

Strategic Planning in Retailing

**RETAIL
MANAGEMENT:
A STRATEGIC
APPROACH,**
10th Edition

BERMAN

EVANS

Chapter Objectives

- ☑ To show the value of strategic planning for all types of retailers
- ☑ To explain the steps in strategic planning for retailers: situation analysis, objectives, identification of consumers, overall strategy, specific activities, control, and feedback

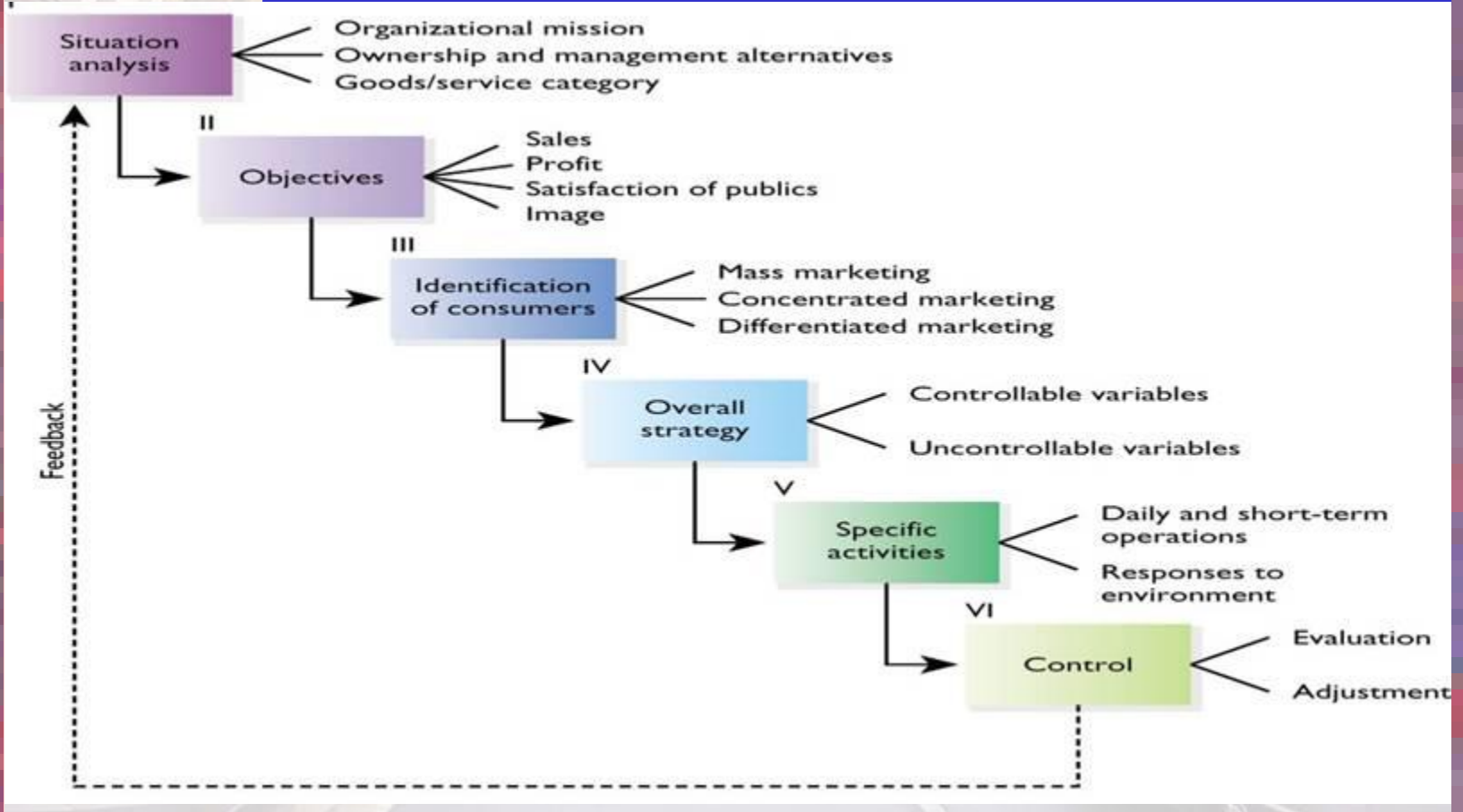
Chapter Objectives (cont.)

- ☑ To examine the individual controllable and uncontrollable elements of a retail strategy, and to present strategic planning as a series of integrated steps
- ☑ To demonstrate how a strategic plan can be prepared

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

Figure 3-1: Elements of a Retail Strategy



Benefits of Strategic Retail Planning


- ✦ Provides thorough analysis of the **requirements** for doing business for different types of retailers
- ✦ Outlines retailer **goals**
- ✦ Allows retailer to determine how to **differentiate** itself from competitors
- ✦ Allows retailer to develop an offering that **appeals** to a group of customers
- ✦ Offers an analysis of the **legal, economic,** and competitive environment
- ✦ Provides for the **coordination** of the firm's total efforts
- ✦ Encourages **anticipation** and **avoidance** of crises


Situation Analysis


Organizational Mission


**Retailer's commitment
to a type of business
and to a
distinctive role in the marketplace
Who we are and what we do?**

Figure 3-2: The Focused Organizational Mission of Frisch's Restaurants

Our mission  is to be a respected leader in the food service and hospitality industries. We guarantee our

customers quality products that  provide real value, with the service they expect, in clean, pleasant

surroundings.  We dedicate ourselves to sound

management practices and effective human relations, while returning maximum earnings to our  stockholders.

Situation Analysis

Ownership and Management Alternatives

- ✦ A ***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

Situation Analysis

Selected Kinds of Retail Goods and Service Establishments

Durable Goods Stores:

Automotive group

Furniture and appliances group

Lumber, building, and hardware group

Jewelry stores

Nondurable Goods Stores:

Apparel group

Food group

General merchandise group

Gasoline service stations

Situation Analysis

Selected Kinds of Retail Goods and Service Establishments

Service Establishments (Personal):

Laundry and dry cleaning

Beauty/barber shops

Funeral services

Health-care services

Service Establishments (Amusement):

Movie theaters

Bowling alleys

Dance halls

Golf courses

Situation Analysis

Selected Kinds of Retail Goods and Service Establishments

Service Establishments (Repair):

Automobile repair

Car washes

Consumer electronics repair

Appliance repairs

Service Establishments (Hotel):

Hotels

Motels

Trailer parks

Camps

Objectives

- **Sales: Volume of goods and services a retailer sells**
- **Profits: minimum profits retailer seeks in the first year**
- **Satisfaction of Publics: Stakeholders customers, employees, suppliers and government**

Objectives

Image and Positioning

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

Objectives

Positioning Approaches

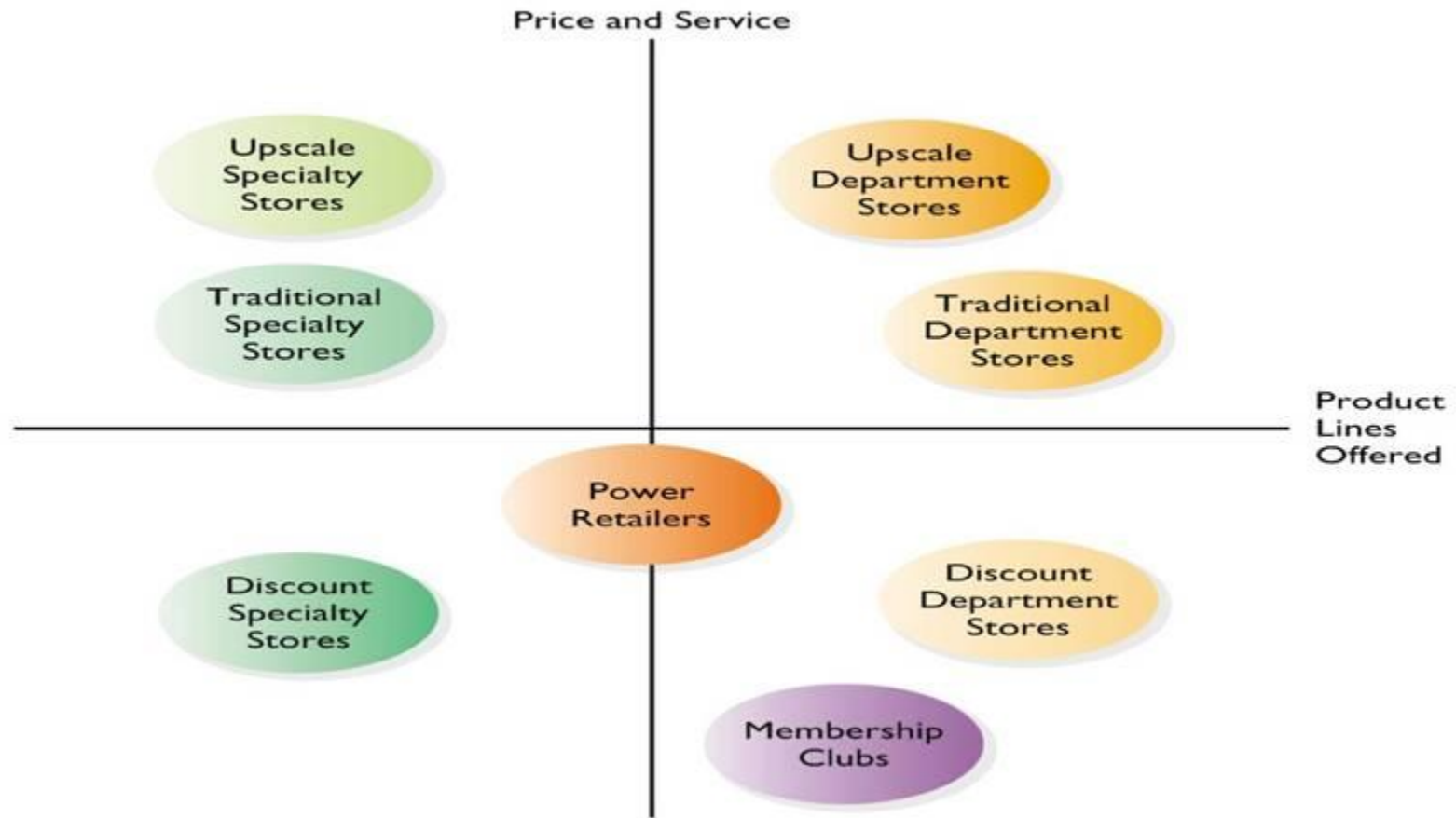
- * *Mass merchandising* is a positioning approach whereby retailers offer a **discount or value-oriented** image, a wide or deep merchandise selection, and large store facilities (**Low cost**)
- * *Niche retailing* occurs when retailers identify **specific customer segments** and deploy unique strategies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

Figure 3-6: Niche Retailing by Hear Music



Objectives

Selected Retail Positioning Strategies



Identification of consumers

Target Market Selection

- Three techniques
 - ✦ Mass marketing: **Selling goods and services to a broad spectrum of customers**
 - ✦ Concentrated marketing: **Selling to a specific customer**
 - ✦ Differentiated marketing: **Selling to two or more distinct customers**

Identification of consumers

Strategic Implications of Target Market Techniques

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

Developing an Overall Retail Strategy

Controllable Variables:

- Store location
- Managing business
 - Merchandise management and pricing
- Communicating with customer

Retail Strategy

Uncontrollable Variables:

- Consumers
- Competition
- Technology
- Economic conditions
- Seasonality
- Legal restrictions

Table 3-4c: Legal Environment and Retailing

- **Communicating with the Customer**
 - ✧ **truth-in-advertising and selling laws**
 - ✧ **truth-in-credit laws**
 - ✧ **telemarketing laws**
 - ✧ **bait-and-switch laws**
 - ✧ **inventory laws**
 - ✧ **labeling laws**