MK 322 Retail Management
Chapter 5: Retail Market Strategy Part II

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Multiple Source Advantage

- To build SCA for long periods of time, cannot rely on single approach, but multiple approach instead
- **McDonald's** long term success is based on providing consumers with – good value that meets their expectations, having efficient customer service, possessing a strong brand name, and offering convenient locations.

Multiple Source Advantage

- **IKEA** has a large group of loyal customers due to its strong brand image and the stimulating shopping experience it provides to its customers
- **Walmart** complements its size advantage with strong vendor relationships with its clear positioning of retailer that offers superior products
- **Starbucks** combines its location advantage with unique products, committed employees, a strong brand name, and strong relationships with coffee growers to build overall advantage difficult for competitors to erode

Multiple Source Advantage

The Container Store has multiple sources of competitive advantage, including unique merchandise, excellent customer service, strong vendor relationships, and committed employees

SHOP WITH ME | THE CONTAINER STORE

iamDonareen · 8.5K views · 7 months ago

Introducing the Exclusive Marie Kondo Collection

The Container Store · 5.6K views · 1 month ago

Growth Strategies

Growth Strategies

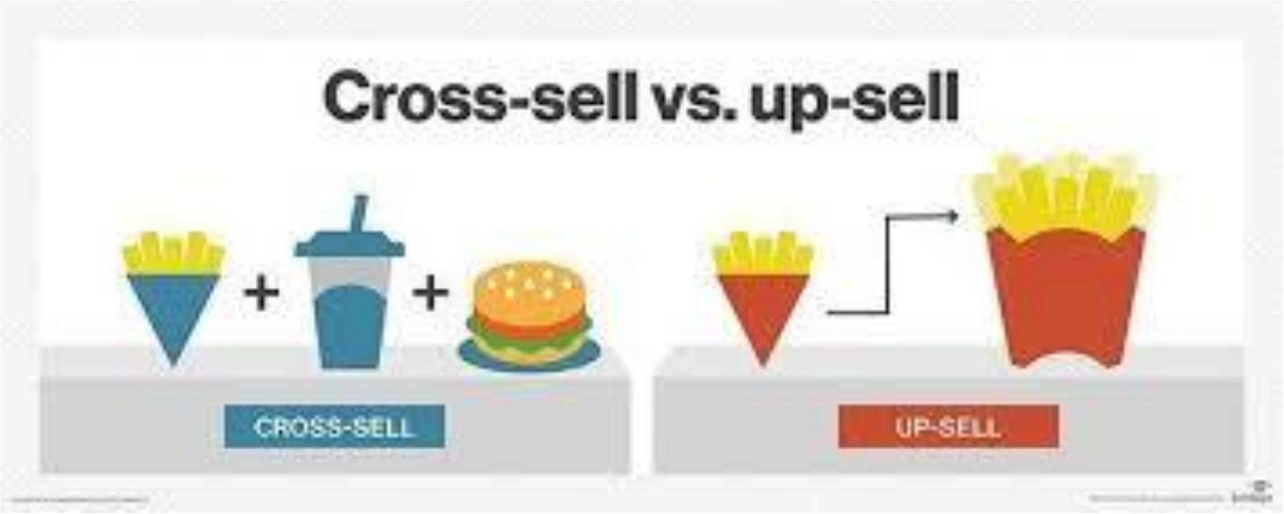
Four types of growth opportunities that retailers may pursue.

Market Penetration

- Market Penetration growth opportunity is a growth opportunity directed toward existing customers using the retailer's present retailing format
- Involves attracting new customers from retailer's current target market
- Example opening more stores in the target market, and/or keeping existing stores open for longer hours, displaying merchandise to increase impulse purchase,training sales employees to cross-sell

Market Penetration

- Cross-selling means that sales associates in one department attempt to sell complementary merchandise from other departments to their customers



Market Expansion

- Market Expansion growth opportunity involves using the retailer's existing format in new market segments.
- For example Dunkin' Donuts has been operating new stores outside its traditional target market

Dunkin' Donuts - Why They're Successful

Company Man · 610K views · 8 months ago

Retail Format Development

- A retail format development growth opportunity is an opportunity in which a retailer develops a new retail format – a format with a different retail mix- for the same target markets.
- For example, Tesco operating different formats including Tesco Express which is 15,000 sq.feet,
- Tesco Superstore 50,000 sq.feet, and Tesco Extra 60.000 sq.feet

Tesco Lotus Express | ทัวร์ตะลอนคูลกับเฮียเผือก

Tesco Lotus · 130K views · 2 years ago

Diversification

- A diversification growth opportunity is one in which a retailer introduces a new retail format directed toward a market segment that is not currently served by retailer

- Related vs Unrelated Diversification
- Vertical Integration describes diversification by retailing into wholesaling or manufacturing

Examples – CP?

Related Diversification

VS

Unrelated Diversification

Estée Lauder was a pioneer in the cosmetics industry. Estée Lauder summarized her zest for business by noting, "I have never worked a day in my life without selling. If I believe in something, I sell it, and I sell it hard." The company that bears her name has used related diversification and other growth strategies to create over two dozen brands of cosmetics, perfume, skin care, and hair care products. Below we illustrate some of the products that make up the Lauder empire.

Prescriptives offers customizable cosmetics that provide an exact match to the customer's skin tone.

The Lauder empire includes a number of license agreements such as with Donna Karan's **DKNY** Be Delicious perfume.

Smashbox, acquired in 2010, is the cosmetics line of a premier photo studio founded by the great-grandsons of Hollywood cosmetics legend Max Factor.

Estée Lauder's **Sensuous** is one of the perfumes marketed under the Lauder name.

Bumble and bumble provides salon-quality shampoo, conditioner, and other hair care products.

Clinique was the first high-end allergy-tested, dermatologist-created cosmetics brand.

Bobbi Brown (namesake of the celebrated makeup artist) focuses on teaching women to be their own makeup artists.

M·A·C (Makeup Art Cosmetics) products were originally designed for professional makeup artists but are now available to consumers worldwide.

Aveda's line of high-end botanical spa products was acquired in 1997.

Joe Malone is a British lifestyle brand known for its unique fragrance portfolio.

"Don't put all your eggs in one basket" is often a good motto for individual investors. By building a portfolio of stocks, an investor can minimize the chances of suffering a huge loss. Some executives take a similar approach. Rather than trying to develop synergy across businesses, they seek greater financial stability for their firms by owning an array of companies. Warren Buffett's Berkshire Hathaway has long enjoyed strong performance by purchasing companies and improving how they are run. Below we illustrate some of the different groups in their very diversified portfolio of firms.

Berkshire's insurance group includes firms such as General Re and GEICO. They maintain capital strength at exceptionally high levels, which gives them an advantage even a cave man could understand.

Berkshire's financial health is also fueled by utilities and energy companies that are part of the MidAmerican Energy Holdings Company.

Their apparel businesses include well-known names such Fruit of the Loom and Justin Brands.

Building companies include Acme Building Brands, makes of the famous brick, as well as paint company Benjamin Moore & Co.

FlightSafety International Inc. is a Berkshire firm that engages in high-tech training to aircraft and ship operators.

Retail holdings include a number of furniture businesses such as R.C. Willey Home Furnishings, Star Furniture Company, and Jordan's Furniture, Inc.

Hungry for more businesses to manage, Berkshire acquired The Pampered Chef, Ltd.—the largest direct kitchen tools seller—in 2002.

Buffett had a sweet tooth for See's Candies, who he purchased from the See's family in 1972.

Shareholders were all on board for the purchase of the Burlington Northern Santa Fe Corporation in 2009.

Hershey's Chocolatetown: Opening at Hersheypark Summer 2020

Hersheypark · 108K views · 1 year ago

Growth Strategies

Four types of growth opportunities that retailers may pursue.

The Strategic Retail Planning Process

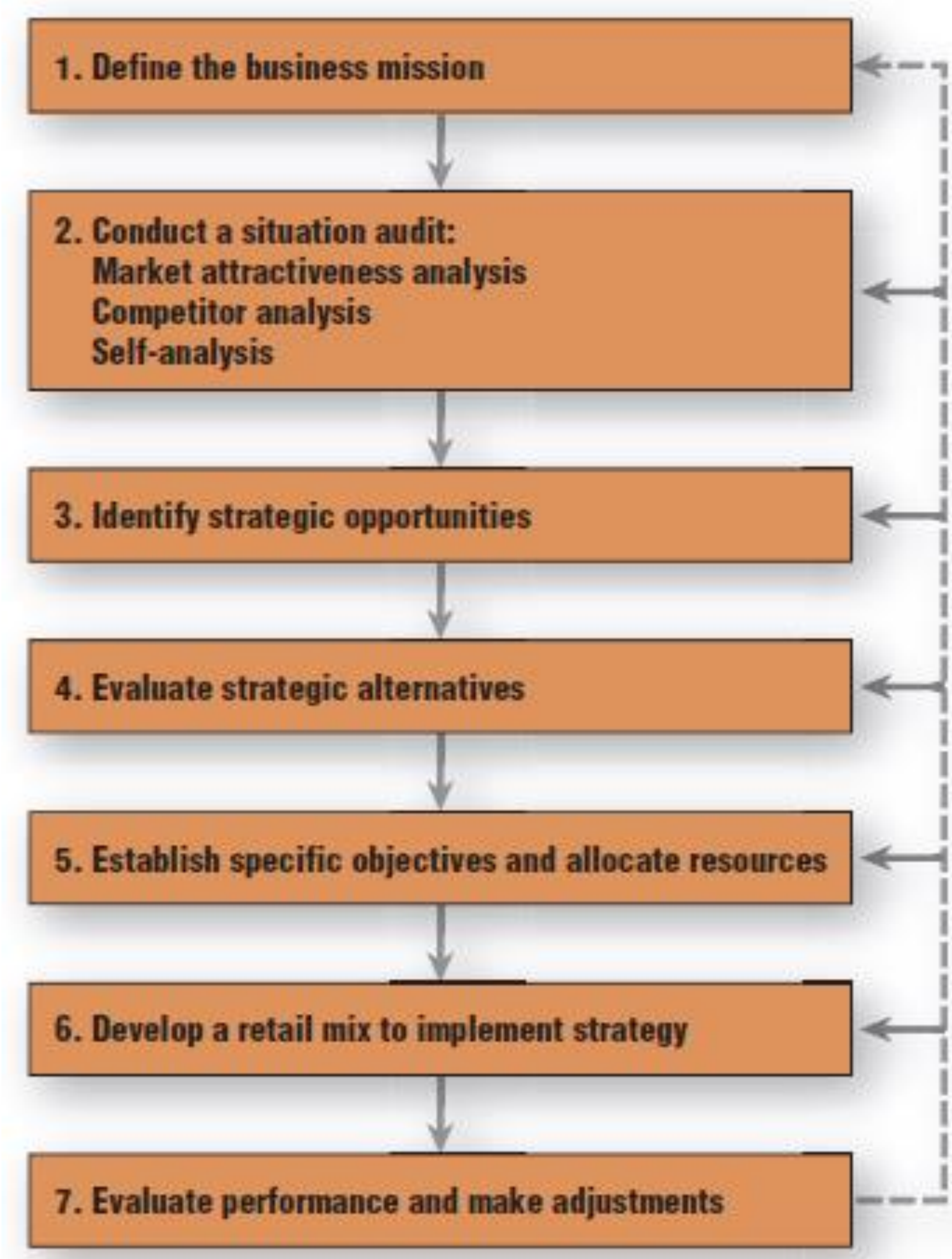


EXHIBIT 5–7
Stages in the Strategic Retail Planning Process


That's All Folks