

CASE PROBLEM 1.2

Value-Added Operations at Lands' End

Lands' End, headquartered in Dodgeville, Wisconsin, is the largest specialty catalogue company in the United States and one of the top sellers of clothes on the Internet today. The company's products include casual and tailored clothing for men, women, and children, shoes and accessories, soft luggage, and items for bed and bath. Fast, efficient operations allow Lands' End to offer convenient at-home shopping of quality merchandise at competitive prices.

Lands' End catalogues are known for descriptive product narratives that tell customers everything they could want to know about a garment and its construction. The company's toll-free phone lines for sales and customer service are open 24 hours a day, 364 days a year. More than 1000 phone lines handle about 50,000 calls each day—almost 100,000 calls daily in the weeks prior to Christmas. That doesn't include the 189,000 e-mails received and answered.

Lands' End uses the Internet to boost sales, provide customized service, stay in touch with its customers, and rid itself of excess inventory. With its expertise in warehousing, distribution, and order

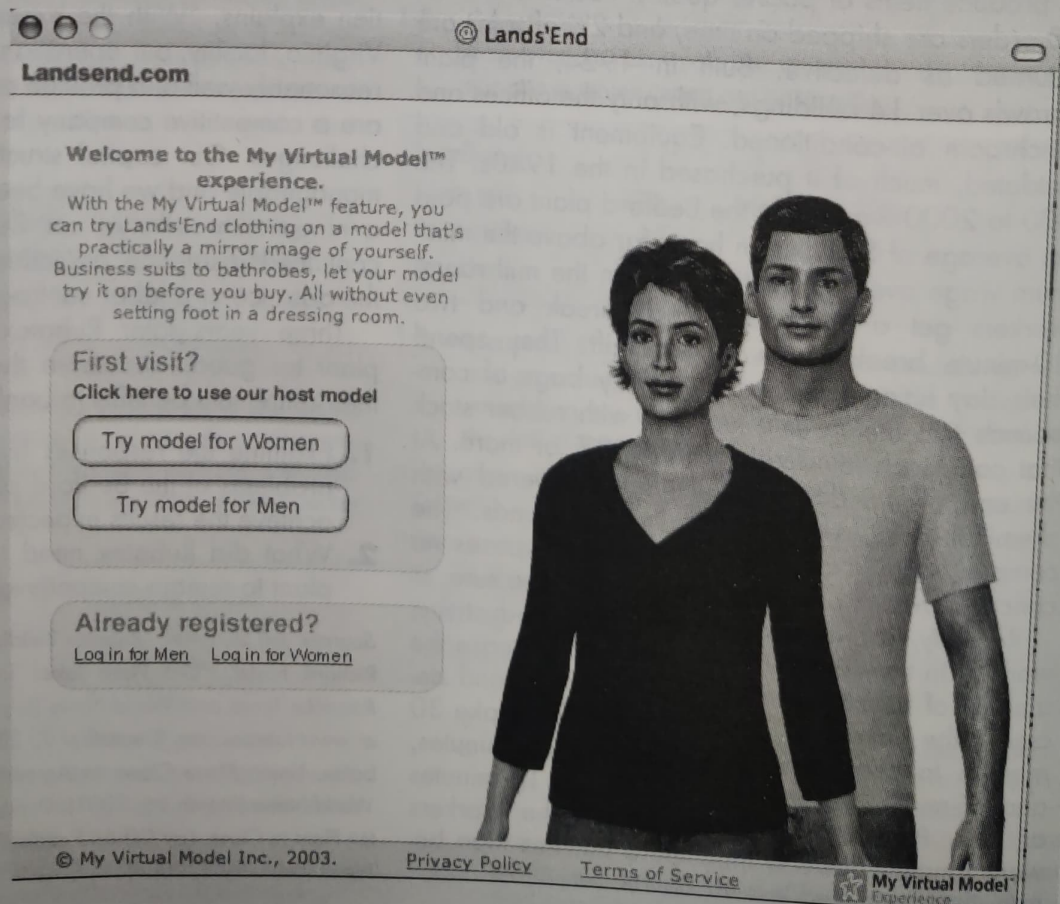
fulfillment, using the Internet to communicate with customers is a win-win situation.

The catalogue is a good tool for promoting the Web site, and the Web site can handle catalogue orders at lower cost with greater speed and accuracy. Customers get tailored reminders of special events and sales items via e-mail. And sites can be reconfigured to meet specific customer wants and needs. Customers can search by color, size, fabric, style, or price range, or they can browse through the latest offerings. Based on items placed in the shopping cart, the Web site can suggest additional items for purchase or offer special deals on accessory items. Prices can be changed automatically based on demand. Featured items can change, too—so the company is not caught highlighting a fashion flop.

Lands' End converts 10% of its Web visitors into buyers, twice as many as the industry average. They do this through live chats and personalized service—from remembering what you have purchased recently to meta models that try clothes on "your" body (see Exhibit 1.2). Not sure what you want? Start an instant messaging conversation with a *personal shopper*. Difficult to make a selection?

Exhibit 1.2

Lands' End Virtual Model



© Lands' End

Landsend.com

Welcome to the My Virtual Model™ experience.

With the My Virtual Model™ feature, you can try Lands' End clothing on a model that's practically a mirror image of yourself. Business suits to bathrobes, let your model try it on before you buy. All without even setting foot in a dressing room.

First visit?
Click here to use our host model

Try model for Women

Try model for Men

Already registered?
[Log in for Men](#) [Log in for Women](#)

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Order all three and return those you don't want postage free (as long as you use an affiliated credit card). Uncertain what size to order? Enter your measurements into *My Fit* and Lands' End will recommend a size and style. Or have Lands' End custom make shirts, blouses, and slacks. Want a friend's advice? Shop together simultaneously from separate computers and add the items to a single shopping bag.

Order fulfillment and delivery is a company specialty. In-stock orders leave Lands' End's Dodgeville distribution center (a structure the size of 16 football fields) the day after they are received. Standard delivery is two business days anywhere within the continental United States. Lands' End works directly with some of the best fabric mills and manufacturers in the world. Garments are produced to Lands' End's own quality specifications, not to less stringent industrywide specifications. In addition to its booming U.S. business, the company now does business in 75 countries, with facilities or spe-

cial licensing agreements in Canada, the United Kingdom, Japan, and Germany.

1. Think about the operations function at Lands' End. What is involved in the transformation process? How does the company "add value" for its customers?
2. Examine the list of primary topics in OM. In which activities is Lands' End involved?
3. Gather information on Lands' End's competitors L.L. Bean and Eddie Bauer. Are there any obvious differences in their competitive strategies? Describe the Internet and global activities of each company.

Source: Rebecca Quick, "Getting the Right Fit—Hips and All," *The Wall Street Journal* (October 18, 2000), p. B1; "Lands' End Makes Big Strides Online," *Sunday Herald Times* (December 19, 1999), p. G1; Peter Gallanis, "Clicks and Bricks Apparel Sites Poised for Web Dominance," *DSN Retailing Today* (July 19, 2000), pp. 23–24; www.landsend.com