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Kementerian Pendidikan, Kebudayaan, Riset, dan Teknologi  
Universitas Andalas



Manajemen Ritel

# Strategi Pasar Ritel



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Kementerian Pendidikan, Kebudayaan, Riset, dan Teknologi



# Questions

- What is a retailing strategy?
- How can a retailer build a sustainable competitive advantage?
- What steps do retailers go through to develop a strategy?
- What different strategic growth opportunities can retailers pursue?
- What retailers are best positioned to become global retailers?

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# More attention to long-term strategic planning than ever before

- Due to the emergence of
  - New competitors
  - New formats
  - New technologies
  - Shifts in customer needs



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# Elements in Retail Strategy

- Target Market
  - the market segment(s) toward which the retailer plans to focus its resources and retail mix
- Retail Format
  - the nature of the retailer's operations—its retail mix
- Sustainable Competitive Advantage
  - an advantage over the competition



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# Criteria For Selecting A Target Market

- Attractiveness --  
Large, Growing, Little  
Competition → More  
Profits
- Consistent with Your  
Competitive  
Advantages



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# Sources of Competitive Advantage

## More Sustainable

- Location
- Customer Loyalty
- Customer Service
- Exclusive Merchandise
- Low Cost Supply Chain Management
- Information Systems
- Buying Power with Vendors
- Committed Employees

## Less Sustainable

- Better Computers
- More Employees
- More Merchandise
- Greater Assortments
- Lower Prices
- More Advertising
- More Promotions
- Cleaner Stores

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# Customer Loyalty

- More than simply liking one retailer over another
- Customers will be reluctant to patronize competitive retailers
- Retailers build loyalty by:
  - Developing a strong brand for the store or store brands
  - Developing clear and precise positioning strategies
  - Creating an emotional attachment with customers through loyalty programs

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# Retail Branding

Stores use brand (store's name and store brands – private label brands) to build customer loyalty

- Retail brand
  - Can create an emotional tie with customers that build their trust and loyalty
  - Facilitates store loyalty because it stands for a predictable level of quality



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# Approaches for Building Customer Loyalty

- [Brand Image](#)
- [Positioning](#)
- Unique Merchandise
- Customer Service
- Customer Relationship Management Programs

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# Example of Positioning





# Vendor Relationships

- Low Cost - Efficiency Through Coordination
  - Electronic Data Interchange (EDI)
  - Collaborative Planning and Forecasting to Reduce Inventory and Distribution Costs
- Exclusive Sale of Desirable Brands
- Special Treatment
  - Early Delivery of New Styles
  - Shipment of Scare Merchandise

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# Retail mix



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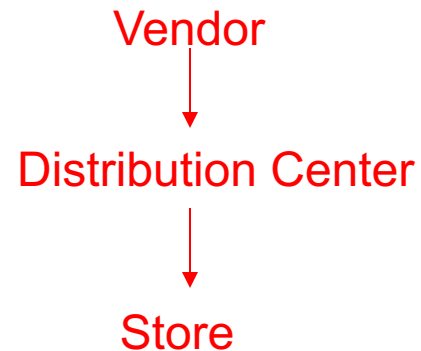
# Human Resources Management

- “Employees are key to build a sustainable competitive advantage”
- Strategies for Recruiting and Retaining Talented Employees
- Employee Branding
- Develop positive organizational culture

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# Distribution and Info Systems

## Flow of Information



By decreasing costs here, there is more money available to invest in:

- Better services
- Increase in breadth and depth
- Decrease in prices

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# Location

- What are the three most important things in retailing?
  - “location, location, location”
- Location is a competitive advantage
- A high density of Starbucks stores
  - Creates a top-of-mind awareness
  - makes it very difficult for a competitor to enter a market and find a good locations

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# Growth Strategies

- Market Penetration
- Market Expansion
- Retail Format Development
- Diversification
  - Related vs. Unrelated



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# Growth Opportunities



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# Market Penetration

- Attract customers from target market – Walgreens “on every corner”
- Get current customer to visit store more often or buy on each visit

Cross Selling – sales associates in one department sell complimentary merchandise from other departments

Example: Manicurist sells services plus hand lotion or nail polish

Example: Salesperson sells leaf blower directs customer to electrical department to purchase a 100 foot extension cord.

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# Market Expansion

- Market expansion growth opportunity involves using the existing retail format in new market segments
  - Dunkin' Donuts – new stores (and at gas stations) outside northeastern
  - Abercrombie & Fitch (for college students) opens lower-priced chain Hollister Co. for high school students

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# Retail Format Development

- Develops a new retail format with a different retail mix for the same target market
- Multi-channel retailing
- UK based **TESCO**:
  - **Tesco Express**: small stores located close to where customers live and work
  - **Tesco Metro**: bring convenience to city center location by specializing in ready-to-eat meals
  - **Tesco Superstores**: traditional stores
  - **Tesco Extra**: one-stop destination with the widest range of food and non-food products

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# Diversification

- Introduces a new retail format toward a market segment that is not currently served by the retailer
- Related diversification
- Unrelated diversification
- Vertical integration into wholesaling or manufacturing

# Global Growth Opportunities

- **China**

- Increasing operating costs
- Lack of managerial talent
- Underdeveloped and inefficient supply chain

- **India**

- Prefers small family-owned stores
- Restricts foreign investment



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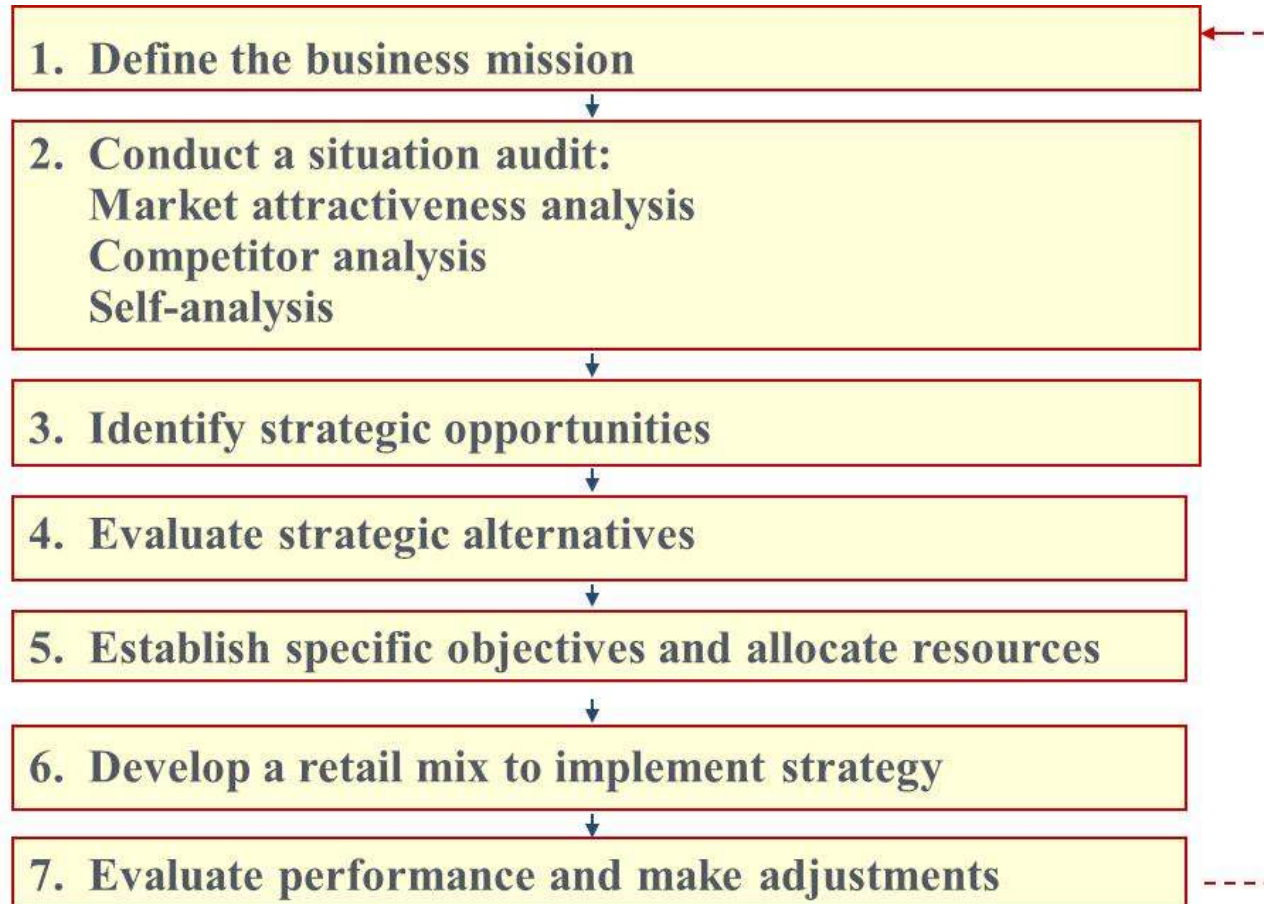
# Key to Success in Global Retailing

- Globally sustainable competitive advantage
  - Low cost, efficient operations - Wal-Mart, Carrefour
  - Strong private label brands: Starbucks, KFC
  - Fashion Reputation - The Gap, Zara, H&M
  - Category dominance – Best Buy, IKEA, Toys R Us
- Adaptability
- Global Culture
- Financial Resources



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# Stages in the Strategic Retail Planning Process



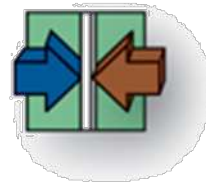


# Elements in a Situation Audit



## **MARKET FACTORS**

Size  
Growth  
Seasonality  
Business cycles



## **COMPETITIVE FACTORS**

Barriers to entry  
Bargaining power of vendors  
Competitive rivalry



## **ENVIRONMENTAL FACTORS**

Technology  
Economic  
Regulatory  
Social



## **ANALYSIS OF STRENGTHS AND WEAKNESSES**

Management capabilities  
Financial resources  
Locations  
Operations  
Merchandise  
Store management  
Customer loyalty

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# Market Factors

- **Market size** – large markets attractive to large retail firms
- **Growth** – typically more attractive than mature or declining
- **Seasonality** – can be an issue as resources are necessary during peak season only
- **Business cycles** – retail markets can be affected by economic conditions – military base towns

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# Competitive Factors

- Barriers to entry
  - Scale economies of big box retailers
  - Service and unique, high-end products of small retailers
- Bargaining power of vendors
  - Markets are less attractive when only a few vendors control the merchandise sold within it

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# Competitive Factors

- Competitive rivalry
  - Defines the frequency and intensity of reactions to actions undertaken by competitors
  - Conditions leading to intense rivalry: a large number of same size retailers, slow growth, high fixed costs, a lack of perceived differences between competing retailers

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# Questions for Analyzing the Environment

- New developments or changes -- technologies, regulations, social factors, economic conditions
- Likelihood changes will occur
- Key factors determining change
- Impact of change on retail market firm, competitors

# Performing a Self-Analysis

- At what is our company good?
- In which of these areas is our company better than our competitors?
- In which of these areas does our company's unique capabilities provide a sustainable advantage or a basis for developing one?



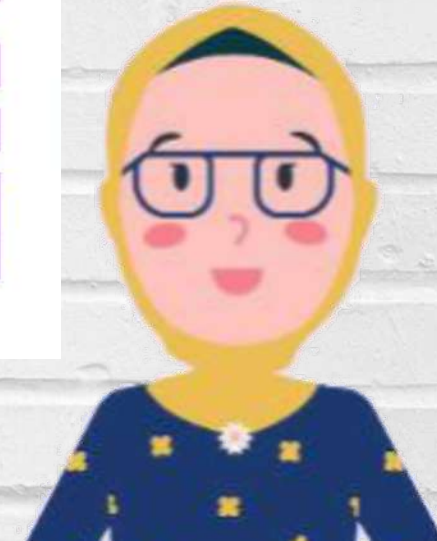
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