



MK 322 Retail Management

Chapter 5: Retail Market Strategy Part II

By Ajarn Suwalya K.

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.

Growth Strategies



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



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

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?

Diversification

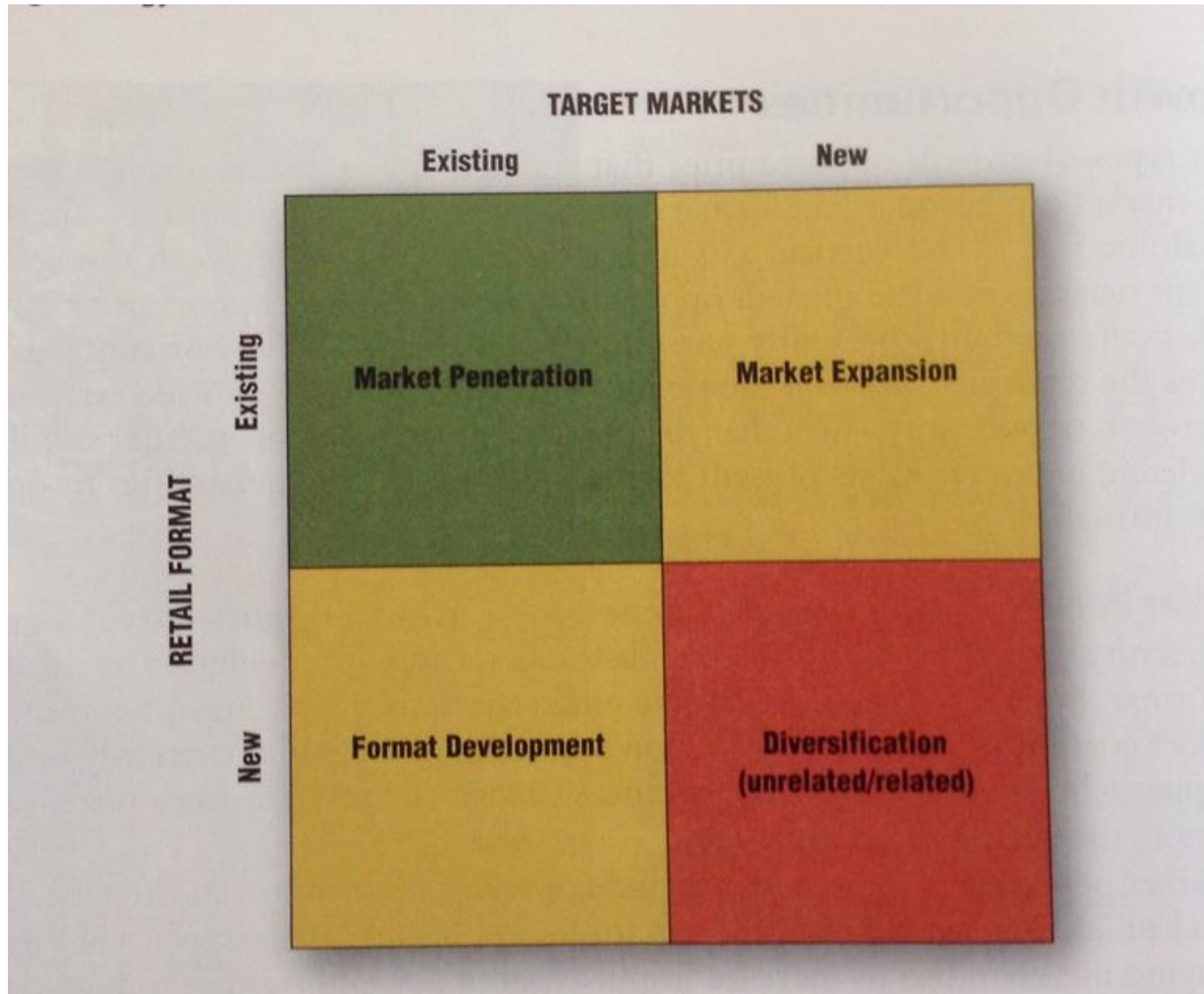
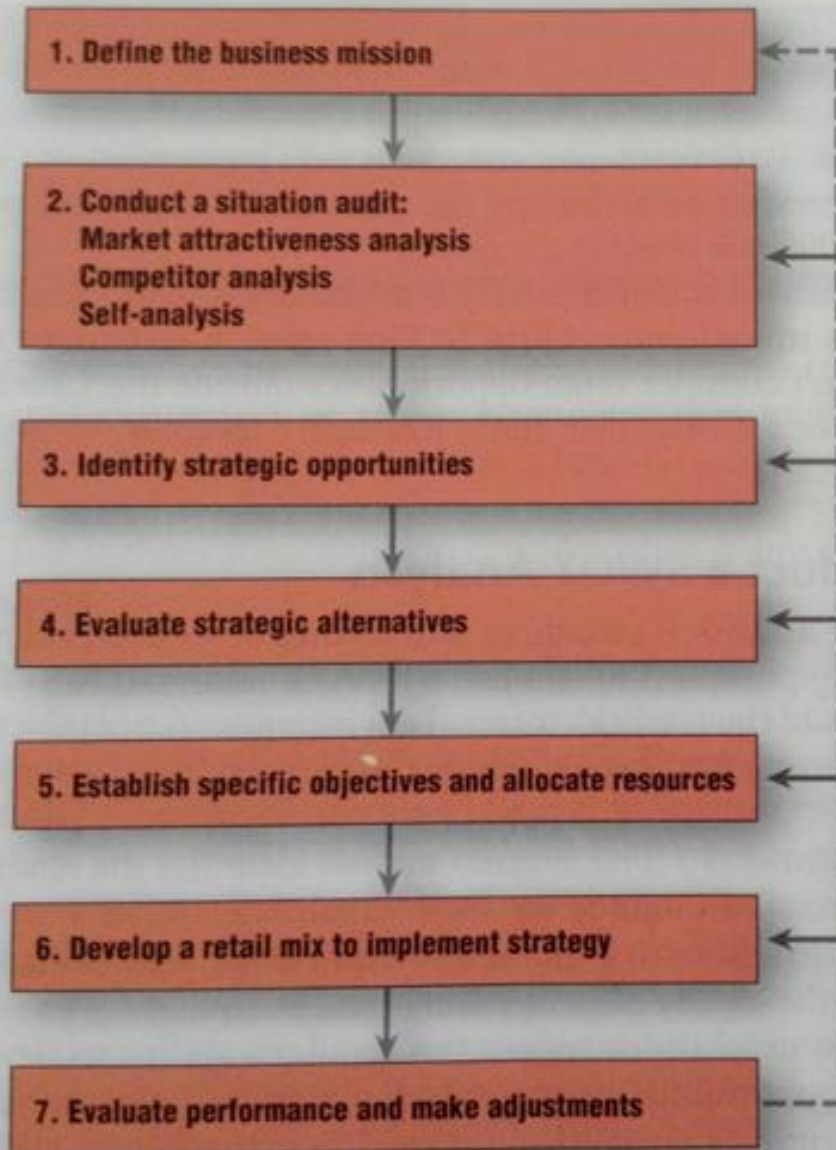


EXHIBIT 5-7
Stages in the Strategic
Planning Process





That's All Folks