# STRATEGIC ANALYSIS

**Example 1**

ENTREPRENEUR VS CHAIN

*Retail Management of Two Different Types of Stores*Students are to analyze two different retail approaches such as an independent drug store compared to a national chain or a local small "Mom and Pop" hardware compared to a Home Depot or Lowes. Prepare an analysis of the impact of competitive forces and market factors in terms of entrepreneurial forces as compared to traditional retail chain marketing. This report should include a historical overview of the marketing evolution, business financial issues/costs, growth strategies, and product life cycle issues. Retail knowledge from the class will provide a framework including a complete literature review of articles, site research, and other sources.

**Example 2**

WEB STRATEGY

Students are to prepare the actual or hypothetical start-up of an E-Commerce retailer This may be accomplished individually or in a group.. It is suggested that the team break up the assignment into web strategy, creative, media, integrated marketing, relationship, target segments, domain development, naming, research etc. for maximum productivity. The purpose of this assignment is to provide a real life experience of starting up an e-commerce retailer <http://www.dot.com> based on the insight gathered in this process combined with course learning. When possible, students should conduct brief surveys of what others think of the <http://www.dot.com> for supporting research.

**Example 3**

**Instructions:**

This research paper should be written in paragraph form, double spaced, 12 font with the preset (normal) margins.   Please use the headings listed below (A. History of the Company, B. Retail Strategy, 1. Target Market etc. ...) to make your paper flow well.   A well-researched paper should be at least 6-10 pages long.

**First step** - Select a retailer.   You need to choose a retailer with a physical store who sells a physical product - otherwise it will be difficult to complete this project. If you are thinking of opening your own store, choose a retailer that sells the same type of merchandise that you would like to sell **Second step** - Interview the manager or owner at the retail store you selected.  ***This is a required part of your project.*** Your paper should include the following:

**A. History of the Company:  (50 pts.)**

* Who did you interview?  (Full name and position.)
* How long have they been in business?
* How has their business changed over the years?
* What is their mission statement?
* Do they plan to expand, penetrate, diversify, or change their retail format in the near future?

**B. Retail Strategy**

**1. Who is their Target Market: (15 pts.)**

* Define their customer according to demographics (age, gender, income level, education etc.)
* Trade Area - primary, secondary, tertiary (refer to Chap. 8)

**2. Merchandise Assortment: (15 pts.)**

* What are the major brands they carry?
* Do they have private brands?
* Where does this retailer's merchandise fit on the category life cycle? (Chap. 12)
* Why do you think they chose this stage of the life cycle?
* Does this retailer carry convenience goods, shopping goods or specialty? (Chap. 7)

**3. Human Resources: (15 pts.)**

* How does this store prepare and train their sales people?
* Are they paid on commission, salary, or hourly wage?
* Are the sales people allowed to cross sell? (if there are separate departments)
* Do they outsource any activities in their business?

**4. Store Location: (15 pts.)**

* Where is this retail store located? (CBD, Shopping Center, Specialty Center, MXD)
* Why do you think they chose this location?
* Is this site accessible for the customer?
* What type of lease do they have? (may not be willing to give this information out)

**5. Pricing: (15 pts.)**

* What is this stores pricing policy? (Everyday Low Pricing, High/Low Pricing etc.)
* What other practices do they use to compete with price?   (Coupons, Rebates, Price Bundling)
* Does this retailer use the cost-oriented method of pricing or demand-oriented pricing.
* Is there a frequent shopper program?

**6. Communication Mix: (15 pts.)**

* What type of paid advertisements does this business use?
* ·What type of unpaid communication does this business use?   (Publicity)
* ·Does this retailer use cooperative advertising?   With whom?
* ·What type of sales promotions does this retailer use?  (Sales, Sampling, Demos, Contests etc.)

**7. Store Layout: (15 pts.)**

* What type of design layout does this store use? (Grid, Racetrack, Free Form etc.)
* Is it effective for customer flow?
* What type of fixtures do they use?
* What type of lighting are they using?
* Is music constantly playing?   What type?
* What type of scent is in the store?   Does it detract or attract?

**8. Customer Service: (15 pts.)**

* What type of services does this store offer?   (Alterations, gift-wrapping etc.)
* Talk to 3 customers - What is their perception of this stores customer service?
* How does this store handle customer complaints?
* Does this store have “mystery shoppers” to check level of service?
* Is the salesperson “empowered” to make decisions or is it up to management?

**C. Competitive Advantage: (50 pts.)**

* Does this retailer have a “competitive advantage” over similar stores?
* How can they retain this advantage or achieve an advantage over their competition?
* (This section should be 2-3 paragraphs minimum -- think about it!)

**Example 4**

Select a retailer that you have an interest in for this assignment and clear the retailer with me so that we can be sure you will find the information you need to complete the assignment using library databases and resources. The assignment will help you become familiar with the databases, industry, market, and company reports, and other electronic library resources. In preparing your report, be sure to footnote or **reference the original sources** that your information was drawn from (not the database where you found the source). Please do not summarize information without **giving credit to the source** from which it was drawn. Also, include a bibliography of the sources you used.

Prepare a paper and presentation about your retailer using the guidelines that follow. The presentations will be done at the end of the semester so that this becomes a collaborative learning experience. In researching and preparing your paper, you should use a minimum of 5 sources of information.

1. Describe the current climate and situation that your retailer finds itself in as it attempts to compete. Describe what is occurring in the industry. Provide a brief overview of the retail sector in which the retailer operates. What environmental and economic factors are affecting the retailer? Describe competitive pressures, changing demographics and buying preferences, consumer behavior issues, image issues, etc. that affects this retailer and how they conduct business? How has the industry changed as a result of ecommerce and technology?
2. How has your retailer changed and evolved over time? What is your retailer’s primary business? What is their business model (how do they choose to operate)? What is their corporate strategy? What are their goals? What parts of their business are growing and generate the most revenue? How is your retailer seeking to increase revenue in the future?
3. Corporate Analysis – Who is the parent company of your retailer? What retailers are parts of their portfolio? What is the parent company’s overall market strategy and how does this retailer fit into their overall strategy?
4. Competition
   1. Who are the retailers’ competitors (both direct and indirect)? How does your retailer compare to these competitors in terms of its size, market dominance/share, sales, profitability, etc.?
   2. What is your retailer’s competitive strength? How do they try to compete? Are there strategies that have not worked for them?
   3. What retailers have they identified as competitive threats? Why?
5. Retail Market Strategy
   1. Target Audience – Who is their target audience? (describe demographically and psychographically, if possible) How does this compare to the competition?
   2. What image do they want to convey? How do they attempt to position themselves in the minds of consumers in the market? What is their current image in the industry and in the minds of consumers? Is this image working for them? How does this compare with the image of competitors?
   3. How do they make use of technology (web and ecommerce, supply chain management, information systems, etc.)? How has technology affected the way they conduct business?
   4. What is their global presence and strategy? What countries have they entered? How successful have they been expanding into these countries? What obstacles have they faced?
   5. What is their location strategy? Why have they chosen this strategy?
   6. What is their approach to managing human resources? (if this info is available)
   7. Describe their merchandising strategy – how they buy, what they buy, breadth vs. depth of merchandise, etc. How is it reflected in their financial strategy?
   8. What is their pricing strategy and how does this affect their profitability?
   9. Describe their approach to advertising and sales promotions. Has it been effective for them?
   10. What challenges does your retailer face in terms of the retail strategy variables just described? Do some appear to be working better than others?
6. Do a financial analysis of your retailer and two to five of its top competitors. Include revenue growth, ROA, Gross Margin, Net Margin, GMROI, Inventory Turnover, etc. What does this analysis say about how your retailer operates and its profitability? What can your retailer do to improve its profitability?
7. Summarize your retailer’s primary strengths and weaknesses and support your assessment. What are their biggest challenges now and in the future? How are they preparing to meet those challenges? What do they view as their opportunities for the future?
8. What do you think the future holds for this retailer? If you were hired as the CEO, what specific strategies would you pursue in the future for this retailer? What opportunities would you capitalize on? Why?

**Example 5**

**Retail Strategy Assignment**

To insure that you can get information about the retailer, the retailer you select should:

* Be a publicly held company so that you can access its financial statements and annual reports. Do not select a retailer that is owned by another company. For example, since Banana Republic is owned by The Gap, you can only get financial information about The Gap and not the divisions it operates such as Banana Republic.
* Focus on one type of retailing. For example, Abercrombie & Fitch just operates one type of specialty stores and thus would be a good choice. However, Wal-mart operates discount stores, warehouse club stores, and supercenters and thus would not be as a good choice

Some examples of retailers that meet the first two criteria are: Whole Foods Market, Dress Barn, Burlington Coat Factory, Ross Stores, Ann Taylor, Cato, Chico’s, Finish Line, Foot Locker, CVS, Walgreens, Staples, Office Depot, Borders, American Eagle Outfitter, Pacific Sunwear, Abercrombie & Fitch, Tiffany, Zales, Autozone, Pep Boys, Hot Topics Wet Seal, Best Buy, Family Dollar, Dollar General, Michaels, PetsMart, Macy’s, Dillard’s, Pier 1 Imports, Home Depot, Lowe’s, Bed Bath & Beyond, Men’s Warehouse, Kroger, Kohl’s, Radio Shack, Safeway, and Target.

**Prepare an analysis of the company.**

(10%) Identify direct competitors and the retailer’s strategy-- the retailer’s target market and positioning, its retail mix (merchandise variety and assortment, pricing, locations, etc.), and.

(20%) Outline the retailer’s strengths (its basis for competitive advantage) and its weaknesses relative to competitors

(30%) What are logical growth opportunities for the firm?

(10%) What the threats in the environment that may adversely affect is performance?

(20%) Include a financial analysis for the retailer comparing its present to past performance and to performance of competitors.

(10%) Assess its performance and position in the marketplace, and prospects for the future. Is it future promising or questionable? What does it need to do in the future to provide strong financial returns? Why?

Finally include bibliography of articles and other sources for information used in making your report

**Sources**: 10K reports at [www.sec.gov](http://www.sec.gov), article in magazines and newspapers found through library database, company web site

# COMPARISION SHOPPING ASSIGNMENTS

Chapter 2, Types of Retailers, covers the material to do these assignments; however, due to the comprehensive nature of the assignments, they might be used after chapters 1 through 5 have been assigned.

**Example 1**

Compare at least seven product categories (such as cookies, breakfast cereals, carbonated soft drinks, etc.) for four food retailers (supercenters, conveniences stores, drug stores, supermarkets, etc.) on

* Variety
* Assortment
* Service
* Price
* Location
* Promotion
* Design and Display
* Type of Retail Institution

**Use the form below to summarize your results. You should have seven forms completed for this part of the project. From the information you gather, you are to come to some conclusions about each retailer's strategy. Give as much detail as you can. For each retailer identify:**

a) the target market the you think the retailer is directing its efforts and why

b) how the retailer strives to satisfy the needs of the target market

c) how the retailer builds a long-term advantage over the competitors.

d) Conclude with how effective you think the retail strategy is for each retailer.