

Executive Summary for Plato's Closet

Situation Analysis: Plato's Closet, located in Lawrence, Kan., has the perfect opportunity to further reach members of its target audience by recognizing the importance of the KU community to its business. The Plato's Closet brand has formerly aimed to target young adults, ages 14- to 24-years-old. We propose to target the 18- to 24-year-old age group who account for 80 percent of KU's student population. The opportunity for Plato's Closet is to take advantage of the concentrated, diverse market that lies within the campus at the University of Kansas. The threat to be eliminated is the misconception that Plato's Closet is a thrift store that sells used clothes. In reality, Plato's Closet is a place where young adults can find the brands they love that are unique to them, at much more affordable price than buying new.

Statement of Purpose: This proposal presents a plan to raise and promote excitement among KU students for the Plato's Closet brand, in addition to changing the misconception of Plato's Closet as a thrift store.

Target Audience: The target audience is comprised of 18- to 24-year-old KU students who are mostly single, working-class residents who pursue active lifestyles, live in apartment complexes, visit bars, convenience stores and laundromats. They enjoy Internet surfing, TV viewing, playing games and playing musical instruments. Despite having a low-income background, this target audience enjoys shopping, going to the movies and eating out. They enjoy wearing trendy outfits and popular brands while on a budget.

The Plato's Closet Plan's Goal: To generate excitement about Plato's Closet among KU students and to change the misconception of Plato's Closet as a thrift store.

Objective 1: To raise excitement within the KU community about the Plato's Closet brand.

Tactic: Host a Plato's Closet "try-and-buy" event at the Kansas Union.

Tactic: Partner with Beauty Brands to offer "A Girls' Night Out."

Tactic: Prize giveaways in the store through check-ins on Facebook or liking a status.

Objective 2: Create a boutique-feel for the Plato's Closet store.

Tactic: Provide a designated area for shoes to reduce clutter within the store.

Tactic: Feature seasonal, trendy and complete outfits on all mannequins throughout the store.

Tactic: Check merchandise regularly to guarantee good quality and condition of items.

Plato's Closet Strategic Message Planner
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Step 1: Client/Product History

Plato's Closet is a franchise resale store that specializes in buying and selling gently used brand-name clothing, shoes and accessories.

Established in 1998, Plato's Closet has more than 325 stores in the United States and Canada. All of these locations are individually owned and operated with franchise agreements from Winmark Corporation, a leader in franchise owned and operated businesses.

With brand-name apparel marked up to 70 percent off the retail price, Plato's Closet makes its revenues from recycling trends, its careful selection of items and the price convenience for the consumer. Average store sales nationwide are approximately \$1 million.

Each store uses computer software for buying, pricing and managing inventory. The software uses a matrix strategy based on the item's brand, style and condition to determine if the store will buy the item, as well as the product's worth.

This strategic message planner will focus on the Plato's Closet located in Lawrence, Kan., which opened in January 2008.

Step 2: Target Audience

Plato's Closet focuses on selling its merchandise to pre-teens, high-school students and some 20-year-olds. This target audience seeks to enjoy the benefits of wearing trendy outfits while on a budget. At the Lawrence location, Plato's Closet's general audience is 14- to 24-year-old consumers. Currently, 85 percent of the store's consumers are female and 15 percent are male. However, males are the fastest growing segment and should be taken into consideration.

Because of Plato's Closet college town location, it is necessary to target 18- to 24-year-old University of Kansas students—both male and female—who account for approximately 80 percent of KU's student population.

In Lawrence, Kan., the total population in 2010 was approximately 111,000 residents with the median age being around 28-years-old. Prizm research indicates that the 21- to 34-year-old age group dominates all other age groups in Lawrence.

Prizm also suggests that this target audience consists of mostly single, working-class residents who pursue active lifestyles, live in apartment complexes, visit bars, convenience stores and laundromats. They enjoy Internet surfing, TV viewing, playing games and musical instruments. Despite having a low-income background, this target audience enjoys shopping, going to the movies and eating out.

Step 3: Features and Benefits

Features	Benefits
Cash for items on the spot.	Consumer receives money for clothing no longer used.
Staff is trained to select the best clothing.	Consumer find clothes in near-perfect condition that they would struggle to find in thrift stores.
Always in season.	Different featured items for each season to stay fashionable.
Variety of clothing, shoes and accessories.	Different brands to appeal to each customer's needs.
Bargain pricing for brand-name clothing.	Up to 70 percent off the original retail price.
Store-credit for merchandise.	Consumer can trade items no longer worn for store merchandise.

Step 4: Promotional History and Current Campaign Goal

Each Plato's Closet is independently owned and operated with franchise agreements from Winmark Corporation. Winmark provides brand support to each franchise by producing standardized television commercials, radio scripts, email templates, store brand signage and computer software and hardware.

The Lawrence Plato's Closet uses its corporate marketing standards in addition to teaming up with three other Plato's Closet locations for localized marketing. The Lawrence location is part of the KC Metro 4 store Co-Op. Each store contributes 3 percent of its previous month's sales toward a common marketing

pool. With this Co-Op agreement, radio and broadcast spots are purchased from the marketing pool. Media examples include Mix 93.3 and KCWE.

Additionally, the Lawrence Plato's Closet does some of its own local marketing specific to the area. The location uses radio spots, cable spots, email, social media and guerilla marketing tactics to promote the store. The Lawrence location spends \$3,000 per month on its radio and cable ads.

Step 5: Current Brand Image

Some online reviews suggest that Plato's Closet consumers view the business as a convenient way to receive cash in addition to a friendly alternative to shopping for new, higher-price items. Through the company's advertising, Plato's Closet projects an image of a clothing retail store focused on recycling trendy clothes at a price that is 70 percent off the original retail price; however, a lot of consumers view Plato's Closet as a thrift store or a consignment store.

According to some reviews, Plato's Closet commercials project an image of a trendy clothing store for teenagers but the experience they have when they visit is completely opposite. Some consumers have a problem finding specific things through the racks that surround the store.

A reviewer from Yelp.com wrote, *"For the life of me, I can't figure out their organizational tactics. What? Where? How? I have no idea. I didn't think a clothing store could have worse organization than our local Goodwill. It can! I spent way longer in here than I would have liked, because I had to dig through every single rack (racks that were a teensy bit over-packed, if you ask me) in every single aisle. I didn't want to miss a bargain!"*

Another issue some consumers have is their selling experience as they fail to understand why Plato's Closet does not buy some of their clothes; this brings about a negative experience for the seller.

"I have sold to Plato's before, but I was frustrated when they wouldn't take some of my clothes that I know are newer and in better condition than some of the things they already have in the store," Darci Collins said. Collins is a 22-year-old KU student.

Some claim that the cramming of the merchandise, the smell and other aspects of their visit gives them a

feel of a thrift store, second-hand shop or consignment store.

The positives from the reviews on Yelp.com focus on customers finding great buys in the store, being able to get cash for items no longer used by the customer, the quality of the clothing sold, and the friendliness and helpfulness of Plato's Closet staff.

A reviewer from Yelp.com wrote, *"Sales staff is helpful and friendly. I got asked twice if I needed assistance, and otherwise was left alone. Two salespeople were walking the store at all times, picking up dropped items or replacing askew hangers. The clothes are clean and free of damage/missing buttons/ripped seams/etc."*

Overall, Plato's Closet consumers enjoy the brand. They like being able to sell clothes they no longer wear and receiving either cash or store credit in return. They like being able to buy the different brands at a lower cost. However, the cramming of inventory and the negative connotation of used clothing leads to a misinterpretation that Plato's Closet is a "second-hand" shop or a thrift store.

Step 6: Direct Competitors and Brand Images

One of the main direct competitors to Plato's Closet in Lawrence is Ditto, "a resale clothing boutique." Ditto is similar to Plato's Closet in the way it operates and buys clothing. They describe themselves as "...a recycled fashion retailer that buys and sells name-brand designer clothing and accessories in the Kansas City and surrounding areas...Ditto promotes the passion for fashion, encourages environmental awareness and shares the love of bargains."

Plato's Closet in Lawrence and Ditto are alike in that they both operate within similar target markets, with the exclusion of maternity wear. According to consumers, they differ in that Ditto is seen as a store that accepts and sells more expensive items.

However, consumers believe that the items are not worth the extra money. Reviews indicate that Ditto's clothing is pricier compared to something they could buy at other discount stores. Yelp.com reviews indicate an average rating of 1.5 stars out of 5 for Ditto (based on three reviews.)

One reviewer wrote, *"While browsing the racks here, I was very surprised by their prices. You can find*

similar items at TJ Maxx or Marshall's for the same price or LESS, and they haven't been worn! I saw two pairs of shoes that I liked, but I just can't pay \$32 for shoes (not designer) that have had someone else's feet in them."

Some main advantages of Ditto is that it has a better store location as well as looks more like a boutique to appeal to customers. Plato's Closet in Lawrence has a convenient location and is also closer to KU campus, but it is in a cramped area surrounded by other stores. Plato's Closet has the advantage, however, with the pricing of its items and the friendliness of its staff according to customer reviews.

Step 7: Indirect Competitors and Brand Images

Indirect competitors for Plato's Closet in Lawrence are, but not limited to, TJ Maxx, Ross, Salvation Army and the shops in Downtown Lawrence.

TJ Maxx is a department store chain that offers a variety of products from home decor to apparel for all ages. In a Redbooks company profile, TJ Maxx is described as a business that "provides quality merchandise for the entire family every day. Their off-price buyers are trained to recognize that true value is a combination of fashion, quality and price."

Even though TJ Maxx seeks to appeal to American families via television, its online presence seeks to target younger women. Its website has a modern layout with a runway section and a video to appeal to younger women by generating excitement for the season's hottest styles and colors.

Ross Stores, Inc. is an apparel and home fashion chain. Ross takes pride in offering "in-season, name brand and designer apparel, accessories, footwear and home fashions." A similarity to Plato's is its product pricing; as stated on the company's website, "...at Ross expect to find designer and brand name fashions for men, women, kids and home at everyday savings of 20-60% compared to department and specialty stores."

The Salvation Army is seen as an indirect competitor to Plato's Closet because it offers various items including clothing at low costs. Salvation Army differs from Plato's Closet in that the Salvation Army is a non-profit organization that receives its inventory entirely from donations. Salvation Army sells its

inventory at low costs and \$0.83 of every dollar earned goes directly toward its fundraising. The brand image for the Salvation Army is positive because its consumers know the good the organization does; however, consumers still recognize Salvation Army as a thrift store.

Step 8: Motivation

KU students are likely to be motivated by both rational and emotional appeals. The rational appeal is that Plato's Closet offers low prices for resale items and also buys items from its customers for cash. A customer likely chooses Plato's Closet either to pay lower prices for items or to receive money from selling his/her items.

Because the rational appeal focuses primarily on money, whether it be paying less or receiving, the emotional appeal should focus on the not-so-obvious. Plato's Closet should emotionally motivate its customers by creating excitement. To be surprised or excited is a basic desire that people seek to fulfill, according to Brian Martin, author of the article, "Successful Brands Do a Good Job of Satisfying People's 10 Basic Desires." By generating excitement for the upcoming fashion season within the in KU community, the Lawrence Plato's Closet can achieve the desired image for its brand.

To create excitement among the KU students, the Plato's Closet Lawrence location should implement promotional events to get more consumers. One idea is to host a "Try and Buy" event at the Kansas Union in the lobby. A lot of traffic passes through the main lobby during the school days and if Plato's Closet could set up a pop-up shop where students could stop by, try on clothes and buy, it could create more awareness among students of the brands Plato's Closet carries. An added benefit to this event is Plato's Closet staff could gain insight on what brands KU students are wanting more of.

Another event that could generate excitement among consumers is a "Girls Night Out" event with help from neighboring store, Beauty Brands. By combining efforts between the two stores, an event like this could be potentially beneficial to both businesses in efforts of gaining more consumers. Specifically, because 85 percent of Plato's Closet consumers are female, a partnering event with a beauty store could attract consumers who may be currently unaware of the Plato's Closet brand. With this event, Plato's Closet could have special discounts throughout the store for female customers or do the \$20 all-you-can-

fit-in-a-bag promotion that has successfully been done before. Additionally as part of this event, Beauty Brands could host its own promotions, such as discounts on makeup and hair services.

Overall, to reach the target market, Plato's Closet in Lawrence needs to create awareness of the brands they have and get the consumers excited to shop.

Step 9: Desired Brand Image

As previously mentioned, in the consumer's mind, Plato's Closet is viewed as a thrift store even though it is more about selling gently worn clothing and accessories as opposed to getting donations in all sorts of conditions. Creating a series of strategic messages to portray the excitement for styles of the season and the KU community will bring the desired image. However, it is important for Plato's Closet to keep consistency with the message consumers receive and the experience the consumer obtains upon visiting.

To avoid disappointments from the consumer, Plato's Closet needs to create more of a boutique feel to the inside of the store by reorganizing the layout so one isn't overwhelmed by the amount of inventory. Featured items that the target audience want to buy should be at the front of the store and easily accessible. A suggestion for eliminating an overwhelming feel is to create an area designated for shoes rather than placing them above racks. Doing so would allow one to look at the clothes on the rack rather than be distracted by what is above and around it. An additional suggestion that addresses the lack of reach to the male segment of Plato's target audience, is to rearrange the store in such a way that one half is dedicated to women's clothing and accessories, and the other, smaller half is used for men's clothing and accessories. This would allow the male consumer to see the merchandise upon entrance of the store, rather than having to walk through and to the back of the store.

The primary research indicates the store is lacking in its current display of featured items. Upon a visit to the store, it was noted only four storefront mannequins were displaying an outfit, leaving some not wearing any clothing at all. Additionally, the body-forms hung outside each of the dressing rooms were not fully clothed either. These findings indicate both an opportunity and a threat for Plato's Closet. The threat is that the store is not featuring its best items to attract more consumers to buy, as in comparison to direct competitor Ditto. A store visit to Ditto revealed that all storefront mannequins were fully clothed in

current season wear. Based on this finding alone, one would be more likely to walk into Ditto's rather than Plato's Closet because Plato's Closet lacks the window shopper appeal. The opportunity lies in that Plato's Closet has more mannequins/body forms to display the best of its inventory.

Step 10: Selected Benefits and Features

Most college students only make a certain amount of income and only have so much money to spend month-to-month for clothing and other entertainment costs. They still want to stay trendy, but don't have the budget to back up those designer labels. By focusing on promoting the bargain prices for the different current brand names they can attract a lot of the different students here in Lawrence.

The selected features and benefits to better reach the target market of 18- to 24-year-olds are:

- Plato's Closet chooses the best brands to provide confidence.
- Up to 70 percent off retail pricing provides control to the consumer in their finances.
- Variety of clothing, shoes and accessories to complete the perfect outfit and save time.

Step 11: Strategic Message

In the exciting life KU students lead, they want to look and feel good with the brands they want at the prices they want. At Plato's Closet, they will find all their favorite clothing brands in excellent condition at surprisingly low prices.

Step 12: Bibliography

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