

5.14: Decisions and Strategy

Learning Objectives

- Explain how a retail strategy guides the decisions of an organization



As you read earlier, strategic planning is a formal process that evaluates the market and the factors that influence it, the needs of the consumer, the relative position of the competition, the firm's own capabilities, the financial implications, given required trade-offs. The output of this process is a strategic plan, a shared document that serves as the "road map" for how the firm will pursue its strategic objectives.

And, because strategic planning is both internally and externally oriented, it crystallizes the opportunities present for a firm and how best to capitalize upon them.

In particular, situational and customer analysis captures those factors that will support and those that will challenge organizational success. In this way, the resulting strategic plan will influence and guide the decision-making of the firm. Specifically, strategic planning helps retailers make decisions around growth opportunities, consumer targeting, and performance. Growth marketing is when firms capitalize upon new initiatives and their sources, whether that is new items, categories, locations, or markets. Consumer targeting is when they differentiate themselves in-market—allocating resources to optimize locations, layouts, assortment, and overall positioning to attract specific targets. This also includes decisions round whether to open new, remodel existing or to close underperforming locations. Performance is when they assess overall returns through the marketing mix and retail operations like inventory, cost, and capital management.

Any of these could require evolution of the current business model, adoption of new value propositions or operational tactics. Thus, these strategic considerations create decision-points for a retailer.

Practice Questions

<https://assessments.lumenlearning.co...sessments/9181>

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