

## Executive Summary

### Company History

Bed Bath and Beyond is a retail powerhouse, but the company's profits have been steadily decreasing over the past several years. Retail sales at brick-and-mortar stores have been dropping for years as consumers increasingly prefer to shop for goods and services online rather than in person. Bed Bath & Beyond has tried to keep up with the times, but its online initiatives have either been too late to have an impact, or the plan itself has been too weak in both principle and implementation to be a profitable endeavour for the firm. Bed Bath & Beyond has encountered several issues that have proven to be significant roadblocks to its growth, including issues with the company's strategic orientation and corporate structure. A "don't change what isn't broken" mentality has resulted as a result of managers at the highest levels of the company's hierarchy being overconfident and complacent in the tactics that had worked for them for so long. As a result, the business has shown itself to be a very sluggish adaptor, leaving it far alone in an industry that is constantly changing. Their decision to employ tactics to adapt came only after a protracted period of observing losses and a decline in the company's market position. Planned efforts to keep up with the competition instead of new ideas that would help the firm become a leader in the sector were the problem. Examination of the nature of BBB's near-future problems as well as market assessments will help us decide on what the best approach for the firm is moving ahead and how it can adopt a new strategy and restore its position as a retail sector leader (Gussow, 2011). BBB has purchased several retail enterprises that provide domestic home furnishings and Bath items, inexpensive apparel, Holiday shops and beauty products over the years. Christmas Tree Shops and That! Harmon Face Values, Buybuy Baby, World Market, and Cost-Plus World Market are among these retailers. There were 37 store closures and 17 new openings at Bed Bath & Beyond in 2018. In recent years, the firm has reduced the number of physical locations and shifted its focus to internet sales. A total of 40 locations will be closed, and a total of 15 new locations will be opened, according to the company's predictions for 2019.

As part of the S&P 400 and Global 1200 indices, Bed Bath and Beyond are featured in Fortune 500 and Forbes Global 2000 also includes it. BBBY is the stock ticker symbol for Bed Bath & Beyond.

#### **Product**

Whether you're looking for something little or large, Bed Bath & Beyond offers it all. Subscription products have as their marketing objective the inclusion of a variety of products from various categories. In the infant sector, for example, customers receive a monthly shipment of baby items. Diapers and other infant care items fall under this category. Customers may relax, spend more time with their children, and get exactly what they want by customising their purchases online. Hand soap, body wash, and a slew of other personal care items are good examples of this type of product. Products from Bed Bath & Beyond can be tailored to certain holidays and occasions, such as Christmas and the Fourth of July. Increased client retention, as well as a reliable stream of income, will result. Marketing must enhance e-commerce and streamline items into the supply chain for uniform distribution to attain this aim.

#### **Pricing**

Coupons from the firm are a great way to save money. 40% of the company's promotions were found to be useless in a recent poll. Subscriptions and e-commerce orders should both be

eligible for discounts in addition to single-use coupons. Increased exposure and the opportunity to test and enhance e-commerce will result from this move.

Allows for a smooth transition between old and new systems. Bed Bath & Beyond has made a name for itself by offering a wide variety of environmentally friendly items.

### **Place**

Bed Bath & Beyond has adapted to the market's need for same-day shipping. Due to the company's dedication to renovating shops often, the supply chain is under strain. Bed Bath & Beyond's shops might be updated regularly. This frees up the time of store staff, allowing them to better serve consumers and make more sales. Subscription goods can be promoted by reducing the strain on the supply chain. As a way to increase sales and customer traffic, the firm can put local items on its shelves from time to time. Eventually, this might be used for subscription-based products as well.

### **Promotion**

Customers at Bed Bath & Beyond receive emails, discounts in the mail, social media posts, and their website. The quality and variety of the items convey the brand's message. It also has sales that are cheaper than those offered by Amazon. All of the aforementioned factors combine to make Bed Bath & Beyond the ideal retail location.

## **Mission Statement**

*Everything you need to make your #homehappier is at your fingertips. Our goal is to make you feel just at home! The corporate culture of Bed Bath & Beyond is centred around the needs of the client. We have made major investments in our company's future growth to support our dedication to client service.*

## **Situational Analysis**

### **Current Situation**

In the retail various home furnishing and service industry, Bed Bath and Beyond and Beyond Inc. stand out. In the Standard Industrial Classification System (SIC), the company has the SIC number 5179, while the NAICS code for the company is 442299. About 37,600 full-time workers work for Bed Bath & Beyond Inc. About 2,100 people own a stake in the firm. In addition to the identities Bed Bath and Beyond and buy buy, the company operates as Bed Bath & Beyond Inc. Baby (BABY"), Harmon, Face Values of Harmon Decorist, an online interior design service that offers customised home design services, also works with the firm. 834 BBB shops across all 50 states, the District of Columbia, Puerto Rico, and Canada make up a total of 1,020 retail locations operated by Bed Bath & Beyond, Inc. More than 132 BABY and 54 Harmon locations may be found in 37 states as well as Canada.

Strategy at Bed Bath & Beyond Inc. emphasises "digital-first" tactics. Product, Price, Place, Promise, and People are the five pillars around which the company's growth initiatives are built, and each is critical to the overall strategy of the firm. As a result of competition from Walmart and Target, Amazon's Prime service, and COVID 19's social and economic impact, Bed Bath & Beyond Inc.'s strategic aims may be hindered due to these factors.

It's hard to stay up with Amazon when it comes to online selling. Since Amazon is the world's largest e-commerce store, this might affect Bed Bath & Beyond Inc.'s "digital-first" strategy. In addition, Amazon makes use of data from well-known markets to better understand

customer needs (Jenkins, 2007). Walmart is the world's second-largest e-retailer, behind only Amazon. Walmart's inventory is constantly monitored and replenished, respectively, by these innovations. In terms of technology and inventory management, these are only two of Bed Bath & Beyond Inc.'s primary rivals. To keep up with its rivals, this corporation must keep up with the times when it comes to customer service and inventory restocking.

**SWOT Analysis**

Managers at Bed Bath & Beyond have a critical strategic planning tool at their disposal: a SWOT assessment. Map out the current strengths, opportunities, weaknesses, and threats that Bed Bath & Beyond is facing in its current business environment using this technique. Bed Bath & Beyond is a market leader in the home furnishings sector. Critically assessing the SWOT analysis helps Bed Bath & Beyond maintain its market leadership position (Benzaghta et al., 2021). SWOT analysis calls for the optimal collaboration of numerous firm departments, such as financial operations, marketing, systems, and strategic planning, as a highly dynamic process.

The fundamental goal of the SWOT matrix is to discover the strategies that Bed Bath & Beyond can use to take advantage of counter threats external opportunities make and defend the company's strengths while eradicating its weaknesses.

		SWOT Analysis	
		Environment	
Company		Strengths	Weaknesses
		Strengths	<ul style="list-style-type: none"> <li>As a top firm, Bed Bath &amp; Beyond has several advantages. These advantages not only allow it to increase its current market share but also allow it to preserve and develop it.</li> <li>When it comes to distribution, Bed Bath &amp; Beyond has a solid</li> </ul>

foundation created over the years.

- Successful training and learning programs lead to a well-trained workforce. To ensure the company's long-term success, Bed Bath & Beyond devotes significant resources to staff training and development.
- There is no doubt about it: Bed Bath and Beyond have spent the last few decades establishing an impressive portfolio.
- Bed Bath & Beyond has a SWOT analysis merely proves this point even further. With this brand portfolio, the corporation may expand its product line into other sectors.

comes to merging

organizations with diverse work cultures, Bed Bath and Beyond, while adept at integrating small businesses, has also made some blunders.

- When compared to the fastest-growing companies in the industry, our R&D budget is a tiny fraction of theirs.
- As a result, Bed Bath and beyond has been unable to compete with industry leaders in innovation due to its high R&D expenditures. A well-established firm eager to deliver new products with tried-and-true traits to the market, that's what it appears to be.

- To prevent supply chain restrictions, the company relies on a solid foundation of well-known raw material suppliers.
- There is a demonstrated track record of success with acquisitions and mergers of complementary companies. When it comes integrating technology companies, has recently been successful in doing so.
- Sales staff training is also a need for dealers, who are required to not only promote the company's products but also educate their consumers about their benefits.

- It's been a struggle for Bed Bath & Beyond, one of the most successful firms in its industry, to branch out into new product categories with its current corporate culture in place.
- The promotion of the product should have been much better. Despite its sales success, the product is subject to attack from competitors in this market because its positioning and USP are not properly defined.
- Products sold by the company are missing from the market. A lack of options could allow a new competitor to develop a foothold in the market.

- As a result of the company's healthy free cash flow, Bed Bath & Beyond is well-positioned to undertake new projects.
- As a result of the automation of activities, Bed Bath & Beyond has been able to respond to changing market conditions by scaling up and down in response to demand.

Opportunities

- They have lost some market share to new entrants in specialized segments for reasons that are not completely evident. An internal feedback procedure that includes the field sales staff will be necessary for Bed Bath & Beyond to overcome these challenges.
- Bed Bath & Beyond has a lower profitability ratio and lowers Net Contribution percentage than its rivals.

Threads

Opportunities

- Because of new technologies, Bed Bath & Beyond will be able to price its products differently in the new market. If the company provides excellent customer service, it can keep its current clients while also recruiting new ones.
- As part of the federal government's "green" initiative, Bed Bath & Beyond items are now available to federal and state government contractors.
- It is conceivable to invest in new product lines when the company's free cash flow is stable. It will be easier for the corporation

- Low-quality and counterfeit goods are a threat to Bed Bath & Beyond's products in emerging and low-income countries.
- A rise in salaries, particularly in China, as well as a price increase, might have a significant influence on the profitability of Bed Bath & Beyond.
- The growing costs of raw materials could put the profitability of Bed Bath & Beyond at risk.
- Over time, market disruptors and competition may pose a serious threat to this industry.

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to invest in new technology and product lines if it has more money available. Thus, Bed Bath & Beyond may be able to enter new markets.

- Bed Bath & Beyond now has access to a new growing market because the government is committed to establishing new technology standards and a free trade deal.
- Credit interest rates for Bed Bath & Beyond customers are lower because of the decreasing inflation in the market.

Savings that Bed Bath & Beyond can pass on to customers or increase in profitability as shipping costs drop may allow it to lower the prices of its

- New environmental regulations enacted as part of the Paris Agreement could put established product categories at risk (2021).

- The demand for highly profitable products may have a short-term influence on the profitability of the company because of their seasonal nature.
- International trade could be harmed if other countries follow the United States' example of economic isolationism and take comparable measures.

Because of the wide variety of laws in different countries and the rapid evolution of product



products. The company may be able to acquire a market share or increase profitability as a result of this.

In the last several years, the business has invested a lot of money in the internet platform to attract new clients. Because of this investment, Bed Bath & Beyond now has access to a new market. For example, the corporation may use big data analytics in the coming years to better understand and handle the demands of its clients in the future.

Bed Bath and Beyond may be able to enter new markets as consumer patterns shift. Thus, new revenue streams and product lines will be opened up for the business.

standards, the company may be sued in more than one location.

### **Environmental Scan**

The retail market for household goods is becoming increasingly competitive. With intense competition like Amazon, Wayfair, and even Walmart, it is difficult for Bed Bath & Beyond to maintain its place in the contemporary market. Other online home decor experts like Wayfair provide many of the same goods as Bed Bath & Beyond, but at a lower price and with free shipping, as do many other online retailers.

In addition, the BBB has established corporate governance principles and an ethical standards policy for business behaviour that must be adhered to by all employees and board members. A company's bottom line is directly affected by the general economic climate. Inflation can lead to a decrease in sales, while the minimum wage requirement might lead to an increase in cash outflow.

There has been a decrease in sales at BBB, thus the firm has chosen to shut 60 of its locations by year's end. Sociocultural factors can influence a consumer's decision to do business with an organization or not, hence it is critical for businesses to keep this in mind (Stark, 2005). One of the ways Bed Bath and Beyond aims to be socially responsible is by donating to the community regularly, promoting diversity by providing equitable employment opportunities, and encouraging suppliers and other businesses to reduce their environmental impact. However, despite BBB's impressive online presence, the likes of Amazon and Wayfair continue to take a sizable piece of the industry, necessitating further competition for the business.

### **Porter Five Forces**

To break into the home furnishings sector, the companies need a lot of money, and it's difficult to build a brand for themselves right away. To start a firm in such a fast-paced field, there are likely to be several licences and regulatory requirements. Bed Bath and Beyond have a well-developed business strategy, therefore a new entry, but cannot compete with it because of the weak force it represents. Many comparable items are available on the market under many brand names, making it difficult for BBB to stand apart. Consumers are more inclined to switch if a rival provides a similar product at a lower price with the same level of quality. BBB,

BBB, In most cases, buyers are seeking a product that is unique and high-quality at the lowest feasible price. They no longer have to leave their homes to do their shopping thanks to the convenience of online shopping. Buyers benefit from having a variety of alternatives from which to pick when making a purchase (Raviv, 2017). The industry has more suppliers than buyers. Through its website, Bed Bath & Beyond is continually looking to add new vendors. The growth of several big merchants' online operations, such as Walmart, Amazon, and Wayfair, places a moderate amount of pressure on BBB. This widens the range of products offered online and lowers prices by increasing the number of options available. BBB's earnings have decreased as a consequence of direct competition from these firms, which provide many of the same brands as BBB.

### **International Performance**

The organisation believes that a varied staff strengthens the bonds between its employees and its clients. BBB believes that its dedication to cultural diversity and the exceptional opportunities for personal and professional growth it gives to all of its employees, regardless of their background, play a significant role in our high associate retention rate."

When deciding who gets hired, consideration is given to the company's operational requirements and the merits of each colleague or candidate. Bed Bath & Beyond had 1,020 locations globally as of 2021 down from 1,500 locations a year earlier. The firm had 834 Bed Bath & Beyond-branded shops open in the year represented. There is a great deal of work put in by the corporation to incorporate the COVID-19 pandemic into its main agenda, as well as political instability, labour unrest, product recalls, financial and operational destabilization of suppliers or carriers within the international market.

### Operational Planning

#### Financial Performance

A year earlier, the company lost \$M 64.5 or 53 cents per share, resulting in a net loss of \$9.1 million, or 8 cents per share. The company's earnings per share, excluding one-time adjustments, were 40 cents, above the 31 cents projected by analysts. Net sales decreased by around 16 per cent to \$B 2.62 from 3.11 a year prior. Analysts had predicted \$2.63 billion in revenue. Christmas Tree Stores and Cost Plus Global Market were both sold, and the corporation has been closing stores as a result of the drop in sales year-over-year. Sales were up 4% in the same stores. In the fourth quarter, online sales rose 86%, but it wasn't enough to make up for falling in-store traffic. According to the corporation, 41% of internet sales were fulfilled in-store. Organizing products for the house, food preparation, home décor, and bedding were the fastest-growing areas of business for the company's name-brand division. Sales at Company locations increased by 6%.

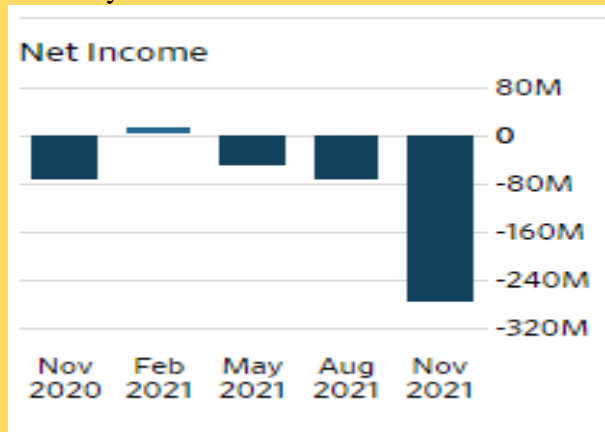


Figure 1: BBB Net Income

#### Operational Budget and Assessment

##### Current Situation

Valuation		Profitability	
* P/E Ratio (TTM)	-	Gross Margin	+33.74
** P/E Ratio (including extraordinary items)	-	Operating Margin	-1.65
Price to Sales Ratio	0.35	Pretax Margin	-3.65
Price to Book Ratio	2.31	Net Margin	-1.63
Price to Cash Flow Ratio	12.17	Return on Assets	-2.12
** Enterprise Value to EBITDA	18.99	Return on Equity	-9.91
** Enterprise Value to Sales	0.42	Return on Total Capital	-3.05
Total Debt to Enterprise Value	0.62	Return on Invested Capital	-3.30
Total Debt to EBITDA	6.31		
EPS (recurring)	-0.55	Capital Structure	
EPS (basic)	-1.24	Total Debt to Total Equity	239.65
EPS (diluted)	-1.24	Total Debt to Total Capital	70.56
		Total Debt to Total Assets	47.39
Efficiency		Interest Coverage	-1.98
Revenue/Employee	245,559	Long-Term Debt to Equity	211.45
Income Per Employee	-4,010	Long-Term Debt to Total Capital	62.26
Receivables Turnover	-	Long-Term Debt to Assets	0.42
Total Asset Turnover	1.30		
Liquidity			
Current Ratio	1.58		
Quick Ratio	0.85		

However, the company's financial performance was not up to the mark in recent times but still, it can be said that the key ratios are not that worse. These are some good signs for the company in future and it is anticipated that the company will achieve the desired profitability within the next three years.

**Plan for the Next Three Years**

The health of a company's finances and the analysis of its financial accounts reveal its situation. An organization's success may be shown in these financial statements across certain periods, such as yearly, quarterly, or monthly. An organization's ability to recognize patterns that might impact its success is enhanced by the visual portrayal of financial accounts.

Parameters	Prior Quarter	Next Q Projection
Supplies	23,989,000,000	24,034,676,000
Revenue	31,890,000,000	35,998,000,000
Insurance	Not Applicable	
Salaries	4,801,000,000	4,823,000,000
Net Profit/Loss	23,000,000	7,000
Interest Expense	2,000,000	2,000,000
Total Expense	40,965,000,000	41,023,000,000
Earnings without Tax	23,000,000	7,000
Earnings with Tax	433,000,000	428,000,000

**Strategic Goals: Core Strategies and Tactics**

**Strategic Goals**

After thoroughly analyzing the SWOT analysis of the company, it is quite evident that the company needs to adopt effective strategies to combat the threat of substitutes as most of the products of the company are not available within the market. The goal is to fill that gap by launching new products that can replace the competing products. The next goal is to provide the staff with adequate training so that they can deal with culturally diverse customers effectively. Moreover, the environmental restrictions can prove to be detrimental to the organization and for this, it has to devise a plan to prove itself as a socially and environmentally responsible organization.

### **Prioritized Core Strategies**

The best possible strategy that will be adopted by the company is to arrange a training and development program to help the employees to understand the importance of cultural diversity and how they can deal with diverse customers effectively. Moreover, the company must look to develop new products and the pricing of these products should also be kept consumer-friendly so that a large number of customers get attracted to the products and the company can attain a dominant position within the market. The company should run awareness campaigns regarding environmental safety and develop its products following the needs of the environment to avoid any kind of repercussions in this regard.

### **Recommended Organizational Structure**



The company should follow a simpler organizational structure like all the other top organizations. The owners, CEO, and directors of the company should be directly reported by the managers who are responsible for managing the top tier employees along with the customer service staff. This will make the communication within the organization simpler and all the employees will be involved in the decision-making process.

### **Recommended Marketing Positions**

The company is now promoting itself via postal coupons, television commercials, and pamphlets. Instagram and Facebook pages for each local business are now being implemented as part of a new marketing plan. Unlike some of its rivals, Company doesn't post as many stories touting its items and special deals.

Customers will become more loyal if you post new content often. Having local retail store sites will assist customers to keep up to date on in-store sales. Existing sustainable goods should be promoted, as should new subscription services advertised on these channels.

Customers may follow the sites they see on receipts by including links to their Instagram accounts. When online shopping becomes more efficient. The first page should feature shark tank items, making it easier for customers to find what they're looking for.

In public relations, it's important to keep your email address up to date. Other ways to get in touch include phone numbers and live chat, but there is no email address listed right now.

Public relations will increase if you keep in touch via email and Instagram. Customers will be able to find the goods they're looking for in-store with the use of an app, a technology that rivals like Target have already been testing.

Loyalty memberships, which contain data on previous purchases and preferences, are an important part of personal selling. Subscription goods may be made to meet specific needs thanks to this. Customers should be sent copies of the reports, and the company should have them on hand for them to peruse. Customers would be better informed about the company's efforts and may take an active role in their support of the company's decision to invest in environmentally friendly products.

### **Measuring Success**

Every business must have a strategy in place to prosper. When formulating its strategy plan, BBB must take strategic challenges, calculated improvements, and targeted objectives into account. Create an action plan for moving the organisation toward its anticipated future state; this plan must include a way to track its progress toward this end. Non-financial measurements can offer a sense of how well a firm is doing, but the success of a corporation can only be judged by looking at its financial performance over time. Revenues, revenue growth, market share, equity and the debt ratio are the most important measures of success. As part of its worldwide strategy, BBB intends to produce ecologically friendly automobiles to fulfil its goals.

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