

RETAIL MANAGEMENT MKTG30006

H1 (94) LECTURE SUMMARY NOTES (Concise and relevant to exam)

The University of Melbourne

LECTURE CONTENTS:

1 Introduction

2 Retail Channels

3 Developing Strategy 1

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5 Positioning & Branding

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7 Store Location & Customer Experience

8 Retail Pricing

9 CRM & Big Data

10 Retail Supply

11 Retail & Society

Week 2: Retail Channels

Retail channels: help with reaching the target customer- role is to effectively and efficiently bring supply and demand together- supply channels and distribution channels

Formats/channels:

- represent a specific configuration of the retail marketing mix (store size, location, price e.g.)
- Often form the CORE of the retail strategy

STORE BASED: bricks and mortar retail outlets:

STORE BASED FOOD STORES:

Supermarkets: e.g. Safeway

- Mainstay of grocery retailing, however currently experiencing decline
- Self- service stores
- Currently facing competition from other grocery formats

Superstores and Hypermarkets:

- Larger stores with diversified ranges- e.g. non -food items
- "one-stop shop" experience
- Often follow a hi-low or everyday low pricing strategy

Small stores: e.g. 7/11

- Limited ranges and assortments
- Focus on fast, easy shopping experience- long opening hours- often at a cost
- Limited food selection, easy access to high traffic areas

Hard discounters:

- Very aggressive pricing
- Limited lines/range depth
- No service environment- solely focused on discounts
- Low cost locations

Warehouse clubs: e.g. Costco

- US based but expanding
- Limited lines and range depth
- Membership- annual fee
- Large stores in low cost locations

Restaurant/café

- Fastest growing retail sector in Australia
- Consumption on/off site
- Freshly prepared items

STORE BASED: NON-FOOD

Specialty stores: e.g. chocolate shop

- Specialise in one or few product or service categories
- Good-high quality
- Narrow assortment, but range depth- better choice/selection
- Knowledgeable staff- in store atmosphere

Category killers: e.g. Officeworks

- Offer a large, deep range in a particular category- "one-stop shop experience"
- Generally large stores
- Self service- staff on call if required
- Low operating costs, high volume strategy
- Generally in large carpark areas to attract large customer base

Departments stores: e.g. Kmart

- Offer a broad variety of product categories in a single store
- Store is structured into departments

Factory outlet stores: e.g. DFO

- Store and manufacturer outlets for excess stock, irregular items, post-seasonal fashions
- Allow the mark down of stock without impacting the perception of the retail/manufacture brand

Pop-up stores:

- Here today, gone tomorrow- small, mobile
- Tap into customer desire for disruption and novelty

NON-STORE BASED:

Direct selling:

- Interactive, personal contact between salespeople and customers at a non-store location
- In person, over the phone
- Due to the extensive demonstration- can come at a high operating cost

Catalogue and direct marketing:

- Products are presented and offered via a non-personal medium such as catalogues, websites
- Customers order online, mail or telephone
- Limited or no opportunity to view the product before purchase

Vending machines:

- Eliminates use of sales personnel and allows 24/7 sales
- Vending sales of non-food items are increasing
- Innovation of vending machines- interactive product displays

DIGITAL/ E-RETAIL:

- Online retailing is growing
- Large number of shoppers only shop once a year
- Project a retail presence and enhance the retailers image
- Generate sales
- Reach geographically dispersed consumers
- Provide info and promotional deals to customers

Role of online:

- Obtain feedback
- Capture customer ideas
- Describe employment opportunities
- Provide information to potential investors, franchisees and the media

Digital/E-retail advantages and disadvantages:

Advantages:

- Less costly- no need for shops etc
- Expands marketplace
- Open all the time
- Customers can stay for as long as they want-convenient
- Quick price comparison (benefit vs price)

Disadvantages:

- Address can be hard to find
- Needs updating constantly
- Slow internet speeds
- Privacy issues
- No personal interaction
- Inability to view product before purchase

Strategic decisions: developing channel strategies:

Multi-channel retailing:

- Combining several retail channels in parallel to sell products/services and increase customer benefits

Reasons to evolve to multi-channel retailing:

- Expand reach to new markets
- Leverage business competencies and assets to increase profits
- Overcome limitations of existing formats
- Increase share of customer wallet

Strategic considerations:

- Retail lifecycle
- Channel attractiveness

Developing a multi-channel strategy:

- Company should first identify target market and then design the supply chain backwards from that point
- Start with target customer- then consider positioning strategy and source of competitive differentiation
- Consider PLC

OMNI-CHANNEL RETAIL

- A seamless approach to the customer experience through all available shopping channels
- Merging of retail and customer transactions (e.g. social networking between retailers and the shoppers)
- Multi-channel presence
- Shoppers are able to freely move between the retailers channels
- Targeted communications to customers, across multiple mediums
- Uniform pricing, ranging, branding and service standards across all channels
- Wealth of information available to retailer and shoppers, such as country of origin
- Retailers must offer the right combination of channels
- Customer experience across these channels must be seamless
- The divisions between channels disappear altogether- multiple channels are merged in the customer experience
- Distribution channel innovation and capability are central to market growth strategies

WEEK 3: Developing retail strategy 1

Retail strategy:

- An overarching framework or set of directives/plans that guide the retailers channel and marketing decision making
- The markets/customers to be targeted and how it will be met
- How sustainable competitive advantage will be met
- Resource deployment/performance review

Why develop retail strategy:

- Facilitate change
- Force managers to ask right questions
- Motivate and control
- Balance the tyranny of accountants

All in terms of the customer, company and competitors

Retail marketing strategy: systematic process:

- Organisational mission and vision
- Business definition and scope
- Situational analysis
- Strategy development
- Strategy implementation
- Strategy evaluation and control
- From the situational analysis, develop possible strategies- evaluate and assess alternative strategies, make value-based strategic choices, choice rests on targeted consumer segments

- Retail mix to implement strategic focus

Situational analysis:

- Assess current position- assess performance against targets- identify opportunities and threats
- Performance assessment- performance vs expectations- evaluation of assessment against targets, identify of growth opportunities and challenges
- Performance assessment needs to occur across all levels and portfolio dimensions important to how the retailer defines the market: product/service categories, geographies, customer segments, channels/formats
- Identify which sections of the business are driving value and achieving set objectives and which sections of the business are falling below expectation

- Explain current position
- External analysis- macro environment (PEST), micro-market dynamics
- Internal analysis- internal capability to create a competitive advantage
- WHY- identify the context to current performance to explain the success or failure to meet expectations

Situational Analysis output: (SWOT)

- External- opportunities and threats
- Internal- strengths and weaknesses