

5.8: Putting It Together- Strategic Retail Planning and Management

Scaling Your Company: Choosing a Growth Strategy



Indeed, you can't be all things to all people. As you've read, finite budgets force firms to prioritize and focus. Regardless of how well resourced or capable a firm is, it must determine a single strategic direction, making trade-offs between alternatives.

To do this, the decision-makers within a firm must look inward at itself and outward, assessing the market and the factors influence it, including consumer attitudes, technology, and regulation. The firm must evaluate the needs of the consumer, their own capabilities, and the relative position of their competition. They must consider the financial implications of their decisions, balancing risk with the likely return. All of this is done so that the decision-makers are equipped to make the decision they believe will best position them for sustained success.

The strategic decisions firms make impact the markets they enter, the products they make, the consumers they target, their marketing investments, and more. For their part, retailers shape their offerings to position themselves for a distinct target, differentiating themselves in-market by providing what their target values. Every element of the marketing mix, also known as the 4Ps—product, place, price and promotion and the additional 2Ps of retail—people and presence, are impacted by the chosen strategy.

Will they compete on product or service? Will they compete by offering the lowest possible prices? Will they try to provide added value to support higher prices? Will they promote? Will they pulse discounts through a weekly circular or offer everyday low prices? Will they allow display merchandising or sampling to support promotions? What channels will they develop; brick & mortar, e-commerce, or a multi-channel strategy?

Each of these decisions is informed by the firm's assessment of the strategic opportunity. They aren't individual decisions arrived at by accident or impulse. Instead, they are the result of careful consideration. They are the result of a formal process: strategic planning. The five steps of strategic planning are:

1. Objective Setting
2. Situational Analysis
3. Customer Analysis (including segmentation, targeting, and positioning)
4. Tactical Planning
5. Implementation and Control

The outcome of this strategic planning is a marketing plan, the "road map" for how the firm will pursue its strategic objectives. This shared document ensures that the entire organization is focused on the single, chosen strategic direction, which decision-makers believe provides the greatest likelihood of success.

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