

## 2.2: Adapting to the Current Landscape

### Learning Objectives

- Describe the choices each type of retailer is currently making to adapt in the current landscape
- Identify the key differences between service and merchandise retailers

A lack of product differentiation between retail formats is one of the reasons some retailers have developed private label or store brand items. These products help retailers customize their distribution. Typically, they are positioned as lower-cost alternatives to regional, national, or international brands. However, some private label brands have been positioned as “premium” brands to compete with existing “name” brands. Costco’s Kirkland Signature and O Organics at Albertson’s are good examples of premium positioning for private label brands.

But if retailers are unable to differentiate the products they carry, how can they compete?

Traditional grocers leverage other areas of their stores and categories, especially produce and meat, to differentiate their shopping experience from the competition. When merchandised well, produce and meat signal positive attributes about the store to the shopper about the store’s standard for quality and freshness. Retailers who focus more on product quality to differentiate themselves from competition are also known as **merchandise retailers**.

Customer service is another area where retailers distinguish themselves from competition. This can be reflected in the breadth of services offered, such as also offering a bakery, deli, and floral department. Or customer service can be shown through care for shopping experience, such as having exceptional store cleanliness, in-stock levels, informed and available associates to answer questions, and limited wait times at check-out. Some stores even offer carry-out service, meaning an associate will assist shoppers with loading bags into their cars. Above all, a service orientation seeks to make the individual’s shopping experience personal and satisfying. **Service retailers** focus on customer service to differentiate themselves from competition.

If a retailer carries common items and fails to differentiate with other departments or on service, they’ll be left to compete on price alone. This is a dangerous game, given risk to eroding already small margins within food retailing. It is far wiser for the retailer to elevate category appeal and service customers well.

### Practice Questions

<https://assessments.lumenlearning.co...sessments/9143>

<https://assessments.lumenlearning.co...sessments/9145>

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