and from different brands such as, Calvin Klein and Kenneth Cole. Their styles include those of big and tall as well sport coats and blazers. Services including high quality tuxedo rentals, customized tailoring and shoe repair. Men's Wearhouse most important service is their strong focus on meeting and exceeding the customer's expectations.

Industry

Recently, Men's Wearhouse has been gaining more of the market share and a competitive standing amongst others in the industry. Not only is the company growing in terms of their selection of styles and fit of suits that they carry, but the company is looking to expand into a wider set of demographics. The days are gone where Men's Wearhouse just carried suits for a man in his late to mid 40's as the company looks to invite more of the younger demographic into their stores.

The company is starting to carry a larger selection slim to modern fitted suits and is the beginning stages of changing their marketing strategy. With the recent change of their recognizable slogan "You're going to like the way you look – I guarantee it" and firing the face of the company, founder George Zimmer, the company looks to create commercials and advertisements that invite more of a younger demographic. The company hopes to change what the Men's Wearhouse customer looks like and have began to do that by changing the models they use in both their TV advertisements and print work.

Men's Wearhouse have also found themselves in a better financial standing than their competitor Jos A Banks early this year. The company fully acquired its competitor (Banks) through the cash purchase of all outstanding shares of common stock as well as associated stock purchase rights in June of this year. However, the afterglow of this acquisition was short lived, as Men's Wearhouse reported a 71% profit decline as early as September. The acquisition, which cost the company \$1.8 billion, not only decreased profits compared to 2013 but also decreased the stock worth of the company. The two companies couldn't see eye-to-



eye on some promotional ideas, such as the sales that Jos. A Banks was running. As cited by *The Street*, shares of Men's Wearhouse dropped 6.68% and were priced at \$50.27 per share the morning of September 11th. Profits were calculated at \$12.3 million, or 25 cents per share, down from the \$42.9 million profit and 85 cents per share for the 2013 period (Meola, 2014). For a business decision to cost so much and for it not to go well or even as planned, has the potential to hurt the trust between Men's Wearhouse and its current and future investors.

In regards to social media following, MW direct competitors have a much larger following. For example, Macy's has 4 times the followers on Twitter. This means that these competitors have a much larger voice in terms of customer relationships and informing customers of upcoming specials and sales. If Men's Wearhouse wants to fully engage a larger demographic they should consider upgrading their social media presence.

Economical

The company maintains a large selection of high quality suits at a variety of affordable prices. Like most fashion retailers, Men's Wearhouse offers a selection of benefits in their reward program to entice customers to come back to purchase and to grow and maintain customer relations. The Perfect Fit Credit Card is free to sign up for and entitles customers to a 5% discount on purchases made in-store or online as well as \$50 reward for every \$500 spent, \$30 off every tuxedo rental and more (Men's Wearhouse, 2014).

Students who look to purchase their first suit can find something in the lower price ranges (around \$250) and a fortune 500 executive can find something to their taste at the much higher price range. However, like any other industry, Men's Wearhouse is affected by the changes in the economy. When the prices of wool and other raw materials go up, so do the prices of their suits. Also, with the downturn of the economy in recent years, many people are becoming more financially conscious and are not always in the business to be purchasing a large amount of suits. Men are more likely to buy a suit when needed versus when they want it. A suit purchase has become more of a financial undertaking and is not a high priority in the mind of a customer.



Also the business place is becoming more casual, with many companies inviting employees to dress in more of a business casual attire and reverse business professional attire for presentations and corporate functions. This has a direct correlation to the downturn in sales and stock for Men's Wearhouse.

Technological

Like most other retailers, Men's Wearhouse offers the majority of its in-store products and services online. However, where most other retailers benefit from offering their products online, Men's Wearhouse does not. Suits, unlike other fashion items, rely heavily on the fit to the individual customer. First time customers of Men's Wearhouse are more willing to want to purchase in-store versus online, to make sure that the suit fits correctly. With an in-store purchase, customers can have items sized and tailored at their convenience. With an online purchase, customers may have to guess at the sizing of a suit, a may end up with a suit that is ill fitting. Not all brands use the same sizing so choosing correct sizes and measurements relies on a guess and check method. With purchasing suits becoming more of a financial burden, this may not sit well with many if not all customers. While their website is easy to navigate and may offer a larger selection of inventory than in-store, Men's Wearhouse isn't really able to fix this disadvantage. Since the art of tailoring leaves little room for innovation, the company is left with this issue.

Societal

Compared to other industries and corporate giants, Men's Wearhouse does not have a large impact on society, however, the company is affected by the way society sees a needs for the company and its products. In recent years, while the business world has become more relaxed, in terms of dress codes, the need for business appropriate clothing in college has increased. Many people within this group have been exposed to the corporate world, through internships and part-time job placements, and while the need for suit attire is not always



necessary, it is needed during the school year. Many, if not all, presentations given in class require some level of professional dress and all career fair and interview opportunities require a full business suit. The only times, in our experiences, that a full suit has been needed in the corporate world is when presentations or meetings are organized between departments, or those high up on the company hierarchy are involved. As many students embark on their college experience, in business or not, they often times look to purchase their first full suit. As Men's Wearhouse breaks away from their older demographic and is in the beginning stages of implementing a marketing strategy aimed at the younger demographic, some students may find themselves purchasing from Men's Wearhouse.

Legal

Since Men's Wearhouse does not physically produce any of their inventories, the company has to be careful of how they brand and sell their products. All inventory in-store is brought from other brands, so the company has to comply heavily with trademark laws. The company cannot sell a suit as something they have created themselves because they did not. If the company was to sell a suit as something of their own, when in actuality it is branded and made by another company, the company could be liable for impeachment of trademark laws and could tarnish an existing brand relationship. Listed on their website, Men's Wearhouse has the following statement regarding the listing of all products on their website:

“This Web site is protected under United States trademark law. The various trademarks, tradenames, logos, service marks, product names, and company names, (the "Trademarks") appearing on this Web site are registered and unregistered Trademarks of The Men's Wearhouse, Inc., its subsidiaries, affiliates, licensors and/or vendors”(Men's Wearhouse-Trademark, 2014)

As for raw materials grown and manufactured outside of the US, Men's Wearhouse must comply with the FTC (Federal Trade Commission) Act and not falsely label materials outsourced as “Made in the US”. An any and all material labeled incorrectly creates deception



in the marketplace and is misleading to customers. The FTC Act gives the Federal Trade Commission power to bring law enforcement actions against any false or misleading claims that a product is of US origin (Complying with the Made in USA Standard, 2014) Raw materials must also be labeled in the description of each suit based on the Textile Fiber Products Identification Act and Wool Products Labeling Act. Both acts require:

“Textile products that are imported must be labeled as required by the Customs Service. A textile or wool product partially manufactured in the U.S. and partially manufactured in another country must be labeled to show both foreign and domestic processing.

On a garment with a neck, the country of origin must be disclosed on the front of a label attached to the inside center of the neck — either midway between the shoulder seams or very near another label attached to the inside center of the neck. On a garment without a neck, and on other kinds of textile products, the country of origin must appear on a conspicuous and readily accessible label on the inside or outside of the product.” (Complying with the Made in USA Standard, 2014)

All suits sold in-store must list the fabrics used in the making of the suit as well as the country in which the fabrics originate. Since it is not possible to view the inside of the suit online, Men’s Wearhouse must list these items in the description of each suit.

Figure 1: Details for Joseph & Feiss Charcoal Modern Fit Suit

DESCRIPTION & FEATURES

Designed in versatile charcoal, this suit features a two-button jacket and pleated slacks for a polished look. The modern fit provides a slimmer cut through the chest and waist.

93% wool, 7% polyester

Two-button jacket

Notch lapel

Center vent

Pleated slacks have an unfinished hem so you can tailor them to your exact measurements.

Lined to the knee

Modern Fit

Imported

Dry Clean Only



Competitors

Nordstrom

Nordstrom's corporate culture is service with a smile (Nordstrom, 2014). One of the largest upscale apparel and shoe retailers in the country ("Nordstrom Inc., Company Information", 2014) Nordstrom's was founded in 1901 and went public in 1946. It sells a wide range of products including clothes, shoes, accessories, cosmetics and much more (Nordstrom Inc., Company Information", 2014). The company has 117 department stores and 121 discount outlet stores under the brand Nordstrom Rack. With the two different stores they attempt to deliver the best consumer experience (NORDSTROM, 2013). Nordstrom is known for high quality and having a wide range of products.

Macy's

Macy's has a broad variety of products from apparel and accessories to cosmetics, and home furnishings, among other things. Macy's founded in 1858 and became a publicly traded company in 1922 (Macy's, Inc., 2013). In 1924, only two years after becoming a public company, Macy's Herald Square location becomes the largest store in the world, following completion of the 7th Avenue addition (Macy's, Inc., 2013). In 1945, Macy's relocated their offices to Cincinnati, OH (Macy's, Inc., 2013). Today, Macy's is the U.S number one department store, with a growing international presents (Hoover's, 2014).

Burlington Coat Factory

Burlington Coat Factory was founded in 1924 and became a public company in 1972 (Burlington Coat Factory-Our History, 2014). The company has two de facto mottos: "not affiliated with Burlington Industries" (due to a 1981 trademark-infringement lawsuit settlement) and "We sell more than coats" (Hoover's, 2014). Burlington Coat Factory stores offer a wide range of products from coats and apparel to toys, home décor items, and gifts (Burlington Coat Factory-Our History, 2014). In addition, Burlington Coat factory is a national off price retail store with 523 locations in 44 states and Puerto Rico (Hoover's, 2014). Burlington Coat Factory is one of the nation's largest coat sellers due to their lower prices as numerous locations.



Nordstrom SWOT Analysis

Strengths

Nordstrom has a very strong market reputation, they are known for having high quality and a wide range of products including apparel, cosmetic products, home ware and furniture (Nordstrom, 2013). A strength that Nordstrom prides themselves on is their training and development of their employees. Nordstrom operates its 238 located in 31 states with 62,500 employees (Hoover's, 2014). Having this many employees based all-round the country builds the brand name and good will of the community. Nordstrom trains all of its 62,500 employees to greet every customer with a smile, a large part of Nordstrom's company culture (Nordstrom, 2013). This is a great way of differentiating themselves from their competitors while also making a lasting impression with a customer. By creating this impression employees are able to create a strong foundation, which is vital to a lasting customer relationship. Nordstrom benefits from this through strong consumer loyalty (Nordstrom, 2013).

Weaknesses

Due to the recent recession, Nordstrom has taken a hit due to fewer consumers shopping for high-quality items. A reduce in demand will lead to a decrease in sales. Another issue is Nordstrom's are not currently an international company; Nordstrom does ship overseas, through online ordering but does not have physical locations abroad (Nordstrom, 2013). In addition, Nordstrom has an increase in accounts receivables that may affect their ability to be profitable (Nordstrom, 2013). Its total accounts receivables increased by 98m from 2012-2013 (Wikiwealth, 2014). Therefore, these weaknesses can have a huge impact on Nordstrom in the years to come.

Opportunities

One opportunity that Nordstrom has the potential to grow from is the online market. (Toke out a sentence) One way they can target this new market is to invest in Omni-Channel Marketing. This may increases the online shopping experience for the consumer, while also be supported with Nordstrom's company culture of service with a smile (Nordstrom, 2013). (Toke out sentence, irrelevant) Nordstrom has the opportunity to invest



more in its lower-cost brand of Nordstrom Rack, focusing more on a lower income demographic (Nordstrom, 2013). Focusing in this area would help them to grow their lower cost brand while increasing customer loyalty. The expanding into new areas could help strengthen their market presents and bring more brand recognition to the company (Nordstrom, 2013).

Threats

Nordstrom has a multitude of competition in today's market. The company has direct competition with big retail stores as well with the smaller ones. Just like their competitors Nordstrom has to react to the changing, fashion, fads, trends, and taste in the consumer. This means Nordstrom must be able to react to the change quickly to help satisfy the consumer's needs (Nordstrom, 2014). Not being able to react to the consumers' change in need may significantly impact Nordstrom's brand and value. The prices at Nordstrom are above the average for retail stores (Nordstrom, 2014). The higher prices may deter some consumers to shop at Nordstrom. The target market that they are trying to reach is a highly competitive area with limited consumers. Along with the competitive target market, Nordstrom also has the threat of product substitutes. Many consumers can easily switch to another product at a lower price. Thus, it becomes difficult for Nordstrom to have such high price products.

Nordstrom Competitive Advantage

Nordstrom's Competitive Advantage is much more than just the product they sell in their stores; the quality and the value that the products themselves add is very important. Nordstrom's competitive advantage truly comes from their quality consumer service (Nordstrom, 2013). Nordstrom stands out through its efficient customer service, and the well-trained salespeople (Nordstrom, 2013). The company has had high standards for customer service for a (not very) long time allowing them to keep a steady consumer base; Nordstrom is doing what companies should do.



Macy's SWOT Analysis

Strengths

Macy's is a very well recognized name, creating strong brand recognition as well as customer loyalty. One aspect that separates Macy's from its competition it has exclusive brands; brands that are Macy's only (Macy's, Inc., 2013). Macy's personalizes their products with My Macy's program (Macy's, Inc., 2013). In addition, the company is an American company providing jobs to the community surrounding their stores. This aids in promoting Macy's among the community. Another strong attribute of Macy's is that they actively work to give back to the community and to improve the environment. They have been recognized by the IHS SPECTRUM Excellence Awards for their use of environmentally responsible management of their supply chain (Troy, 2011). The Macy's Foundation was created in 1989 and gives back to the community (Macy's, Inc., 2014). These are on a few of the much strength that Macy's provides.

Weaknesses

A weakness that can be found within the Corporation of Macy's is that they have not expanded overseas. Right now customers can only order online and have it shipped internationally (Hoover's, 2014). Another limitation Macy's is facing is their price positioning and value sensitivity. Macy's price positioning is lost, trying to be low cost and high quality. However, they are becoming low cost and low quality. In the mind of a consumer, Macy's should be products that are an "affordable luxury" (Macy's, Inc., 2013). One more weakness is the company is spending a lot of money on being an innovative company, however the returns from the innovations has not been substantial enough to get other competitors to look for new innovations (Pisani, 2014). In 2014 Macy's closed 5 stores and laid off 2,500 employees (Pisani, 2014).

Opportunities

The economy is expected to grow, employment is expected to increase, and household spending is expected to increase. Macy's commitment to using Omni-Channel Marketing will increase their customer nitration points and will increase communication with



consumers (Maven, 2014). By using Omni-Channel Marketing with their online store and direct-to-consumer shopping Macy's can create new opportunities (Maven, 2014). Because of this, it is expected that Macy's will invest heavily in this area (Maven, 2014). Hiring a number of employees through this area is expected to help offset the number of layoffs Macy's had in 2014 (Maven, 2014). Macy's has not yet become the international company it has the potential to be. Macy's net income growth percent over the last four years is 11.31% (Hoover's, 2014). Having steady growth is allowing them to expand their presents overseas.

Threats

The Economy directly reflects the sales at Macy's. Some consumers will still struggle economically and will not have the confidence or financial stability to shop at Macy's instead choosing to shop at discount stores such as Wal-Mart and Costco, whose price points are lower than Macy's. The company will have a hard time competing with discount stores for customers who have lower income households (Hoover's, 2014). J.C. Penny and Dillard's also pose a threat to Macy's. J.C. Penny has decreased its prices by 40% since 2011 and has signed an agreement with Martha Stewart ("JC Penney Company Inc.", 2014). Dillard's is very similar to Macy's although Dillard's price point is lower. However Dillard's is not a discount retail store (Macy's, Inc., 2014). There are also always the threats of new competitors into the retail market. Inflation may cause increase in prices, which may an adverse effect on Macy's concept of "affordable luxury".

Macy's Competitive Advantage

My Macy's localization, Omni channel integration and MAGIC selling customer engagement (Macy's, Inc., 2014) are all great attributes of Macy's that sets them apart from competitors. Another key factor to their success is that the company continues to aggressively expand their capacity in dedicated direct- to-customer fulfillment centers (Macy's, Inc., 2014). This showcases their drive to provide quality customer service to their customers.



Burlington Coat Factory SWOT Analysis

Strengths

Burlington Coat Factory is one of the nation's largest coat sellers, creating a well-defined name recognition. One of Burlington's greatest strengths is that they have over 500 stores around the United States that staff 30,095 employees to provide Burlington Coat Factory customers with high quality service (Hoover's, 2014). These stores average around 80,000 square feet in size while also utilizing few decorations or extra frills, which allows for minimized overhead to the company (Hoover's, 2014). Although Burlington is known best for their coat selections, it is not the only product that they provide. There is a strong online shopping presents, allowing Burlington to obtain part of the international market at low cost (Vault, 2014). Another strength that Burlington Coat Factory has as an organization is their charitable nature; as a whole the company has donated millions of dollars to a variety of organizations (Burlington Coat Factory, 2014). One way that the company has given back has been through a yearly coat drive, gathering gently worn coats for children in need (Burlington Coat Factory, 2014). Through programs such as this, Burlington has the ability to create a positive image for them as well as associate themselves with charitable organizations. In addition to this coat drive is through an organization they have created, a Natural Disaster Relief fund. Working in associations with the American Red Cross, Burlington supports relief efforts both abroad and domestic (Burlington Coat Factory, 2014).

Weaknesses

Many of Burlington Coat Factory problems stem from their store image. Due to Burlington's low price products, people may perceive the quality of the goods to be low as well (Burlington Coat Factory, 2014). The company attempts to provide both low cost and good quality, causing customer confusion. Burlington Coat Factory's no frills shopping environment does detract from the shopping experience (Burlington Coat Factory, 2014). Their stores minimalistic infrastructure creates the perception that the stores are selling low quality products, which may detract some customers from shopping at these locations (Burlington Coat Factory, 2014). Currently, Burlington Coat Factory does not have a physical presence overseas; however they do provide online ordering for international



customers (Burlington Coat Factory, 2014). One weakness that Burlington also faces is their inability to adjust quickly to changes in style (Hoover's, 2014). This challenges Burlington, because customers are less likely to shop at a store that stocks out of date merchandise.

Opportunities

Burlington Coat Factory currently has no presents overseas, by expanding their physical locations abroad; they would be able to access this untapped market. Their strong brand name provides them opportunities that other smaller companies would not have. One way that Burlington would be able to access this market is through their already established market, by looking at their online sales. By also investing in a mobile app, they would be able to expand their brand name and reputation. By increasing the consumer contact points both internationally and domestically would help to define Burlington's consumer base (Vault, 2014). An opportunity that Burlington also has is the ability to add addition locations across the United States (Burlington Stores Inc. Company Profile-Yahoo Finance, 2013). Along with adding new stores in the international and domestically, Burlington would have the opportunity to update the look enhancing the shopping experience (Burlington Stores, 2013). This update would give Burlington that ability to reinvent their company image as well as the feeling of their locations, potentially creating new customers. This would not only improve Burlington Coat Factory as a whole but would solve a few of their key weaknesses.

Threats

The change in economic spending patterns is highly related to Burlington's overall Net Sales. Much of this is due to Burlington's inability to either create value or provide low cost to their customers. The undefined position creates a hole where many customers in their target market are confused, which affects Burlington's overall sales. This treat is increased due to a variety of companies that provide similar products at a lower price point (Vault, 2014). In a similar way companies that provide higher quality services have a better defined positioning statement. One other threat to Burlington is their inability to change with consumer trends. In doing so they are unable to meet consumer demand, which may negatively impact the performance of the company (Burlington Stores, 2013).



Burlington Coat Factory Competitive Advantage

Burlington Coat Factory provides a wide range of products at a moderate price to consumers. They provide fashion-focused products for women's sportswear, men's wear, coats and shoes as well as a children's appeal. Along with providing apparel, Burlington also supplies home décor, furniture and accessories, which creates a well-rounded brand name (Burlington Stores Inc. Company Profile-Yahoo Finance, 2013). Burlington Coat Factory acquires a broad selection of branded merchandise from nationally recognized manufacturers and other suppliers and offers these products at a moderate cost (Burlington Stores, 2013). By not only selling quality products but at a low cost to consumers, Burlington is able to achieve a competitive advantage above other similar stores.

Men's Wearhouse Competitive Advantage

Men's Wearhouse has a competitive advantage over companies like Macy's, Burlington Coat Factory, and Nordstrom because they provide great customer service. Men's Wearhouse has made it known that they provide world-class service to their customers. They do this by providing tailoring services, shoe repairs, and dry cleaning services. They provide one of the largest assortments of styles along with different types of fabrics and colors. "As regard to customer service, the company adopts a 'do whatever it takes' attitude" (Raheja, 2013). Men's Wearhouse owns their own dry cleaning service to aid customers and to stay environmentally sustainable.

In addition, to providing wonderful customer service, Men's Wearhouse provides one of the largest tuxedo rentals in the United States and Canada (Raheja, 2013). They provide tuxedos for any special occasion to provide that perfect look for the perfect occasion. This is one of their largest revenue areas of the company. With their world-class service and tuxedo rentals Men's Wearhouse has set themselves apart from their competitors.



Financial Ratio Analysis

Analyzing financial information gives insight on how well a company is performing in a given market. With an abundance of ratios to choose from, it becomes difficult to know what ratios to analyze. Financial investors, however, look heavily at five important categories of a company, those factors are; liquidity of the company, profitability indicators, debt ratios, cash flow indicators and investment valuation. Each one of these factors helps an investor decide whether or not if they'll invest in a company. The ratios we used to compare the value of our company to our competitors were: current ratio, debt to equity, quick ratio, ROE, ROC, profit margin, working capital, and payout ratio. We took our company, Men's Wearhouse (MW), ratios for the 2011 and 2014 fiscal years and compared it to our competitors Macy's Inc. (M), and Nordstrom Inc. (JWN). One of the financial ratios we used to benchmark our company to our competitors is the current ratio. The current ratio indicates whether a company's short-term assets are readily available to pay off any of its short-term liabilities. The higher the current ratio, the more ability a company has to pay their short-term liabilities. In 2011 MW current ratio was 2.87(Bloomberg LP), Macy's was at 1.3(Bloomberg LP), and Nordstrom was at 2.57(Bloomberg LP), showing that in 2011, MW held a higher advantage over Macy's and slightly higher advantage over Nordstrom Inc. For the current year, 2014, MW current ratio sits at 2.43(Bloomberg LP), while Macy's and Nordstrom are 1.52(Bloomberg LP) and 2.06(Bloomberg LP) respectively, showing that MW still holds the advantage of having the ability to pay off short-term liabilities.

The other financial ratio we are using to compare MW and their competitors is the Return on Equity (ROE). The ROE indicates how profitable a company is by comparing the net income to its average shareholders' equity. This ratio measures the earnings a shareholder has earned off their investment in a company. The higher the percentage, the more efficient a company is at utilizing its equity and the better returns investors are getting back. In 2011 MW had a ROE of 7.22(Bloomberg LP), while Macy's and Nordstrom had an ROE of 16.64(Bloomberg LP) and 34.12(Bloomberg LP) respectively. From just a glance at the numbers it looks like that MW is performing not as well to its competitors, but if you take a deeper look into the company financials and structure it tells a story. MW serves as a specialty store for men looking to buy or rent suit and tuxedo rentals. Macy's and Nordstrom serve a



variety of customers ranging for teenage boys/girls to middle age men/women. Also, MW only has employee's size of 13,300 working for there company, while Macys and Nordstrom has 172,500 and 62,500 respectively, providing insight into the size differential of each company. While each company is different in size, MW has been operating efficiently and providing more than suitable returns for their investors.

The last financial ratio we used to compare MW to its competitors was debt-equity ratio. Debt-equity ratio is a leverage ratio that compares a company's total liabilities to its total shareholders' equity. This ratio is a measurement of how much creditors, suppliers and lenders have committed to the company compared to what the shareholders have committed and invested. The lower the percentage a company has the less leverage that company is using, creating stronger equity position. For this ratio we took a four-year period, (2011, 2012, 2013, and 2014), average the numbers out and compared them. What we found from the numbers is that MW didn't carry any debt, 9.53(Bloomberg LP), until this past year, bringing in their average at 2.38 for a four year period, while its competitors average 123.66 for Macy's and 171.85 for Nordstrom. The major change in MW debt-equity can be contributed to its growth efforts it has made this past year. MW, this past winter acquired Jos .A. Bank for the price of 1.8 billion dollars, forcing them for the first time in four years to use leverage against their company to fund the acquisition. MW has done a great job of providing financial leverage within its company by limiting its creditors and lenders compared to its competitors, who have debt-equity ratios 15 times, their own. For more detail, look at the book ratio section.



Collaborators

Men's Wearhouse would not be successful without utilizing different ways of getting their brand image known to the public. Several examples of ways Men's Wearhouse establishes a brand is through charitable efforts and creating partnerships that are mutually beneficial to both companies. For example, Men's Wearhouse has set up a continuous event called the National Suit Drive. Through this event, Men's Wearhouse has raised over 202,000 items of professional clothing for at-risk men entering the workforce. (Men's Wearhouse, 2014) The National Suit Drive teams up with non-profit companies from all over the country to give these men a new suit for them to get a fresh start. Furthermore, Men's Wearhouse has done many partnerships to get their suits out to the public. One instance is when Esquire partnered with Men's Wearhouse to create the "Esquire Ultimate Shirt and Tie Collection". This gave Esquire a chance to increase the number of subscribers to their magazine and to get their magazine out there. (Esquire, 2014) Lastly, Men's Wearhouse teamed up with The Knot magazine for Men's Wearhouse to display their suits through The Knot's magazine, where there were pictures of men in suits sold By Men's Wearhouse to showcase how men can look good on their wedding day. (kateryaninc, 2014) Providing Men's Wearhouse a channel to showcase their finest suits.

Growth Strategy

The best growth strategy for Men's Wearhouse was to implement a marketing penetration strategy that would attract a new set of customers to an existing product. We would be partnering with North Carolina State University, University of Houston, and Northwestern University of Chicago to help young professional men "dress for success". Here students will be able to rent or buy suits for any occasion around campus, for example: interviews, fraternity events, career fairs, and so much more. We could initiate this plan by finding a correct geographical area to with a growing corporate community and a university within the same area and by implementing our store on or walking distance from campus. In the store there will be options for a man and his occasion. The suits will be available to rent out at a high quality and a reasonable price along with accessories like suits, shirts, and



ties. There is a need for this new growth strategy because currently Men's Wearhouse is perceived for men ages 40 and older (O' Reilly & Pfeffer, 2010). Trying to hit a larger demographic of men can help them grow even further. In addition, "In October 2011, the unemployment rate for 20 to 29 year-olds who had graduated from college in 2011 was 12.6 percent. The rate was 13.5 percent for those who recently had earned bachelor's degrees and 8.6 percent for those who recently had earned advanced degrees (U.S. Bureau Labor Statistics, 2013)." There is a large amount of single college age men looking for careers and Men's Wearhouse can give them the professional look they are trying to portray to a potential employer.

Goals and Objectives

Our goals are to penetrate a new target market helping Men's Wearhouse growth. This can be very beneficial for Men's Wearhouse because it allows them to still keep the clientele they have but continue to add new ones. Placing Men's Wearhouse onto college universities will allow a new age demographic to discover what our company has to offer. Our new suit rental idea is the way to introduce Men's Wearhouse into this new demographic. They are young professionals looking for formal wear whether it is for a fraternity event, career fair, interview, or formal event around campus. Men's Wearhouse will provide them with the first class look for these special occasions. With the hopes of our suit rentals Men's Wearhouse will be able to expand into this market. If consumers are satisfied with a service provided by Men's Wearhouse they are likely to come again, renting or buying our products. Our company is looking to start with the University of Houston, Northwestern University of Chicago, and North Carolina State University, and expand onto more college campus' across the United States in years to come giving students the confidence they need for any occasions.



Segmentation

There are many variables used for segmentations. The ones used for this growth strategy are geographic, demographic, and behavioral.

Geographically, we are implementing a product that already exists into a new market. We will be placing our stores in urban college town areas like North Carolina State University, University of Houston, and Northwestern University of Chicago. These areas have a large population with a large number of corporate businesses, and the numbers are currently increasing. This is a segment Men's Wearhouse will be operating within.

Demographically, Men's Wearhouse is segmented on the age life cycle, the degree, and occupation. The customers who come to Men's Wearhouse are men seeking work with a bachelor's degree or higher. These men will be in a fraternity or going into a corporate occupation such as business, finance, law, etc.

Behavioral segmentation is looking at the behavior of the customer to find their interest. These types of users are first-time users. Our usage rate is light because men typically only wear suits for a professional look or special occasions. These consumers are looking for durable suits that portray a professional image that will last them more than one wear. They would like easy access to purchasing these suits. Knowing these segments will help set a firmer target market.



Targeting

Men's Wearhouse already provides great quality men's suits for a reasonable price but we are expanding this market. Initially, we will be targeting men who are in the college life stage between 18-to 30-year-olds that are going to North Carolina State University, University of Houston, or Northwestern University. Expanding this market as the demand becomes higher to different universities. The men could be in any type of degree program actively seeking confidence on any occasion. They are starting their careers and are in search for formal wear for a special occasion on campus weather that is an interview, fraternity event, career fair event, etc. The main focus is on men who are unable to afford the price of a full suit, but still looking for a quality suit that will last and bring them confidence and potential careers.

Positioning

Our positioning in the eye of the consumer will target three main objectives when developing our growth strategy. First objective, we are faced with is positioning our product against our competitors. Men's Wearhouse is positioning their new stores where many other competitors have not placed their stores and that is near college campuses. This will provide the convenience our consumers our looking for in this fast paced society. The second objective is to emphasize our unique niche in the market by targeting the single young college men specially located on their university campuses. The last objective is to keep high quality; this will stay relevant in the industry and keep Men's Wearhouse in a competitive market. It also providing them with a durable suit that will bring them the look and confidence they need for their special occasion. Therefore, our value positioning statement as is follows: For college business students looking to make an impression on the business sector, Men's Wearhouse is bringing world class style to your universities. Unlike other suit rentals, Men's Wearhouse brings quality and options to fit your needs and wants with a price you can afford, making it convenient for your everyday college student.



Product and Service

With there being an increasing need for professional business attire, for college students, we decided to create a Men's Wearhouse in-house college rental service and program called *Suits U*. As up and coming business professionals, we understand the increasing demand for suitable attire for interviews, career fairs and meetings (business, fraternity/sorority, or other), however, the lack of retail options in and around college towns such as our own. We are often left with little to no options of places to purchase from, and if there is a retailer available, the prices are repeatedly out of our price range. As college students, we find ourselves having a need for business wear but are not able and sometimes willing to pay the middle to high-end prices of full suit pieces. We do not have the means to invest in something that can help us create a great impression in the eyes of future employers.

After observing the implementation of the *First Impressions* store and service to Central's campus, we have been witnesses to the help and need for on campus rental services. *First Impressions*, through donations from students and business professionals in the local community, have been able to outfit many students with business clothing for a multitude of events and interviews. When students have not been able to purchase clothing for an upcoming interview, for example, *First Impressions* have been there, willing and able to help.

Product/Service Goal

Through *Suits U* by Men's Wearhouse, we aim to outfit college males with high quality and modern suits, for rentals and purchases, at a responsible price point; thus allowing these men the ability to make a suitable impression for their professional and personal events. Gone are the days were suit rentals and purchases are unaffordable or your left wearing your father's ill fitting suit. *Suits U* by Men's Wearhouse aims to provide you with convenience through on- campus options for your suit needs.

Our long-term goal is to implement and expand on-campus college suit rentals across the country (providing the success of our target market) to help new students dress for success and any professional occasion. By providing male students with high quality suit options at reasonable price points, we hope to give these men the confidence, through our services



convenience, to go forward and great a lasting impression and go on to career making successes. For now we hope to penetrate the market at three universities: North Carolina State University, University of Houston and Northwestern University (explained fully in the *Place* section), and if these markets are welcoming of this new service program and are profitable, we hope to expand into other college markets.

Currently, Men's Wearhouse is stuck in a stigma that it's your fathers suit store. We hope with the creation of *Suits U*, Men's Wearhouse can position itself into a new market demographic and attract a younger, career orientated men. With the pairing of this new on-campus suit rental program and the firing of founder George Zimmer as the spokes model of the company, we hope that young males feel more comfortable with coming into the store and making purchases.

Description of Product and Service

After looking through the current inventory on Men's Wearhouse website, as a group we selected six styles of suits as well as a basic shirt and tie options that we believe will be best suited to our target market. Suits, ties and the shirt where picked based on the following criteria:

1. Quality: must be at a high quality and be durable,
2. Price: be at a reasonable price point for students to rent a number of times or to purchase,
3. Style and Size: we must stock a variety of styles, from the more classic fits to the more modern, slim fits.

Quality was tested based upon the suit materials listed for each brand and their associated durability properties, as were the shirt and ties. Customer reviews and comments based on quality were also taken into consideration. Price, Style and Size were tested upon what we, current business students, thought our peers would be comfortable spending and what styles they would be willing to rent and purchase.



The suit brands that were selected include, Joseph & Feiss and Wilke Rodriguez. Styles selected range from a Modern Fit, Classic Fit and Ultra Slim Fit. Detail and images of each suit can be found in Appendix A.

Description of Product and Service Process

Based on Men's Wearhouse current tuxedo rental program, we came up with the following policies for *Suits U*.

1. Men's Rental Suits will be available in sizes 30-44. If a customer requires a size outside of this range, or their suit needs to be tailored after purchase, *Suits U* will try their best to accommodate the customer needs. This may include ordering a suit from the neighboring Men's Wearhouse store and delivering to the on-campus store, or delivering the suit for tailoring.
2. Students can rent from 6 select suit styles available in-store. These suits will be available for a limited time. Inventory changes may change due to changes in suit style.
3. *Suits U* guarantees that your suit will be ready for pick up 24 hours after placing the request for rental or purchase.
4. Suit rentals last for 72 hours at a time and are \$65 for a suit; suit rentals include shirt, tie, pants and suit jacket. Suits can be rented on multiple occasions for the same customer, but only on a 72-hour time frame. Additional fees will be added to the suit rental upon failure to return the suit after 72 hours.
5. Upon rental, suits will be cleaned, pressed and prepared in a suit bag on site at the *Suits U* store.
6. Half of the suit rental fee will be required as down payment when picking up the suit. The remaining fee will be due upon suit return.

If the suit is not in the same condition upon return or appears damaged (ripped, excessive stains, burn marks, etc.), we reserve the right to add additional fees to the suit rental. These fees will cover the cost of repairing these damages. If damages are not fixable, we will require the customer to pay the full cost of the suit. These terms



will be made clear to the customer and both customer and in- store sales person will sign off on these terms before the suit is rented and leaves the store.

7. If a customer requests a longer suit rental period, *Suits U* will agree but additional fees will be added. Suits, however, cannot be rented for longer than a week.
8. A customer can rent the same suit up to 4 times. Upon the 5th suit rental of the same suit, *Suits U* will offer the customer the option to purchase the suit at 40% discount of the retail price.
9. Men's Wearhouse *Perfect Fit Rewards Program* works in collaboration with the *Suits U* Rental Program. Any points or rewards offered through the *Perfect Fit Rewards Program* can be redeemed at a *Suits U* store as they can be redeemed at a Men's Wearhouse store.

Life Cycle

The men's clothing industry is considered to be in the mature stage of its life cycle. The industry is at a level of economic stability and company consolidation is a looming prospect. Many companies have existed in the industry due to poor demand and some companies find themselves merging with what used to be their competitors in order to survive. Other companies have found themselves becoming giants in the industry, such as Men's Wearhouse, and have the financial ability to acquire competitors.

Product innovation in men's clothing is very slow; fashion trends do not affect the male population as much as they do the females. Men are not as concerned by the coming and going of trends as much as women and men's fashion does little to innovate from season to season, making men's apparel more static. Likewise, the types of customers that purchase men's clothes are not expected to change much. Demographics are expected to shift slightly as generation's age and enter the workforce at faster rates, but dramatic shifts in purchasing power are not likely to occur over the coming five years.

Technology within the fashion and specifically the suit industry is slow to change. Most automation has already taken place, with the majority of locations using electronic cash registers, scanners and inventory tracking. Also raw materials are farmed and sourced at a



quicker rate with the assistance of technology. However, IBIS World expects only slight cosmetic upgrades to take place over the next five years (“Industry Outlook”, 2014).

Outsourcing

Many of the raw materials used in the brand name suits sold at Men’s Wearhouse are outsourced from other countries. Detailed in Men’s Wearhouse 2011 10-K report, “During 2011, approximately 80% of our direct sourced merchandise was sourced in Asia (72% from China, Indonesia and India) while 10% was sourced in Mexico and 10% was sourced in Europe and other regions” (Information for Current Men’s Warehouse Shareholders Regarding Trillium’s 2013 Shareholder Proposal, 2013). While the raw materials are being sourced outside of the country, some of the suits are being put together and manufactured inside of the US. Since *Suits U* is going to be taking from the current inventory at Men’s Wearhouse, the suits featured will have raw materials sourced in the same manner.

However, *Suits U* will outsource all dry cleaning, damage repairs, and tailoring after purchase of suit to the nearest Men’s Wearhouse store. The 3 trial universities we selected have Men’s Wearhouse stores in and around the area, so outsourcing suit requests, will slow down the process of acquiring a suit marginally, will not interfere with the convenience and need of the *Suits U* service.

Place

We are planning on placing our suit rental services on North Carolina State University, University of Houston, and Northwestern University of Chicago campuses. North Carolina State University was chosen as one of our universities because it is one of the largest growing cities according to Forbes article, *America’s 20 Fastest Growing Cities*. Forbes stated that there are over 170 companies within the area and has “job opportunities has made for a highly educated population: nearly 50% of people ages 25 to 65 have a college degree”. Thus a great location to place a suit rental service; many college men will be allowed opportunities for job interviews, attend career fairs, and network at special events. University of Houston was our second choice of college to place a Men’s Wearhouse suit rental program due to its location



within the same region as the head quarters of Men's Wearhouse. The University of Houston, additionally, has a large amount of fraternities on campus with an excellent college of business program. Again, signaling a specific place for men to need suits. Lastly, Northwestern University of Chicago was chosen because of its urban area with a proficient college of business. The university, like Houston, has several social and educational fraternities on campus.

Our store and rental service program would be located on-campus. As the First Impressions store located on our Central Michigan campus as an example, we would look to rent out spaces inside the student university centers on these 3 campuses. The Men's Wearhouse suit rental only needs a location size between 1,500 to 6,500 sq. ft. (Men's Wearhouse-WikiInvest, 2014). We would look to rent on-campus spaces that will service our need without being too large. Since we will be carrying a select number of suits, a space larger than 6,500 sq. ft would not be worth the additional rental fees.

In addition, we chose college campuses that are located in the same town as traditional Men's Wearhouse stores. Therefore, if sizes, tailoring or special suits are needed, it is only a pick up or shipment away. Besides the universities already selected, partnering with additional universities would be an option when it comes to selecting locations for our rentals in the future. These universities are trial universities in attempt to see if our marketing strategy works based on their locations and varied surroundings. We are hoping to expand to other university campuses as our suit rental program expands and grows.



Level of Market Exposure

Men's Wearhouse is currently the top tuxedo rental business. Therefore, with our new target market we are hoping to also become the number one suit rental business as well. Currently, there are only few small retail stores in the surrounding university areas that rent suits. For example, in Raleigh, North Carolina the small competing rental store is The Black Tux. These small retail stores are the closest competitors to Men's Wearhouse in this target market. However, first our company needs to establish itself by marketing and promoting in our partnering universities. Then hopefully by expanding and marketing ourselves, to the right audience, it will allow us to keep expanding and growing onto other university campuses. Within the next five to ten years we can develop our growth stage and increase our market exposure with *Suits U*.

Channels Used

Our Company will be using indirect channels. Indirect channeling “uses one or more levels of intermediaries to help bring tem its products to final buyers” (Armstrong & Kotler, p 307). Figure 1, below depicts an indirect channel system. Therefore our producer, wholesalers, and retails will be working together to bring our products to our customers. Within this channel we will be using a contractual vertical marketing system. Men's Wearhouse already has this type of system in place today by the setting up of several contracts with suppliers. Thus, we continue to partner with our suppliers to bring a unified quality product to our customers.

Figure 2:

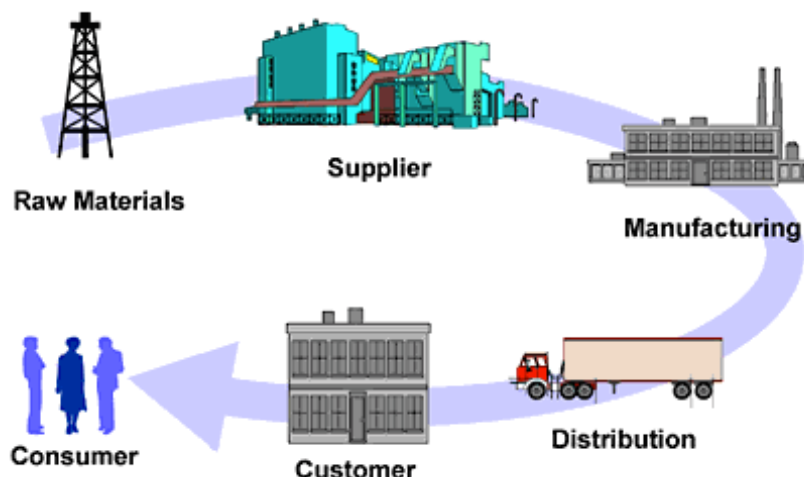




Supply Chain

The supply chain for our new facilities will be very similar to what is already established today. The supply chain starts with our main supplier who provides wool, yarn and other fabrics. Jiangsu Sunshine Co, our outsourced supplier, sells these products to Men's Wearhouse and will continue. Jiangsu provides the most profit percentage from Men's Wearhouse (1.19% on 101.30 million in CYN) (Bloomberg, 2014). Men's Wearhouse does have several other suppliers but are not in full contracts with these suppliers at this time. Our fabrics then move to the next step in the supply chain. Fabrics then go to one of our two manufacturing companies; Hampshire Group LTD or Tandy Brands Accessories. Hampshire Group manufactures our fabrics into sweaters, suits, and other apparel under designers and private labels for men and women (Bloomberg, 2014). While Tandy Brands Accessories manufactures our raw materials into accessories such as belts, socks, and wallets for men (Bloomberg, 2014). Once our products are created, Men's Wearhouse partners with United Parcel Service (UPS) to transport to all products to our stores, within the United States and Internationally. Men's Wearhouse has acquired a profit of 1.44% of five million of value through this partnership (Bloomberg, 2014). Therefore, we would like to continue this partnership with UPS through our new campus stores. Our products will then be delivered to our campus stores on North Carolina State University, University of Houston's, and Northwestern University of Chicago's campuses.

Figure 3:





Promotion

For *Suits U* to be a successful and profitable extension of the Men's Wearhouse brand, mass promotion and marketing needs to execute to inform and persuade students to use this service. Students at each of the three trial universities will be the first to be exposed to this new service but without any marketing or promotional efforts, they may not fully understand the benefits that they can seek from this service or the goal that Men's Wearhouse is trying to achieve.

The first step in promoting this service to students is to realize the goal and clearly state it. Through the *Suits U* on-campus stores and suit rental program, Men's Wearhouse aims to reach a younger demographic and to provide high quality suits at an affordable price point for both rental and purchases. Men's Wearhouse and *Suits U* hopes to impart confidence on its customers through providing them with impressionable business attire, so they can go forward and be successful in their endeavors.

To promote our service, we hope to use a variety of marketing and promotion techniques, focused on seeking the attention of students at the three trial universities first. If the trial runs of this service are successful, we will expand our promotional efforts to the national brand level. As this service is something new and we are exploring a new demographic of Men's Wearhouse customers, our marketing and promotional efforts will be heavily focused on social media and online content, with the additional marketing efforts on-campus at the respective universities.

Social Media

For each of the three *Suits U* stores, there will be a Twitter, Facebook and Instagram pages created. These pages will be connected to the respective universities social media pages and will be used to update students about any deals, promotions or when new items are available in store. As students come into the store to browse the inventory available, upon suit rental or purchase, they will be asked to connect to our social media pages for future deals and promotions.

If used effectively, this form of marketing could bring great rewards for the business although it will be at no cost to Men's Wearhouse. The majority of college students today are



connected to social media on a regular basis, so this form of marketing will grab their attention, even for a few seconds. We will still be communicating our goal and message as a company and interacting with potential customers. The only cost element we would have to consider is that a member of staff will have to control the social media pages. The time taken to manage these pages may take away from their time on the store floor.

Later on in the services life cycle and upon accumulating a following on social media, we could also run exclusive promotions to customers connected to us over social media. For example, we could run the following promotion on Twitter: “For unlimited time only, if you come into @SuitsU and show this tweet, receive 25% off your suit rental!” This way we are rewarding those customers who are already following us on social media, but also may engage more students to follow us.

Print Work

As a company, we understand that the majority of our customers will be renting or purchasing suits for the first time. This process can be daunting, so as an aid we have created two brochures that along with our in-store associates will be there to impart confidence onto our customers. *Guy'D Lines Style Advice and How To's: Buying Your First Suit* and *Guy'D Lines Style Advice and How To's: Details of a Suit* (both found in Appendix B) will be given to customers upon the request for suit rental and purchase and additional copies will be included inside the suit jacket. These materials will be printed by Men's Wearhouse and will stay relatively consistent throughout the life cycle of the service. Only minor details will be changed (additional styles added to *Guy'D Lines Style Advice and How To's: Details of a Suit*) if and when needed.

We may also consider creating a brochure explaining our service to customers upon the launch of the store. This brochure will be sent to potential customers through the mail and through campus email. Potential customers could be those living in residence halls, (business) fraternities and athletes. To engage these customers more, we could offer them an incentive such as a 10% discount on their first suit rental. With this incentive, these potential customers may pay more attention to the brochure sent to them and to our service.



Campus News

Like the printed brochures, we will engage the surrounding media on campus with our service. During the launch of this service and for the first few months, we will try to engage the media by requesting that reviews and stories about our service be written. We shall also try to submit print advertisements of deals and discounts to be added to the campus newspapers. We hope to form a good relationship with the media on-campus and will invite the media to the launch of the store to initiate this relationship. This is another form of marketing and promotion we can do on- campus for low cost and will engage more potential customers

Men's Wearhouse Promotion

Upon the success of the trial stores at North Carolina State, University of Houston, and Northwestern University of Chicago campuses, and the financial backing needed, we will explore expanding this service nation wide. With this expansion, we will have to take into consideration the additional promotional and marketing efforts required to inform and persuade potential customers of our service. Like the model outlined above for the first 3 universities, the same or a similar model will be implemented into the additional universities. However, we will look to adding promotional efforts to the Men's Wearhouse website, social media accounts and YouTube page.

The model outlined above is focused on promotional efforts at the university level and does not consider marketing under the Men's Wearhouse brand nationally. Like any other service and promotional sale Men's Wearhouse runs, we will market *Suits U* in the same manner. This will include TV Commercials, YouTube Videos and Online advertisements on social media. These additional promotional efforts will increase the promotional budget for *Suits U* significantly but treated with the prestige as the promotions Men's Wearhouse has run in the past, it could be the beginnings of a successful extension to the brand. Men's Wearhouse has proved that they have the ability to turn a phrase into a recognizable slogan remembered by the masses, so we are confident that they will be able to do the same for a service such as *Suits U*.



Price Goals

When creating this service, our price goals have always been to offer students a high quality suit, mostly for rental but can be extended to a purchase, at a reasonable price point. Suits are an investment piece to many, if not all, college students and we wanted the prices associated with our service to reflect how much college students would be willing and able to pay. As college students ourselves, we realize that our budget can be in short supply during a given semester and year, and we set prices that we deemed fair and reasonable for the service we offer students. Our goal is to add a level of confidence and comfort to students when making these rental discussions and to not persuade them into making purchases that they may not be able to afford. We understand the increasing pressures to create a great first impression at interviews, career fairs and events of that nature, and we want to aid students in these endeavors without hurting their bank balance.

Value Proposition and Customer Price Sensitivity

Our main focus in the creation of *Suits U* has been not only the quality of the suits we provide our customers to rent or purchase, but the price point in which we do so. There is a market already available for suit purchases but has not been fully taken advantage off by our current target market due to the high cost associated. College students are not willing and able to cover the costs of a high quality suit and are often times settling to with a lower quality suits or suits that are ill fitting and are unimpressional in interviews and events of that nature. Our sole purpose is to fill the need already realized by our male peers and to create a suit rental service that is not only affordable but also effective and fills their need.



Pricing Strategy

Short-term prices for each suit rental option were set using a variety of factors. These factors include: the retail price of each suit, the cost margin for Men's Wearhouse products, price that Men's Wearhouse pays for each suit and then the estimated amount of rentals for each suit option. The following formulas were used to set each the rental prices for the suits available:

Retail Price of the Suit * Cost Margin (found on Bloomberg)

= Price that Men's Wearhouse pays for each suit.

Price that Men's Wearhouse pays for each suit

÷ Average amount of rentals for each suit (65) = Base Price for Suit Rental

Base Price for Suit Rental + Dry Cleaning Fee and Damage Expenses

= Price to Charge per Suit Rental

As the 6 suit styles we selected vary in price points, the suit rental fee for each suit varies as well. Our lowest price is \$55 and our highest price is \$75, still reasonable for a college student. The average amount of rentals for each suit was estimated based on customer reviews on the durability of each suit as well as the quality. We also considered the listed fabric in which the suit was made out of. Some fabrics are more durable than others, but for the sake of this projection we averaged the amount of wears we believed possible for each suit. We realize that depending on who rents the suit and for what occasion, this number may go up or down. Some minor damage repairs that may inquire during the life span of the suit were taken into consideration as well. The costs associated with outsourcing all dry cleaning of our inventory, played a role in calculating the cost of each suit rental.

We believe these prices will stay consistent during the short-term life span of this service but may change when we look to the long-term success of this service. If this service does well in the first few years, we would look to expand not only to other universities but to expand in the amount of inventory that we would carry on-campus. We would consider



selecting suits that maybe of higher quality and price, if the market requested a desire for them. With this, we would adjust our rental fees accordingly using the formula and rational stated above.

Internal/Sustainable Growth Rate

Net Income	= \$83,791	Payout Ratio	= .51
Total Assets	= \$1,555,230		
Total Equity	= \$1,009,135		
$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}} = \frac{83,791}{1,555,230} = .05388$			
$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Total Equity}} = \frac{83,791}{1,009,135} = .08303$			
$b = 1 - \text{Payout Ratio}$ $b = 1 - .51 = .49$			
$\text{Internal Growth Rate} = \frac{\text{ROA} * b}{1 - \text{ROA} * b} = \frac{.05388 * .49}{1 - (.05388) * .49} = \frac{.0264012}{.9735988} = .0271 \text{ or } 2.71\%$			
$\text{Sustainable Growth Rate} = \frac{\text{ROE} * b}{1 - \text{ROE} * b} = \frac{.08303 * .49}{1 - (.08303) * .49} = \frac{.0406847}{.9593153} = .0424 \text{ or } 4.24\%$			

Analysis

The Internal Growth Rate is equal to 2.71%. The ability to finance or grow Men's Wearhouse through internal assets is difficult. By financing only through retained earnings and increasing profits this rate could increase. The rate shows that Men's Wearhouse has a difficult time growing without acquiring more sales, but also has trouble financing new products.



Sustainable Growth Rate is equal to 4.24%. This rate although higher is due to equity financing. The rate makes financing without acquiring more debt difficult. By reducing payouts and raise new equity.

Break Even Analysis

Initial Cost:		\$1,237,782.42	
			<u>\$1,237,782.42</u>
Depreciation:	\$5,550/7 Years	\$792.86	
Average Sales for one suit:		\$369.99	
			<u>\$1,162.85</u>
Total Break-Even:	(\$1,212,342.42/\$1,162.85)		<u>1064</u>

Timing and Implementation

Implementing our plan would not work without strong communication between corporate and our retail stores. First, we need to communicate our timing; it would be beneficial for us to have purchased all three new retail spots on the university campuses quickly and efficiently. Making a three-year contract within these retail stores would be key to the success of our business. This is because the life span of the project is three years long. Then our team would take some more time to get fixtures, display tables, and inventory into the store before we open it to the public. Hopefully, this would allow our company enough time to put everything into order before the opening day within all three universities. However, with out constant communication and timing this new plan will not run in the way it should. Having the right timing and communication efforts will help us reach our ultimate goal and bring in the revenue that we have projected.



Sales Estimates

Sales

Our Sales were divided into three parts to find our sales estimates for the life span of our project. Men's Wearhouse only did the next three years because fashions and affect our sales and on average fashions only last one to three years. In addition, Demographics of the college are constantly in a cycle of change from year to year and our economy has been unpredictable in the past, therefore, the life cycle of our project will be three years. Next, we picked a university that fit our target market, but then we realized that if we only selected one university that we weren't fully testing the market, so we decided to test three different markets with different demographics. The reason for testing more than the one market was; it gives us a better understanding of how our business would perform in multiple regions. As a business you wouldn't want to limit the profits that your company could make, which led us into selecting three universities that would fit into our target market. Therefore, we took the population of University of Houston, North Western University, and North Carolina State and looked at only males.

As we looked at the male population of each university, we decided that the margin for error would be 20%, which represented the male student body that wouldn't rent or buy from our business. After we decided on the margin of error, we had to figure out the cost associated with each suit. Based off Men's Wearhouse financials, the company carries a gross margin of 43%, which means the remaining 57% represents the cost associated with each item. We also looked at the market share Men's Wearhouse held, 29%, (Figure 6) in the clothing industry to determine the percentage of male student body the company held the market (Bloomberg, 2014). From there we broke the male student body into their respective classes such as: freshman, sophomore, junior, and seniors and that is how we determined who would rent and buy suits from our business. From here, our company had to figure out how much to rent each suit for. From research the average wear for a suit is forty-five times before it needed to be replaced (Adler, 2014). Based on the average wear of a suit and the cost associated with each suit we were able to come up with a rental price that would over the life of the suit cover the cost of each suit and also provide profit. From there we had to determine



who would rent and who would buy from our business; this is where we created a Rent vs. Buy chart to help create our sales projections (Figure 4). Based on the chart we decided which percentage of each class would rent or buy from *Suits U*. With that we decided that the amount of students buying suits would increase in the junior and senior years, which would lead to a decrease in rentals. The same could be said for freshman and sophomore classes, the rentals would increase but the buying would decrease. Next, we figured that the rental sales for freshman and sophomore class would increase by 3% the second year of operations and 5% in the third year, while also figuring that the rental sales for juniors and seniors would decrease at a consistent rate of 3%. Also, we figured that the sales for buying suits would increase by 3% year two and 5% year three, for the freshman and sophomore classes. Then our team said that the junior classes would have a 5% increase in sales for years two and three, while the senior classes would have a 7% increase. Below are the final sales projections and the individual university projections.

Cost of Goods Sold

Our cost of goods sold was calculated by taking Men's Wearhouse original sales and subtracting the cost of goods to get the gross margin, which was 43%. After we calculated the gross margin, our team subtracted the gross margin from 1 or 100% and that gave us, 57%, the cost associated with each item.

Operating Expenses

To calculate the operating expenses for our project we looked at the average percentage of operating expenses Men's Wearhouse carried for previous four years, which came out to be 6%. From there we added in a rental expense of \$97500.00; we calculated our rental expense by looking at the square footage that we would need for our stores, 3,750sqft and multiplying the square footage by the average price per square foot, which was \$26.00 (Evanston Retail Space for Lease, Raleigh Retail Space for Lease & Search Houston Retail Space, 2014).



Figure 4:

Renting VS. Buying	
Freshman	95% vs. 5%
Sophomore	85% vs. 15%
Junior	35% vs. 65%
Senior	10% vs. 90%

Figure 5:

Suit Options and Prices (Shirt and Tie included)	Buying	Renting
Wilke Rodriguez	319.99	55
Joseph & Feiss	369.99	65
Joseph & Feiss Option B	419.99	75

Figure 6:


Market Share of .29
Avg. wears = 45
Gross margin of .43
Cost margin of .57
Margin of error .20

Depreciation

Our depreciation was configured using straight-line depreciation. First, we found what needed to be depreciated. These were fixtures (Figure 7-10) that have a life spanned around approximately seven years. Therefore, our clothing racks cost \$1,275.00. Individually they cost \$425.00 and our company would place three in each of our locations. Then we had tables that cost \$1,500.00; individually \$250.00 and two in each location. In addition, we purchased wall mounts to hang some suits. This would cost a total of \$1350.00; individually costing \$150.00 and placing three of these in each store. Lastly, we would purchase one cash register for each location costing us a total of \$1425.00. All of these fixture added together cost us a total of \$5,550.00. Then to find the depreciation we took the total amount of all the fixtures \$5,550.00 and divided in by the seven years to find our depreciation yearly which equaled \$792.86.

Figure 7:

36" Round Clothes Rack



Circular design maximizes floor space. Holds a ton of clothes.

- Folds for easy storage.
- Adjustable up to 66".
- [Melamine top](#) and [casters](#) sold separately.

Figure 8:

60" x 42" Tiered Display Table w/ 3 Shelves, Rectangular - Black

Display Products > Retail Displays & Store Fixtures > Tiered Display Tables > SKU: 3TR6042BK





Share G+1 0 Like 0 Tweet 0 Pin it

Color: Black

Black
Maple

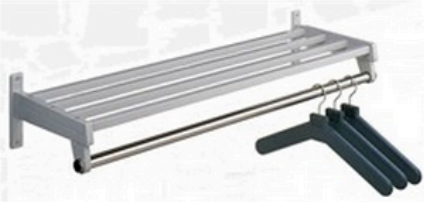
- This product is on overstock sale. Enjoy limited time savings!
- Three levels for displaying merchandise
- Black finish
- Affordable price point
- Knocked-down kit

Description
Specifications



Figure 9:

Home > Coat Racks > Steel Wall-Mount Coat Racks in Five Sizes & Three Colors -- 24" to 72"




Steel Wall-Mount Coat Racks in Five Sizes & Three Colors -- 24" to 72"

Item #:	No. Y5406
Price	\$149.00
Finish:	Medium Gray
Reviews:	Rate this item
Quantity:	0

CLICK IMAGES TO ENLARGE

Figure 10:

SQUARE-POS-KIT-3



The picture displayed for this item is a picture of the * Square Register Retail Kit and may not show a picture of the part number.

Shop With Confidence:
POSGuys Lifetime Support

Capital Expenditures

To find our capital expenditures our team found the inventory that we provide to our customers, and our fixtures explained in the depreciation section. We took the population of each school. Then we separated them into who would buy verse rent. We found these numbers by taking Men's Wearhouse Market Share, which was 29%. After finding how the populations from each school, we then laid out which sizes we were going to purchases and how many of each size. Our team figured from observing Men's Wearhouse site that they



kept sizes 30-44 in stock at all times. Therefore, we decided to use these sizes as our averages. We all too took into account that the average size of a man lies between 38-40's (Graslie, 2014); adding more of these sizes in our inventory. After find the total number of suit that would be required by each school based on demographics, our team then timed total number of sales by the seventeen different color options that are available. Likewise, we then took the total number of suits per 17 colors and times this by our average rental price of \$65. This found our total cost for all three schools to give us a total cost of suits of \$593,385.00. To find the price of the shirts and ties we took the total number of suits and then timed it by the price of what a shirt and tie cost. A tie cost \$29.99 while a shirt cost \$39.99. This gave us our grand total of inventory expenditures of \$1,232,232.42. However, then to find the total capital expenditure we also needed to add our total fixtures that we would be purchasing which was calculated above at \$5,550.00. The grand total of the capital expenditure came to \$1,237,782.42. Figure 11 below shows calculations.