

Retail Marketing Strategy
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Lecture-26

Welcome back everyone. Today we will be beginning with session 3 of the week 5 of the course Retail Marketing Strategy. So, if you remember in session 5.1 and 5.2 precisely last two sessions we started building our knowledge in understanding the concept of a retail strategy. We precisely understood what are the three key elements that make up a retail strategy.

First was indeed about the target market in which we understand where the retailer should focus its resources on and that definitely requires a lot of hard work in figuring out which is going to be the best target market for a retailer. Apart from that we also discussed about the retail formats or a retail strategy in context of promotions you know visual merchandising locations and other strategies which a retailer needs to implement as a part of overall strategy with respect to achieving its objectives. And the final thing which we discussed was indeed about a sustainable competitive advantage.

Learning Objectives:

After going through this module, the learner will be able to appreciate:

- Key elements of a retail strategy (Continued)
- Achieving sustainable competitive advantage

Extra Fodder for Thought: "Snowstorm Experience"

Learning Something New: "High Speed Retail"

We had just touched upon what exactly is a sustainable competitive advantage, but as far as this module is concerned we will be understanding how a retailer can actually achieve sustainable competitive advantage.


So, as far as this module is concerned we will be getting ahead with the key elements of a retail strategy. Apart from that as I just said we will be learning how a retailer can actually achieve sustainable competitive advantage which is all about doing something better than competitors and even maintaining it for a longer time. If you are doing something which can easily be copied by the other retailers then definitely it is not a sustainable competitive advantage right. I can decrease prices as a part of promotional offer, but you will also see competitors doing it immediately. Now, this indeed cannot be considered as a part of sustainable competitive advantage.

So, this was one such example which I gave you as we move further and we will get to this topic we will be discussing a lot more exciting and fascinating things. Along with this we are again back with our two exciting elements which as I explained you in the last session is about understanding the snowstorm experience in which is this fantastic retailer who came up with this idea and as a part of learning something new we will be learning about high speed retail. So, as a part of food for thought we will be learning about snowstorm experience.

12-21-18

Canada Goose's Cold Room was the best retail experience of the year



If you want to do experiential retail right, it has to be more than just sensational—it also needs to be useful and relevant.






[Photo: courtesy Canada Goose]

<https://www.youtube.com/watch?v=6FSLNlpJu34>

Source: Official CityNews YouTube Channel

 CityNews 
423K subscribers

Source: <https://www.fastcompany.com/90285098/canada-goose-cold-room-was-the-best-retail-experience-i-had-this-year>



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So, this indeed is about a popular clothing retailer in Canada which is Canada Goose and this definitely is very popular if you talk specifically about Canada. So, what they did was in order to allow people to try their products which were indeed high expensive jackets which would definitely protect people from the cold weather in Canada.

So, what they did was they created trial rooms which were like giving an experience of the actual cold which would take the temperatures to the minus they can. So, as far as this is concerned this definitely emerged as one of the best retail experiences for the people if you want to do experiential retail right it has to be more than just sensation right. It also needs to be useful and relevant and why this becomes so particular as far as useful and relevance is concerned in case of Canada Goose is simply because it allowed people to actually see how effectively their jackets were when it comes to protecting them from cold or so many minus degrees. So, what we will be doing is we will be looking at this exciting video which has been derived from the official city news YouTube channel where they are trying to explain and talk about this fantastic retail experience which Canada Goose successfully created for its customers. So, please go and have a look at this video and then we will be moving ahead with another exciting elements of this course.

Richard Southern joins us again and Richard there is a new experience being offered in the city and it seems to be keeping Torontonians cool this winter. So, get this Canada Goose opened a new store in Sherway Mall Erica. Now here is what it has. It has snow falling inside and an icy crevasse. What it does not have is jackets to buy.

It is a jacket store with no jackets. It is meant to be an experience to convince you to buy one of their pricey parkas. How convincing was it? I had to go check it out for myself today. Take a look. So, there is four rooms in this store.

This is the first one. It is called the crevasse. It is meant to look like a mountain pass. The walls are like a mountain. There is all LED screens that make it look like the ice is breaking on your feet.

I know. I get it. So, this is the next room you come into. There is a 360 projection. It is meant to make you feel kind of like you are in a glacier. And then in the middle, it is the Canada Goose products themselves, the jackets and the vests and so forth.

And then over here they have interactive jackets, a little bit of light on each part of it. So, say if you want to know more about the pocket, you hit the light and then on the screen you get all the facts. So, you want to feel what the Canada Goose jacket is like in the cold. You could, I guess, step out into the parking lot, but instead they bring you into the most impressive room, the cold room. It is minus 12 in here.

They got actual snow on the ground, so you can feel how your jacket is working. This particular one retails for \$1200. So then it is down to brass tacks. The final room is the retail room. They have some jackets on display here.

But if you want to buy one, you have to go over to the digital kiosk. You scroll through, see what jackets, what colors they have, and if you want to buy one, you click on it and they will deliver to your house almost immediately. So, I think that is like the most peak

2019 thing ever. What do you think, Erika? What is your take? I think so too. I mean, I do not know.

I think I have enough cold as it is. I do not need to go inside and experience that. I know what cold feels like. I know. They want to sort of, I mean, convince you to maybe buy the jacket perhaps elsewhere too, because they sell it in a lot of places.

But yeah, I do not know if that is going to fly. A little gimmicky perhaps. I mean, I lived in Winnipeg for three years, so I get it. You know. It is cold, right? You know what snow is all about.

Yeah. All right. It is that time of year again. It seems almost everyone is feeling under the weather. But you might want to think twice about calling in sick to one fast food joint. Yeah. You know, we have all maybe done it. Had a few too many drinks the night before. You call in sick the next day because you are too hungover. Do not try that at Chipotle. The burrito chain, Erika, if you call in sick there, a nurse will call you back to see if you are hungover or actually sick.

What? Yeah. They will pepper you with questions. Now they are doing this, Chipotle, not because they necessarily want to bust you for calling in because you are hungover, but because they want to prevent workers from showing up to the job if they are sick. They will actually pay. They will give you paid time off there. The reason, back in 2017 they had a neurobosis outbreak in the States.

It was very costly for the company. And an investigation turned out it was because a worker came to work sick. So that is why they want to determine if they are going to pay for your day off, they want to make sure you are really sick and not that you just had too many drinks. I do not know about that. And if you are still looking for the perfect outfit for your ugly Christmas sweater party, I am, we might have the solution for you.

It is a mixed solution. So believe it or not, McDonald's finding tremendous success. There is your sweater, Erika. If you are comfortable promoting a big international brand like that. But a lot of McDonald's fans have no qualms about it. These merchandise from the fast food chain selling out, there is a t-shirt that mimics the red happy meal box, there is an umbrella that looks like a sesame seed bun, shoes that look like the French fry box and you know ornaments that have the smiley face, you name it.

Not cheap, the sweaters go for as much as 65 bucks US. But people apparently all too happy to show their love for the world's largest burger chain. Right, well you could do it yourself too, just make an ugly Christmas sweater on your own. Just carry the bag around with you, right? Exactly. Alright, thanks for joining us Richard. See you tomorrow. Bye.

Learning Something New



High Speed Retail:

It is all about speeding consumers retail shopping experiences or go by much quicker. For eg. Drive thru grocery stores or restaurants

So, as far as learning something new is concerned, in this particular session we will be learning about high speed retail. So, technically high speed retail is all about speeding consumers, retail shopping experiences and more like the idea is to make sure that they go by much quicker. And one prime examples of this can be drive through grocery stores or restaurants. Many times in case of McDonald's, you must have seen people on highways using drive throughs because it allows them to save a lot of their time. They can actually place their orders either through call or through the app, then they can just while they are commuting from one place to another, they can pick up those orders and just rush through.

Which means they do not have to even enter the store, stand in queues, place orders, wait for the order to come, make payments. So, they are saving on so much of time. So, this is one such example of highspeed retail. Now, even as far as highspeed retail is concerned, I would urge you to think of some more examples and you can definitely get back to the forum and share your views about this. Now, as we move further, we will be again getting back to the core topic of this particular week which is about understanding a retail market strategy.

A target market should be:

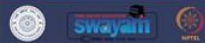
Measurable: Size, purchasing power and characteristics of the segments can be measured

Substantial: Large (Is it mandatory?) and profitable enough to serve

Accessible: Effectively reached and served

Differentiable: No overlap with existing segments

Actionable: Formulation of programs



So, one of its key element is identifying the target market. Target market indeed is the segment of people where the retailer would be channelizing its resources right. But there are a few test which must be considered in order to determine whether this is going to be the best target market or not or maybe it is more like a asset test for a target market segment. So, the first is it has to be measurable which means you should be able to measure its size because once you are able to measure its size, you will also be able to determine the purchasing power of people, how much people would in that particular segment can afford to buy your products and you also need to look at their other characteristics as well right. Let us say if you are deciding to come up with a certain product and you have a segment like target market segment which has been identified.

If the size is too small and you might not be able to sell enough quantity of the products to make a profits or let us say so to reach economies of scale, then it might not make much of a sense. Only in circumstances where let us say even if you have a small target market segment which is not very substantial, but have distinctive set of needs and will be willing to pay a higher price which eventually indicates that you will be able to make a profits out of that will make sense and this precisely also fits the bill for niche segments because this is what they are. They may not be that much substantial, they could be small, but as the retailer is or the marketer is trying to meet distinctive needs of that particular segment, they are willing to weigh a higher price which definitely makes up for the profits. Along with that the target market should be accessible which means you should be in a position to reach out to them and serve them. Now, just imagine a world without internet or maybe go a many years back.

Now, let us say if at that time someone would say I will sell my products in New York even without going there, those segments are not accessible and the other people will also feel what the other person is talking because it definitely seems not much feasible. But now just because of the advent of internet there are a lot of segments which are easily accessible for us right just because of the technology or how technology has evolved. So, one key as a test for a target market is that you should be able to effectively reach out to them and serve them. If you have a target market segment which you cannot communicate with then anyway it is not going to make much of a sense right. Apart from this it should be differentiable, it should not overlap with existing segments which again captures the essence of the fact that it should be homogeneous internally, but should be heterogeneous externally.

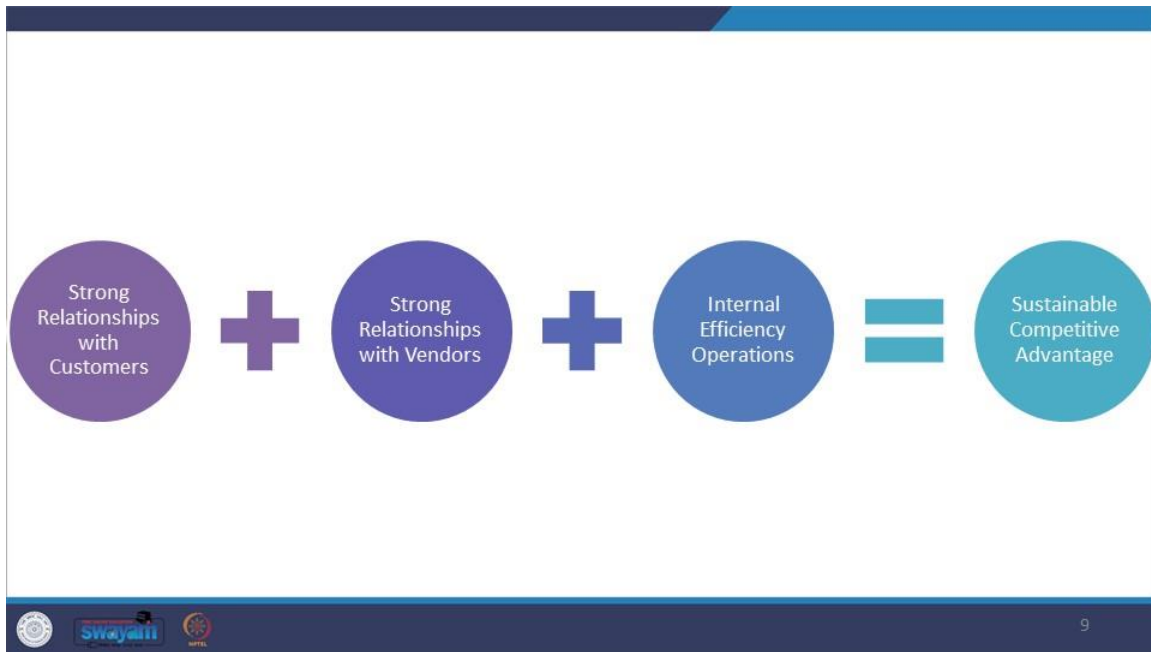
Otherwise what would be the point of creating different segments it would not make much of a sense right. You are only considering it as a different segment simply because it is heterogeneous with respect to the other segments which a retailer or a marketer can think of. Finally it should be actionable you should be able to formulate programs for that particular segment. Now that can be related to promotions coming up with new products or a lot more other things as far as actionable objectives are concerned. So, all these facets whether it is about measurable, substantial, accessible, differentiable and actionable this more works like a asset test in order to identify if the target market segment which the retailer is thinking of targeting is effective or not or in other ways we can say is going to be profitable for us in long term or not.

Now as we move further what we will be understanding is another important key element or pillar of a retail market strategy which is sustainable competitive advantage. In simplest terms a sustainable competitive advantage is an advantage that the retailer has over its competitors. But one thing which has to exist is that should not be easily copied by the other players in the market and thus can be maintained over a long period of time. Let us say if you have something which can be easily copied if you remember I gave you the example of pricing. Lowering pricing may not be considered as a sustainable competitive advantage right because you might see competitors doing it straight away.

Then everything becomes at par right. So, there is a lot more to sustainable competitive advantage which we need to understand. So, as you can see it on the slide the million dollar question is how can a retailer actually develop sustainable competitive advantages. So, this happens through these things one is it can happen by building strong relationship with customers. Now one example could be let us say if you have very strong relationship with customers the sales staff which you have is working on developing very emotional relationship with customers who are walking down your store. Then definitely you have an edge with respect to other competitors they might come back to your store

even when the other retailers let us say could be offering a little more benefit with respect to pricing.

But we will be indeed talking a lot more about this. Another thing is having strong relationship with vendors or let us say this could be your suppliers. Now if you are working on strong relationship with them you might not even excess lower prices as compared to other competitors. You will also be able to kind of get access to exclusive raw materials which could be the need of the hour and may not be available easily. Apart from that another way of achieving sustainable competitive advantage is definitely about capitalizing on the power of internal efficiency operations.



If you remember I gave you the example of Walmart right. Now how they are able to offer everyday low pricing or very low prices as compared to other competitors in the market on daily basis simply because they have mastered the art of internal efficiency operations which means they are very robust supply chains they are very strong relationship with their suppliers and even with their customers which helps them save a lot of cost. See if you have a very loyal base of customers who are coming to you time and again they will start acting as your advocates which means they will talk about your brand positively and share their experiences with others also they will even start defending your brand. Now just imagine ways how much you are saving on your marketing cost as well. So this is just one of the examples to put things in perspective.

So when you club strong relationship with customers, strong relationship with vendors and internal efficiency operations you actually achieve a sustainable competitive

advantage as far as your competitors are concerned. Now what are the various sources of advantages and what is less sustainable and more sustainable we will be looking at these perspectives now. See whenever you are talking about customer loyalty so this again is going to happen when you work towards building strong relationship with your customers along with offering them best of services and very quality offerings at best prices without compromising on quality which we technically call as value offerings. But whenever you are talking about customer loyalty if the customers are only coming to you simply because of limited competition in that particular area in that particular segment it is indeed going to be less sustainable right because they are simply coming to you because they do not have other options otherwise they might have switched earlier also. So now this is one thing which a retailer needs to understand, but what is going to be more sustainable is building a brand image with an emotional connection right.

Brand image simply means what consumers or prospective consumers think about your brand how they perceive your brand. See if I ask you about thinking of a burger the fun thing which might come to your mind is definitely McDonalds right. So this is again one way of building a brand image and developing a very strong emotional connection with your customers or prospective customers, but this definitely requires a lot of work on daily basis as far as marketers and retailers are concerned. Another source of advantage could be a location right. Now what is going to be more sustainable is convenient locations.

Sources of Advantage	Less Sustainable	More Sustainable
Customer Loyalty	Habitual repeat purchasing because of limited competition	Building a brand image with an emotional connection
Location		Convenient locations
Human Resources	More Employees	Committed and Knowledgeable Employees
Unique merchandise	More merchandise	Exclusive, Value Offerings
Vendor Relations	Repeat due to limited alternative	Coordination of procurement efforts
Distribution and Information Systems	Bigger and Automated	Shared Systems
Customer Service	Hours of Operation	Knowledgeable and helpful sales-people
Source: Retailing Management, Levy, Weitz and Pandit, Mc Graw Hill Education pp. 151		
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The locations where people can reach out to you or visit you very conveniently. If they have to walk an extra mile or spend a lot more in visiting that particular brick and mortar retailers then definitely trade off is definitely going to get impacted and even the value

which they are deriving by visiting your store is going to get impacted. If you remember I gave you this example in one of the earlier sessions see if you have a particular retailer who is offering you let us say an extra 10 percent discount, but might require one hour of your travel. You might think that this is not going to be beneficial for you rather you would be making more of sacrificing going to that particular store right.

So this is how people look at it. So in that case convenient locations actually becomes very important. Now when you talk about human resources which definitely brings in a lot of advantage in the competitive retailing landscape, but how? When you have more employees this is indeed going to be less sustainable, but what is going to be more sustainable is the fact you have a committed and knowledgeable employees right. You have a team of people who are able to answer the queries of people in best possible ways. Apart from this the perspective which you need to have in this particular case is we are having employees who are working towards a sense making approach which means they work with customers they understand them they listen to them then they suggest them the products which are going to be best fit for them eventually creating a very satisfying and delightful experience for them. Now whenever you are talking about the availability of merchandise in a store more merchandise is definitely going to be less sustainable to an extent right.

Let us say if I stock more products more brands until unless it is an exclusive contract things are going to be different and this can reach to a level of more sustainable competitive advantage, but to an extent you might say competitors also stocking more of brands, but what is going to be more sustainable is when you have exclusive value offerings. Now we can also consider this with the example of Amazon if you talk about one plus mobile phones or products they are only exclusively available on Amazon right. Now that comes as an exclusive value offering or the availability of products exclusively on one particular platform. So for all the customers who would prefer buying one plus products they will anyway have to head to Amazon to buy that it is not even available on Flipkart or other online electronics, products, sellers, platform.

So this is again one thing which you need to understand. Now whenever we are talking about our relationship with vendors or suppliers less sustainable is going to be the fact they are simply buying from you because they do not have more alternatives or they are limited alternatives this indeed is going to be less sustainable, but coordination of procurement efforts with your vendors like let us say you could set up terminals to figure out over stocking or under stocking of items or you could work towards developing systems high technological systems which can actually help you to have better management of inventory can be a good example of more sustainable competitive advantage mechanism. Apart from that when you are talking about distribution and information systems bigger and automated systems are indeed going to be less sustainable because you might see your competitors also adopting the same technology,

but what is going to be more sustainable is definitely going to be shared systems as I was telling you which can provide you a key channel for maybe let us say better managing your inventory and will also help you kind of avoid a lot of opportunity cost which can be aligned with over stocking of items as well as under stocking of items. Basically when you talk about customer service what is going to be less sustainable in indeed hours of operations it is not like if you are operating your store from morning 8 am to 12 pm at night that is going to bring in advantage because you might see other competitors also copying it is quite easily. So, this again is going to be less sustainable what is going to be more sustainable is knowledgeable and helpful sales people because these are the facets which are going to go a long way in creating a set of satisfied and delighted customers. So, I will sum up this for you what is going to be more sustainable is to build a strong brand image with an emotional connection with your customers have your stores at convenient locations committed and knowledgeable employees who can actually adopt a sense making approach and can help customers identify the ideal product fit having an exclusive merchandise we also considered the example of one plus in this case which is exclusively available on Amazon then coordination of procurement efforts and having shared systems can also bring in more sustainable competitive advantage with respect to distribution systems information systems and finally, when you are talking about customer service it precisely comes from having a knowledgeable and helpful sales staff then just increasing the hours of operations.

Now, as far as this module is concerned I really hope that you enjoyed learning about how retailers can actually build or achieve a strong sustainable competitive advantage and I also hope that you got the perspective about asset test for the effective targeted market segments. Now, as we move further we will be learning a lot more exciting things about the retail strategy and a lot more interesting facets as far as the present retailing dynamics are concerned. Thanking you for now and wishing you a good day ahead looking forward to meeting you soon. Thank you.