Strategic Planning in Retailing

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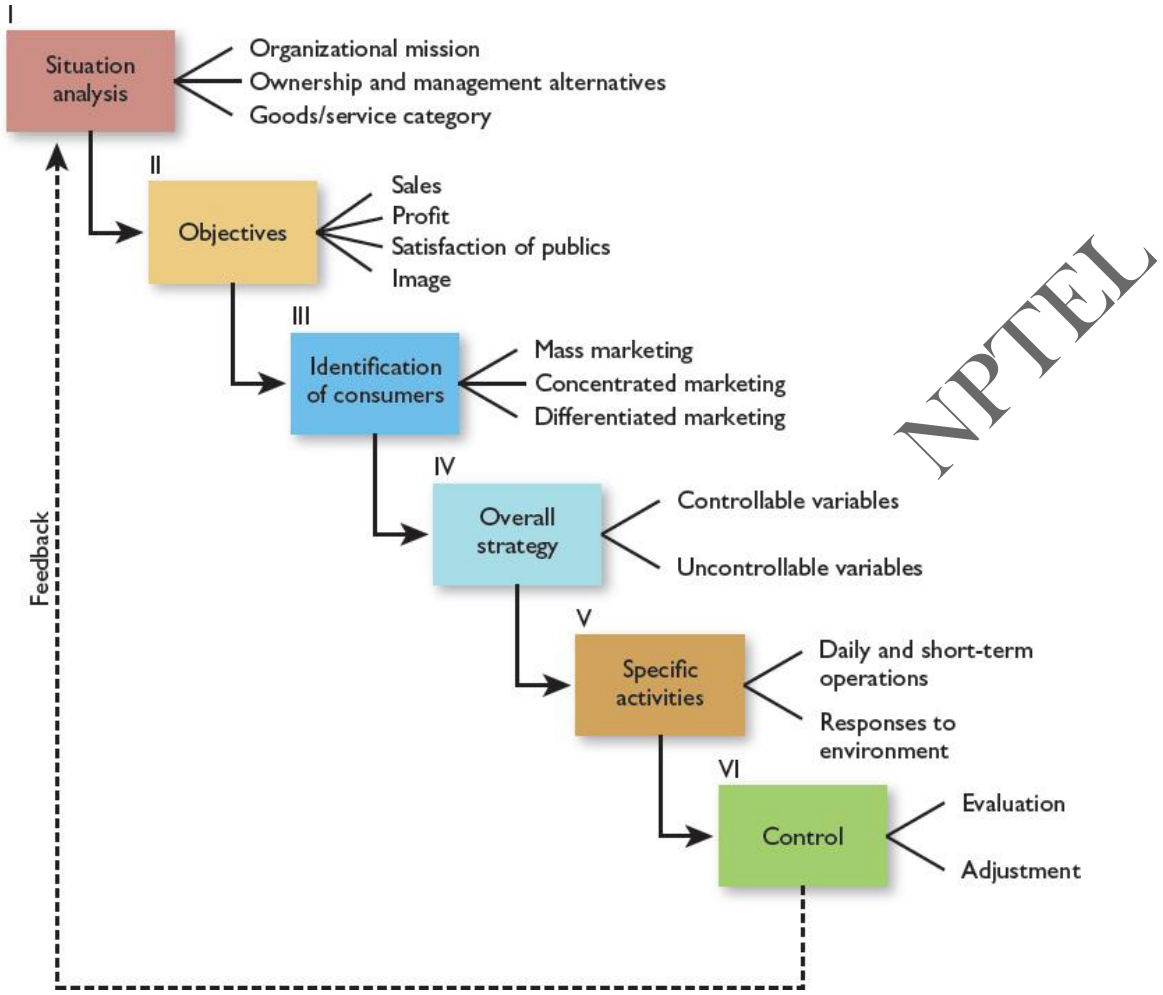
VGSOM, IITKGP

Retail Strategy

- The overall plan or framework of action that guides a retailer
  - One year in duration
  - Outlines mission, goals, consumer market, overall and specific activities, and control mechanisms

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Elements of a Retail Strategy



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Ownership and Management Alternatives

- **Sole proprietorship** is an unincorporated retail firm owned by one person
- A **partnership** is an unincorporated retail firm owned by two or more persons, each with a financial interest
- A **corporation** is a retail firm that is formally incorporated under state law; it is a legal entity apart from its officers

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Image and Positioning

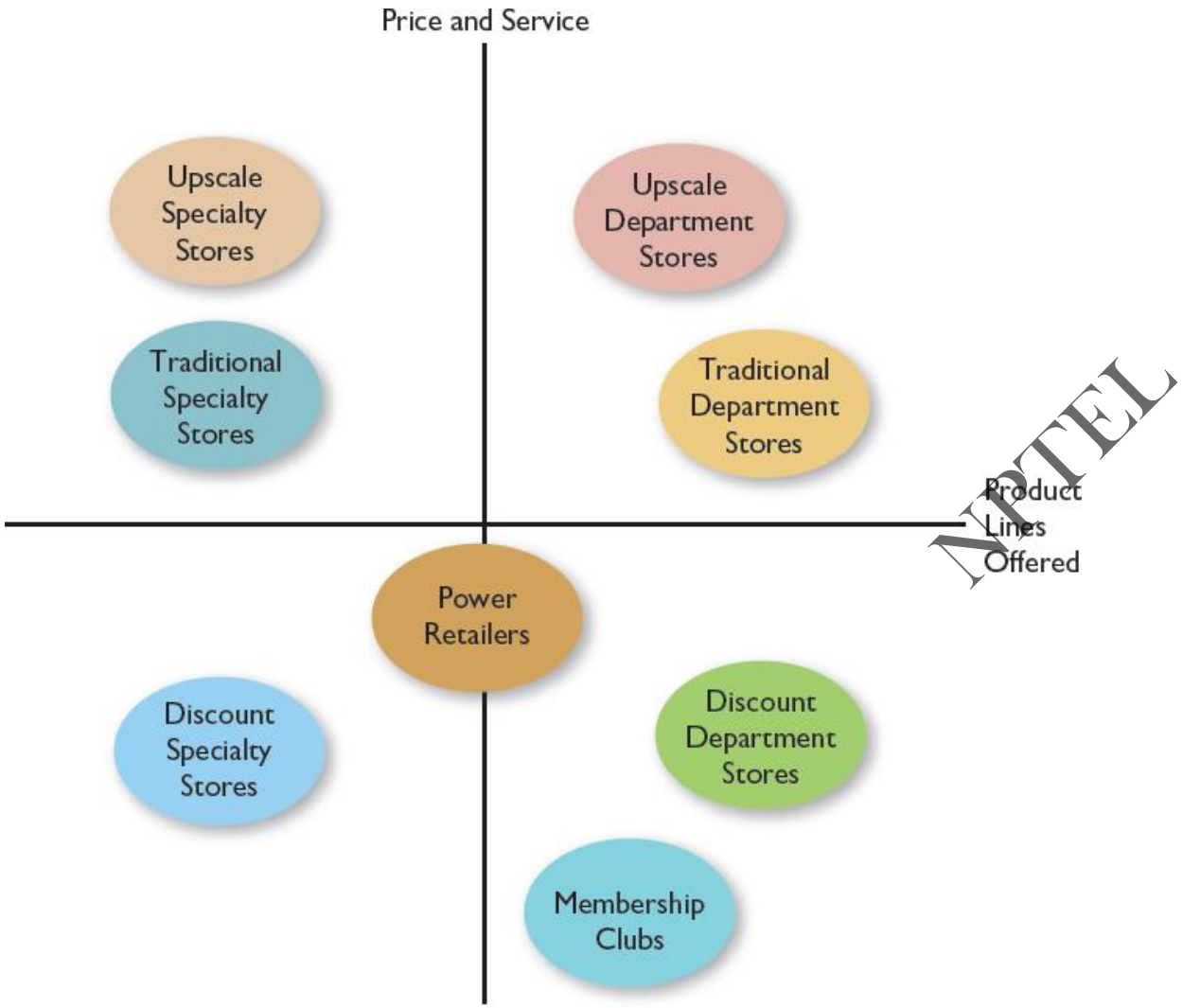
An **image** represents how a given retailer is perceived by consumers and others.

Positioning Approaches

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- **Mass merchandising** is a positioning approach whereby retailers offer a discount or value-oriented image, a wide or deep merchandise selection, and large store facilities.
- **Niche retailing** occurs when retailers identify specific customer segments and deploy unique strategies to address the desires of those segments rather than the mass market.

Retail Positioning Strategies



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Target Market Selection

- Three techniques
  - Mass marketing
  - Concentrated marketing
  - Differentiated marketing

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Strategic Implications of Target Market Techniques

- Retailer's location
- Goods and service mix
- Promotion efforts
- Price orientation
- Strategy

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Target Marketing Techniques and Their Strategic Implications

Strategic Implications	Mass Marketing	Concentrated Marketing	Differentiated Marketing
Retailer's location	Near a large population base	Near a small or medium population base	Near a large population base
Goods and service mix	Wide selection of medium-quality items	Selection geared to market segment—high- or low-quality items	Distinct goods/services aimed at each market segment
Promotion efforts	Mass advertising subscription	Direct mail, E-mail, and segmented social media	Different for each segment
Price orientation	Popular prices	High or low	High, medium, and low—depending on market segment
Strategy	One general strategy for a large homogeneous (similar) group of consumers	One specific strategy directed at a specific, limited group of customers	Multiple specific strategies, each directed at different (heterogeneous) groups of consumers

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Retail Strategy–Cost Control

- Removal of bad costs
- Use of private label products to reduce costs of national/manufacturer brands
- Reduce product proliferation
- Obtain best net price instead of focus on promotional monies, trade incentives and forward buying
- Supply chain initiatives
- Low promotional expense (everyday low pricing)
- Proper employee utilization

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Retail Strategy–Differentiation

- Well-thought out private labels (Trader Joe's, Target, King Arthur flour, etc.)
- Hiring right employees (value-profit chain)
- Empowering employees
- Use of a fun atmosphere
- "Little things that mean a lot"
- Money-back guarantees

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Thank You

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