

# Burlington

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## Background:

Burlington was founded back in 1924 as a wholesaler company for women's and junior's suits. The founder of Burlington is Monroe Milstein. Burlington was established originally as a family owned company. Their first physical location was opened in Burlington, New Jersey. Which has now become their headquarters. Initially the company was known as ***Burlington Coat Factory***. It was not until 1972 that they changed their business model as a retailing company. They have a total of 748 stores throughout the United states. Nearly 345 Burlington stores still operate under the name Burlington Coat and Factory. They have store locations in over 44 states including Puerto Rico. They have changed their company name to ***Burlington LOVE the DEALS***. Burlington has changed their name because they have expanded the variety of products they offer. Burlington began by selling suits and has gradually begun to sell children's clothes, Men's clothing (Active and Casual), women's sportswear, home goods, shoes, hand bags, jewelry and accessories, and beauty products. Offering designer products at great discounts without compromising the quality of their products.

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## Corporate Mission:

According to Burlington, their corporate mission is to “make inclusion and diversity integral parts of how [they] run [their] business, serve [their] customers and communities, and engage each other everyday. As a caring company, [they are] committed to giving back to the communities where [their] associates and customers live and work. ” They stand behind the

philosophy of “creating a supportive, result-driven, diverse and fun place for [their] associates to work, learn, and grow (Burlington, 2021).”

**Burlington’s Corporate Social Responsibility (CSR):** Some of Burlington’s community relations are the following

- **AdoptAClassroom.org**

Burlington partners up every year with AdoptAClassroom.org to provide financial assistance to teachers to buy school supplies and materials for their students to use in classrooms. The supplies and materials help the students better learn and actively engage in school. This program is meant to help teachers who do not get the financial support they need from the school system to buy all the necessary materials they need to teach. Burlington has been a partner with this foundation for 5 years now. They have acquired \$8 million dollars in fundraising campaigns that take place in their stores (Burlington, 2020).

- **Burlington Coat Drive**

Burlington has partnered with *Delivering Good* in efforts to provide people in need with coats to stay warm in the cold winter days. Burlington begins the collection of coats in all their stores during the holiday season. A large box is usually placed in the middle of the entrance labelled “Burlington Coat Drive” to encourage customers to make donations of coats that are both new and used but gently worn. Their slogan “help spread the gift of warmth.”

- **Burlington Toy Drive**

The Burlington Toy Drive is a program similar to the Burlington Coat Drive. This program focuses on collecting toy donations during the holiday season in Puerto Rico.

All toys collected are then given to the *Fundacion Infantil Ronald McDonald*. This is a non-profit organization located in Puerto Rico.

- **The Leukemia & Lymphoma Society**

Burlington has been a long supporter and partner of *The Leukemia & Lymphoma Society*. They have obtained over \$46 million dollars of donations which they then have given to *The Leukemia & Lymphoma Society* to help blood cancer treatment and further research.

- **UNCF**

The partnership of Burlington to UNCF is meant to help collect funds for students, but more specifically students of color. The funds obtained from in-store donations made by customers will be used to fund scholarships to distribute to students to further their education in college. This is one of the newest partners Burlington has acquired.

- **Natural Disaster Relief Efforts**

Burlington has partnered with The American Red Cross, The Salvation Army, and Delivering goods to help out victims of natural disasters. They collect funds from their customers to provide money to these organizations for equipment and food to comfort victims of hurricanes, earthquakes, tornados, and tsunamis.

- **Burlington Bulk Gift Card Sales**

- **Burlington Bulk Product Sales**

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**Sales, Profit, and Key Financial Data:**

According to the United States securities and exchange commission, Burlington's total sales have increased by 35% in comparison to the Fiscal year of 2019. Their Gross margin for 2021

was 43.3% in comparison to 41% during the first quarter of the Fiscal year of 2019. Burlington's Net Income increased by 120% which is equivalent to \$171 million in 2021. As compared to their Net Income was \$78 million in 2019. According to Market Watch, due to the Covid-19 pandemic the Net income has decreased between the months by 146.55%. Sales and operating cash flow have decreased from 9.59% in 2019 to 3.81% in 2021.

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### **Advertising:**

Burlington has many different forms of advertisement and have spent under 100 million dollars on their digital and national TV advertising campaign. Burlington has advertised their company in under 50 different states that use media as a mainstream way of shopping. Consumers can find information on Burlington in newsletters with deals, on tv commercials, on the radio and on displays such as posters. Their advertisements can be found in multiple tv channels in multiple languages including Spanish. Burlington has partnered with Youtube and one other provider in order to reach more consumers. Burlington does have social media presence through twitter however they do not have mainstream social media accounts such as Facebook, Instagram and Tik Tok. Burlington does have a website but customers cannot find any actual products on their website which is an issue because many consumers prefer to shop online. Burlington has also launched a new advertising method in which consumers can use an app that allows them to find the nearest Burlington store. This is a great advertising method because it raises awareness of

Burlington store locations while simultaneously aiding consumers who have trouble navigating through foreign neighborhoods which they've never been to.

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### **Promotional Activities**

Burlington does not have many online promotional activities aside from their twitter account, youtube ads and website. Burlington caters to middle/upper middle class consumers which are often middle age people. This is an issue because for the first time in history we are witnessing five generations all at once. It is important for Burlington to include all five generations when developing marketing strategies. Our oldest generation is the traditionalist who were born from 1925-1945. The traditionalists make up about 6.36% of the current U.S population. This generation of consumers prefer shopping in person. The best way to market to them is through word of mouth or by mail. Burlington is currently doing this, they send promotional letters with store discounts, deals and sales. This can spark interest because no one can resist a great deal, they'll want to brag about it. Burlington is already marketing to them through TV ads. They have developed commercials that interest them to come and visit one of their local Burlingtons.

The generation that comes after the traditionalist are the Baby Boomers, who were born from 1946-1964. Baby Boomers account for approximately 21.19% of the U.S population. It is important for Burlington to market to Baby Boomers because they control more than 70% of the total U.S disposable income. The best way to market to Baby Boomers is by using social media, magazines and Tv ads. When using social media we want to choose platforms that are most relevant to this generation such as Facebook and Instagram. Baby Boomers are a generation of

people that enjoy reading, so when creating ads we want to create content for them that would be enjoyable and interesting to read through.

The generation that comes after Baby Boomers is generation X. These people were born between 1965-1980. Generation X makes up about 19.85% of the U.S population. This population makes up 31% of the total U.S income. This generation values family which is a great opportunity for Burlington since they have deals for the whole family. They have begun to open new departments for babies, children, men, women, home, accessories and beauty products. The best way to market to this generation is by using traditional online marketing methods such as text message marketing, multimedia marketing, and push notification marketing. Oftentimes this generation is on their phone using apps such as Facebook, Twitter, and Instagram. Burlington has created ads that Gen x-ers can relate to such as video ads with references to the past. Burlington has created content that they can relate to and identify with.

Millennials are the generation born between 1981-2000. They make up 21.97% of the U.S population. This group of people are heavy users of technology and tend to have a very strong presence on social media. The best way to reach this generation is through forms of social media platforms such as Tik Tok, Facebook, and Instagram. Millennials tend to value memorable experiences. Oftentimes millennials are more persuaded by word of mouth communication. They will more than likely purchase an item or visit a place because their friends or colleagues recommend it.

Generation z are individuals born between 2001 to present day. This generation makes up 20.26% of the U.S population. These groups of people were born into a time where many technological advances were established such as smart mobile devices. This generation is very tech-savvy. The most popular mobile apps amongst them are youtube, snapchat, Instagram, and



TikTok. The best way to market to Gen Z is by using social media marketing and content marketing.

**SWOT Analysis**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>❖ Multiple Products from different departments such as beauty, baby, home and footwear</li> <li>❖ Reduced Pricing by up to 70%</li> <li>❖ Strong Network of 450+ stores in the US</li> <li>❖ Employ over 25,000 workers</li> </ul>	<ul style="list-style-type: none"> <li>❖ No online Website</li> <li>❖ Cluttered aisles</li> <li>❖ Messy displays</li> <li>❖ Insufficient amount of cashiers</li> <li>❖ Dark and Dingy interior design</li> <li>❖ Dirty Carpet Flooring</li> <li>❖ Flickering lights</li> <li>❖ Many stores only have 1 elevator</li> <li>❖ False Labeling</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>❖ Reinventing themselves</li> <li>❖ Remodeling interior design to become modern and welcoming</li> <li>❖ Attracting consumers through the opportunity of giving cash and credit refunds</li> <li>❖ Transparency of CSR</li> <li>❖ Expansion into Eastern Countries</li> </ul>	<ul style="list-style-type: none"> <li>❖ Other off-price department stores that offer similar products such as TJ Maxx, Marshalls and Ross stores</li> <li>❖ Consumer perception of products being low quality due to pricing</li> <li>❖ Company reputation is in crisis due to false labelling</li> <li>❖ minimalistic infrastructure that hinders consumers shopping experience</li> </ul>

## Omni-Channel Analysis

Problems that Burlington currently face is a damaged reputation and lack of integrity in regards to their previous incidents. This includes the mislabeling and sale of illegal fur jackets, exploitation of it's workers, as well as the theft and sale of expired or outdated products. Burlington also struggles with inadequate store conditions and outdated store practices in an evolving society.

Burlington has an issue of transparency with their consumers about the manufacturing and labeling process of certain products and clothing. In the past, the company has recalled about hundred to thousands of winter jackets and coats from their store. It was discovered that the fur of dogs and cats were being used for the manufacturing of coats and jackets being sold at Burlington department stores (Dog Fur Found In Coat Calamity, CBS NEWS). This incident occurred due to the mislabeling of the content of the coats and jackets. It was found that a majority of the fur coats that were labeled as "Faux Fur" were actually made from real animal fur. Not only is this inhumane and illegal for Burlington to distribute and sell animal fur; it's also unacceptable from their end to mislabel the products being sold to consumers (PETA, 2021). This hurt the reputation of Burlington and resulted in the loss of many loyal customers and discouragement of consumers to continue doing business with Burlington again.

On February 5th of 2015, the Legal Aid Society-Employment Law Center (LAS-ELC) and Chavez & Gertler LLP filed a lawsuit against Burlington Coat Factory in the California Superior Court. The lawsuit alleged that Burlington coat factory had been enforcing a policy in which employees are charged for common on-the-job mistakes (Legal Aid At Work, 2015). This is a major issue because the policy is against the law which prohibits companies from forcefully taking money from their employees. The person suing chose to be anonymous but stated that she

was coerced and threatened by her employers at Burlington Coat Factory into signing a resignation letter and paying over \$800 which is equivalent to 3 weeks pay. The person suing was also threatened with jail time and a lawsuit if she did not meet the demands of Burlington Coat Factory. This lawsuit is an issue for Burlington because it has stained their corporate reputation because it can lead to a shortage of workers. Nobody would want to work for a company that takes money from it's employees and threatens them.

On April 2nd 2019, Youtuber Jeffree Star made a public announcement on YouTube regarding the illegal authorization of his cosmetic products being sold by several Burlington department stores. A month prior to Jeffree Star's product being sold by Burlington, he had reported one of his warehouses as being "ransacked by burglars" (Krause, 2019). Jeffree took to social media to call out Burlington as well as warn their customers that the cosmetics being sold were expired and had been marked for disposal. This affected Burlington's reputation because they were caught selling unauthorized products. To top it all off these stolen products were also expired. Selling expired cosmetics is a major issue when it comes to consumerism, not only did Burlington damage their own reputation but also the producer of the cosmetics. Expired beauty products are very dangerous because they can cause damage to a consumer's health like swelling of the face, rash, and in severe cases permanent facial damage. Burlington products are often bought from suppliers that want to get rid of past season merchandise and overstock items. Burlington made a mistake of not properly investigating where these products were coming from.

Burlington has hundreds of stores but what it lacks is an online presence. Having an online store presence gives Burlington the chance to advertise themselves and expand their business beyond physical store locations to all parts of the U.S. Extending online will give

Burlington the ability to gain more customers and make more revenue. Operating online is also more cost-efficient than running a physical location because you don't have to pay for rent, employees, or any other operational fees. Without an online presence, Burlington is more pressured to be successful at their brick and mortar stores.

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### **Key Competitors**

Burlington's biggest competitors are TJ Maxx, Marshalls, and Ross. These three Department stores are Burlington's competitors because they offer similar products at comparable prices. These competitors are considered a threat to Burlington because by comparison TJ Maxx, Marshalls and Ross are more organized, welcoming, and have more media presence. As previously stated in the SWOT and omni-channel analysis, Burlington's department stores are often cluttered and messy to the point that consumers cannot navigate throughout the aisles. This is a major disadvantage when compared to Burlington competitors who have more organized displays, racks, shelves, and aisles. Burlington stores don't have a very welcoming atmosphere because lights in stores are often flickering, carpets are sometimes dirty and the amount of products put on display can be overwhelming for consumers. Burlington competitors have good lighting and products are displayed in an orderly fashion so that consumers can find products more easily. In comparison to its competitors, Burlington does not have a big media presence. To summarize, Burlington is at a major disadvantage when compared to its competitors.

## Recommendations for Burlington

Some recommendations for Burlington would be to improve their CSR relations by becoming more transparent about where and how they obtain their products. Burlington is known for having issues when it comes to properly labeling their products. Oftentimes many customers complain about the quality of the product as well as the overwhelming in-store shopping experience. This is due to the outdated interior design and lack of rotation of merchandise in the store layout. Some issues in many brick and mortar locations are dark and dingy interior design with dirty stained carpets and flickering lights. The presentation of items is often in large clutters that makes it extremely hard for customers to filter through. While visiting Burlington locations in New York City, One can witness the lack of organization in stores. There is a lack of active employees on the floors organizing misplaced items back on the shelves and racks. One can see piles of clothing laying around on the floor, which is an issue because very often these items are trembled and stepped on. As a result many items become dirty and stained, and in many cases ripped or torn. There is also a lack of employees operating the registers. This results in a traffic jam of customers which are then forced to wait long periods to check out. This then affects Burlington because it evokes negative shopping experiences for their customers. A suggestion to Burlington would be to remodel their interior design to be more open and less clustered in its store layout. Less is more and quality should be prioritized over quantity. With the lack of manpower in some departments, I would recommend hiring more people to fill in minor and major job position roles.

## **Conclusion**

Burlington has the potential to become a successful company and competitor of major department stores such as TJ Maxx, Ross, and Marshalls. As of now, they have a number of areas to improve on as listed above. I chose Burlington since my family and I personally shop there. As a consumer I would like to see Burlington improve their store locations by becoming more organized and efficient on what they do. It would help facilitate and improve their customer experience which would then increase visits to the store.

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