

Love of Shopping

Bon-Ton Stores is one of the nation's leading department store chains, with 270 locations across the country.



BON-TON

Bon-Ton Stores' new president and CEO, Kathryn Bufano, brings a passion for fashion and retail to the company's revitalization efforts.

BY CHRIS PETERSEN

Bon-Ton Stores CEO Kathryn Bufano has been in love with department stores for practically her entire life. She says some of her happiest childhood memories came from the shopping trips she took with her mother to the Carson's department store in Chicago, and the dizzying array of clothing on the racks there sparked her interest in the world of fashion retailing. "The bonding experience of shopping with my mother was one of the most exciting times," Bufano says.

That abiding enthusiasm for fashion and department stores carried over to her college years, and at that time her shopping trips with her mother became more like fact-finding missions. She says she asked as many questions as she could about how department stores like Carson's were merchandized and how the store's buyers brought the latest fashions to its customers. As soon as she realized she could make department stores her career, Bufano says, everything clicked. "That was the spark that connected my love of shopping to the business world," she says.



Kathryn Bufano,
President & CEO
www.bonton.com
Milwaukee and York, Pa.

“Americans love choices, the American consumer loves to shop and they love the connection to community and also to family.”



Today, Bufano has carried that love and enthusiasm for shopping into her current position as CEO of the Bon-Ton Stores, one of the nation's largest department store chains. The company's 270 retail locations across the country include Carson's as well as other locally known and revered nameplates such as Bon-Ton, Herberger's, Boston Store, Younger's, Carson Pirie Scott and Elder-Beerman and Bergner's. Bufano joined Bon-Ton Stores last August and her mission was clear from the start: to revitalize and grow the company after several years of lackluster performance.

Fortunately, Bufano explains, the company has a plan in place for the next five years that focuses on building upon the strengths its stores already have while also providing them with new capabilities and new offerings for the fashion-savvy customer.

Emotional Loyalty

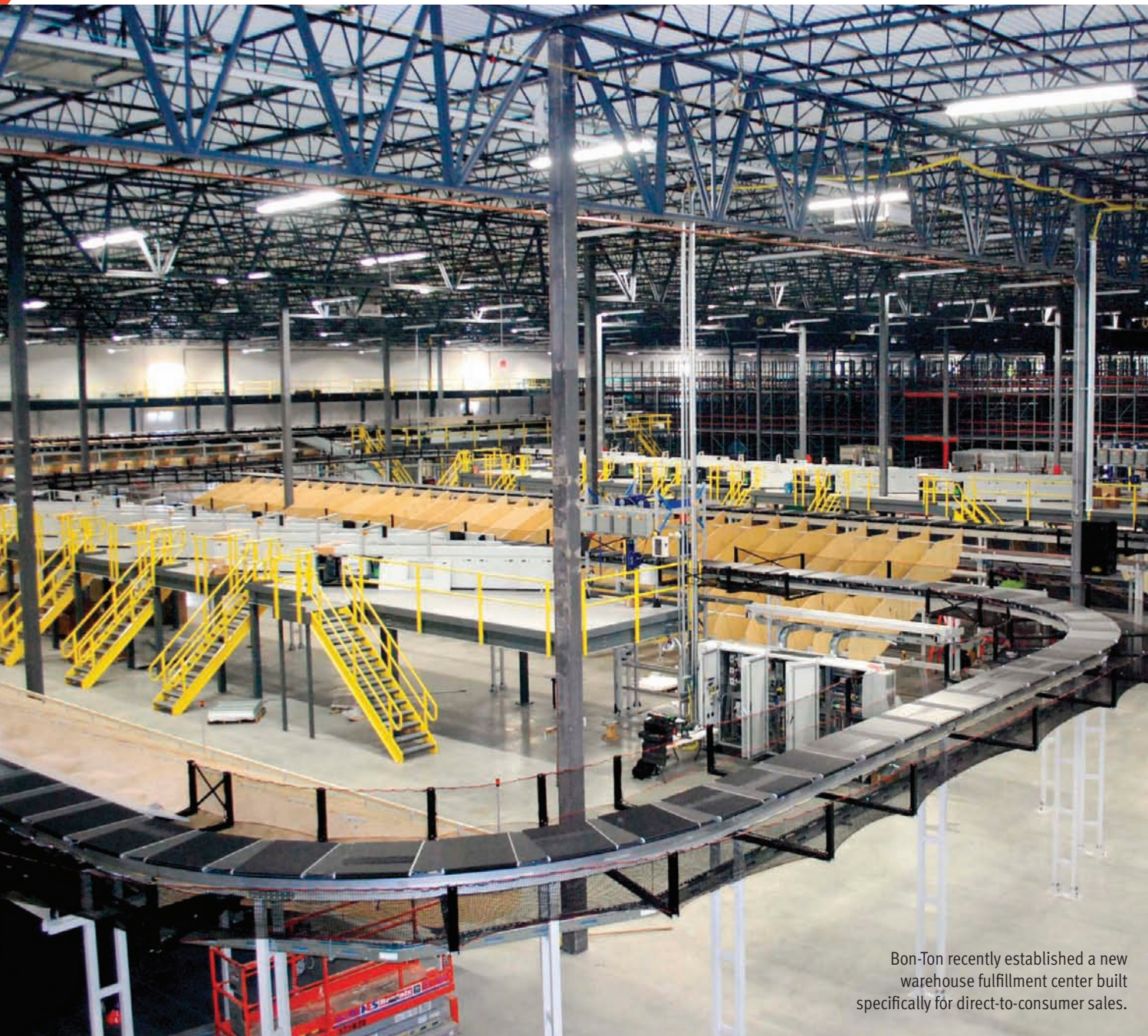
Carson's continues to be a respected name among the ranks of Chicago department stores, just as it was when Bufano was a child. Unlike many other large department store chains, Bon-Ton Stores has allowed the chains it has acquired to maintain their traditional branding rather than change it. Bufano says this is because the company understands the strong ties these stores have to their communities and the emotional connection shoppers have to those nameplates. "Carson's was and remains one of the most respected retailers in history, and all of our nameplates are viewed as an asset because of the connection and the emotional loyalty our customers have," she says.

Being able to create strong connections with customers is one of the things Bufano says she appreciates most about the department store industry, and it has been one of the strongest guiding principles during her tenure as President & CEO of Bon-Ton Stores so far. "[The department store] has had the wonderful ability to reinvent itself as a place to shop in the community," she says. "Americans love choices, the American consumer loves to shop and they love the connection to community and also to family."

Community Ties

Perhaps the most important element of maintaining a strong connection to shoppers is ensuring that stores have everything they are looking for and also can introduce them to new fashions and styles they might not be aware of yet. That means having strong relationships with the leading brands and designers, and Bufano says this is an area Bon-Ton Stores has rededicated itself to over the last year.

Although each store differs based on the demographics of its community, Bufano characterizes the merchandise mix at the typical Bon-Ton store as consisting of "good, better and best" lines. Because the stores compete with



Bon-Ton recently established a new warehouse fulfillment center built specifically for direct-to-consumer sales.

chains ranging from Kohl's to Macy's, Bon-Ton Stores focuses on delivering the best brands in America in a variety of price points.

Bufano says the company has maintained good relationships with labels such as Ralph Lauren, Michael Kors, Calvin Klein and Nine West, but it continues to expand its offerings from other known and trusted brands. For example, the company is launching a new partnership with leading sportswear brand Under Armour later this year, and Bufano says the brand will be featured prominently at more than half the company's locations by 2016.

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Bon-Ton Stores is dedicated to creating strong connections with its customers and responding to their needs with new product offerings.



“Our customer tells us they want fashion, and we’re working to become very fashionable and profitable.”

To keep up with the newest trends in the fashion world, Bon-Ton Stores has a design center in New York City that concentrates on finding new styles. Bufano says the company’s merchants also spend extensive time on the road looking around the world for new trends. This has become even more important in recent years, as younger shoppers have become a much larger segment of the company’s customer base. “Our customer tells us they want fashion, and we’re working to become a very fashionable and profitable retailer,” Bufano says.

“One of the big call-outs that our customers have said is that they love our credit cards and they love the value that we represent, but they also want us to be more fashion-conscious,” she adds.

Among the latest trends Bufano says are having a major impact on the Bon-Ton Stores at the moment are skirts and fringe, with a strong emphasis on color. She says anything



feminine is doing well at its locations for the moment. Bufano says the typical customer for the Bon-Ton Stores is a bit more casual than customers at other department store chains, and so the company strives to make certain that its product mix fits that demographic.

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E-commerce Excellence

Staying connected to the core customer base is crucial for any retailer, and Bufano says Bon-Ton Stores has placed a greater emphasis on collecting information about its customers in recent months. She says one of the company's greatest

attributes in that regard is a robust customer relationship management department, which conducts many focus groups and reaches out regularly to customers for feedback surveys. Bufano also says nearly half of the company's regular customers have a Bon-Ton Stores credit card, giving the company a clearer insight into its customers' shopping habits. "We have a tremendous amount of rich data," Bufano says.

Also contributing to the information Bon-Ton Stores has about its customers is the company's e-commerce presence, which Bufano says has become an increasingly important portion of the company's operations. "E-commerce is an integral piece of what our business is," she says.

E-commerce has grown up to 20 percent each of the last few years, and Bufano says it creates five times as much revenue as the company's highest-performing retail location. The typical customer does most of their browsing online before ever setting foot inside a store, she adds, so the company has put a lot of effort into making sure the website for each individual nameplate is geared toward helping customers find what they are looking for as easily as possible.

Bon-Ton Stores continue to work to improve the syn-

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We feel good about our capabilities [in e-commerce], and that's what the customer insists upon.

The company's locations include revered nameplates such as Carson Pirie Scott, Bon-Ton, Herberger's and Boston Store.



ergy between its online presence and its brick-and-mortar locations. One of the company's most recent initiatives in this regard has been the establishment of a new warehouse fulfillment center built specifically for direct-to-consumer sales. Bufano says the new state-of-the-art fulfillment cen-

ter enables Bon-Ton Stores customers to access the entire company's full inventory and order it to be sent to their local stores or to their homes.

Bufano says the new service that allows customers to order online and pickup in-store will be a major driver of new foot traffic into its locations. She notes that nearly 80 percent of returns of online purchases are returned to the store, which has been a significant boost to the number of people who visit their local stores. Bufano says the recent improvements to the company's e-commerce infrastructure should prove to be a significant enhancement for Bon-Ton Stores moving forward. "We feel good about our capabilities there, and that's what the customer insists upon," she says.

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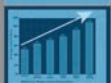
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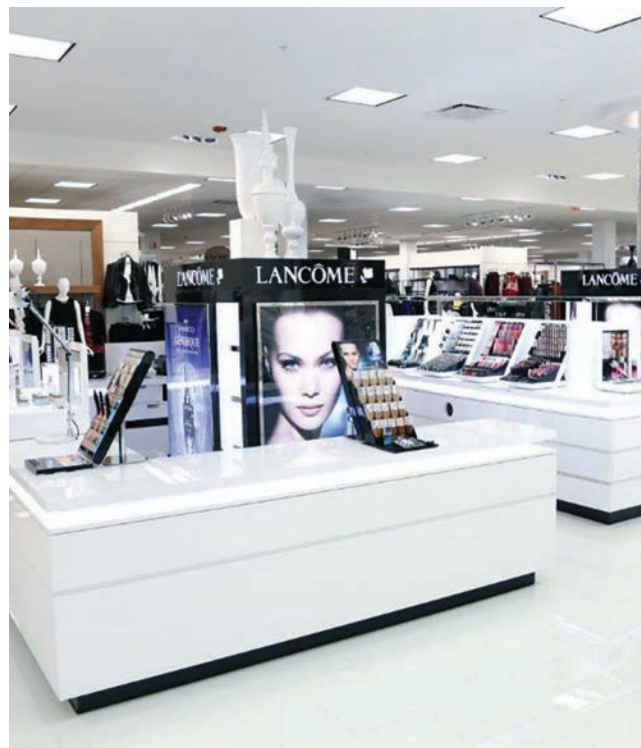
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Challenges Ahead

Bufano fully understood the challenge and opportunity in front of her when she assumed the CEO position with Bon-Ton Stores last year. The company had more difficulty emerging from the effects of the recession than many of its competitors, losing much volume over the last seven years. Over that same period of time, however, the company's competitors have seen growth in revenue of about 8 percent each year, putting Bon-Ton Stores in catch-up mode. Bufano says the company definitely has its work cut out for it in the coming years. "We have a lot of runway ahead of us," she says.

However, despite the obstacles Bon-Ton Stores has in front of it, Bufano says she is confident that the company will be able to overcome them and strengthen its position as a leader in the fashion retail world. She says the company's five-year plan is designed to bring it back to a growth track. By continuing to grow its product line to include more compelling fashion assortments and further developing its omnichannel capabilities, Bufano says the Bon-Ton Stores will be in a much better position within the next five years as it continues to focus on maintaining its strong bonds with its customer base. She says the company's renewed sense of purpose can be found in its new vision and mission statements, which will be rolled out companywide in September.

"Our vision is to be the best hometown department store for the family, for the home, for generations," she says. 🛒