

1.17: Strategic Planning in Retail

Learning Objectives

- Classify the general steps of strategic planning in retail

In most organizations, “strategic planning” is an annual process, typically covering just the year ahead. Occasionally, organizations may look at a practical plan which stretches three or more years ahead. To be most effective, the plan has to be formalized, usually in written form, as a formal “marketing plan.”

The essence of the strategic planning process is that it moves from a general goal to the specific steps to reach that goal; from the overall objectives of the organization down to the individual objective (goal) action plan for a part of one marketing program. It is also an interactive process, so that the draft output of each stage is checked to see what impact it has on the earlier stages and is amended as necessary. Some elements of the process may be continuous and others may be executed as discrete projects with a definitive start and end during a period. Strategic planning provides multiple stages for inputs for strategic thinking, which guides the actual strategy formation. The end result is the organization’s strategy, including a diagnosis of the environment and competitive situation, a guiding policy on what the organization intends to accomplish, and key initiatives or action plans for achieving the guiding policy.

Michael Porter wrote in 1980 that formulation of competitive strategy includes consideration of four key elements:

1. Company strengths and weaknesses
2. Personal values of the key implementers (i.e., management and the board)
3. Industry opportunities and threats
4. Broader societal expectations

The first two elements relate to factors internal to the company (i.e., the internal environment), while the latter two relate to factors external to the company (i.e., the external environment). These elements are considered throughout the strategic planning process.

For example, many retailers are trying to respond to customer migration from brick-and-mortar stores to online retailers. What situational, monetary, or product mix is drawing customers away from traditional stores? Imagine a local grocery store chain is trying to compete with Amazon pantry. The local store decides their goal is venture into the world of e-commerce by integrating an online website for customers to order products online, but can pick up their orders at the store. How did this local chain come to this solution and how would they go about it?

Here is a quick look at the steps in the strategic retail planning process.

1. Define the business mission
2. Conduct a situation audit. This can include a market attractiveness analysis, competitor analysis, self-analysis
3. Identify strategic opportunities
4. Evaluate strategic alternatives
5. Establish specific objectives and allocate resources
6. Develop a retail mix to implement strategy
7. Evaluate performance and make adjustments

Here is a video that walks you through the first five steps of the strategic retail planning process. Afterwards we will discuss how to develop the retail mix to implement the retail strategy as well as evaluating performance.

Open the link to the attachment at the bottom of this page on "What is Strategic Planning?, Model, and Steps

practice questions

<https://assessments.lumenlearning.co...sessments/9134>

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