Chris Jenks, *cj@blueshiftideas.com*

# Too Soon for Merger Effect at Men's Wearhouse

Companies: GPS, HKG:1913, JCP, JWN, KSS, LVMUY, M, MW, PVH, RL

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**Research Question:**

**Will Men's Wearhouse realize lower pricing, cost savings and higher brand awareness from its acquisition of Jos. A. Bank?**

## Summary of Findings

- No in-store changes have occurred since the mid-June merger of Men's Wearhouse Inc. (MW) and Jos. A. Bank, according to 21 sources comprising employees of the two retailers, Macy's Inc. (M) stores, and M&A and industry specialists. Those who forecast long-term effects echoed Blueshift Research's June 26 report in which sources said the merger would not be a game changer for the menswear industry.
- Many sources expect the merged company to realize savings through cost-cutting, consolidation and synergies, but none predicted lower prices for the consumer.
- Three Jos. A. Bank store employees expect their formalwear selection to be bolstered by having online access to Men's Wearhouse tuxedos. One already has received training on this integrated system, while two others soon will be trained.
- An industry specialist noted a subtle change in Jos. A. Bank's advertising that reflects Men's Wearhouse's influence.
- An online survey of 58 U.S. consumers found that Men's Wearhouse continues to be the No. 1 destination for suits and sport coats. Both Men's Wearhouse and Jos. A. Bank drew improved ratings compared with the survey in Blueshift's June report.

| | Merger Will Result in Cost Savings | Merger Will Lower Prices | Merger Will Improve Brand Perception |
|---|---|---|---|
| MW/Jos. A. Banks Personnel | ↑ | ↓ | ↓ |
| Macy's Personnel | N/A | ↓ | ↓ |
| M&A Specialists | ↑ | ↓ | → |
| Industry Specialists | ↑ | ↓ | → |

## Silo Summaries

**1) Men's Wearhouse and Jos. A. Bank Personnel**

**None of these nine sources (representing five Men's Wearhouse and four Jos. A. Bank stores) reported any changes in store inventory or layout as a result of the merger.** One Jos. A. Bank store recently launched a system in which its customers have access to Men's Wearhouse's online selection of formalwear; two others said training on this system is coming.

**2) Macy's Store Personnel**

**These four Macy's sources said the merger will not change their stores' operations. They also do not expect any change in pricing or brand perception for the combined company.** Men's Wearhouse has an edge with its superior formalwear selection and in-store tailoring, but Macy's is not its direct competitor.

**3) M&A Specialists**

**These two sources said the merger is not a game changer for the menswear industry.** One sees a formidable challenge in retaining existing customers while moving away from habitual promotions. The other source views the merger as a net negative because it will not improve brand perception for "stodgy" Men's Wearhouse. **Cost savings—mainly from duplicate expenses—will result from the merger. One expects six months to pass before the savings are realized, while the other said cost reductions will be visible in a year.**

**4) Industry Specialists**

These six sources offered varying forecasts for the short-term and midterm fortunes for the newly merged company. Two rate it a net positive for the industry, one characterizes it as neutral to positive, while another said it is an industry negative. **None view it as a game changer for menswear. One source noted a subtle change in advertising that reflects the new relationship between Men's Wearhouse and Jos. A. Bank. Two said the company will have to work hard to reinvent itself as a fashion-forward retailer.**

## Background

Men's Wearhouse recently released its quarterly earnings results of 25¢ per share, which was down more than 70% compared with the 85¢ per share in the year-ago quarter because of transaction costs involving the Jos. A. Bank acquisition. Not accounting for the one-time costs, the company noted that adjusted EPS was $1.10 per share vs. $1.01 a year ago. Men's Wearhouse's comparable-store sales rose 4.4% while Jos. A. Bank stores achieved a 1% sales increase. Since the acquisition, Jos. A. Bank's sales have represented 14% of Men's Wearhouse's second-quarter sales.

Men's Wearhouse aims to overtake Macy's and Kohl's Corp. (KSS) as the No. 1 menswear brand in the nation, and announced that it will open 30 full-line, namesake stores per year until it reaches 750 units in 2016. Men's Wearhouse still believes it will gain $100 million to $150 million in cost savings as a result of the merger. Looking to end Jos. A. Bank's "buy one, get XYZ free" promotions, Men's Wearhouse cautions that Jos. A. Bank sales may fluctuate as the company tests new marketing strategies that target younger customers. Company leaders believe Jos. A. Bank can add younger customers by increasing its focus on slim-fit clothing and tuxedo rentals. Men's Wearhouse terminated Jos. A. Bank's contract with its tuxedo supplier, which should enable its profitable tuxedo segment to grow through Jos. A. Bank.

Stifel, Nicolaus & Co. lowered its earnings expectations after Men's Wearhouse management stated it would not be curbing advertising expenses for Jos. A. Bank, thus pushing some expected 2014 cost synergies into 2015. In late July, Men's Wearhouse found excess inventories at Jos. A. Bank, which had been a concern for years. Men's Wearhouse believes it can eliminate $100 million to $150 million in overlapping costs by 2018, but has only shown Wall Street how $100 million can be eliminated. Some analysts question if the company has any upside other than seeking acquisition targets further down the road. On the competitive horizon, Men's Wearhouse may be facing some additional heat from Nordstrom Inc.'s (JWN) recent acquisition of menswear service provider Trunk Club.

Sources for Blueshift Research's June 26 report expected the merger between Men's Wearhouse and Jos. A. Bank to achieve initial cost savings but not much else, and said it would not affect the bottom line until 2015. Post-merger, sources were unsure whether Men's Wearhouse would increase or decrease promotions, and felt that greater brand awareness would not be achieved. Store closings and layoffs were expected, and both stores were likely to continue operating independently. The trend toward more casual clothing in the workplace may benefit Men's Wearhouse given its more diversified mix of merchandise, but the effect is less clear for Jos. A. Bank given its focus on traditional clothing. Blueshift's June survey of 136 U.S. male consumers found that Men's Wearhouse was the No. 1 destination to buy suits and sports coats because of promotional pricing, followed by Macy's and then Jos. A. Bank.

### Current Research

In this next study, Blueshift assessed whether the merger between Men's Wearhouse and Jos. A Bank has resulted in any marketplace or in-store changes. We employed our pattern mining approach to establish six independent silos. We interviewed 21 primary sources (including two repeat sources), conducted an online survey of 58 U.S. consumers, and identified three of the most relevant secondary sources focused on marketing and formalwear:

1) Men's Wearhouse and Jos. A. Bank personnel (9)
2) Macy's store personnel (4)
3) M&A specialists (2)
4) Industry specialists (6)
5) Online consumer survey (58)
6) Secondary sources (3)

## Next Steps

**Blueshift Research will continue to monitor post-merger developments at Men's Wearhouse and Jos. A. Bank stores, from operational changes to the longer-term evolution of the company's strategy and business partnerships.**

## Silos

### 1) Men's Wearhouse and Jos. A. Bank Personnel

**None of these nine sources (representing five Men's Wearhouse and four Jos. A. Bank stores) reported any changes in store inventory or layout as a result of the merger. One Jos. A. Bank store recently launched a system in which its customers have access to Men's Wearhouse's online selection of formalwear; two others said training on this system is coming.**

KEY SILO FINDINGS

**Men's Wearhouse**

- All 9 sources said the merger has had no effect on merchandise in their stores.
- The 5 Men's Wearhouse employees offered different factors as their company's edge: 3 cited superior customer service; 1, better prices and selection; 1, formalwear.

**Merged Company**

- 3 of 4 Jos. A. Bank employees noted an initiative to bolster the formalwear selection by tying its online system to that of Men's Wearhouse. 1 has received training on this; the 2 others expect to be trained soon.
- 1 said an internal email system recently was created at Jos. A. Bank.
- Although the merger has been completed for a few months, sources did not report any major effort to merge the 2 operations or company cultures.

**Competition**

- 4 said competition has lessened as a result of the merger.

#### 1) Men's Wearhouse store manager, Kansas

This store has not changed its product line, pricing or promotions since the merger. The store continues to emphasize customer service. The source worked at Jos. A Bank prior to Men's Wearhouse.

**Men's Wearhouse**

- "The merger hasn't made a difference yet at this store. We have the same stock and pricing."
- "We are up a little in sales this year, but part of that is they have completed the shopping center in this area so that has brought in more people. I have not seen any projections for the fourth quarter."
- "We haven't seen the profile of our customer change. Jos. A. Bank caters to the more conservative types. We sell a lot of everything, from formalwear to a range of shirts and jeans."
- "We are kept updated in the tux styles. That is a good business for us. We hope it gets better due to the merger."
- "Not many new trends this year. We have the same brands as before."

**Merged Company**

- "Nothing has changed in our advertising since the merger, and I don't know if it will."
- "We have not done any training of Jos. A. Bank employees so far."
- "There are two different employee cultures at the two stores. Men's Wearhouse is much more concerned about taking care of the employees' interests and being a friendly environment. Jos. A. Bank is a very tough place to work, and they have a lot of turnover."

**Competition**

- "The merger will help us compete. We will be less concerned about what each other are doing and can focus on other competitors."
- "What really makes us different from everyone else is our customer service. We try to make our customers very happy with us. One thing we want to do is improve the store itself. They are going to come in here and remodel and paint. It needs an update."
- "Our biggest competition is probably Nordstrom's. They sell a lot of nice things, as we do."

**The merger hasn't made a difference yet at this store. We have the same stock and pricing.**

*Men's Wearhouse Store Manager*
*Kansas*

## 2) Men's Wearhouse store manager, Southern California

This source was unsure whether the two brands would share TV, radio or print advertising space, would cross-promote, or would share inventory. Sales are up slightly from where they were in August, when temperatures soared. Tuxedo sales have been slow. The store doubled its cufflink inventory and has reorganized its layout slightly to push lightweight jackets, jeans, sweaters, vests and trench coats.

**Men's Wearhouse**

- "Nothing has changed with the acquisition of Jos. A. Bank. We haven't been told anything about sharing inventory. We are completely separate companies as far as I'm concerned, at least in terms of what we do and how we work with our customers. They haven't told us anything at all about cross-marketing, and I was not aware the [Jos. A. Bank] store down the street was able to rent our tuxes to their customers. I actually really don't pay attention to this anyway. I try to just keep my eye focused on sales for my store."
- "Slim or contemporary fit suits are still hot. The Joseph Abboud collection is doing very well. We were down a little in August and September on sales because no one wanted suits or jackets. It was just too hot."
- "We are right on target to do very well over the holidays. We have a lot of fantastic, new lightweight fall sweaters, jackets and vests that are now selling very well. We have the best selection of men's shirts and accessories anywhere, especially the all-cotton wash-and-wear, which men love."
- "We can suit up boys at size 8 and on up to XXXL and big and tall sizes for men, so we cover the bases. Our customers do tend to be in the mid- to late 20s and 30s for tuxes and suits. But that makes sense because they make up the majority of numbers of grooms out there and the price points are in line with that income bracket, but that doesn't mean we don't have a lot of wealthier or more affluent customers."

**I was not aware the [Jos. A. Bank] store down the street was able to rent our tuxes to their customers.**

*Men's Wearhouse Store Manager*
*Southern California*

**Merged Company**

- "If Jos. A. Bank is sharing tux rental inventory access with our store, it can only help us. I have no issue with that."

**Competition**

- "Our focus has always been on price and selection. We think we get a lot of customers from other places because they don't find the variety of choices at the best possible prices out there."

## 3) Men's Wearhouse sales associate, Georgia

This source did not know that Men's Wearhouse and Jos. A. Bank had merged, and said her store and its sales had not been affected. She did not think the two chains were competitors. However, she thinks Men's Wearhouse should explain the benefits of the merger to its customers.

**Men's Wearhouse**

- "Our trends are slim-fit [suits and] brown shoes with any suit."
- "Nothing has changed here since the merger."
- "Our sales will be consistent with a lot of fall weddings."
- "The profile of the typical customer hasn't changed."
- "Our tuxedos are on trend. We also pair up with David's Bridal so we keep on top of what is trending."
- "I haven't noticed any changes since the merger as far as tuxedos at Jos. A. Bank. Everything is being kept separate. We haven't had any personnel changes or meetings between the two stores."
- "We have a lot of online orders. We are interconnected so that we can check to see if another store has something a customer wants. We can have it shipped to the store for them to pick up. Basically they can get anything online that they could in the store."

**There hasn't been anything noticeable since the merger. We are two separate stores with two separate identities.**

*Men's Wearhouse Sales Associate*
*Georgia*

**Merged Company**

- “There hasn’t been anything noticeable since the merger. We are two separate stores with two separate identities. We haven’t heard anything about training Jos. A. Bank or products they are carrying.”
- “The merger should be a net positive if the two stores are more connected and share more products.”
- “Again, we won’t be vulnerable to smaller companies because we don’t really have competition.”
- “Higher-end names won’t be a threat because people that buy those brands won’t come here.”
- “We haven’t been apprised of what the company is doing after the merger or what direction they are headed.”

**Competition**

- “Men’s Wearhouse is less vulnerable since the merger. We don’t have that many stores to compete with us.”
- “Men’s Wearhouse does customer service the best, and we don’t do anything the worst.”
- “We are different from the competition in our customer service, versatility of our clothes; plus, we carry children’s clothing, including tuxedos.”
- “I don’t feel we really have any formidable competition. We are clothes for the everyday man.”

## 4) Senior customer sales associate for Men’s Wearhouse, Georgia

This source was aware of the merger but said the two chains had remained separate. Nothing has changed in his store since the merger. He expects the partnership to strengthen Men’s Wearhouse’s market share. The only competition is Retail Brand Alliance Inc.’s Brooks Brothers.

**Men’s Wearhouse**

- “We are well up over last year.”
- “Nothing has changed here since the merger.”
- “Sales will be slower … in the fourth quarter.”
- “Our customer profile has remained the same. Our location attracts mostly older men and teens.”
- “We are current in our trends for tuxedos. Fall fashion is midnight blue and black.”
- “Jos. A. Bank has the same tuxedo rental they have always had.”
- “We have a high ecommerce. Our online system is flawless.”

**Merged Company**

- “No notice of changes so far. Everything is being kept separate. There is a Jos. A. Bank right around the corner, and I’ve gone over to introduce myself. A couple of their employees have come over here, but that’s about it.”
- “Our promotion strategy is to recycle what we’ve done in the past. One exception is that we are taking out separates and making it so that you buy a complete suit.”
- “No, Jos. A. Bank employees have not received training from Men’s Wearhouse.”
- “I’m not aware of how new products are working at their store.”
- “Not sure if more big & tall and slim-fit products are at Jos. A. Bank.”
- “I know that Jos. A. Bank has the same number of employees as before the merger.”
- “The merger is a net positive for the industry because it brings together the experience of the two companies.”
- “The post-merger company will be vulnerable to smaller competitors because of online tuxedo businesses.”
- “High-end names won’t be a threat to us because we have our own high-end profile.”
- “The company’s priorities in the short term should be to keep the customers happy.”

**Competition**

- “We are less vulnerable since the merger. The merger helped us become more secure in the market.”
- “Tuxedo rental is what we do best. Our worst is that it hasn’t been updated.”
- “We have deals exclusively for quality of material which sets us apart from the competition.”
- “I’d say Macy’s is a little competition, but our most formidable is Brooks Brothers. They have a large selection and new styles, but they also offer traditional menswear.”

## 5) Men’s Wearhouse wardrobe consultant, Wisconsin

Prices should increase based on the introduction of the Joseph Abboud line. One-half of suits will be Joseph Abboud at year’s end. The Abboud price point is nearly double that of the store’s average suit. Trends are flat-front pants and layering with one-pleat pants. No significant changes have been made since the merger, and nothing drastic is expected.

Both brands will continue to be marketed separately. The tuxedo business was 15% to 18% of the $4 million in sales last year. A new sister store has hurt this location's business. As a result, sales are where they were this time last year.

**Men's Wearhouse**

- "Flat-front pants are it. They are the trend. They have been in for a while but now, on the East Coast single-pleat pants are in."
- "The single-pleat pants trend will hit here in two years. The Midwest is two years behind the East Coast in fashion trends."
- "Another trend is pieces that you can layer. Layering is big."
- "I have not seen any significant changes here since the merger with Jos. A. Bank."
- "As far as I know, we are keeping our stores the way they are with various designer labels, and they are keeping their stores the same with their own private-label clothing."
- "Each store will continue to be marketed as they have been and on their own. I don't know of any plans to cross-market the stores."
- "We don't have a typical customer. We get customers of all ages and types. I just had a 90-year-old man purchase a pair of trendy jeans. And a 60-year-old was just in with his wife and spent $700 as she wanted him to get more modern clothing."
- "We have all the latest styles in tuxes. Our tux business does well."

**Merged Company**

- "We've just started to bring in this brand called Joseph Abboud, and it is coming in big time. It is a higher-end line for us."
- "If [Abboud] prices are representative of the direction we are heading, prices are going up, not down."
- "By the end of the year, half of the suits on our floor will be the Joseph Abboud brand."
- "The trend is our suiting will be getting more expensive. For example, a suit vest here averages $69 each. A Joseph Abboud vest is $125 each—nearly double to that of our current price point."

**If [Abboud] prices are representative of the direction we are heading, prices are going up, not down. ... By the end of the year, half of the suits on our floor will be the Joseph Abboud brand.**

*Men's Wearhouse Wardrobe Consultant, Wisconsin*

**Competition**

- "It's hard to say who are competition is. We have such great service here that no one at the mall can compete with us. People know who we are."
- "Jos. A. Bank was not really our competition before the merger as we carry more trendy and casual sportswear than they do. They are known for more traditional clothing."
- "They opened another Men's Wearhouse not all that far away, and it has taken some of our customers."
- "Sales are about what they were this time last year due to the new store that opened nearby."
- "Corporate is going to adjust our numbers down at the end of the year to reflect the new store's opening. We can't be expected to perform at the same level with them cutting into our numbers."
- "I am not worried about Nordstrom coming in. They have a different clientele than we do."

## 6) Jos. A. Bank store manager, Kansas

Merchandise and promotions have not changed since the merger, but the future is unclear. Sales have been steady, and a good fourth quarter is expected.

**Men's Wearhouse**

- "We haven't seen any particular trends—just the usual seasonal and style changes."
- "The merger has had no impact on our store. The merchandise is the same and nobody has come in to try to change anything. I don't think of it as a merger. We still each do our own thing. I am happy."
- "We look for a good last quarter and holiday season. We have had a sudden burst in business in last few weeks because there had been construction in the parking lot. I can't discuss percentage change in business, but it has been steady."
- "We serve the same customers we always have in every age range. They are people who want quality clothing."

- "Our tuxedo business is still good; that hasn't changed. We have a promotion where if you rent five times, the next one is free."

**Merged Company**

- "We haven't noticed a change in the merged company, but I am sure things are going on at the corporate level. It will be profitable for them or they wouldn't do it. It's not unusual for Men's Wearhouse to buy up businesses. They did that with some dry cleaners."
- "We run a lot of sales and promotions and always have. The amount of that has not changed since the merger."
- "We have not gotten any employee training from Men's Wearhouse yet. But it's coming."
- "We have the same big, tall and slim lines we've always had."
- "So far there has not been a change in culture at Jos A. Bank since the merger. Men's Wearhouse is still the more employee-centric company. They put more emphasis on employees."
- "I would think the merger will help us compete better overall and make more money."

**Competition**

- "The merger should not impact our ability to compete, and I'm not sure yet how it helps us. It is still too early to say."
- "We distinguish ourselves mostly in our suits and sports coats. That is what we are really known for. It is an effective draw."
- "Our main competition is probably from stores … that just sell menswear. We don't see department stores as competitors."
- "We compete with Men's Wearhouse but don't really overlap in our products. Ours is the more classic design."

## 7) Jos. A. Bank assistant manager, Southern California

The store is already benefiting from some upgrades to the inventory control and internal emailing systems. It also received a separate computerized inventory and order processing system for tuxedo rentals only, which is interlinked with Men's Wearhouse inventory. However, this location is not offering any in-store Men's Wearhouse products. This source predicts that a fully implemented and integrated inventory control system will be completed in the first quarter. Sales were slow during the summer, down roughly 5% to 7% from where they were in June, but are starting to pick up again.

**Men's Wearhouse**

- "We now have internal email, so that's new. No more faxes from corporate. We still can't email customers from the store, but at least we can all communicate internally by email now."
- "Also, we have a new inventory control system that is partially in place. I suspect that the first quarter in 2014 will be when we see that finally fully streamlined and ready to go. This is the quarter we focus on end-of-year and holiday sales."
- "Our sales were down between August and September by close to 5% or 6%, but now we are seeing the beginning of the holiday season start to kick in. I suspect we will do very well this year.
- "Our customer profile has not changed. We tend to cater to a middle- to older-aged man with an established lifestyle, rather than Men's Wearhouse demographic, which leans to the younger set."
- "We are selling the same products we always sold before, except that now we have a new system that allows us to order tuxes for rentals via the Men's Wearhouse inventory and ours. That's giving customers a lot more to choose from."
- "I'm happy with the new system, so far. I know it's got some kinks to work out, but for now we are able to do much more than we could before in terms of inventory tracking and control."

**We have a new inventory control system that is partially in place. I suspect that the first quarter in 2014 will be when we see that finally fully streamlined and ready to go.**

*Jos. A. Bank Assistant Manager*
*Southern California*

**Merged Company**

- "We're not promoting our merger, but we refer to Men's Wearhouse when we can't help one of our customers find what they need. Although, we always did that before. It's just part of good service."
- "We have not received any Men's Wearhouse products in the store. We still sell all of the same clothing we did before. The only difference is the new tuxedo rental system that allows customers to rent from either our line or from Men's Wearhouse."

> Now we have a new system that allows us to order tuxes for rentals via the Men's Wearhouse inventory and ours.
>
> *Jos. A. Bank Assistant Manager*
> *Southern California*

- "I see the merger as positive. We have a reputation for quality and service, but we don't do any advertising. We can benefit from the fact that Men's Wearhouse does a very significant amount of advertising. I haven't heard of any plans that include the Jos. A. Bank name alongside Men's Wearhouse on TV or anywhere else."

**Competition**
- "We aren't going to be selling a ton of skinny or slim-fit suits in this store, even with the merger, because we are dealing with the customers who want the larger, more relaxed fit."
- "Men's Wearhouse is great on pricing and inventory variety. They have a huge range to choose from. But in terms of quality I think we are a step or two above them, so we have the reputation for that. Can we complement one another? I think so. But I don't see this ever becoming one company, with one name on the street."

## 8) Jos. A. Bank store manager, Southern California

The store has not received any tech upgrades for point-of-sale or inventory tracking, nor does it have the tux rental software and computer system touted by a nearby store. The inter-rental system, once available, will allow employees to search tux rental inventory for both Jos. A. Bank and Men's Wearhouse. The typical Jos. A. Bank customer is a man 25 years or older. The source declined to offer sales data or to talk any further about the merger and its effects.

**Men's Wearhouse**
- "Nothing has changed. We have our own inventory, and they [Men's Wearhouse] have theirs."
- "We did not receive any upgrades. The rental system isn't in this store yet and it's not supposed to be something we tell customers about, so I'm surprised you were told about that."

**Merged Company**
- "Nothing I know of is changing. We don't have any plans to cross-promote."
- "The 70%-off promotion is just a sale we are having. It doesn't have anything to do with Men's Wearhouse. We do many promotions all year."

**Competition**
- "Our demographic is 25 and up. We have no set age bracket here in this store."
- "[Macy's] Bloomingdale's is probably a competitor, but we have been here a long time and have not been worried about competition."
- "Tuxedo rentals isn't our main focus, so it doesn't hurt us if other stores rent or sell tuxes nearby."

## 9) Jos. A. Bank store manager, Wisconsin

This source is confident the merger between Jos. A. Bank and Men's Wearhouse will result in the domination of the menswear market. This store already has seen price drops on certain items like the popular Traveler's shirt, which fell 31% from $87.50 to $60 since the merger. Training has just begun here for the integrated tuxedo system between the stores, and tux inventory is still all Jim's Formalwear. Merchandising has not changed since the merger. The source is not concerned about competition.

**Men's Wearhouse**
- "A trend I see is that customers come in asking for the slim fit for sportswear. We used to only carry the traditional and the tailored fit for sportswear, but now the slim fit sells pretty well."
- "One thing I see now is that people are bringing their kids. Our business is generational. Case in point, there's a young man in here now whose father has been shopping here for years, and he's purchasing a suit from us on his first visit."
- "Between the three fits—traditional, tailored and slim—they all sell pretty evenly."
- "The two companies combined will definitely come to dominate the menswear market. There's no question about it."
- "We have not seen a change in the tuxedos. It is still all Jim's Formalwear. We won't see a change until next year."

- "We set the trends in tuxedos. We absolutely have all the latest styles."

**Merged Company**

- "Since the acquisition with Men's Wearhouse, there have been a few notable changes in our pricing."
- "Most notably, our very popular Traveler shirts were $87.50 for a long time. Since the merger, they have dropped to $60 each or 31% less. And if you buy two, the price is $99, which is $49.50 each. That's a big price decrease."
- "It's all about volume now that the two stores are combined together."
- "We don't necessarily have any larger inventory for big & tall. We had it before the merger. We might not carry everything in the store, but we can get it online."
- "Each store has an individual schedule as to when they're going to incorporate any changes from the merger with Men's Wearhouse. The managers are informed, and then they roll them out."
- "We are just now starting to get trained on how to take orders for Men's Wearhouse tuxedos at our store."
- "Ultimately all stores will have the ability to do this, and it will more than double a retail locations for customer to pick up their tuxes."
- "I have not seen any changes in our merchandising since the merger. We will continue to carry all private-label brands as we were and Men's Wearhouse will continue their mix of designer brands."

> **It's all about volume now that the two stores are combined together.**
>
> *Jos. A. Bank Store Manager, Wisconsin*

**Competition**

- "With Nordstrom's coming, it's going to be more of a worry for the mall stores … than it is for us. We have a loyal customer base. We have had one for years."
- "With the merger, we worry about competition even less. No one can do what we do and are going to do."
- "Our store is far superior to the department stores at the nearby mall. Our product is better, we offer much better service, and we stand behind our merchandise."

## 2) Macy's Store Personnel

**These four Macy's sources said the merger will not change their stores' operations. They also do not expect any change in pricing or brand perception for the combined company. Men's Wearhouse has an edge with its superior formalwear selection and in-store tailoring, but Macy's is not its direct competitor.**

### KEY SILO FINDINGS

**Current Trends and Men's Wearhouse**

- All 4 Macy's sources acknowledge superiority of Men's Wearhouse formalwear selection, and said its in-store tailoring is a plus.

**Merged Company**

- No source noted any post-merger change, and none expects to be affected by the merger.

**Competition**

- None viewed Men's Wearhouse as direct competition; consumers visit the retailer looking for menswear while many department store customers browse more casually.

### 1) Macy's sales associate, Southern California

This source had not heard about the merger and said few customers likely have either. Her own department's sales were down significantly all summer but are starting to pick up as the weather cools and the holiday shopping season approaches. Slim-fit suits are topping sales, and PVH Corp.'s (PVH) Calvin Klein suits are the store's best seller. Customers are men typically 20 to 40 years old. The source uses Men's Wearhouse as a backup for customers. Some have complained about the service they have received at Jos. A. Bank a block away, specifically that they were not given the full "buy two, get one free" suit offer. The merger may be good for Men's Wearhouse's cachet, while Jos. A. Bank could stand to benefit from Men's Wearhouse's brand awareness and accessibility among younger shoppers.

**Current Trends and Men's Wearhouse**

- "We did have a very slow summer with suits and tuxes after the graduation and wedding season ended, but it's starting to pick up with the holidays coming."
- "The merger hasn't impacted us at all. I didn't even know about it, and I suspect most of our customers and possibly theirs don't either. Jos. A. Bank doesn't advertise, and I haven't seen anything about it from Men's Wearhouse yet."
- "The slim-fit suit and tux both are the hottest sellers. Calvin Klein is doing very well with the suits here, and I suspect that won't change. The quality is great for the money."
- "Our customers tend to be around 20 and up to 40 [years old] for suits and work wear."
- "I don't know how sales are for Men's Wearhouse, but I know they have a very strong following because of their inventory. They have all the latest trends, including the slim-fit suits and tuxes, and you can't really beat them on tux accessories. We only carry two brands of tuxes here, one brand of tux shirt and just a limited selection of cufflinks and other accessories. We often will refer a customer over to Men's Wearhouse for what they need. Tux sales aren't the bulk of our business."
- "I know Men's Wearhouse can order practically anything a customer wants, which is their advantage. They also have a good in-store tailoring service, which we do not."

**Merged Company**

- "I haven't seen a single sign of the merger. I didn't know about it at all."

**Competition**

- "The merger might be good for Jos. A. Bank in terms of service. I have had a few customers come in and say that they didn't get very good service at Jos. A. Bank. They wanted the third suit for the promotion on buy two, get one free and didn't get it."
- "The demographic at Men's Wearhouse is much younger than at Jos. A. Bank too. I've had customers who are younger say they won't go to Jos. A. Bank because they are treated like they are just too young and don't quite fit the typical profile there. … Maybe the merger will change that, and they will start to attract younger customers."


**I've had customers who are younger say they won't go to Jos. A. Bank because they are treated like they are just too young and don't quite fit the typical profile there.**

*Macy's Sales Associate*
*Southern California*


## 2) Macy's department manager, Kansas

This source does not expect the merger to affect his store's sales or to boost business for the newly combined company. The stores probably will still appeal to their different customer bases.

**Current Trends and Men's Wearhouse**

- "We're having a good year in the men's department. Last year we reached 92% of our sales goal, and this year we are at 98%. We are looking for the same success in the last quarter."
- "We haven't changed anything because of the merger over at Men's Wearhouse. The merger won't impact Macy's. We sort of get a different customer. They get people who come in just to buy their clothes. Guys here may come in for something else and stop by the men's department or come up here while their wife is shopping."
- "One change we made is that we no longer nest the dress pants with the suit coat. They are sold separately because some people need two different sizes and we don't tailor clothes here."
- "We haven't sold tuxedos here for a year or so now. I send customers over to Men's Wearhouse if they want to buy one, although we can order them."
- "I haven't noticed Men's Wearhouse and Jos. A. Bank taking any larger share since the merger. We didn't see them as a big competitor before, so putting them together won't make much of a difference."

**Merged Company**

- "It's too soon to say what impact the merger will have on the industry or smaller competitors. Right now I don't see anything major."

**Competition**

- "I don't really think business at Men's Wearhouse and Jos. A. Bank will increase because of the merger. They are still two separate stores with their own customers."


**We didn't see them as a big competitor before, so putting them together won't make much of a difference.**

*Macy's Department Manager, Kansas*

- "What Men's Wearhouse has going for it over is that it specializes in men's clothes so they have their core customers. They also have same-day tailoring, and they sell and rent tuxedos."
- "Price is an advantage for us. At Men's Wearhouse and Jos. A. Bank you may get one or two suits for free for buying one, but the price of the suit is so high to begin with that people are not saving much. Here, we have sales with big markdowns, such as 60% off on some suits right now. I think a lot of people prefer that to having to get two or three of something."

## 3) Macy's sales associate, Wisconsin

This source is not convinced the merger will heighten brand awareness or lower pricing. The stores are not on her radar, and the merger has not been mentioned by her management or customers. Suit prices are consistent with fall 2013, and sales are up by at least 10% year to year. Charcoal-colored suiting continues to be the top seller, followed by navy. Bridal parties are trending toward purchasing suits rather than renting tuxes. Calvin Klein is preferred over PVH's Tommy Hilfiger, while bigger men purchase Ralph Lauren Corp. (RL) suiting. She refers customers to Men's Wearhouse for extended sizing and often hears its prices are too high.

**Current Trends and Men's Wearhouse**

- "In suiting, for years the trend has been charcoal gray. If he only can buy one suit, that is what I recommend. You can interview it, wear it to a wedding or wear it to a funeral. After charcoal, navy blue sells the most frequently."
- "The slimmer fit has been the trend for a few years now, but not all men can wear it."
- "Most guys work out now so they have to buy a separate size suit coat vs. the pants. They are bulky on top with small waists. That's why the separate do better than the suits."
- "As for trends in brands, Calvin Klein does better than Tommy Hilfiger. But for the bigger guys, they typically get Polo/Ralph Lauren because they fit better and have a more traditional fit."
- "Nothing has changed at our store since the Men's Wearhouse/Jos. A. Bank merger. I did not know anything about it, nor have we heard anything about from management. I have not heard anything about it from the customers either."
- "I see a lot of new customers coming in as of late. Many of them tell me they are coming here from Men's Wearhouse."
- "I have never been into a Men's Wearhouse or a Jos. A. Bank store. I assume they have the latest fashions and trends as we do."
- "The biggest thing I hear from our customers about the Men's Wearhouse is the prices are too high. We have great brands and product, and there are sales every week."
- "We don't do tuxedo rentals at this location, but one trend I have noticed is I am getting more bridal parties in than I used to. A tux rental costs a minimum of $250. For $200 a suit, the bridal party members can all match, and then they have a suit to wear and keep for future use."
- "Suiting prices are similar to what they were this time last year. We have not seen a significant change."

**Merged Company**

- "We will have to see how and if the merger affects the industry. It has not affected our business."

**Competition**

- "I know that Men's Wearhouse carries more clothing than we do for the bigger guys. I often send them over there when they can't find their size here."
- "Other than referring customers over there, I don't know anything about Men's Wearhouse or Jos. A. Bank. They are not on my radar."
- "I hear the economy is doing just OK, but this department is doing well. Men are buying suits and separates, and lots of them."
- "We are doing better than we were this time last year. This area is up at least 10%. I don't know if Men's Wearhouse can say that."

### 4) Macy's sales associate, Georgia

This associate did not know that Men's Wearhouse and Jos. A. Bank had merged. She does not view the two retailers as competition because Macy's does not have tuxedo rentals or sales. Men's Wearhouse should let customers know that the two companies have merged and tell them how it will benefit them.

**Current Trends and Men's Wearhouse**

- "Our trends are consistent with last year."
- "Nothing has changed here since the Men's Wearhouse merger with Jos. A. Bank. I didn't even know they had merged."
- "We are ready for holiday sales and expect to do well. We are prepared in that we have a lot of new styles in Polo brand, sweaters, shirts, hoodies and pants."
- "Our customer profile has remained the same for the past two to three years."
- "I would assume Men's Wearhouse is maintaining their market share."
- "Every Macy's associate is expected to do 5% to 6% of online sales."
- "I don't know about Men's Wearhouse's tuxedo lines or the changes in tuxedos at Jos. A. Bank."

**Merged Company**

- "I can't really comment on anything to do with the merger since I was not aware of it. However, I do think the merger will be a positive for the industry if Men's Wearhouse opens a consolidated location."
- "The higher name brands won't be a threat to the post-merger company. If customers can afford [LVMH Moët Hennessy Louis Vuitton S.A.'s/LVMUY] Louis Vuitton and Prada [S.p.A./HKG:1913], they aren't shopping at Men's Wearhouse."
- "The new company's priorities should be to let people know they merged and how the merger can be better or bring value to the customer. Also, combine the two companies and have one consolidated location."

**Competition**

- "I would think Men's Wearhouse would be less vulnerable to the competition since the merger with Jos. A. Bank."
- "We haven't made any changes due to the merger, especially since we didn't know about the merger."
- "The things Men's Wearhouse does best is their tuxedo rental/sales and their competitive pricing."
- "The brands Men's Wearhouse carries are what distinguish them. It must be successful as they are still in business."
- "Brooks Brothers would be Men's Wearhouse's most formidable competitor because of the name recognition."

**The new company's priorities should be to let people know they merged and how the merger can be better or bring value to the customer.**

*Macy's Sales Associate, Georgia*

## 3) M&A Specialists

**These two sources said the merger is not a game changer for the menswear industry. One sees a formidable challenge in retaining existing customers while moving away from habitual promotions. The other source views the merger as a net negative because it will not improve brand perception for "stodgy" Men's Wearhouse. Cost savings—mainly from duplicate expenses—will result from the merger. One expects six months to pass before the savings are realized, while the other said cost reductions will be visible in a year. Neither source expects consumers to see any savings as a result of the merger.**

### KEY SILO FINDINGS

**Men's Wearhouse**

- Although both sources agree that the merger will result in cost savings, they said it would not be a compelling reason to visit the stores.
- 1 said slim-fit styles have gone from fad to classic. The merged company will be best served to offer a greater selection of slim-fit merchandise.

**Merged Company**

- Both said the company will achieve initial savings on costs and leases that are redundant.
- 1 sees the savings beginning in 6 months, the other says it will take 1 year.

**Company Post-merger**

- Both are skeptical that any cost savings achieved through the merger will be passed on to the consumer.
- 1 said this initial post-merger period presents an opportunity for the company to move away from its habitual promotions and enter a new phase of marketing.

## 1) Managing director for a middle-market corporate finance group

The merger of Men’s Wearhouse and Jos. A. Bank is a net negative for the industry. Although Jos. A. Bank brings more high-end offerings to the table, the merger fails to revive Men’s Wearhouse’s stodgy brand. The latter can, however, realize considerable cost savings on employment and leases within six months by closing down redundant locations. High-end menswear competitors do not need to worry about the merger.

**Men’s Wearhouse**

- “Jos. A. Bank has a lot of retail locations, and it has a pretty robust online offering and return policy as well. But one and one doesn’t equal three here. The only pickup is savings on retail employment and leases, which are quite expensive. But is it a pickup for the consumer and investor? I don’t think so.”
- “This was an unusual kind of merger, with the smaller one trying to buy the bigger one. Very interesting to watch it play out.”
- “It all comes back to the consumer feeling good, and I don’t really see that. I think this transaction drags Jos. A. Bank down a little, and I don’t see a crazy value add. I see it as a net negative.”
- “My background is with pretty conservative Wall Street-type firms. It’s not that we look down on Men’s Wearhouse, but in terms of dressy apparel, it seems a bit like an also-ran. Jos. A. Bank is a little higher end.”

> **The only pickup is savings on retail employment and leases, which are quite expensive. But is it a pickup for the consumer and investor? I don’t think so.**
>
> *Managing Director, Middle-market Corporate Finance Group*

**Merged Company**

- “Where Men’s Wearhouse will get a nice pickup is on some of the leases. If they can get out of some leases early, that and employment costs will be a big savings. The accounting and buying functions can take place within six months, so some of those savings may be realized very soon.”
- “The market for dressy apparel is also alive and well. … People are buying suits. But millennials need not to have the stodgy, old 6-inch-drop dress side of things.”
- “I know Men’s Wearhouse has used Joseph Abboud, who has also worked a lot with Nordstrom. His designs are good, but buying suits depends a lot on perception. You remember that ad ‘It’s not your father’s Oldsmobile?’ It’s not clear what new designs have done for the perception [of Men’s Wearhouse].”
- “One place that has done a really good job in this area is Brooks Brothers. Its slim-cut fall suit is nice. You can buy a separate suit and jacket in the same fabric as the pants and put the jacket on the back of the door—you know, use it for a conference but run around the office without it.”

**Company Post-merger**

- “Men’s Wearhouse priorities should be rationalizing their offerings in SKUs. Make it an easier choice for the consumer. Wherever you have an overlap of footprint, consolidate those.”
- “In terms of competition, Brooks Brothers might be watching if you’re touching down on the price point.”
- “But I don’t see Brooks Brothers and other high-end players losing sleep about the merger. Men’s Wearhouse is not really playing in a premium space.”
- “The merger might affect the Banana Republics [The Gap Inc./GPS] of the world because they also offer suits and dress suits. It might have a slight impact on them. I don’t see all these millennials jumping on the bandwagon and going to Men’s Wearhouse now though.”

> **Millennials are really looking for a shopping experience, an interesting experience. And unless Men’s Wearhouse becomes a little more fashion-forward and a cooler place to go, I don’t think it will attract them.**
>
> *Managing Director, Middle-market Corporate Finance Group*

- "Millennials are really looking for a shopping experience, an interesting experience. And unless Men's Wearhouse becomes a little more fashion-forward and a cooler place to go, I don't think it will attract them."

### 2) Mike Watson, fashion instructor/curator for the Art Institute of Charlotte

Mr. Watson is a veteran of multiple M&As within the retail industry. He said Men's Wearhouse may realize cost savings in the merger, but its target market is the financially strapped middle class and that margins are thin. To hold onto these customers, both Jos. A. Bank and Men's Wearhouse have been highly promotional; weaning customers away from these sales will be difficult. Jos. A. Bank has seen a slight uptick in the tuxedo business since the merger. The two brands likely will pull in 2% to 3% more in fourth-quarter sales based on improved consumer confidence. The cultures of the two companies are more aligned since Men's Wearhouse fired CEO George Zimmer. Men's Wearhouse next should focus on eliminating duplication and changing its marketing strategy. It also should target millennials through Instagram and increase its slim-fit classic offerings.

**Men's Wearhouse**

- "The merger may usher in cost savings as Men's Wearhouse begins to eliminate duplication in payroll, sourcing and so on. The downside is that Jos. A. Bank and Men's Wearhouse are both playing to the repressed, middle-class market. The recession means that the middle class is reluctant to spend what little money they have. That's why both stores have had to be so promotional, and the margins are so thin."
- "Both brands would have to be brave and come up with a story that reeducates their customers. Since the 1970s, they've treated their customers to promotions; they've trained them to get a promotional sale. With the merger, it's a good time to do that, to say, 'Let's look at the market strategy and where the revenue is going to come from.' But I believe they will still rely heavily on promotions, because that's where they want to play."
- "Men's Wearhouse does a good job keeping on trend, mixing both private-label with brand-name products. The Vera Wang offering is very trend-forward; in terms of the red carpet, they pretty much line up—the same lapels, jacket cuts."
- "In the fourth quarter, the performance will probably see a slight uptick. It seems that consumer confidence is slightly up; the economy is slightly better. I'd expect more a 2% to 3% improvement fourth quarter."
- "I'd expect the tuxedo business to keep increasing because the tuxes are affordable. The tuxedo business is up a little bit at Jos. A. Bank, according to their 10-Q report. It's not dramatic, but it's an uptick.'
- "It's interesting to see Joseph Abboud in Men's Wearhouse, but it's not luxury. It's like basically one level up from Suitsupply online. It's a fine grade of wool but not luxury. The buttons are low-end. The name Joseph Abboud has value, but like any designer he positions himself at multiple levels. You see interesting, detailed lines, but real luxury in terms of design is found at a much higher price point."
- "Men's Wearhouse has to maintain its price point. If a Men's Wearhouse suit is $400 and I can afford $1,500, where I will go is not Men's Wearhouse. When income level shifts, there's perceived value in where you shop, and that transitions to higher status."
- "Jos. A. Bank has been around since the 1900s and attracts established, older customers. They may introduce higher price points, especially for their older customer market."

**The name Joseph Abboud has value, but like any designer he positions himself at multiple levels. You see interesting, detailed lines, but real luxury in terms of design is found at a much higher price point.**

*Fashion Instructor/Curator*
*Art Institute of Charlotte*

**Merged Company**

- "So far more Men's Wearhouse stores have been closed than Jos. A. Bank. In a year you'll see some savings. They're identifying where they need to open stores and upgrade with a new marketing strategy."
- "In terms of a culture clash, the two companies are much more aligned than they were. Their company cultures are such that they can easily merge together. On the corporate level, you'll hardly see any change, except some executives leaving. But the executives will be very similar and probably know each other already."
- "Men's Wearhouse was focused on customer service when they first began. And then when George Zimmer got asked to leave, the store became autocratic and controlling. Men's Wearhouse used to be very employee-focused, but that's not the model anymore."

- "Zimmer was asked to leave because he was creating dissonance and conflict on the board. He was sensitive to the ideas of conscious capitalism, which focuses on all the stakeholders, not just shareholders, and he opposed going in the direction of pure shareholder value. This was a trend we saw in the mid-'80s on Wall Street, very greed-focused."
- "So Men's Wearhouse is going backward. In the [shareholder-only] trend, the focus is short-term, quarter to quarter instead of long-term. And if Men's Wearhouse continues in that direction, they're going to struggle because it will be harder to maintain customer loyalty."

**Company Post-merger**

- "Millennials should really be a priority for Men's Wearhouse. Where they could do a better job is social media marketing. They do Facebook and Twitter, but out of all social media, studies show millennials prefer Instagram. They prefer to shop, promote and communicate with images, and Instagram is all image-based. With this in mind, Men's Wearhouse needs to get on Instagram."
- "Men's Wearhouse is on Facebook, but Facebook is turning into a platform for everyone, with millennials playing the role of early adopters. They've taught their parents how to use it and moved on to Instagram."
- "Slim fit started as a trend that started as a fad but now is becoming classic. Culture, economics and demographics are all culminated in making this fashion-forward, and the European-influenced trend is something that should be increasingly offered in both Jos. A. Bank and Men's Wearhouse."
- "In terms of short-term goals, Men's Wearhouse should get rid of duplication. They probably won't see the savings for another year."
- "I don't think the merger will do anything for consumer savings on price. It's possible that they might be able to save money through more efficient sourcing and pass that break on to the consumer, but I doubt they would. At any rate it wouldn't be a constant."
- "But even the combined organization won't have much impact on the Macy's and the J.C. Penney's [JCP] of the world. It's also not a threat to luxury houses, and Prada and Louis Vuitton don't threaten it either."
- "Post-merger, Men's Wearhouse is the fourth larger seller of men's clothing in the U.S. The priority should be to run a better organization. There should be a sense of security and stability. For the short term, it should be more efficient, lean and effective, and it should identify a new marketing strategy."

**Millennials should really be a priority for Men's Wearhouse. … Men's Wearhouse needs to get on Instagram.**

*Fashion Instructor/Curator*
*Art Institute of Charlotte*

## 4) Industry Specialists

**These six sources offered varying forecasts for the short-term and midterm fortunes for the newly merged company. Two rate it a net positive for the industry, one characterizes it as neutral to positive, while another said it is an industry negative. None viewed it as a game changer for menswear. One source noted a subtle change in advertising that reflects the new relationship between Men's Wearhouse and Jos. A. Bank. Two said the company will have to work hard to reinvent itself as a fashion-forward retailer. Consumers will not see any price savings from the merger.**

### KEY SILO FINDINGS

**Men's Wearhouse**

- No material changes have become apparent at the store level since the merger in mid-June.
- 2 of 6 said Men's Wearhouse must work to reinvent its brand in order to be perceived as a fashion-forward menswear retailer.

**Merger**

- 4 of 6 rated the merger's effect on the industry: 2 see it as a positive, 1 rates it neutral to positive, and 1 other calls it a negative for the industry.

**Company Post-merger**

- No source expects consumers to see price cuts as a result of the merger.
- 2 estimated the time it will take for the company to achieve merger-related cost savings as 1 to 2 years.
- 1 said Men's Wearhouse will able to raise its price points through new high-end initiatives such as custom tailoring.

## 1) Financial analyst-turned-co-founder of online luxury menswear retailer; repeat source

At least a year will pass before the company will see cost savings as a result of the merger. Potential results will stem from the consolidation of supply chains and the elimination of redundant personnel in corporate back offices and at upper executive levels. Closure of poor-performing or competing locations appears to be underway. The source observed the recent closure of a Men's Wearhouse, located within blocks of a still-open Jos. A. Bank, in Midtown Manhattan. Advertising, the tuxedo business, and merchandise mix appear unchanged but all are likely targets for cost adjustment.

**Men's Wearhouse**

- "I have not noticed any operational or inventory changes, but then I do not really shop at Men's Wearhouse. I was walking in Midtown Manhattan recently and walked by what was an old Men's Wearhouse location that they had just closed down. It was almost across the street from a Jos. A. Bank, which remains open. So it appears, based on observation, that they are beginning to reorganize store locations and duplications. I would imagine this is a standard strategy when you have stores competing or where one is performing poorly."
- "The holiday period is typically when most retailers make a good segment of money for the year. Will sales be better or worse? Theoretically, people will spend more money and appear to be opening their wallets more this year. I don't know if that will translate into sales for Men's Wearhouse and Jos. A. Bank."
- "Men's Wearhouse tuxedo styles are targeted toward the average guy. I have not rented one of their tuxes in two years. I am not aware of any changes in their lines. But in general, I have seen a lot more midnight navy tuxes vs. the traditional black tux. We also see a lot of celebrities wearing shades other than black, and typically there is a trickle down from what the celebrities are wearing to what the average guy wears."
- "When I think of tuxedo rentals, I do think of Men's Wearhouse, but there also are many competitors, including companies like David's Bridal."
- "I have not yet seen tuxedos in Jos. A. Bank, but if they haven't moved tuxes into that brand they certainly should."
- "When I have stopped at Men's Wearhouse, I have not been impressed with the materials used."

> **I don't think this is a top-line, gross-revenue story. This is an expense consolidation story.**
>
> *Financial Analyst-turned-co-founder*
> *Online Luxury Menswear Retailer*

**Merger**

- "Corporate culture always represents a difficult adjustment, particularly at the corporate level. I can't speak to whether there is a culture clash, and I don't know whether they have started cutting individuals at the upper levels. I think of Men's Wearhouse and Jos. A. Bank both as low-end brands, so in one respect that may be a good match that eliminates certain conflicts."
- "I imagine they will continue to consolidate. Obviously they have already started to consolidate duplications in saturated locations. I would imagine they plan to eliminate or are already eliminating redundant positions upstairs, along with redundancy in the back office and with suppliers."
- "Closing down certain stores that compete or replicate services in a specific location and then using that capital to open new locations would drive revenue. But I don't think this is a top-line, gross-revenue story. This is an expense consolidation story."
- "When they announced the acquisition, corporate said they intended to have $150 million in savings over the next three years. It will take at least a year to see anything of note. I am not certain we will see any cost savings in less than a year, but you can start looking one year out."
- "I cannot say whether they will cut prices. They are competing with every other retailer, and they obviously have no true pricing power. That's why they merged."

> **The acquisition and merger are irrelevant to the industry. I don't know what it does for Men's Wearhouse or Jos. A. Bank other than save them a couple of bucks. … It is a net negative in that it proves the markets are pretty saturated.**
>
> *Financial Analyst-turned-co-founder*
> *Online Luxury Menswear Retailer*

**Company Post-merger**

- "I continue to see the same advertising. No changes with the Men's Wearhouse or Jos. A. Bank television commercials. Jos. A. Bank is still pushing the buy one, get three free."

- "The acquisition and merger are irrelevant to the industry. I don't know what it does for Men's Wearhouse or Jos. A. Bank other than save them a couple of bucks. Generally, consolidation is bad for the overall industry because it signals that the market is saturated. Overall, it is a net negative in that it proves the markets are pretty saturated."
- "The company should seek to consolidate suppliers and streamline the manufacturing, material buying process. Theoretically, they will drive a cost savings by consolidating suppliers because they will be placing larger orders with fewer suppliers. They should realize increased buying power."
- "Men's Wearhouse is just as vulnerable to competitors as it was before. There are a lot of young competitors out there like Suitsupply that offer a better looking cut and fabric, although I can't attest to the quality."
- "The higher-end name brands are not relevant to the discussion because they cater to a completely different customer."

## 2) Founder and senior analyst of a consultancy for better menswear retailers; repeat source

This source has observed a change in the advertising since the June acquisition, with Jos. A. Bank TV commercials presenting a cleaner pitch and Men's Wearhouse showing a less competitive edge. Still, the changes are subtle. The source expects to see consolidation of upper-level management, supply chain operations and store duplication, but said the ramifications of the merger will not be apparent for two years. The overall men's retail business is down 1% January to September year to year. He predicts weakness in the men's retail business through the first half of 2015.

### Men's Wearhouse

- "The only recent issue I've noticed worth commenting on pertains to marketing. They are continuing as usual, with Jos. A. Bank using the same strategy of buy one, get three free. But the advertising has been cleaned up so that the marketing looks more like Men's Wearhouse. Men's Wearhouse remains on its existing track, but they have cleaned up the Jos. A. Bank ads. As a result when you look at them, they are less competitive."
- "The differences are very subtle, and there is an almost imperceptible change to the marketing. But it is there, and they are not as adversarial as they used to be, not as competitive. Before, you got the impression the two companies were definitely competing with each other. Now the marketing mostly still stays the course, but it is not attacking. It's very subtle and under the radar. I can't even pinpoint precisely what is different."
- "The men's retail business in general is flat for the year. We are just getting our October numbers together. But for January through September, 2014 vs. 2013, the men's retail business is down 1%."
- "The best-case scenario for Q4 would be a small, single-digit increase year over year, if that. The problem is, we are going up against last year's numbers, which were strong in Q4. October and November, year over year could very well be down. December could be better because last year the month was strong in the first two weeks but then lower in the later part of the month."
- "We are forecasting that things will be weaker through the first half of 2015, mostly because there is no new product."
- "It seems that Men's Wearhouse tuxedo initiative has been pulled back, and they have moved from their original position. There is significant competition in that market, and there are some very good tuxedo rental companies that distribute through and rent through specialty stores. The big business for tuxedos is prom and weddings. Prom continues to be an annual source of business for tuxedos and specialty stores. Many of the smaller competitors have very strong ties to the high schools in these small towns, where they have inroads. I do not see Jos. A. Bank as much of a player in tuxes."

### Merger

- "It is too soon to see consolidation from the merger or to know how it will play out. It will probably take a year just to figure out whom to fire."
- "You will see consolidation all over and throughout their systems. First you will see it on the corporate side and the marketing department or wherever there is an overlap in operations. Then you will see consolidation in the buying and sourcing groups, where there is duplication. You will see consolidation at the district management level, where there are managers handling 10 to 15 stores for Men's Wearhouse and Jos. A. Bank in a particular region. And you might see consolidation in smaller markets where there are managers handling five Men's Wearhouse or five Jos. A. Bank."
- "It could take the company two years to completely integrate because, particularly in terms of raw material sourcing and suppliers, they are already scheduled so far out. The day the companies actually combined the buying and

sourcing operations were already scheduled out by at least 12 months. They will take this time to make a determination of where they can consolidate sourcing. If both have factories in Mexico, that may make a good target for consolidation. Some of their factory operations could already be occurring in the same factories in Mexico or Asia. I don't know that for a fact, but it would not be unusual."

- "It will probably take two years to fully realize cost synergy. Consolidation does not affect revenues as much. The market is more determined by consumer buying trends and economic conditions."
- "On the profit side, we will see a tradeoff. We may see a decrease in expenses, but there also are costs associated doing a merger. We may see lower profits during the earlier phase of consolidation. There also are costs associated with an acquisition, and those costs can offset potential savings early on."

Company Post-merger

- "We will have to wait and see what effect the merger has on merchandise, but whatever it is, it will likely be unrecognizable to the normal customer. One thing we do know is that the two companies will no longer be guessing what the other team is doing so they won't be stepping on one another's toes. It will be interesting to see how the stores are affected but it is still too early to make an assessment."
- "Jos. A. Bank always had a schlocky presentation with stupid signs. That was part of the strategy. Discounters do not want to look too good or too polished because they want to give consumers the impression they will be able to get a good deal. Men's Wearhouse on the other hand has always taken the high road, with a cleaner presentation."
- "The merger could have an effect on the consumer in that it is possible they will raise prices. They won't have to discount against one another as much. But they still have to stay within their respective price ranges. They compete heavily with Macy's and J.C. Penney; believe me, those two are not waiting around to see what Men's Wearhouse does."
- "Yes, they will have increased buying power but not in terms of being able to buy product for less. Both already buy in huge quantities. But what you may see are changes in the logistics operations. If they are shipping from Asia, perhaps they will put product on the same boat or even in the same container. That is where the big money-saving effort will be seen. There will be more to gain through logistics than through buying better. As it is, there is no margin for the vendors to begin with."
- "The merger is neutral for the industry or maybe a slight positive. There has been a lot of bad PR associated with the two companies over the years, with numerous takeover attempts. They both spent a lot of energy fighting with each other. Now they can put that energy and time into focusing on other competitors."
- "Cost savings could be significant as they eliminate people, particularly at the executive level. There is not as much opportunity for upping value in revenue."

**It will probably take two years to fully realize cost synergy. Consolidation does not affect revenues as much. ... There will be more to gain through logistics than through buying better. As it is, there is no margin for the vendors to begin with.**

*Founder & Senior Analyst*
*Menswear Retailer Consultancy*

### 3) Megan Collins, founder and editorial director for Style/Girlfriend

The merger is a net positive for the industry, since both Men's Wearhouse and Jos. A. Banks serve as a "gateway" for men renting their first tux or buying their first suits. The two brands will maintain their identity, but will realize savings through closing stores in oversaturated areas and eliminating duplication in backend operations. Men's Wearhouse is making good use of social media, and its first priority should be millennials. It also should increase the selection of sports coats and blazers as well as slim-fit styles in shirts and suits. Luxury brands are not a threat to Men's Wearhouse.

Men's Wearhouse

- "It looks as though the merger is not going to change the brands for either company. It might involve closing some stores in an area that is oversaturated, but the brands will maintain their identity. One change is that the highly promotional sales policies of Jos. A. Bank appear to be more muted."
- "From a qualitative standpoint, it's hard to say what the holidays will bring [in terms of sales]. People don't give suits as presents, so it's likely there will be more spending in other retail locations. Consumers might pick up some accessories as presents—cufflinks, ties and so on—but those are not the company's bread and butter."

- "For men buying or renting a tuxedo or suit for the first time, Men's Wearhouse and Joseph A Bank will continue to be the go-to destinations. They serve as the gateway, the entry point for the first experience of buying a suit."
- "The nice thing is that tuxedos don't follow the trends as much as other merchandise. Five years from now, a classic tux will be just as classic as long as your style (and size) hasn't changed."
- "Men's Wearhouse is doing a great job online and in social media. Whenever I tweet something about Men's Wearhouse, they tweet right back. And some of my [comments] have shown up in the Men's Wearhouse Facebook post. … They're doing a great job targeting younger consumers; they're very active in social media."

> **Tuxedos don't follow the trends as much as other merchandise. Five years from now, a classic tux will be just as classic as long as your style (and size) hasn't changed.**
>
> *Founder & Editorial Director*
> *Style/Girlfriend*

**Merger**

- "It makes a lot of sense that Men's Wearhouse and Jos. A. Bank got together in this merger. It's like Gap buying Old Navy; no one is confusing them."
- "The sale itself was like a soap opera played out in public, but since the merger both companies have been presenting a pretty united front. I haven't really seen much about it in the news lately. I'm not sure whether to attribute that to the smoothness of the transition or the skill of the PR people. But things have been quiet."
- "Men's Wearhouse has been adamant that they won't be changing the brand identities. They will be focusing on the back end and cost-cutting, including merchandise."
- "As far as competitors go, Men's Wearhouse occupies a unique niche. Most competitors, like Macy's or Nordstrom, which have traditionally competed more with Jos. A. Bank, sell merchandise other than men's clothing. I don't see anyone shaking in their boots from the merger, although the local tuxedo shops may be affected."
- "I don't think Men's Wearhouse faces competition from brands like Prada and Louis Vuitton. … It's just a different market."

**Company Post-merger**

- "Slim fit has to be a part of any men's retailer. If you want to attract a younger demographic, you need to pay attention to jacket fit. There's been a growing trend toward slim fit styles."
- "The trend in tuxedos is toward a somewhat more classic look, including bowties instead of long ties. The [merged] store definitely has some tuxes like that."
- "Millennials are the biggest opportunity for both brands, if Men's Wearhouse and Jos. A. Bank can speak to their needs and offer more sports coats and blazers. I've seen a lot more interest from a lot more guys in adding stylish elements to their wardrobes, including suits. There is a reemergence of dressing well in a really new way. It is a huge opportunity."
- "I don't think that the luxury market would be the best move for Men's Wearhouse. It's that old adage: If you try to please everyone, you may not end up pleasing anyone."
- "It might be an element worth considering [rethinking the shopping experience]. Retailers have been putting a lot of thought into the men's side of the store."
- "The merger is a net positive because a rising tide lifts all ships. More men in suits can only raise the prospects for the whole industry; more men shopping for suits to get back into the workforce or to brush up their corporate image helps everyone."

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>
> *Founder & Editorial Director*
> *Style/Girlfriend*

### 4) Derek Guy, founder and author of Die, Workwear! blog

Men's Wearhouse's reputation boils down to this: "a supplier of frumpy, poorly made suits." The merger will not affect the profile of the typical Men's Wearhouse customer because both companies share the same average client: a middle-aged man who is indifferent to clothes but needs a relatively affordable suit as fast as possible. Men's Wearhouse's work with luxury designer Joseph Abboud will not attract millennials. The best post-merger strategy is to keep pursuing the market for suits that are affordable and not overly fashionable.

**Men's Wearhouse**

- "Men's Wearhouse is basically thought of as a supplier of frumpy, poorly made suits."
- "[The typical customer for MW is] a middle-aged male who doesn't care much about clothes. I don't think this likely to ever change, and I'm not sure why they would want to pursue a different customer. The more fashion-conscious consumer already has a hundred of other options."
- "The Jos. A. Bank customer, in my mind, is pretty much the same as the Men's Wearhouse customer."

> **The more fashion-conscious consumer already has a hundred of other options.**
>
> *Founder & Author*
> *Die, Workwear! Blog*

**Merger**

- "I don't know enough about the structure of the two companies to comment [on how it is playing out internally]."

**Company Post-merger**

- "If Men's Wearhouse already has their part of the market cornered, and is profitable, why not continue to serve the kind of guy who just wants something affordable? There's a market for not-overly fashionable and affordable suits."
- "I'm pretty sure that strategy [of marketing to millennials] won't work."
- "Joseph Abboud certainly makes nicer stuff. But it's still for a different crowd: older, wealthier gentlemen—frankly, probably the guy who serves as the boss to men who shop at Men's Wearhouse. Younger, style-conscious guys won't buy from Joseph Abboud any more than they would buy from Peter Millar."

## 5) Aliotsy Andrianarivo, owner of This Fits and Tumblr editor #menswear

Men's Wearhouse and Jos. A. Bank are viewed as having mediocre, dated fashions and for clients who are only buying a suit because they have to. It will be difficult to position the brands as more fashion-forward and to expand their youth market, but not impossible. Both companies should study the example of J. Crew Group Inc., but they already hold promising elements. The source also had a "eye-opening" moment when he found out the great-looking tuxedo worn by a young man at a wedding was from Men's Wearhouse. Luxury brands like Prada compete in another niche entirely and are no threat to either Jos. A. Bank or Men's Wearhouse.

**Men's Wearhouse**

- "In the men's style blogosphere, Jos. A. Bank and Men's Wearhouse have the reputation of being mediocre. That view has seeped out in various places, including *Saturday Night Live*, which had a skit comparing Jos. A. Bank to a disposable wipe. Men's Wearhouse and Jos. A. Bank are seen as places where men go to buy a suit because they have to, not because they enjoy it."
- "But I recently went to a wedding and the brother of the bride was in this tux, and it looked really good on him. It looked terrific. It turns out it was from Men's Wearhouse! A slim-cut rent-a-tux. That was eye-opening for me."
- "Jos. A. Bank has some nice accessories made in the USA. It has shoe trees, Allen Edmunds shoes, Traveler shirts that are pretty decent. Their top-of-the line suit is OK, but the cut and fit is in the late 1990s."
- "And quality of Men's Wearhouse clothing is considered mediocre. The top end at Jos. A. Bank is considered decent, but only if you have a certain build. They are sort of like a poor man's Brooks Brothers.
- "Upgrading their brands is an uphill battle. But some things sound promising, like made-in-the-U.S. suits by Joseph Abboud. There's a lot of inertia they're fighting against. It's hard to get past the idea of the boxy suit that you only got because you needed it at the last minute."

**Merger**

- N/A

**Company Post-merger**

- "Competitors include J. Crew and Suitsupply. Suitsupply is for someone more savvy, a mid-20s to mid-30s professional, urban single guy. There's also Indochino, which is right in the same price tier, about $400, and advertises online made to measure suits as custom."
- "I wouldn't say the luxury brands are competitors to Men's Wearhouse at all, except maybe at a place like Yoox.com. Yoox is an interesting player; it's a massive retail powerhouse out of Italy. What they do is buy overstock from

designer labels and then sell them at fire-sale prices, like something $2,500 to $4,500 from last season marked down to $200. It's a niche market for fashion enthusiasts, but that's a fairly small crowd."
- "Even though it's an uphill battle [to change a brand], it's an opportunity. Men's Wearhouse may be in a niche they're really comfortable in, but if their customers are aging, they may want to ramp up their social media presence."

### 6) Greg Smith, showroom director and designer for Elevee

The Men's Wearhouse/Jos. A. Bank merger is a net positive for the industry, according to Greg Smith, who worked as a salesperson for Men's Wearhouse and a clothier for Astor & Black before going to work as a designer/showroom director for the luxury clothier Elevee. With the merger, Men's Wearhouse has a lock on the tuxedo market and will be in a better position to raise its price points and expand into the lucrative custom clothing market. The company realized a few years ago that two-for-one promotions were hurting the business and that it needed to rebrand itself. Jos. A. Bank is also "hungry" to appeal to the middle and upper middle class. Men's Wearhouse's work with Joseph Abboud has injected an element of design. Men's Wearhouse should consider expanding its classic tuxedo line, as it rents many trendy tuxes for weddings that would be more appropriate for a high school prom. Men's Wearhouse already has excellent customer service and employee satisfaction. If Men's Wearhouse continues to promote its tailored clothing and sells more custom clothing to affluent buyers, it could greatly increase its revenues.

**Men's Wearhouse**
- "Men's Wearhouse and Jos. A. Bank are pretty well matched. I never had issues with Jos. A. Bank."
- "The trend is for prices to go up. Both Men's Wearhouse and Jos. A. Bank are hungry to appeal to the middle class [and beyond] a little more, people who want a more expensive suit in the $2,000 range. The trend is upward and has been that way for a while."
- "Appealing to customers in the upper price points will definitely increase Men's Wearhouse's revenue the more it moves into custom clothing."

**Merged Company**
- "I haven't heard very much about changes since the merger. A few of my former colleagues at Men's Wearhouse have said they've enjoyed the customer programs coming out, such as custom clothing."
- "I understand that the corporate culture is different at Jos. A. Bank. Men's Wearhouse is very, very employee-friendly. I loved working for them. The only reason I left is that I was reaching my potential there, although I had the opportunity to go into management."
- "Men's Wearhouse is definitely moving away from the two for one promotions, although it did promote those a few years ago. The 'buy one, get one free' was what Jos. A. Bank was doing, and it was a big mistake for [Men's Wearhouse] to follow them. It would seem like people were getting a deal, but what happened is that they'd have to double prices on some of the suits."
- "Those promotions leave salespeople in a frustrating place. … When the 'buy one, get one free' promotion first came out … customers were just waiting the six weeks or as long as it took for the next sale. That's why Men's Wearhouse phased out that promotion."

**Company Post-merger**
- "The merger will be a net positive for the industry. Men's Wearhouse is about to expand. They've already doubled the number of stores they have across the country."
- "I didn't see how the merger would be beneficial at first, except in the high, high price points. Jos. A. Bank trying to buy Men's Wearhouse was just complete idiocy. But Men's Wearhouse took the bait and bought them. Maybe that was a [snare] set by Jos. A. Bank."
- "But it's been a quiet transition. And with this merger, Men's Wearhouse dominates the tuxedo market."
- "As far as priorities go, Men's Wearhouse should stick with tailored clothing; that's what they're good at. Offering custom clothing, which they are doing, will be an added bonus. For someone to go from spending $895 to $1,250 is not such a stretch. Even getting 10,000 guys to spend a little more would help a ton."
- "The merger may also give them an edge on competitors like Nordstrom. Mixing more expensive custom clothing with casual lines may help Men's Wearhouse compete. Men's Wearhouse has already blown Macy's out of the water in terms of men's clothing."

- "Jos. A. Bank is a bit more on the classic side. Some of the rental tuxedos Men's Wearhouse has are just unbelievably awful. Or maybe I shouldn't say that. There's probably a place for every tux. Most are very appropriate for a high school prom."
- "When I was at Men's Wearhouse, I thought the quality of its products were incredible. Now that I'm doing custom clothing, I know more about cloth and construction. I think it's very decent but not as good as it used to be. A lot of the product is made in China."
- "Men's Wearhouse did hire Joseph Abboud, a very good, well-respected designer, who brought in an element of product that they didn't have before. He brought in some very good manufacturing firms in the Northeast."
- "Men's Wearhouse was trying to get into the luxury market and sell high-quality clothing. But they took a step back when the economy took a step back. I think higher price points is the way to go now though. Both Men's Wearhouse and Jos. A. Bank have been moving in that direction for a while."
- "Men's Wearhouse is very strong on service. It's economy-driven; you want to keep every customer you can. If you return an item, it doesn't matter if it's been months, they'll probably take it back."

**Men's Wearhouse did hire Joseph Abboud, a very good, well-respected designer, who brought in an element of product that they didn't have before. He brought in some very good manufacturing firms in the Northeast.**

*Showroom Director & Designer*
*Elevee*

## 5) Online Consumer Survey

**In Blueshift's online survey of 58 mostly male respondents, we found that Men's Wearhouse has dominated the suit market throughout 2014. Its biggest competition is from stores like Macy's, Kohl's and J.C. Penney's, but Jos. A. Bank is gaining consideration in this market. Special promotional prices and past experiences have been factors in purchasing decisions this year, while size accommodations likely will be more important into 2015. Suit wearing is up slightly, as is the desire for an online store.**

**In sports jacket and blazers, Men's Wearhouse and Jos. A. Bank were top destinations. Cut, fit and store personnel are becoming more important factors when purchasing a sports jacket or blazer. Respondents expect to wear these items more often in 2015 and would like to shop for them online.**

**Respondents indicated they are wearing formalwear less often, possibly because the wedding season has passed. Men's Wearhouse, Macy's, Tuxedo Wearhouse, and Jos. A. Bank were the top choice for renting or buying a tuxedo/formalwear based on past experiences and size accommodations.**

### Suits

Our 40 respondents who purchased a suit in 2014 favored Men's Wearhouse, Macy's and Kohl's. Jos. A. Bank rose in popularity to fourth position. These suit purchases were based on past experiences and special promotional pricing. The merger between Jos. A. Bank and Men's Wearhouse had a positive effect on respondents' shopping frequency to both chains. Although most respondents did not care about a company's online presence, some consider it to be important. Most respondents wear a suit once a month or less.

- 69%, or 40 of our respondents, purchased a suit in 2014. (Q2)
- Men's Wearhouse (64.1%), Macy's (51.3%), Kohl's (41%) and J.C. Penney (41%) were the top four stores considered by respondents when buying a suit. (Q3)
  - In comparison with our June survey, Men's Wearhouse grew 16 percentage points to take the No. 1 spot. Macy's decreased 3 percentage points from the top spot to second, Kohl's grew 8.5 percentage points to take the third spot, while J.C. Penney dropped 5 percentage points to take the fourth spot. (Q3)
  - Jos. A. Bank rose 11 percentage points compared with June. (Q3)
- Men's Wearhouse (25.6%), Macy's (17.9%), Kohl's (17.9%), and Jos. A. Bank (12.8%) were the top four stores from which respondents purchased suits in 2014. (Q4)

    - Men's Wearhouse retained its customers with roughly the same percentage as in June. Macy's dropped 1.5 percentage points, Kohl's increased 5 percentage points, and Jos. A. Bank rose 9 percentage points. (Q4)
- The merger between Jos. A. Bank and Men's Wearhouse increased respondents' likelihood to go to either chain to purchase suits in 2014.
    - 71.8% shopped more often at one or both stores. (Q8)
    - 46.1% shopped less at one or more location. (Q8)
    - 28.2% did not know about the merger. (Q8)
- The deciding factors in purchasing a suit were past experiences (28.2%) and promotional pricing (20.5%). (Q5)
    - Past experiences rose almost 11 percentage points since June to take the top spot, while special promotional pricing dipped 2.5 percentage points as a deciding factor to the No. 2 spot. (Q5)
- Most respondents (51.2%) found the option of buying a suit online not at all or slightly important. (Q6)
    - The importance of an online store has polarized in comparison with June. 51.2% think having an ecommerce option is not at all or slightly important when buying a suit, a 6.5 percentage-point rise since June.
    - Those who believe it is extremely important rose almost 5 percentage points to 17.9%. (Q6)
- Most respondents wear their suits once a month or less, although some wear a suit every day.
    - 20.5% wear a suit a few times a year. (Q7)
    - 17.9% wear a suit once every few months. (Q7)
    - 15.4% wear a suit once a month. (Q7)
    - 15.4% wear a suit every day. (Q7)

33 of our respondents will make a suit purchase during the remainder of 2014. They will consider Men's Wearhouse, Macy's, Jos. A. Bank and Kohl's, but typically make purchases from Men's Wearhouse, Macy's and J.C. Penney. The merger has created store traffic for both Men's Wearhouse and Jos. A. Bank. Special promotional pricing, size accommodations and past experiences are important considerations in choosing a store, but an ecommerce presence is growing in importance. Respondents plan to wear suits more often.

- 58.9%, or 33 of our respondents, will purchase a suit during the remainder of 2014. (Q9)
- Men's Wearhouse (60.6%), Macy's (48.5%), Jos. A. Bank (45.5%) and Kohl's (45.5%) were respondents' top considerations when purchasing a suit. (Q10)
    - Men's Wearhouse rose 13 percentage points since June to continue its reign as the top destination.
    - Macy's rose 8 percentage points to retain the second spot, while Jos. A. Bank rose 25 percentage points to grab the third spot after being fifth in June.
    - Kohl's rose 12 percentage points but dropped a spot since June. (Q10)
- Men's Wearhouse (24.2%), Macy's (15.2%) and J.C. Penney (15.2%) were the top three stores from which respondents typically purchase a suit. (Q11)
    - Men's Wearhouse retained the number of respondents who typically purchase a suit from the company, while Macy's dropped 3 percentage points but remained in second place. J.C. Penney dropped 1 percentage point but kept its third position. (Q11)
    - Respondents who chose Jos. A. Banks as their typical suit retailer rose 4 percentage points. (Q11)
    - Respondents who chose Bloomingdale's as their typical suit retailer rose 9 percentage points. (Q11)
- After the merger, respondents are frequenting both stores more often. Jos. A. Bank in particular has seen traffic increase as a result of the merger.
    - 75.7% are shopping more often at one or both stores. (Q15)
    - 45.6% are shopping less often at one or both stores. (Q15)
    - 27.3% of respondents did not know about the merger. (Q15)
- Special promotional price (18.2%), size accommodations (15.2%), and past experiences (15.2%) were the most important factors in choosing a suit retailer. (Q12)
    - Special promotional pricing rose almost 5 percentage points from June to take the top spot. Size accommodations rose 5 percentage points to take the second spot, and past experiences sank from its No. 1 spot by 6.5 percentage points. (Q12)
- Respondents said an ecommerce option for buying a suit is moderately or slightly important. (Q13)

- Numbers in June closely mimic those this month, but respondents who view online purchases as extremely important rose 7 percentage points. Those who view online purchases as very important dropped 8.5 percentage points.
- 27.3% believe the availability of online purchases when buying a suit is moderately important. (Q13)
- 24.2% believe the availability of online purchases when buying a suit is slightly important. (Q13)
- 21.2% said the availability of online purchases when buying a suit is extremely important. (Q13)
- Respondents who will purchase a suit during the remainder of 2014 expect to wear it every day (21.2%) or once a month (18.2%). (Q14)

## Sports Jackets and Blazers

51 of 56 respondents own a sports jacket. They considered buying the clothing item at Men's Wearhouse, J.C. Penney, and Macy's, but made the purchase at Men's Wearhouse, Macy's or Jos. A. Bank. Twice the number of respondents are increasing their shopping at Men's Wearhouse and Jos. A. Bank than those who are decreasing their shopping at those retailers as a result of the merger. Past experiences, size accommodations, recommendations, and promotional pricing were the top deciding factors when buying a sports jacket or blazer. Online stores were not a factor for 2014 purchases of sports jackets and blazers. Sports jackets and blazers are worn by respondents a few times a month or less.

- 91.1% of respondents own a sports jacket or blazer. (Q16)
- Men's Wearhouse (35.3%), J.C. Penney (25.5%), and Macy's (19.6%) were the top three places where respondents purchased their sports jacket or blazer. (Q17)
  - Men's Wearhouse rose 12 percentage points since June to take the top spot. J.C. Penney rose 1 percentage point to hold onto second position, and Macy's plummeted 8 percentage points since June from the first to third spot. (Q17)
- Men's Wearhouse (27.5%), Macy's (13.7%), and Jos. A. Bank (11.8%) are viewed as the best places to purchase a sports jacket or blazer. (Q18)
  - Men's Wearhouse took the top spot and increased roughly 6.5 percentage points. Macy's dropped 4 percentage points but remained in second. Jos. A. Bank shot up 8 percentage points to snatch the third spot. (Q18)
- The merger is making consumers shop more at Jos. A. Bank and Men's Wearhouse compared with those who are shopping less at both retailers.
  - 48% are shopping more often at one or both locations. (Q22)
  - 24% are shopping less often at one or both locations. (Q22)
- Past experiences (20%), size accommodations (18%), recommendations (14%), and special promotional pricing (14%) were the top deciding factors when buying a sports jacket or blazer. (Q19)
  - Past experience took the No. 1 spot this month, while size accommodations rose by 11 percentage points to the second most important factor. Recommendations increased almost 10 percentage points, while special promotional pricing has become less important, dropping almost 10 percentage points. (Q19)
- Having access to an online store was viewed as not all important (36%) or moderately important (30%) by those who have purchased a sports jacket or blazer this year. (Q20)
  - Numbers mimic those in June, but are slightly more negative on the importance of an online store when buying a sports jacket or blazer. Those who believe it is not at all important grew by 6 percentage points, while those who think it is moderately important also increased roughly 6 percentage points since June.
- Sports jackets and blazers are worn a few times a month (28%) or less. (Q21)

23 respondents plan to buy a sports jacket or blazer during the remainder of 2014. Men's Wearhouse, Macy's, J.C. Penney and Kohl's will be considered, but Men's Wearhouse and Jos. A. Bank are believed to be the top two locations. The merger had equal effects on consumers shopping more and less often at Men's Wearhouse and Jos. A. Bank. Special promotional pricing, cut and fit of the jacket, store personnel, and size accommodations are the most important factors. Having access to an online store was important to those looking to buy a sports jacket or blazer, as they wear these clothes every day or once every few months.

- 41.8%, or 23 respondents, will purchase a sports jacket or blazer in the remainder of 2014. (Q23)
- Respondents are looking to purchase a sports jacket or blazer at Men's Wearhouse (50%), Macy's (45.5%), J.C. Penney (45.5%) and Kohl's (40.9%). (Q24)

  - Respondents are considering more stores than they did in June. (Q24)
- The two best places to purchase a sports jacket or blazer are Men's Wearhouse (22.7%) and Jos. A. Bank (22.7%). (Q25)
  - Men's Wearhouse retained its top spot since June by rising roughly 1 percentage point. Jos. A. Bank rose almost 19 percentage points to take the second spot away from Macy's. (Q25)
- Respondents are split on how the merger has affected their shopping habits at Jos. A. Bank and Men's Wearhouse. (Q29)
  - 72.7% are shopping more often at one or both locations. (Q29)
  - 72.7% are shopping less often at one or both locations. (Q29)
  - 18.2% did not know of the merger. (Q29)
- Special promotional pricing (22.7%), cut and fit of the jacket (18.2%), store personnel (13.6%), and size accommodations (13.6%) were the top considerations when buying a sports jacket or blazer. (Q26)
  - Promotional pricings rose almost 7 percentage points since June to the No. 1 spot. Cut and fit dropped roughly 1.5 percentage points to second place, size accommodations rose 6 percentage points, and store personnel became an increasingly important factor, rising almost 10 percentage points increase June. (Q26)
- Having an online store for purchasing sports jackets and blazers is moderately (40.9%) to extremely (31.8%) important for respondents. (Q27)
  - Since June, the importance of having an online store rose. Specifically, those who view it as moderately and extremely important almost doubled. (Q27)
- Respondents wear a sports jacket or blazer every day (22.7%) or once every few months (18.2%). (Q28)

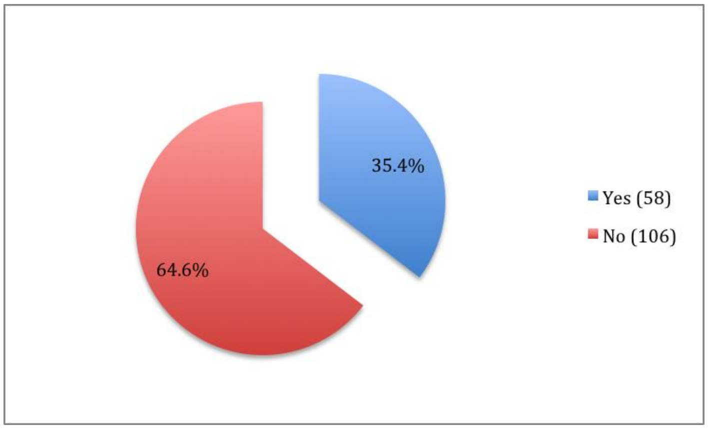
## Tuxedos and Formalwear

Compared with last year, respondents are wearing tuxedos and formalwear less often. Those considering buying or renting a tuxedo or formalwear said they will consider Men's Wearhouse, Macy's, Tuxedo Wearhouse and Jos. A. Bank. Size accommodations and past experiences will be the deciding factors when choosing the location.

Those who own a tuxedo or formalwear bought it from Men's Wearhouse, Macy's, Jos. A. Bank, or Brooks Brothers, while those who rented a tux in 2014 favored Men's Wearhouse, online retailers, Jim's Formalwear and Romanoff.

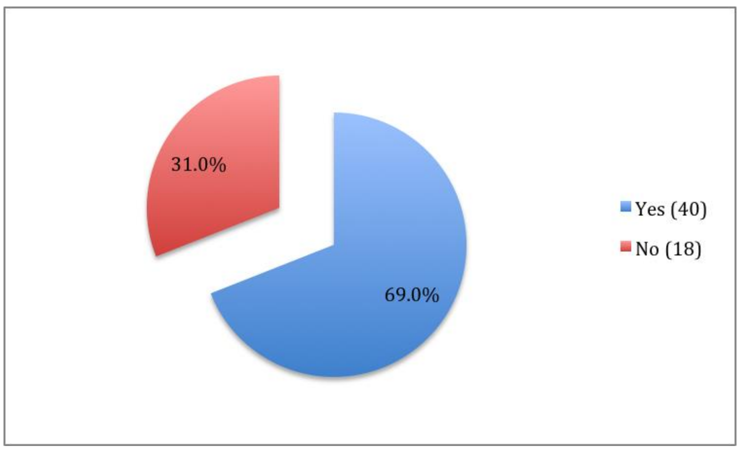
- Roughly twice the number of respondents are wearing tuxedos/formalwear less often year to year than those wearing them more often than last year. (Q30)
  - Respondents decreasing their frequency of wearing tuxedos/formalwear grew 15.5 percentage points, while those increasing how often they wear tuxedos/formalwear fell roughly 7 percentage points. (Q30)
    - 43.4% are wearing less tuxedo/formalwear compared with last year. (Q30)
    - 18.8% are wearing more tuxedo/formalwear compared with last year. (Q30)
- Men's Wearhouse (58.5%), Macy's (32.1%), Tuxedo Wearhouse (28.3%) and Jos. A. Bank (26.4%) were the most popular places when renting or buying tuxedos/formalwear. (Q31)
- Size accommodations (15.1%) and past experiences (15.1%) were the top two factors in determining where to get a tuxedo or formalwear. (Q32)
  - Size accommodations rose 5.5 percentage points since June to become the top factor, while past experiences rose 1 percentage point to grab the second spot. (Q32)
- 37.7% of respondents own a tuxedo or formalwear. (Q33)
  - Men's Wearhouse (55%), Macy's (35%), Jos. A. Bank (25%), boutique men's stores (25%) and Brooks Brothers (25%) were the most popular places to purchase a tuxedo or formalwear. (Q34)
- 23.1%, or 12 respondents, have rented a tuxedo or formalwear in 2014. (Q35)
  - Men's Wearhouse (33.3%), online (16.7%), Romanoff (16.7%), and Jim's Formalwear (16.7%) were the top stores to rent a tuxedo or formalwear. (Q36)

1. Have you purchased a suit, sports jacket and/or blazer from a menswear retailer during 2014, or will you purchase one in the remainder of 2014?

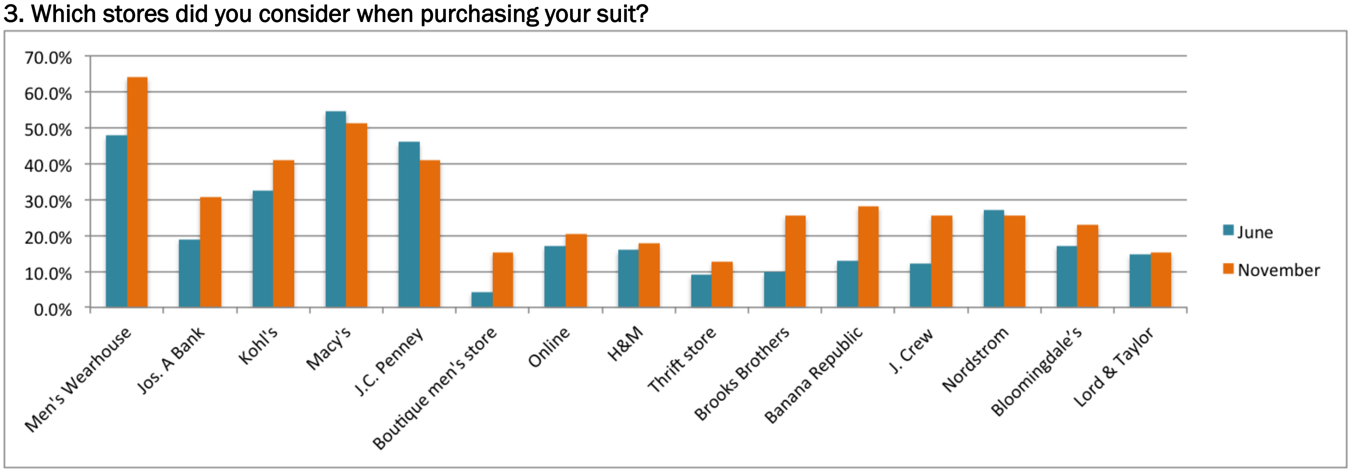



## Suits

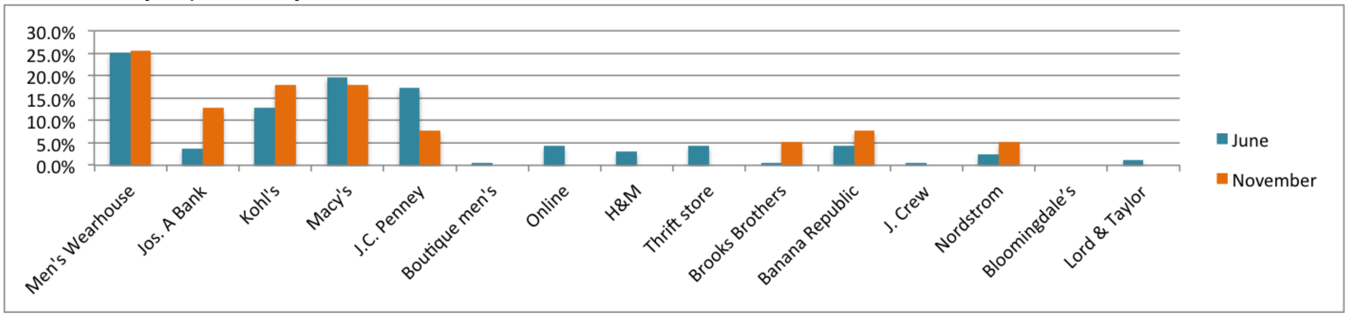
2. Have you purchased a suit in 2014?



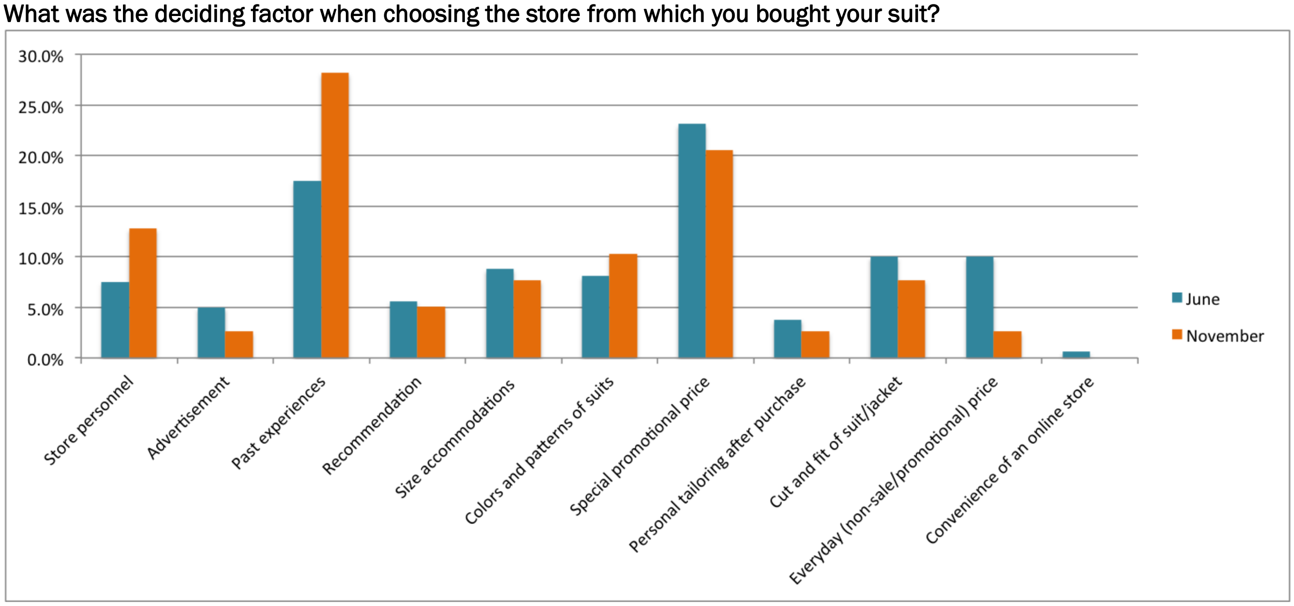

3. Which stores did you consider when purchasing your suit?



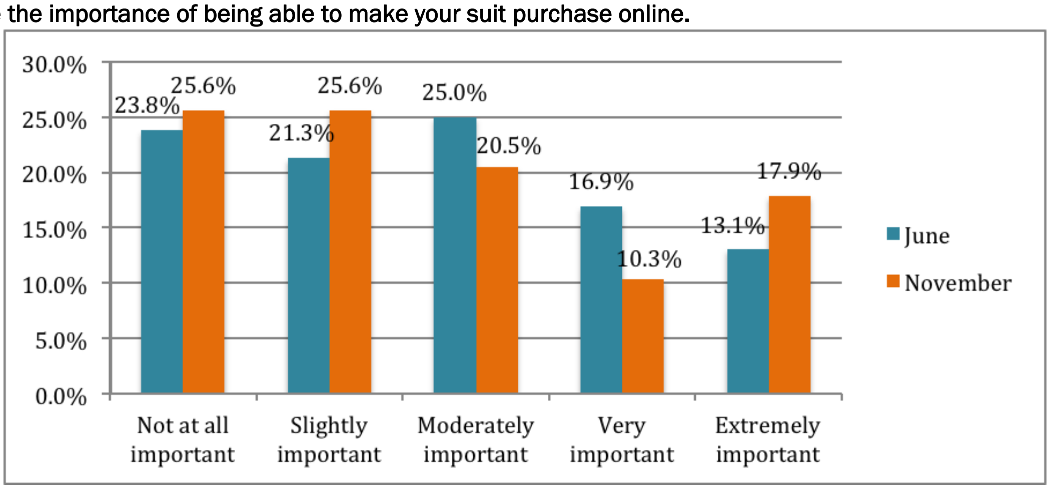
4. Where did you purchase your suit?



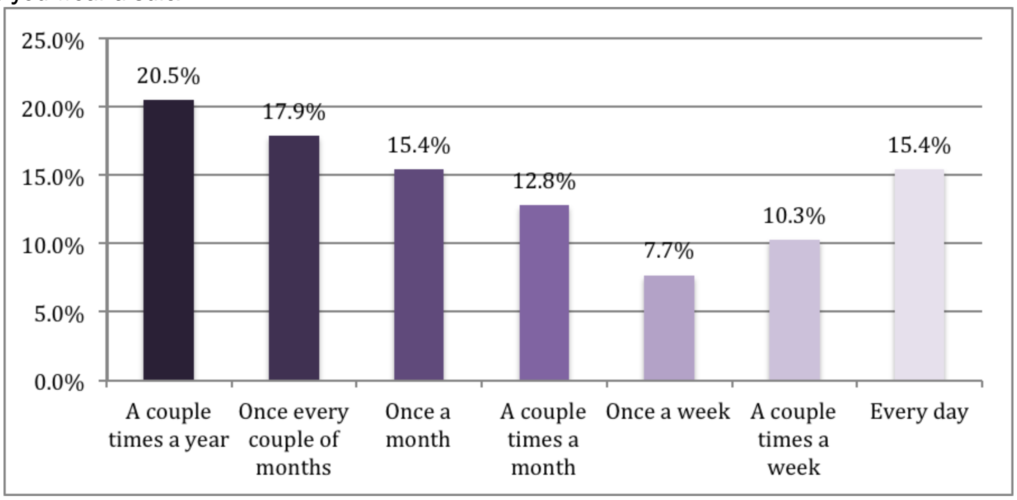

5. What was the deciding factor when choosing the store from which you bought your suit?



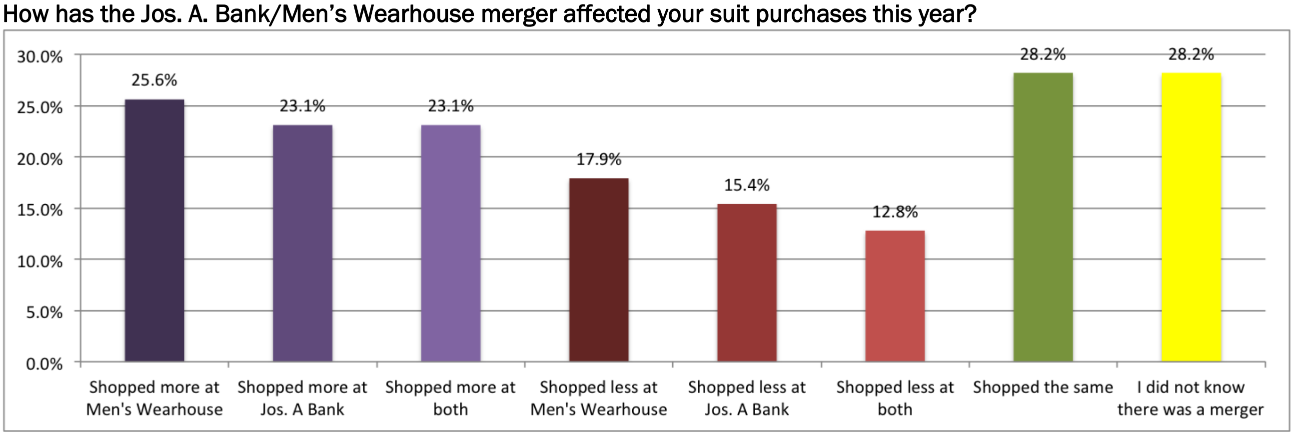

6. Please rate the importance of being able to make your suit purchase online.



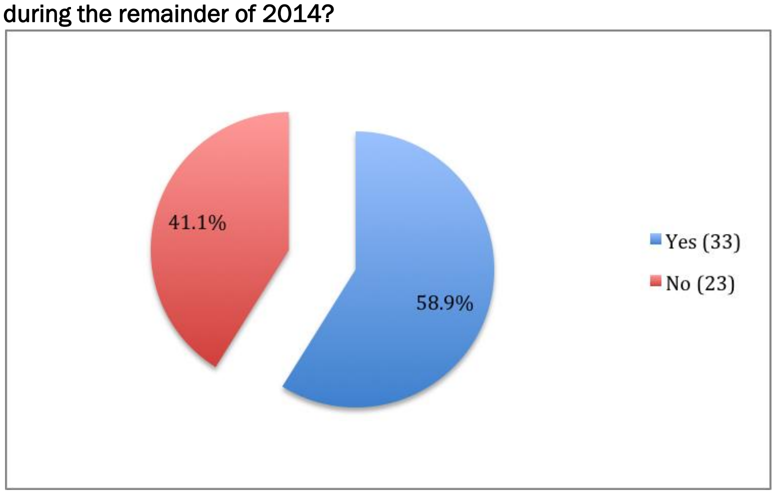
7. How often do you wear a suit?



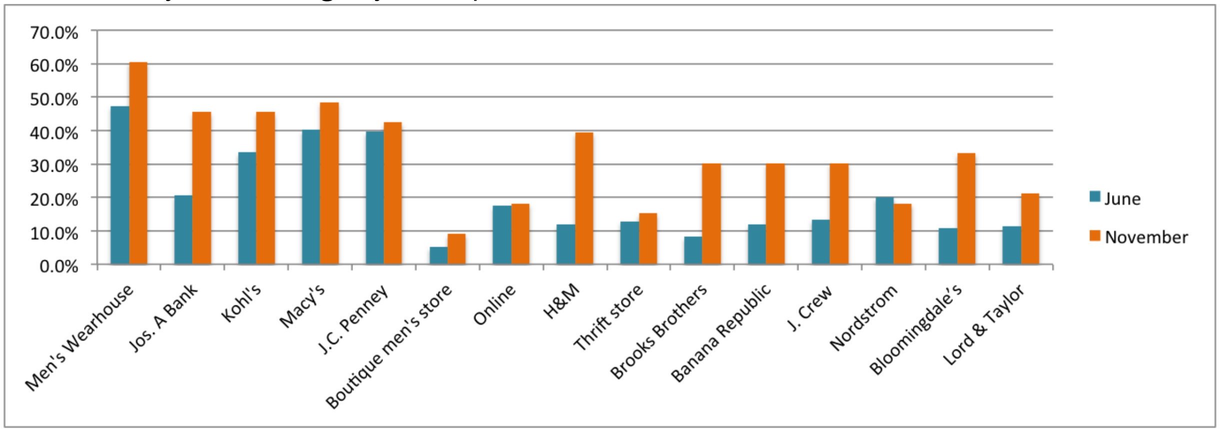

8. How has the Jos. A. Bank/Men's Wearhouse merger affected your suit purchases this year?



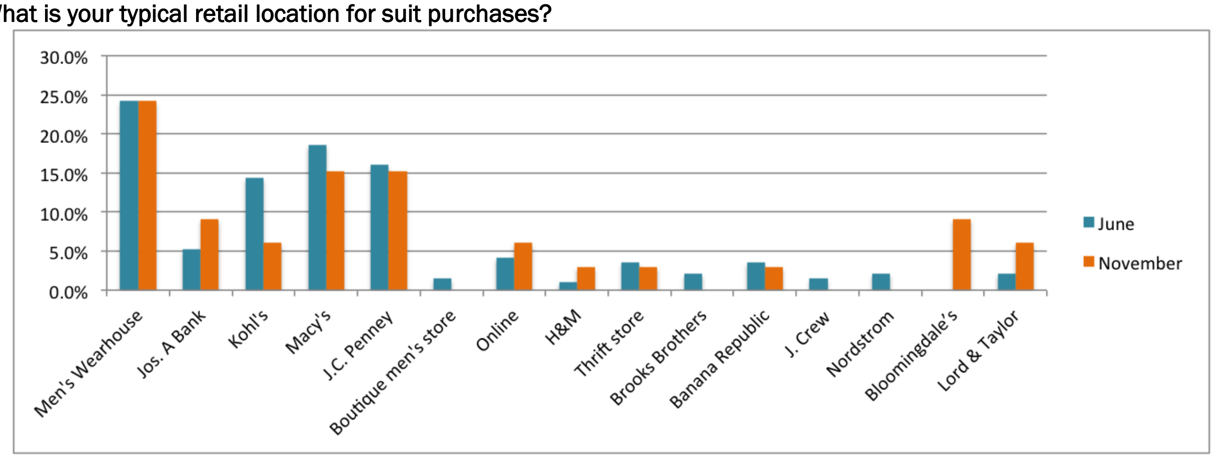

9. Will you purchase a suit during the remainder of 2014?



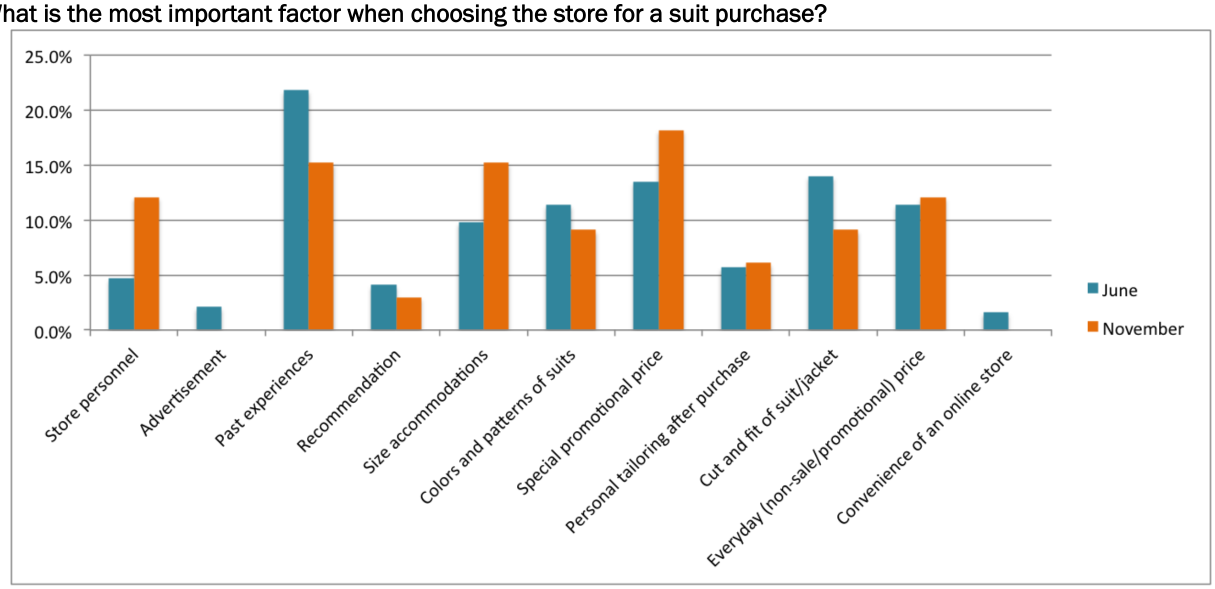
10. Which stores are you considering for your suit purchase?



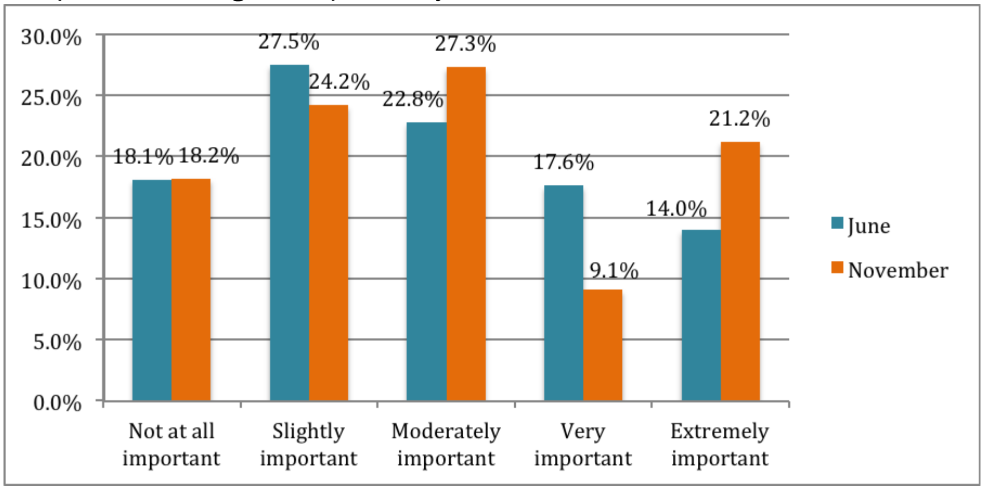

11. What is your typical retail location for suit purchases?



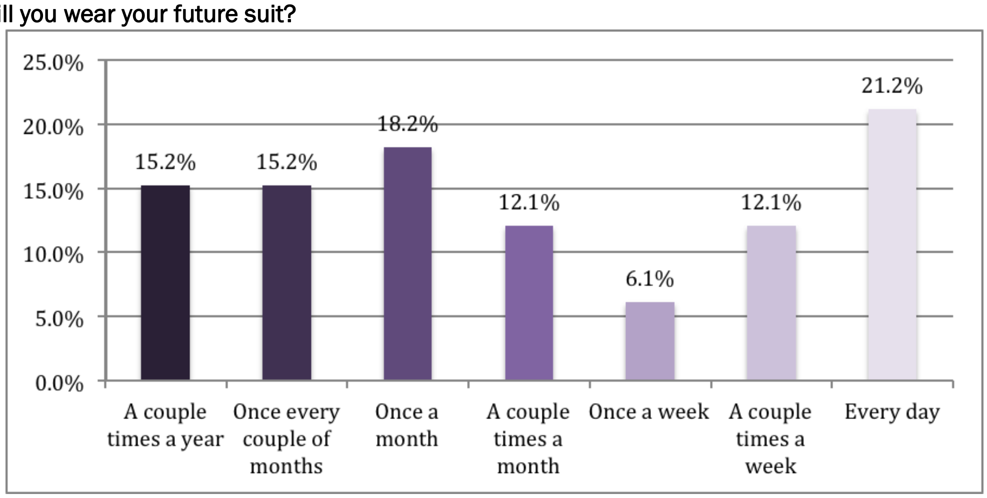

12. What is the most important factor when choosing the store for a suit purchase?



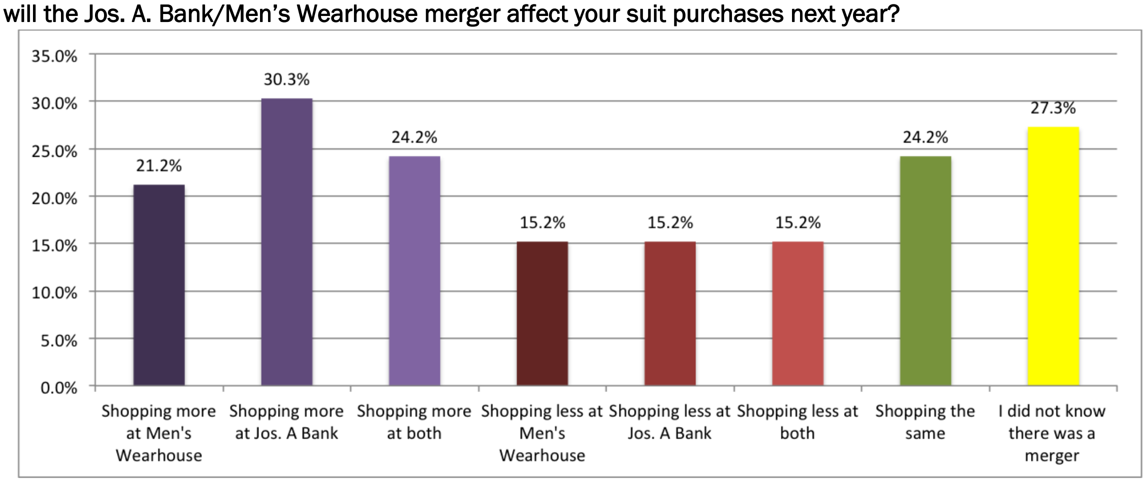
13. Please rate the importance of being able to purchase your future suit online.




14. How often will you wear your future suit?

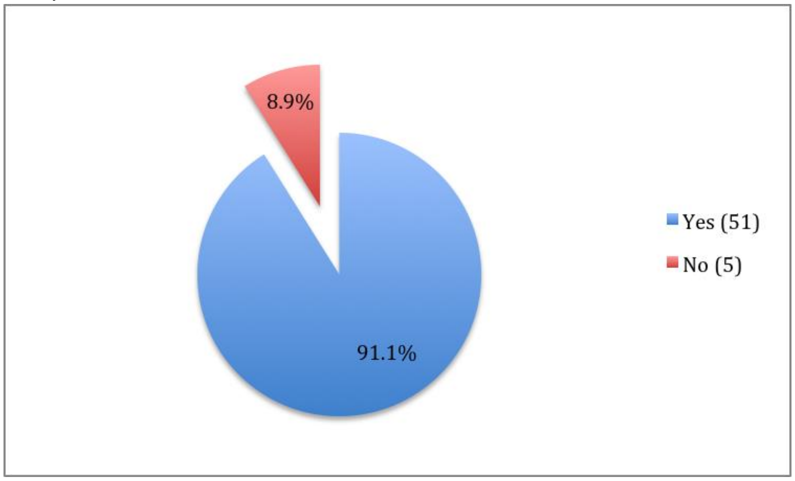



15. How will the Jos. A. Bank/Men's Wearhouse merger affect your suit purchases next year?

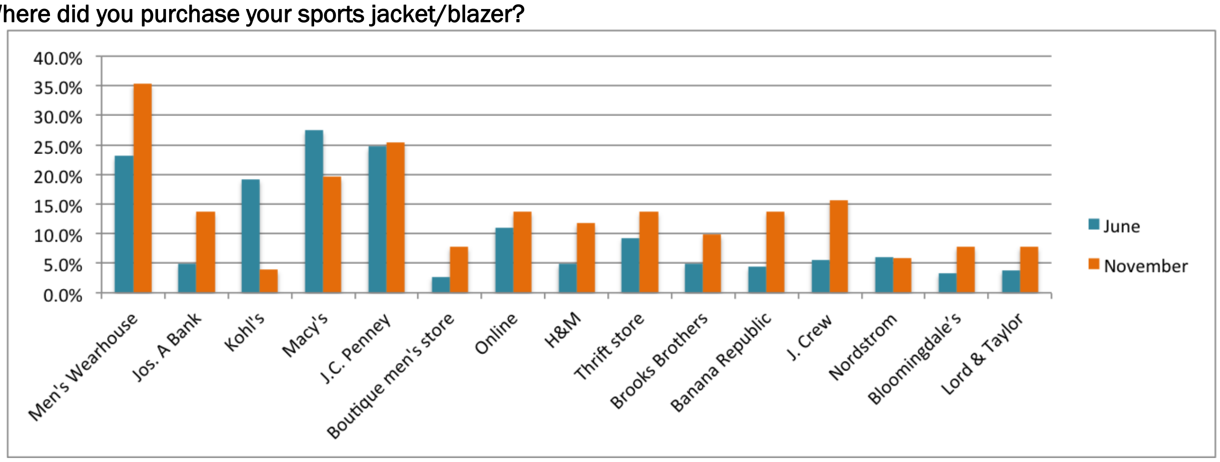


## Sports Jackets and Blazers

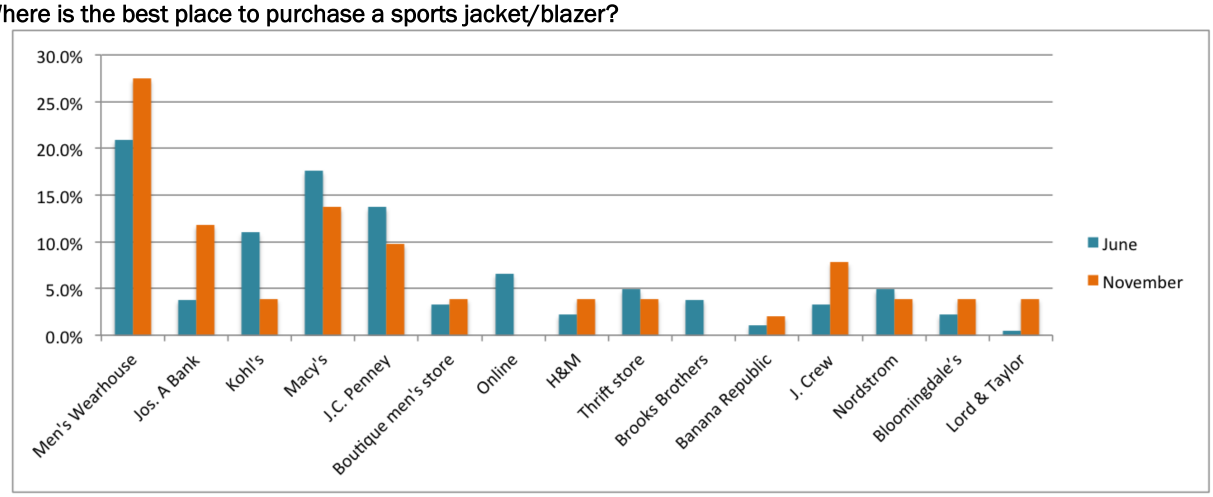
16. Do you own a sports jacket/blazer?



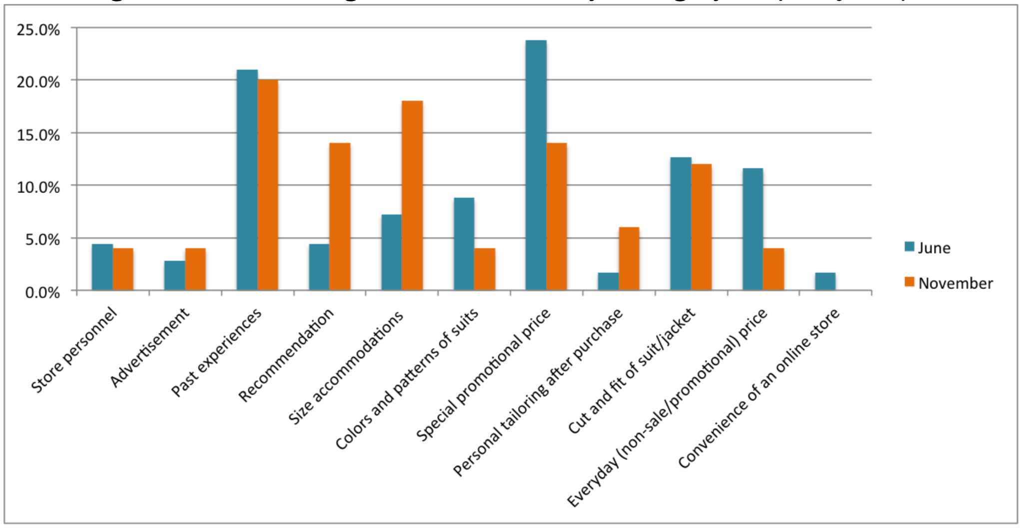

17. Where did you purchase your sports jacket/blazer?



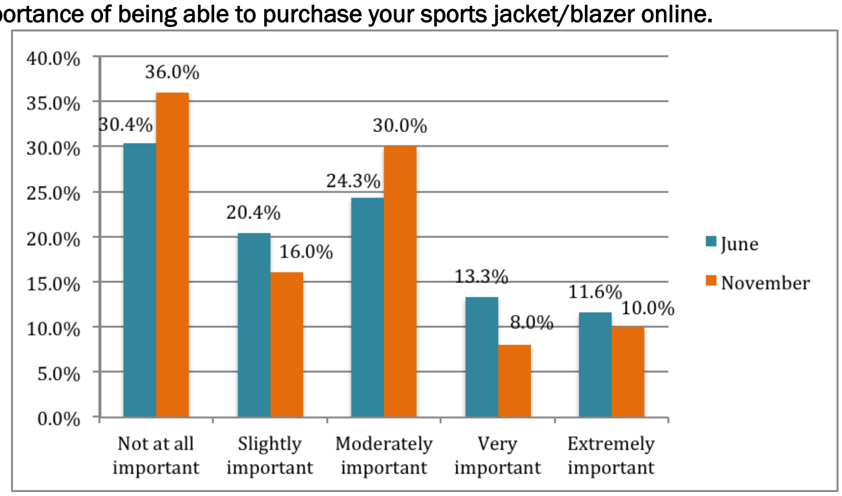

18. Where is the best place to purchase a sports jacket/blazer?



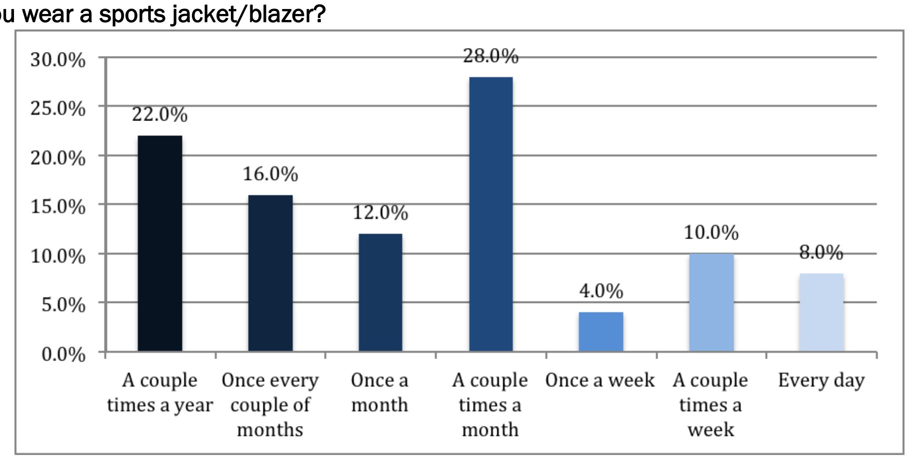
19. What was the deciding factor when choosing the store from which you bought your sports jacket/blazer?



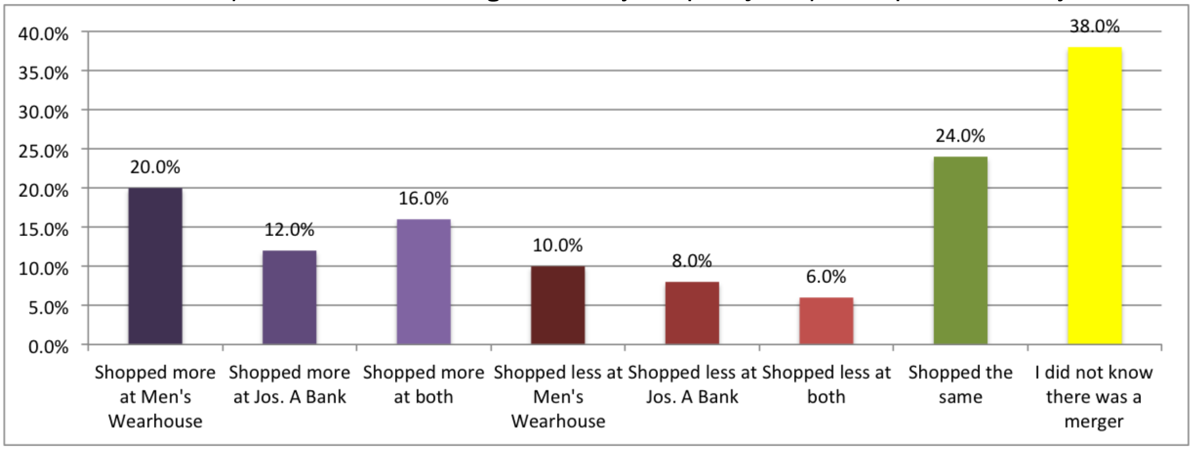

20. Please rate the importance of being able to purchase your sports jacket/blazer online.



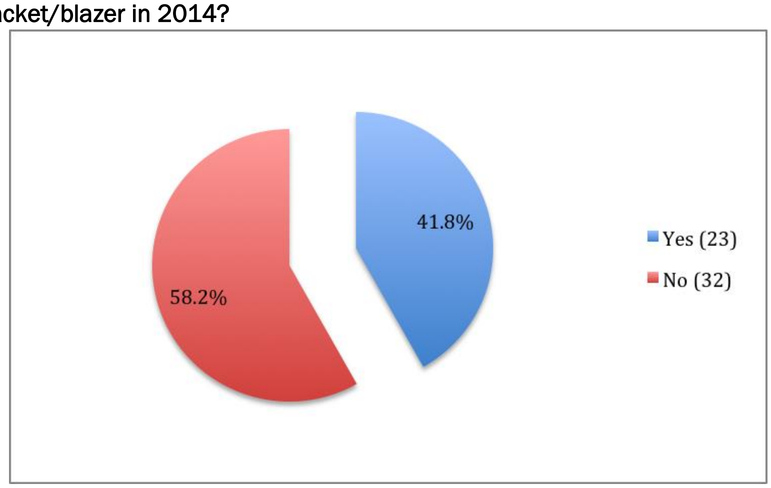

21. How often do you wear a sports jacket/blazer?



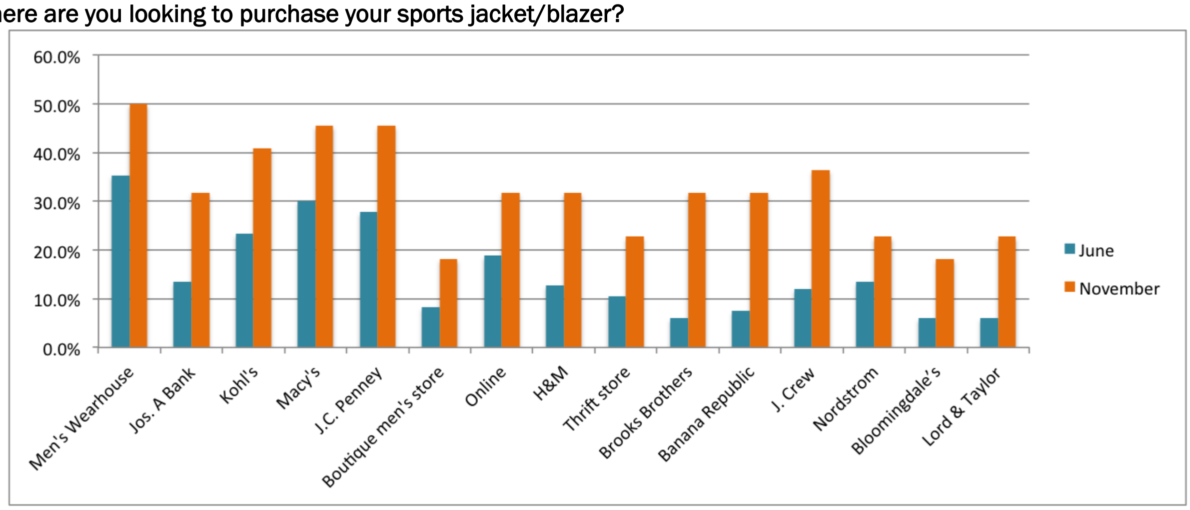
22. How has the Jos. A. Bank/Men's Wearhouse merger affected your sports jacket/blazer purchases this year?



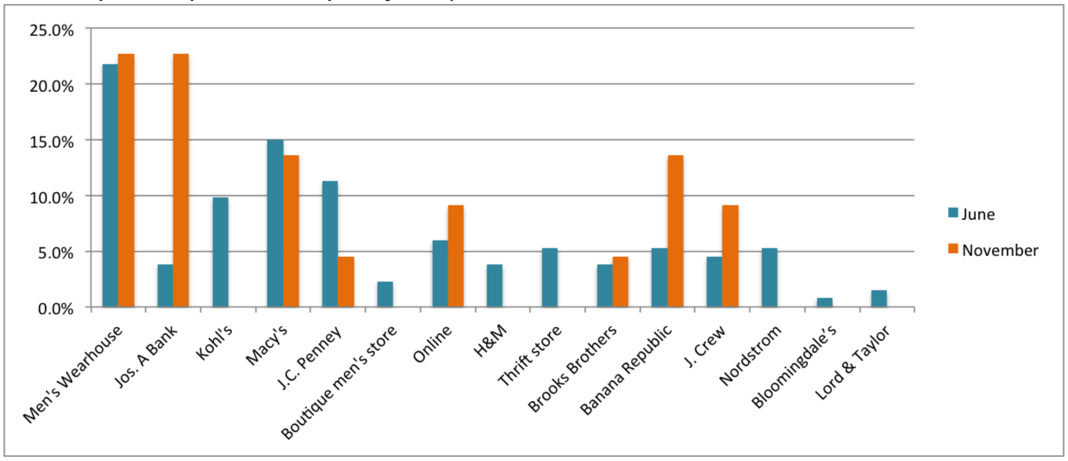

23. Will you buy a sports jacket/blazer in 2014?



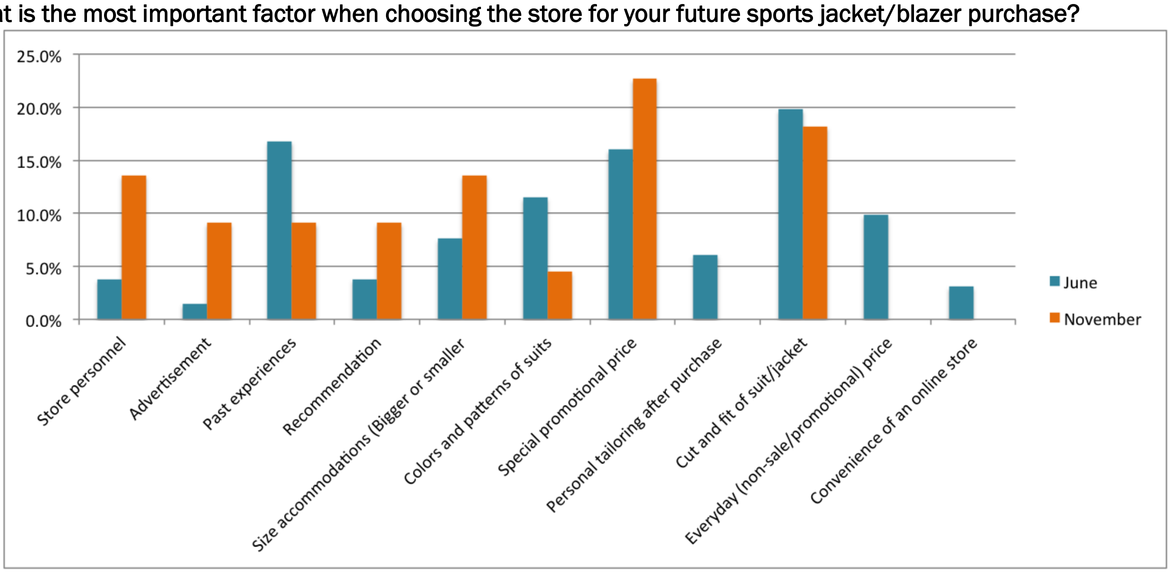

24. Where are you looking to purchase your sports jacket/blazer?



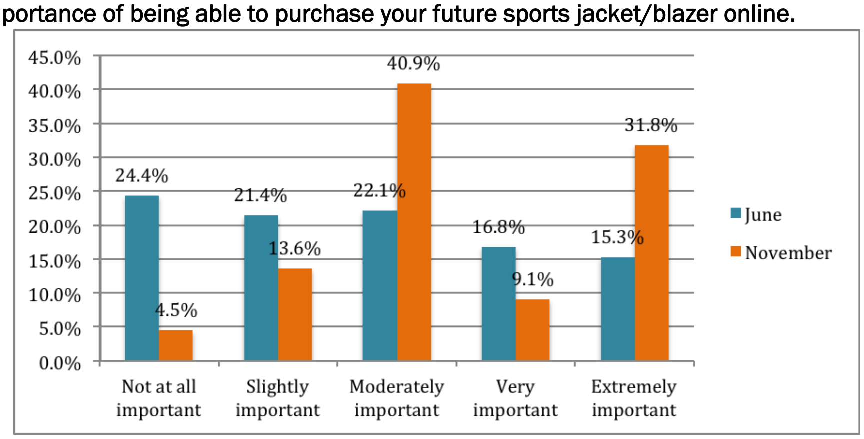
25. Where is the best place to purchase a sports jacket/blazer?



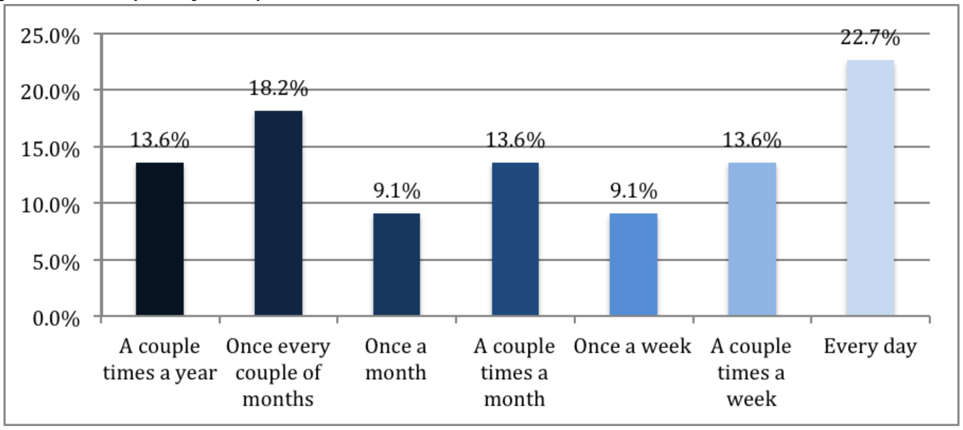

26. What is the most important factor when choosing the store for your future sports jacket/blazer purchase?



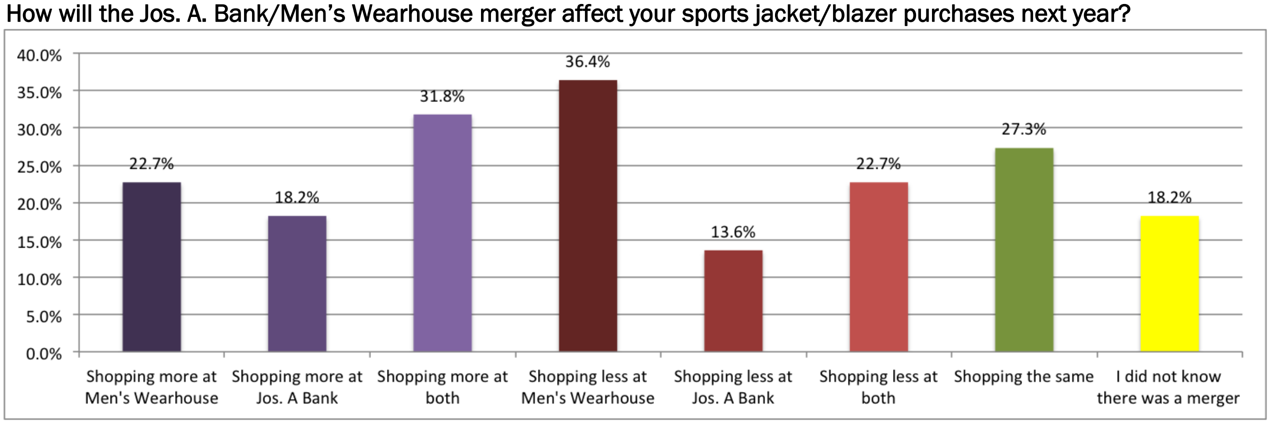

27. Please rate the importance of being able to purchase your future sports jacket/blazer online.



28. How often do you wear a sports jacket/blazer?

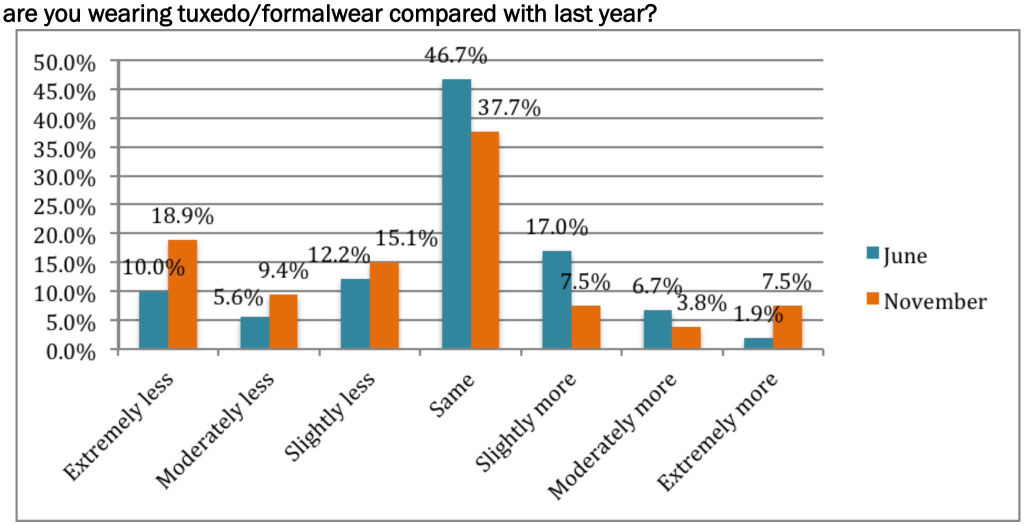



29. How will the Jos. A. Bank/Men's Wearhouse merger affect your sports jacket/blazer purchases next year?

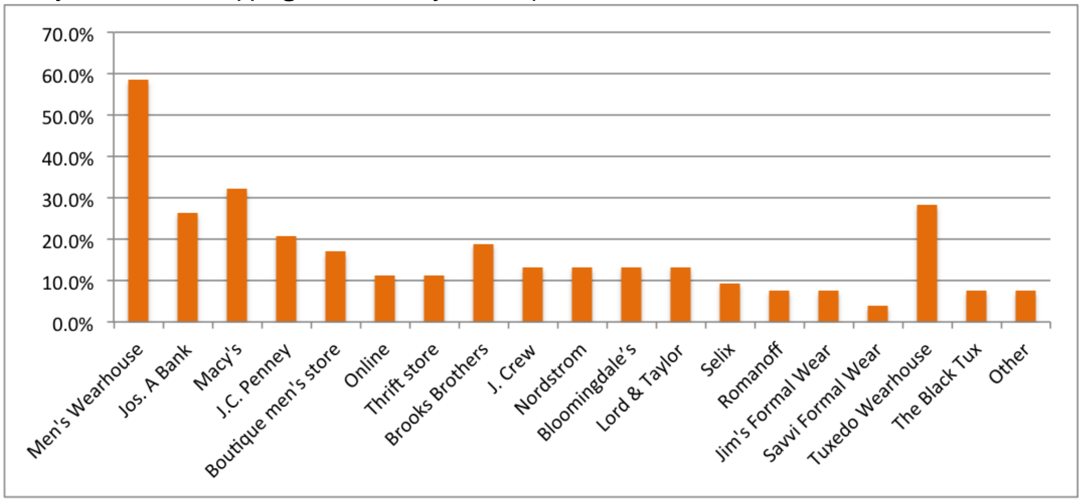



## Tuxedos and Formalwear

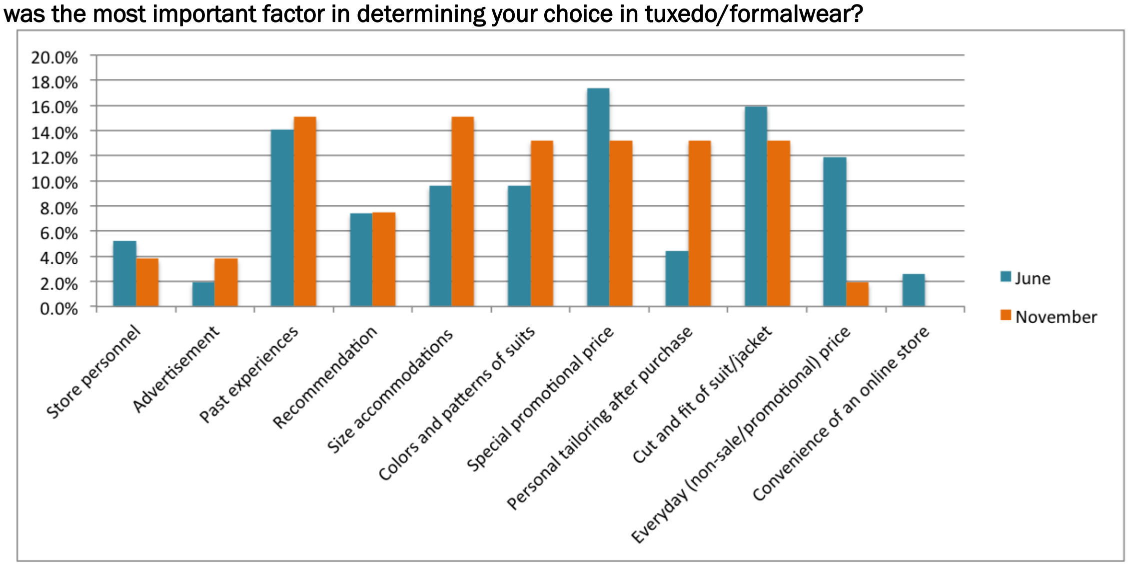
30. How often are you wearing tuxedo/formalwear compared with last year?



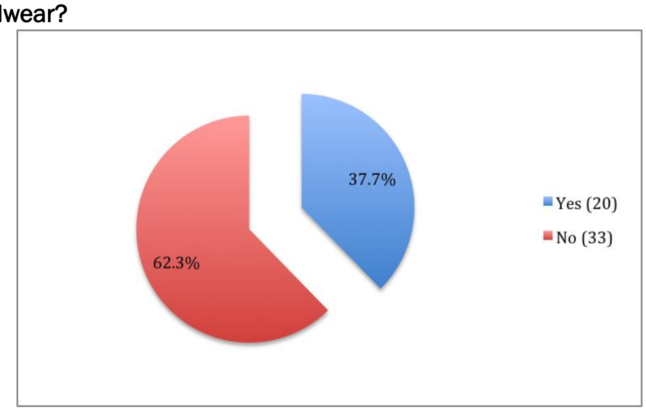
31. Where would you consider shopping to rent or buy tuxedos/formalwear?



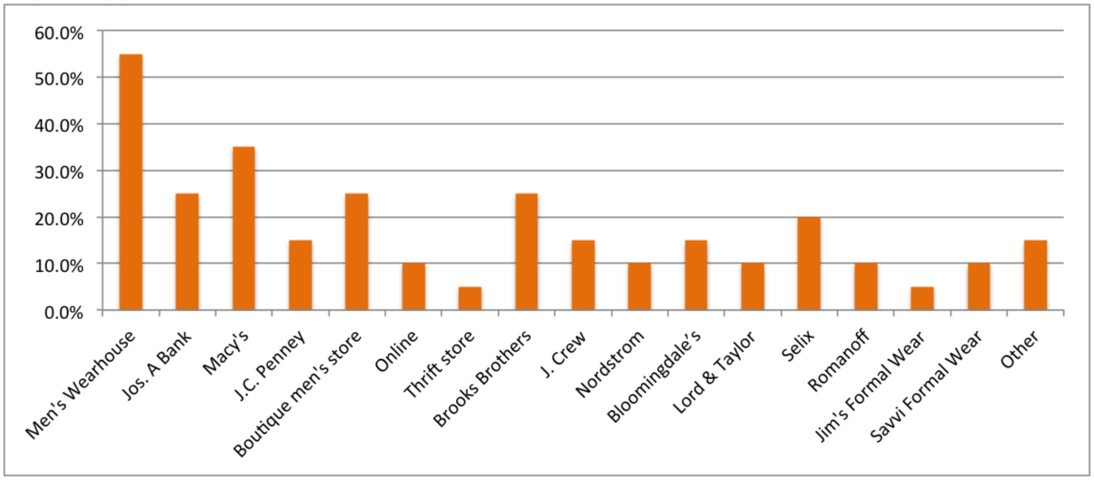

32. What was the most important factor in determining your choice in tuxedo/formalwear?



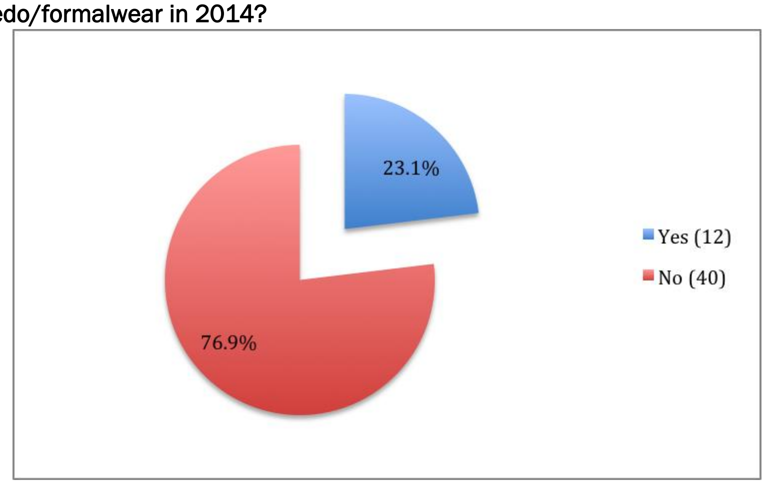

33. Do you own a tuxedo/formalwear?



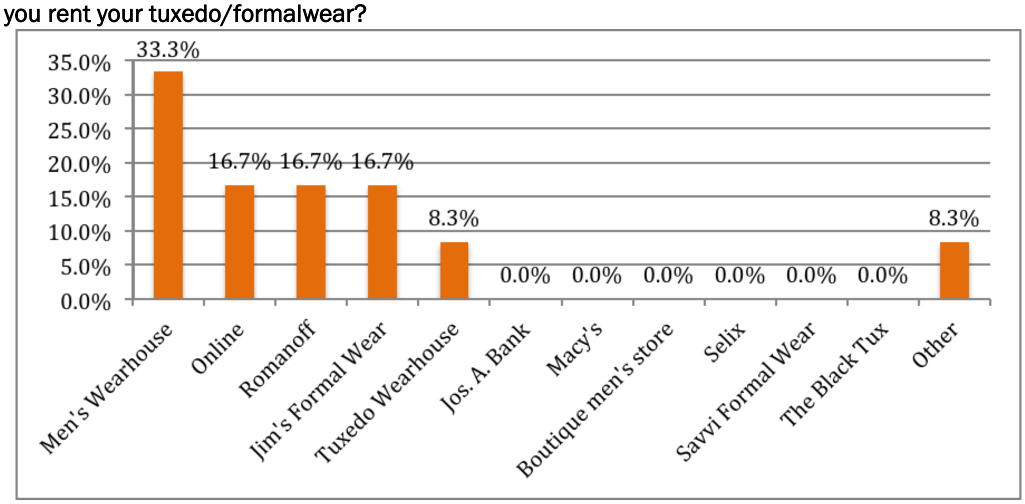
34. Where did you buy your tuxedo/formalwear?



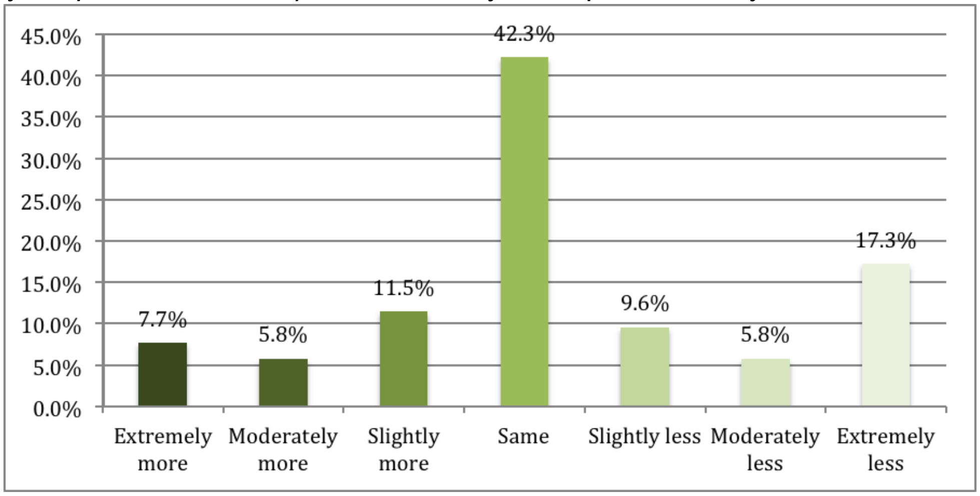

35. Have you rented a tuxedo/formalwear in 2014?



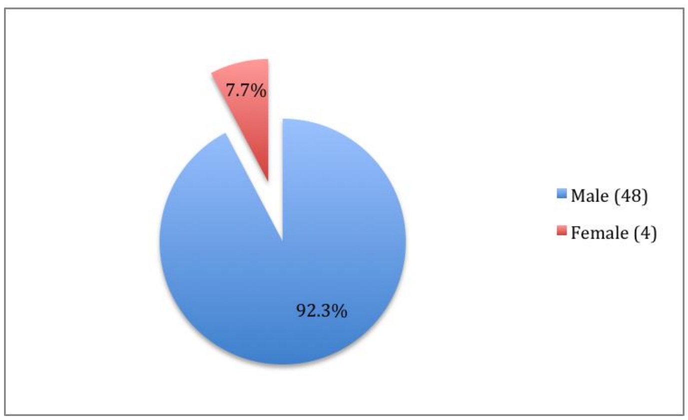

36. Where did you rent your tuxedo/formalwear?



37. How often do you expect to rent a tuxedo/formalwear next year compared with this year?




38. What is your gender?




## Secondary Sources

**These three secondary sources highlighted Men's Wearhouse utilizing a loyalty-program mobile app to attract customers to its stores, teaming up with Vera Wang to launch a tuxedo line, and pushing out competition like Jim's Formalwear via its Jos. A Bank merger.**

Oct. 3 Mobile Marketing Watch article

Men's Wearhouse is one of many companies utilizing loyalty-program mobile apps to lure in customers.

- "Brands including Starbucks, 7 Eleven, Sephora, Sears, Men's Warehouse [*sic*] and Gap all share one critical customer loyalty strategy: each has a mobile app loyalty program. The programs work by giving consumers a convenient access point to loyalty program features from within a brand's mobile app. These loyalty features vary greatly from app to app, but all serve the common purpose of encouraging and rewarding customers who engage time and money with a brand on an ongoing basis."

- “Enhancing the mobile loyalty experience with additional mobile technologies such as push messaging, geo-fencing, in-app tracking and mobile data analytics generates more value. These enhancements aim directly at building deeper and more profitable customer relationships. Brands can start by:”
- “1) Driving re-engagement using personalized, location-aware push messaging”
- “When loyalty cards sit forgotten in a customer’s wallet, a brand can’t do much about it. In contrast, when mobile loyalty apps sit forgotten, a brand can use personalized, location-aware push messaging to drive re-engagement. The message can be triggered when the user of a mobile loyalty app enters a geo-fence, enabling a brand to communicate with app users as they get close to a physical store location. In addition, brands can personalize the location-aware push messages based on prior behaviors and shopping history. Personalized messaging has a very high potential to advance the customer relationship.”
- “2) Understanding loyal customers better through behavioral, transactional and location data.”
- “Another way to advance the customer relationship is by generating a better understanding of genuinely loyal customers. Often, loyalty data sits in a silo populated by a sea of transactional data. With the right tracking, a mobile app loyalty program can empower far deeper insights based on behavioral and location data, in addition to transactional data. In this way, a mobile app loyalty program can add to a brand’s holistic store of customer data where it’s easy to analyze and available to act on.”
- “3) Improving cross-channel engagement with mobile app loyalty users”
- “Finally, brands can advance the customer relationship by re-engaging mobile loyalty app users in any marketing channel, including display, mobile, social and video. This means engaging customers with paid digital media in a personalized manner, such as based on their loyalty program status. With a holistic approach like this, the loyalty program can influence users even when they’re outside the brand’s app.”
- “Mobile loyalty app programs today have the convenience angle covered. The next opportunity is to aim enhancements directly at driving re-engagement, understanding loyal customers better and improving cross-channel engagement using mobile technologies. This will go a long way toward achieving customer engagement that sticks.”

**Oct. 12 TimesDispatch.com article**

Vera Wang is forming a tuxedo-line partnership with Men’s Wearhouse. Current tuxedo trends include gray and tan suits, fitted suits, flat-front trousers, hand-tied bowties, and Vans (VF Corp./VFC) or Chuck Taylors (Nike Inc./NKE) as shoes.

- “Even fashion icon Vera Wang is in on men’s wedding attire, forming a tuxedo-line partnership with The Men’s Wearhouse clothing chain, featuring fine wool tuxedos with shorter jackets, tapered sleeves and narrower lapels in grosgrain or satin for a sleek silhouette.”
- “‘Fitted is a huge trend right now,’ said John Street, co-owner of Street Tuxedo shops. ‘Everything we buy is a fitted look. We won’t buy boxy coats.’”
- “‘Everybody wants flat-front trousers,’ said Jason White, owner of Bowties tuxedo shop. ‘Pleated trousers are out.’”
- “Cummerbunds also are yesteryear. In addition to skinny ties, grooms are opting for natty self-tie bow ties in colors corresponding to wedding themes. Plum and royal blue are popular colors at Street Tuxedo, Street said, along with neutrals such as latte, silver and ivory.”
- “While black tuxedos still take the spotlight, grooms are embracing gray tuxedos as the hot-color alternative, followed by tan. From light gray to dark heather, gray’s tonal shades make it a year-round pick for fall to summer weddings. Gray also complements a number of pastel colors that brides are wearing, such as champagne, blush and pink.”
- “‘Lots of guys are wearing Chuck Taylors or Vans,’ said White, noting that it can be hard to find the right shoe to pair with nontraditional tux colors.”
- “Vans checkerboard slip-ons are a wedding favorite for a ‘striking juxtaposition,’ said Chris Overholser, senior communications manager of Vans. Men are also wearing the lace-up style in Italian leather, an upgrade from the traditional canvas style, for a dressier look.”
- “In warmer climates, grooms are ditching their jackets for the big day. Instead, they’re wearing slacks, shirts and vests for a laid-back approach, especially with gray or tan styles.”

**Oct. 7 Bloomberg Businessweek article**

Men’s Wearhouse’s merger with Jos. A. Bank resulted in lost business for Jim’s Formalwear, which closed its service center in Ottawa.

- “Jim’s Formalwear is closing in Ottawa beginning in November, putting 58 people out of work by late January. Based in Trenton, Ill., the family-owned tuxedo rental company was founded in 1964 and is run by its third generation. Its website describes itself as 'the largest wholesale formalwear rental company in the world,' serving more than 5,000 menswear stores and bridal shops. It has 10 service centers, including one in Ottawa."

- "Brett Bircher, Jim's director of sales and marketing, explained that his company's biggest customer has been Jos. A. Bank; Jim's biggest rival has been Men's Wearhouse. Because Men's Wearhouse recently bought Jos. A. Bank, Jim's is losing a large piece of business. To remain profitable, Jim's must close three of its 10 service centers, including the one in Ottawa, Bircher said."

Additional research by Carolyn Marshall, Diana Hembree, Tina Strasser, Jacqueline Fox, Kevin Murphy and Cindy Elsberry.

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