

BUSINESS

Penney's Picks Jill Soltau as Next CEO to Lead Turnaround Efforts

- The new ceo will be challenged to get the middle-American retailer back on track.

BY DAVID MOIN

The J.C. Penney Co., acting swiftly to get turnaround efforts back on track, has named Jill Soltau chief executive officer, effective Oct. 15.

Soltau, a 30-year retail veteran, most recently served as president and ceo of JoAnn Stores, the nation's largest fabric and crafts retailer with over 850 stores. Earlier, she was president of Shopko Stores.

Though Penney's is a distressed company, Paul J. Brown, Penney's board director and chairman of the search committee, said, "Jill stood out from the start among an incredibly strong slate of candidates.

"As we looked for the right person to lead this iconic company, we wanted someone with rich apparel and merchandising experience and found Jill to be an ideal fit," Brown said. "Not only is she an established ceo and former chief merchant, her depth of experience in product development, marketing, e-commerce and store operations has been an important basis for the turnaround work she spearheaded at prior companies."

At the \$12.5 billion Penney's, Soltau will have a tough assignment to turn around the struggling department store, which targets middle-class mothers and their families. She succeeds Marvin Ellison, who abruptly left the chain last May to join Lowe's. Considering it's only been about four

Jill Soltau



months since Ellison left, Penney's seemed to move expeditiously to find a successor.

Soltau becomes one of a handful of women ceos of major retail companies, though the list has been growing, including Jane Elfers at The Children's Place; Helena Foulkes of the Hudson's Bay Co.; Michelle Gass of Kohl's; Katrina Lake of Stitch Fix; Fran Horowitz of Abercrombie & Fitch, and Virginia Drosos of Signet Jewelers.

Penney's said Soltau has experience invigorating retail brands and working in apparel and accessories at Shopko and other department stores.

"She was always an 'under the radar' candidate who had it all – leadership, vision, track record of success and people will do anything for her," said Kirk Palmer, of the executive search bearing his name. "I'm a little sad that she is now off the active candidate list, but Penney's just got a terrific executive."

For the last couple of years, Penney's has been working to pump up its apparel

and accessory offerings across men's, women's and children's categories, as well as extended sizes, and executives have indicated that improving its fashion offerings is key to a successful turnaround of the business.

The Plano, Tex.-based retailer has been aggressively rolling out new private brands while forging stronger partnerships with market brands such as Adidas, Levi's and Nike. The company also a few seasons ago started to showroom large appliances, and has put most of its needed store closings behind, though more are likely to occur.

Still, recent results at the chain indicate there's a long way to go to get out of the woods, and some retail experts believe the company may lack the cash and time needed to right itself. For the second quarter ended Aug. 4, the company did cite gains in women's and children's apparel, but its net loss widened to \$101 million versus \$48 million in the year-ago quarter. The adjusted net loss was \$120 million in the three months ended Aug. 4 compared to \$23 million in the year-ago period.

Net sales decreased 7.5 percent to \$2.76 billion compared to \$2.99 billion in the year-ago quarter due to store closings. Comparable sales increased 0.3 percent with children's, jewelry, Sephora, women's apparel and salon performing the best, though the comp gain was noticeably smaller than several of Penney's competitors. Last year, Penney's had a net loss of \$116 million.

When the announcement came out late Tuesday afternoon, Penney's characterized Soltau as "a highly accomplished retail merchant and former general merchandise

manager who was brought to JoAnn Stores to reinvigorate the brand." Penney's said JoAnn stores underwent "a revitalization of branding, expanded digital and omnichannel capabilities and forged strategic partnerships to build meaningful relationships with its customers."

Earlier, Soltau spent eight years at Shopko, most recently as president after serving as executive vice president and chief merchandising officer. She joined Shopko in 2007 and attained various executive positions of increasing responsibility including apparel and accessories.

Prior to her tenure at Shopko, Soltau held several senior level positions in merchandising, planning and private brand management at Sears and Kohl's, after starting her career with Carson Pirie Scott, which was later acquired by the former Saks Inc.

"J.C. Penney is a quintessential American brand with a strong and loyal customer base, and I couldn't be prouder to lead such an iconic retailer," said Soltau. "I am highly passionate about the customer and I spent my entire career focused on the needs of a value-based consumer by researching, understanding and meeting her expectations for style, quality and inspiration. Every position I've held has prepared me for this role."

Ronald W. Tysoe, chairman, said Soltau is "a strategic, customer-focused leader with a demonstrated track record of enhancing profitability and delivering results."

Penney's had been led recently by its office of the ceo, which includes Therace Risch, executive vice president, chief information and digital officer, and Mike Robbins, executive vice president of private brands and supply chain. Another member of the ceo office, executive vice president and chief financial officer Jeffrey Davis, resigned last week to join Lowe's. Jerry Murray, senior vice president of finance, assumed the position of interim cfo, reporting directly to the office of the ceo.

BUSINESS

Walmart to Boost Plus-Size Offering With Eloquii Acquisition

- The deal fits in with Walmart's strategy of buying e-commerce operations to take on Amazon.

BY SHARON EDELSON

Walmart Inc. is back on the acquisition trail.

The retail giant said Tuesday that it plans to acquire digital native vertical brand Eloquii, for an undisclosed amount. Eloquii's on-trend fashion, which starts at size 14, is squarely focused on the \$21 billion plus-size market. Walmart is leaning into plus-size fashion, one of the fastest-growing segments in women's apparel. More than half of U.S. women ages 18 to 64 wear size 14 or higher. Yet despite their ranks, plus-size consumers have historically been underserved.

Other major brands have made commitments to plus-size consumers, including Loft, which added sizes 16 to 26; Ellen DeGeneres' EVI, which is inclusive of large sizes; Universal Standard caters to sizes 10 to 28 and launched a petites-for-plus collection; Target's Millennial brand Wild Fable, extended sizes, 0 to 26W, and Nordstrom extended its size range to 30 stores.

Eloquii will join Walmart e-commerce's digitally native vertical brand (DNVB) portfolio, which includes previous acquisitions such as Modcloth, Bonobos and Allswell, which are led by Andy Dunn, senior vice president of digital consumer brands at Walmart U.S. e-commerce.

Mariah Chase, chief executive officer of Eloquii, and her team of about 100 employees, will continue to be based in Long Island City, N.Y., and Columbus, Ohio, and will join the Walmart U.S. e-commerce organization, reporting to Dunn.

"Eloquii has a direct connection with its customers that helps inform how products get developed, how they're marketed, and how the brand comes to life," said Dunn. "DNVBs are an important part of our strategy because they offer unique and differentiated products while building strong relationships with customers."

Walmart said Eloquii will complement Modcloth, and the retailer's own private label assortment for plus-size consumers.

"This year, we've made great progress adding new brands, developing exclusive products and launching new fashion partnerships," Dunn said. "As the retail landscape evolves at light speed, we remain firm in our belief that it's not just about selling brands, it's also about building brands and customer relationships. As such, we are laser-focused on developing a portfolio of direct-to-consumer brands with a unique assortment you can't find anywhere else."

"Addressing consumers' vocal requests for fashion-forward styles is something Eloquii does incredibly well," said Dunn, adding that the brand embraces customer feedback and requests. Recognizing that 80 percent of Eloquii clients work full-time, the brand launched a 9-to-5 kit, and more recently, The Premier Workwear Kit.

Eloquii operates five stores in Chicago; Miami; Houston; Detroit; and Pentagon City, Va. The brand is a survivor. Shuttered in 2013 by The Limited, customers demanded it reopen and it did, led by a handful of original creators. Eloquii claims to be obsessed with fit; its technical fit team is as big as its design team.

Dunn explained how brands can thrive within the retail giant. "We know how critical it is for a brand to retain its magic. When you're inside a larger enterprise, Doug

[McMillon, president and chief executive officer of Walmart Inc.] said that a larger company can bear hug you to death. We can help build a walled garden where DNVB can remain autonomous, and if they're independent, they continue to thrive," Dunn said. "It's a big statement for us that we're making our first acquisition this year with Mariah [Chase, Eloquii ceo,] and her team. It's important because we believe the future of fashion is an inclusive future."

"We'll continue to offer styling on Eloquii.com and our five stores, and hopefully more stores soon," said Chase. "As we work with Walmart in the future, we're going to explore opportunities for distribution through their portfolio. We have our collaboration with Jason Wu, which launches on Nov. 1 and we've just started leaking the photos. Collaborations absolutely remain part of our strategy and have really exciting partnerships for 2019."

"If there's one thing we've learned at Bonobos, it's the power of the online-offline experience," Dunn said. "We understand both parts of the strategy. We're 100 percent supportive of Eloquii's store expansion."

Dunn said Walmart's concept for acquisitions is to "go out and get brands that give us great proprietary assortments. In a world where we're moving toward parity, where everyone has the same things, it requires great differentiation in the products and services that are offered. You have to take a pain point and turn it into joy. We're going to take a point for an underserved consumer and turn it into joy."

