



Good Bye Ron, Welcome Back Myron, but What About Joe?

Description

Ron Johnson is out as CEO of **JC Penney** (NYSE:JCP) and the man he replaced is in. This is a story you're going to hear a lot of today. One of the read throughs from this personnel shift at the U.S. retailer is the potential impact it could have on Canada's largest food retailer, **Loblaw** (TSX:L). Perhaps David Einhorn knew something that we didn't know when he indicated he had taken a hypothetical short position against Loblaw in a charity stock picking competition?

Loblaw owns Joe Fresh, the cheap-chic clothing retailer that signed a deal to be a part of Johnson's strategy to transform JC Penney stores into a mall-within-a-mall. In my mind, this deal to open 700 Joe Fresh outlets in one shot, across the U.S., with very little cap ex seemed like a good one for Loblaw as a way to generate some much-needed growth. However, when the 4-year agreement was made public last July, Loblaw's stock didn't budge. And in March when 681 Joe Fresh stores opened in JC Penney's across the country, right on schedule? Not even a flinch out of Loblaw's stock.

Foolish Takeaway

The return of Ullman to the role of CEO brings a high level of uncertainty to JC Penney's future strategy. Does Ullman stick to what Johnson was trying to do? Is there a hybrid version of the same strategy? Does he go back to his old ways? Does he try something completely different? At this point we don't know. What we do know is that JC Penney's stock is going to have an interesting day. Given past reactions, this should be a non-event for Loblaw's shareholders, but we'll see if all of a sudden Mr. Market takes an interest in this angle as well.

Canadian investors deserve to own great businesses and the U.S. market is home to some of the best in the world. We have created a special report that identifies 3 U.S. businesses that are far less prone to JC Penney-esque hiccups and worthy of your hard-earned investment dollars. Simply [click here](#) to receive "**3 U.S. Stocks Every Canadian Should Own**" – FREE!

[Follow us on Twitter](#) and [Facebook](#) for the latest in Foolish investing.

Fool contributor Iain Butler reluctantly admits to owning a few shares of JC Penney. The Motley Fool has no positions in the stocks mentioned above.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:L (Loblaw Companies Limited)

Category

1. Investing

Date

2025/08/27

Date Created

2013/04/09

Author

tmfohcanada

default watermark

default watermark