



Aalto-yliopisto
Kauppakorkeakoulu

Strategic retail marketing

6 credits
Spring 2024

Professor Arto Lindblom
arto.lindblom@aalto.fi

*Please note that this course is offered only for non-Finnish speaking students.



Table of contents:

1. Learning outcomes
2. The content of course
3. Assignment methods
4. Essays
5. Independent project work
6. Time-table
7. Contact information

1. Learning outcomes

- The key objective of this course is to enrich students' understanding of retailing.
- The course is especially designed to **develop students' knowledge of strategic retail marketing.**
- After successful completion of this course, **students should have solid understanding of the key principles, procedures and issues related to retail marketing at strategic level.**
- The course also enhances students' academic writing skills.

2. The content of course

Students will independently:

- Write academic essays (3 essays)
- Conduct a project work

Kick-off session: **24th April at 10:15-11:45**

Lectures: **29th April, 8th May, 15th May, 22nd May and 29th May**

3. Assessment methods

- **Academic essays** (60% of course grade)
- **Independent project work** (40 % of course grade)

Assignments must be written/submitted at the time specified.

In order to pass the course, you have to submit all the assignments.

The course will be graded according to the scale 1-5.

4. Essays

Write three (3) academic essays on retailing. Select your essay topics from the following list:

- Multichannel (or omnichannel) retailing
- Online retailing
- Retail mix management
- Retail business models
- Retail entrepreneurship
- Customer loyalty in retail
- Assortment management (or category management)
- Pricing strategies in retail
- Customer service in retail
- Customer experience management
- Shopper marketing
- Store planning and design
- In-store shopping behavior
- Retail store location decisions
- Platform economy and/or sharing economy
- Supplier-retailer relationships
- Sustainability in the field of retailing
- New technology (e.g. artificial intelligence, virtual reality) in the field of retailing

Essays (cont.):

- Academic essays should be around 4 pages (max 6 pages) (excl. reference list).
- Format style of the essays should be as follows: font 12, line spacing 1.5, and about 2000 characters per page.
- Essays are graded according to the scale 1-5.
- First essay should be submitted (in pdf-format) to arto.lindblom@aalto.fi by **12th of May**, second essay by **19th of May** and third essay by **26th May**.
- Remember to cite all of your sources both in the text and in the reference list at the end of your text.

Essays (cont.):

- Should show your knowledge of the selected topics.
- Should involve **a critical analysis and evaluation of the selected topics from different viewpoints**. Essays should have a clear academic style.
- Should be well-organized.
- Should be well presented: the right length, carefully proof-read, well-referenced and have an academic reference list.

Journals that could be useful:

Journal of Retailing

- The Journal of Retailing is devoted to advancing the state of knowledge and its application with respect to all aspects of retailing, its management, evolution, and current theory.

International Journal of Retail and Distribution Management

- The International Journal of Retail & Distribution Management (IJRDM) focuses on issues of strategic significance in retailing and distribution worldwide and provides a forum for researchers in academia, business, consultancy and management.

Journal of Retailing and Consumer Services

- The journal is an international and interdisciplinary forum for research and debate in the rapidly developing - and converging - fields of retailing and services studies.

International Review of Retail, Distribution and Consumer Research

- The International Review of Retail, Distribution and Consumer Research is concerned with advancing knowledge and understanding about retailing. It provides a forum for the publication of high quality and original research across the field of retailing and distribution.

Some example articles on interesting retailing-related topics:

- Grewal, D., Gauri, D., Roggeveen, A., Sethuraman, R. (2021) **Strategizing Retailing in the New Technology Era**, Journal of Retailing, 97, 1, 6-12.
- Shankar, V., Kalyanam, K., Setia, P., Golmohammadi, A., Tirunillai, S., Douglass, T., Hennessey, J., Bull, J.S., Waddoups, R. (2021) **How Technology is Changing Retail**, Journal of Retailing, 97, 1, 13-27,
- Broekhuizen, T., Emrich, O., Gijsenberg, M., Broekhuis, M., Donkers, B., & Sloot, L. (2021). **Digital platform openness: Drivers, dimensions and outcomes**. Journal of Business Research, 122, 902-914.
- Blut, M., Teller, C. & Floh, A. (2018) **Testing Retail Marketing-Mix Effects on Patronage: A Meta-Analysis**, Journal of Retailing, 94, Issue 2, 113-135.
- Grewal, D., Roggeveen, A. & Nordfält, J. (2017) **The Future of Retailing**, Journal of Retailing, 93, Issue 1, 1-6.
- Sorescu, A., Frambach, R., Singh, J., Rangaswamy, A. & Bridges, C. (2011) **Innovations in Retail Business Models**, Journal of Retailing, 87(1), 3-16.
- Ailawadi, K. & Keller, K. (2004) **Understanding retail branding: conceptual insights and research priorities**, Journal of Retailing 80, 331–342.
- Van Alstyne, M., Parker, G. & Choudary, S. (2016) **Pipelines, Platforms, and the New Rules of Strategy**, Harvard Business Review.
- Neslin, S.A. & Shankar, V. (2009) **Key issues in multichannel customer management: current knowledge and future directions**. Journal of Interactive Marketing, 23(1), 7081.
- Zhang, J., Farris, P.W., Irvin, J.W., Kushwaha, T., Steenburgh, T.J. & Weitz, B.A. (2010) **Crafting Integrated Multichannel Retailing Strategies**. Journal of Interactive Marketing, 24(2), 168180.
- Matzler, K., Veider, V. & Kathan, W. (2015) **Adapting to the Sharing Economy**, MIT Sloan Management Review, Vol. 56, No. 2.

5. Independent project work:

First, select one of the following retail companies that you are most interested in:

- Wal-Mart: <https://corporate.walmart.com>
- Amazon: <https://www.amazon.com>
- Seven-Eleven: <http://corp.7-eleven.com/corp/about>
- Carrefour: <http://carrefour.com>
- Tesco: <https://www.tescopl.com>
- Aldi: <https://aldi.com>
- ICA: <https://www.icagruppen.se/en/>
- Costco: <https://www.costco.com/about.html>
- Ocado: <https://www.ocado.com/webshop/startWebshop.do>
- Or any other well-known retail company

Second, create a marketing plan for the selected retail company how to enter into Finnish grocery retail markets.

Independent project work (cont.):

Your marketing plan should include following steps:

1. Conducting a self-analysis of the selected retail company:

- Key features of the business model
- Strengths
- Weaknesses

2. Conducting a brief situation audit of Finnish grocery markets:

- Market factors
- Competitive factors
- Environmental factors

3. Developing a preliminary retail marketing strategy to launch a retail business in Finland:

- Target segment(s)
- Retail offering (retail mix)
- Competitive advantage

Strategic Retail Planning Process



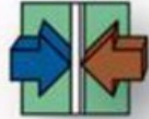
Source: McGraw-Hill/Irwin, Retailing Management

An example of situation audit



MARKET FACTORS

Size
Growth
Seasonality
Business cycles



COMPETITIVE FACTORS

Barriers to entry
Bargaining power of vendors
Competitive rivalry



ENVIRONMENTAL FACTORS

Technology
Economic
Regulatory
Social



ANALYSIS OF STRENGTHS AND WEAKNESSES

Management capabilities
Financial resources
Locations
Operations
Merchandise
Store management
Customer loyalty

Source: McGraw-Hill/Irwin, Retailing Management

A classic SWOT analysis can be helpful in strategic retail planning

Internal strengths

Internal weaknesses

An internal examination of retail organization's *strengths* and *weaknesses*.

External threats

External opportunities

Scanning the landscape to identify external *opportunities* and *threats*.

Source: Brandenburger, A. (2019). Harvard Business Review

Some things to consider when entering into a new market

Costs and Communications	Competition
<ul style="list-style-type: none"> ◆ Factor costs: <ul style="list-style-type: none"> – land availability and costs, costs of acquisition targets, taxes on business, energy costs, labour availability and costs, training costs, development costs ◆ Logistics and costs: <ul style="list-style-type: none"> – road networks, rail transport, air freight, sea freight, available carriers, distances between markets, transport safety, transport reliability ◆ Communications and costs: <ul style="list-style-type: none"> – telephone/fax lines, automatic international dialling, available international lines, costs of calls ◆ Marketing communications: ◆ TV/Radio advertising, direct mail agencies, outdoor advertising, print/magazine advertising, cable TV penetration 	<ul style="list-style-type: none"> ◆ Existing retailers: competition <ul style="list-style-type: none"> – same or similar formats, indirect competition, specialist retailers, other marketing channels, price competitiveness, extent of differentiation ◆ Existing retailers: cooperation <ul style="list-style-type: none"> – synergies from partnerships, international alliances, franchising activities, cumulative attraction, acceptance of format ◆ Saturation levels: <ul style="list-style-type: none"> – structure of outlets by sector, concentration levels, primary/secondary markets ◆ Gap analysis: <ul style="list-style-type: none"> – positioning of competitors, viability/size of gaps, reasons for gaps, age of existing stores ◆ Competitive potential: <ul style="list-style-type: none"> – site availability, financial strength of home retailers, attractions to international retailers, opportunities to reposition

Source: Zentes et al. (2011)

The basic questions concerning the retail marketing strategy are:

- 1. What is our target market?**
 - The market segment(s) toward which the retailer plans to focus its resources and retail mix.
- 2. What is our retail offering?**
 - The nature of the retailer's operations (retail mix).
- 3. What is our competitive advantage?**
 - Factor(s) that puts a retailer in a superior business position

Source: McGraw-Hill/Irwin, Retailing Management

Example key criteria for evaluating market segment

Substantial

- Market segment must be larger enough or its buying power significant to generate sufficient profits



Reachable

- Retailer can target promotions and other elements of the retail mix to customers in the segment

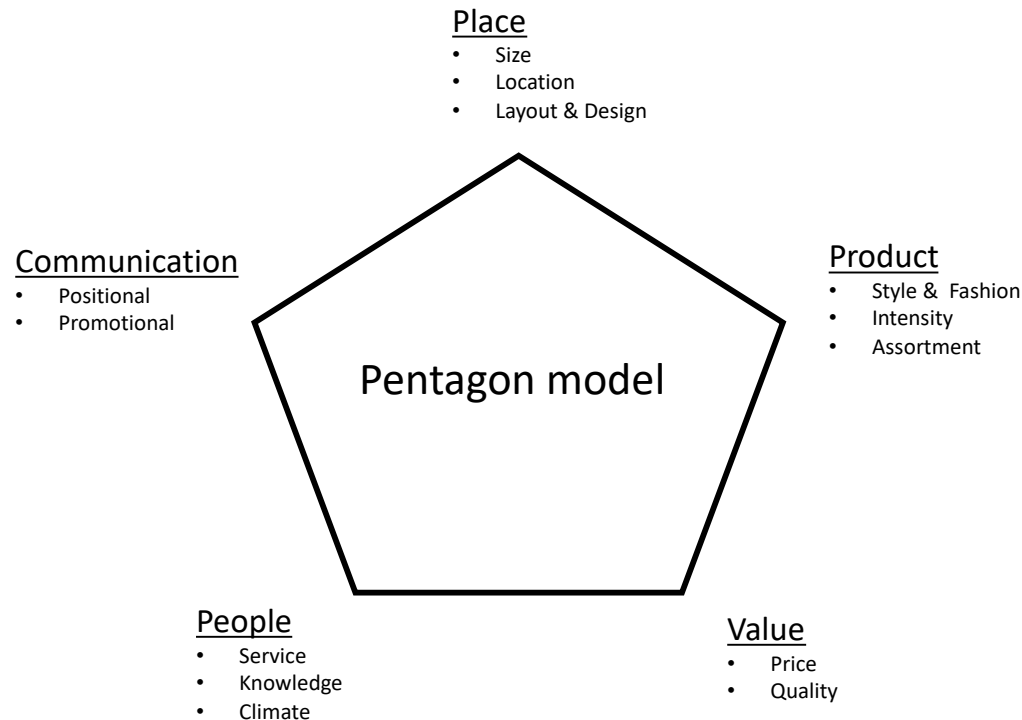
Source: McGraw-Hill/Irwin, Retailing Management

Typical elements of retail mix i.e. retail offering:

- **Assortments** (e.g., the range and variety of products)
- **Pricing** (e.g., pricing tactics such as High–Low and EDLP i.e., every day low price)
- **Customer service** (e.g., self-service vs. extensive service)
- **Communication** (e.g., advertising, sales promotions, publicity)
- **Location** (if retailer operates in offline environment)

In short, the retail mix is the combination of those elements through which a retail strategy is implemented in practice.

So-called "pentagon" model can be useful in describing retail offering. The pentagon is the retailer's face to the public and to its customers.



“The pentagon represents what the customer can see can see either by visiting a store or watching the advertising for a traditional “bricks and mortar” retailer or by visiting the Web site of an e-tailer. **There are five major ways in which retailers or e-tailers can differentiate themselves from others in the marketplace.**”

Ring & Tiger (2001): Viewpoint: the decline and fall of Internet grocery retailers

When defining the **competitive advantage** (i.e., the core idea about how the retail organization can best compete in Finland), consider following issues:

- Is the chosen competitive advantage relevant to the targeted customer segment?
- Can it be perceived by the customers?
- Is it sustainable, i.e. not easily imitated by competitors?

Source: Morschett et al. (2006) Competitive strategies in retailing—an investigation of the applicability of Porter's framework for food retailers

Some academic sources that can be useful for the project work

Evans, J., Bridson, K., Byrom, J. and Medway, D. (2008). Revisiting retail internationalisation: Drivers, impediments and business strategy, *International Journal of Retail & Distribution Management*, Vol. 36 No. 4, pp. 260-280.

Gandolfi, F., & Strach, P. (2009). Retail Internationalisation: Gaining Insight from Wal-Mart Experience in South Korea, *Review of International Comparative Management*, 10(1): 187–99.

Burt, Steve & Davies, Keri & McAuley, Andrew & Sparks, Leigh, (2005). Retail Internationalisation: From Formats to Implants, *European Management Journal*, Vol. 23(2), 195-202,

Burt, S., Mellahi, K., Jackson, P. and Sparks, L. (2002). Retail Internationalisation and Retail Failure: Issues from the Case of Marks and Spencer, *International Review of Retail, Distribution and Consumer Research*, 12(2): 191–219.

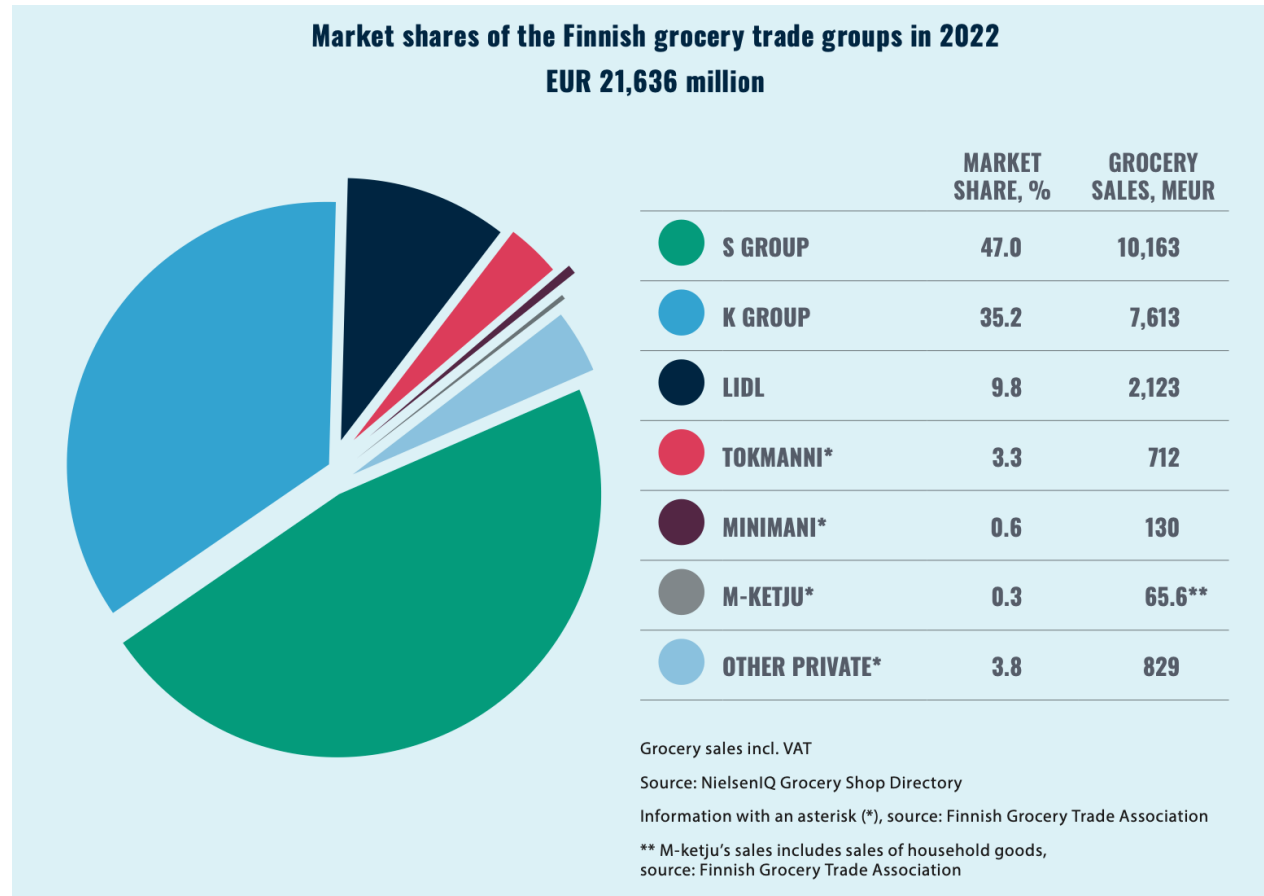
Jackson, TP., & Sparks L. (2005). Retail Internationalisation: Marks and Spencer in Hong Kong. *International Journal of Retail and Distribution Management*, 33(10), 766-783.

Burt, S., Dawson, J., & Sparks, L. (2003). Failure in international retailing: research propositions. *International Review of Retail Distribution and Consumer Research*, 13: 355–373.

Gauri, D.K., Trivedi, M., & Grewal, D. (2008). Understanding the Determinants of Retail Strategy: An Empirical Analysis. *Journal of Retailing*, 84, 256-267.

Pioch, E., Gerhard, U., Fernie, J. & Arnold, S.J. (2009). Consumer acceptance and market success: Wal-Mart in the UK and Germany. *International Journal of Retail & Distribution Management*, 37(3), 205-225.

Some background information for the project work



Source: The Finnish Grocery Trade Association

Some background information for the project work

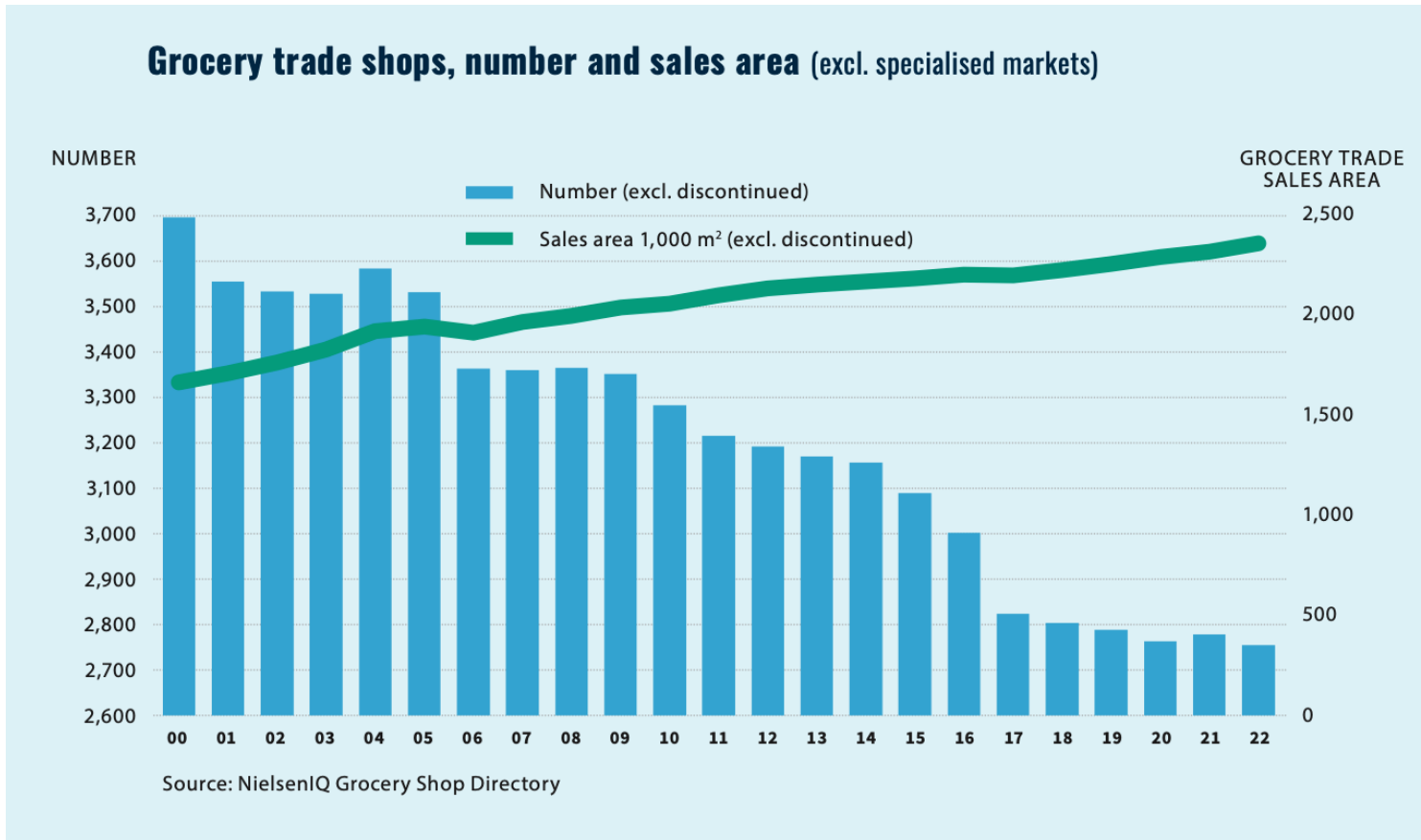
Grocery Retail Sales 2022 • MEUR 21,636

Sales value development	3.7 %
Sales volume development	-5.2 %
Sales per resident	3,900 €
Grocery retail sales EUR per household (number of households in 2021*)	7,489 €
Number of shops (markets)	2,755
Plus specialised grocery shops / market halls / direct sale halls / online grocery retailers (active in e-commerce only)	745
and discount stores and service station shops (part of grocery trade)	927
Grocery sales area in grocery shops (excl. specialised markets)	2.4 million m ²
Average sales per square metre	EUR 8,000 per m ²
Residents per grocery shop	1,253

Sources: NielsenIQ Grocery Shop Directory, *Statistics Finland

Source: The Finnish Grocery Trade Association

Some background information for the project work



Source: The Finnish Grocery Trade Association

Some background information for the project work

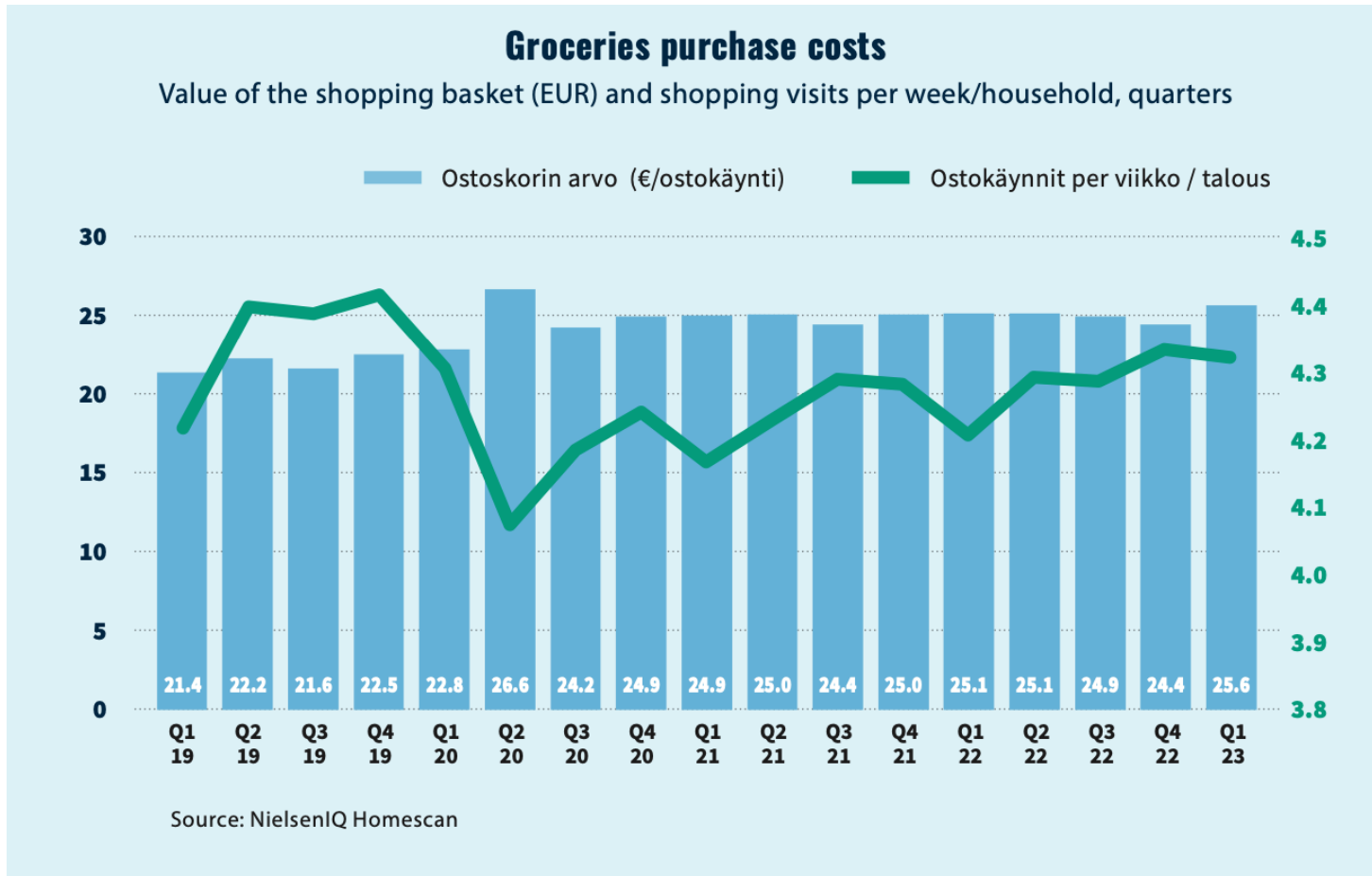
Number of shops by shop type 2022

SHOP TYPE	SALES AREA/DEFINITION	TOTAL 1 JANUARY 2023
Hypermarkets	Citymarket, Prisma and Minimani	162
Department stores	≥ 1,000 m ² (share of groceries in all sales less than 2/3)	89
Supermarkets, large	≥ 1,000 m ² (share of groceries in all sales more than 2/3)	725
Supermarkets, small	400–999 m ²	527
Markets, large	200–399 m ²	779
Markets, small	100–199 m ²	269
Small shops	< 100 m ²	204
Specialist shops / market halls / online grocery retailers (active in e-commerce only)		745
Discount stores, part of grocery trade		421
Service station shops, part of grocery trade		506
Total 1 January 2023		4,427
Mobile shops (buses and boats)		5
Discontinued		227

Source: NielsenIQ Grocery Shop Directory

Source: The Finnish Grocery Trade Association

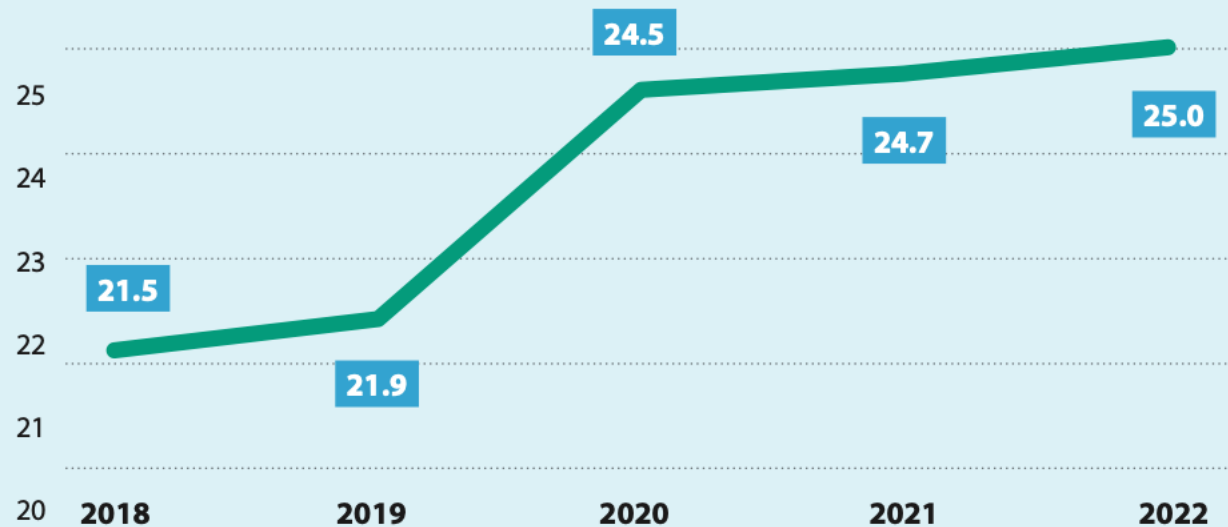
Some background information for the project work



Source: The Finnish Grocery Trade Association

Some background information for the project work

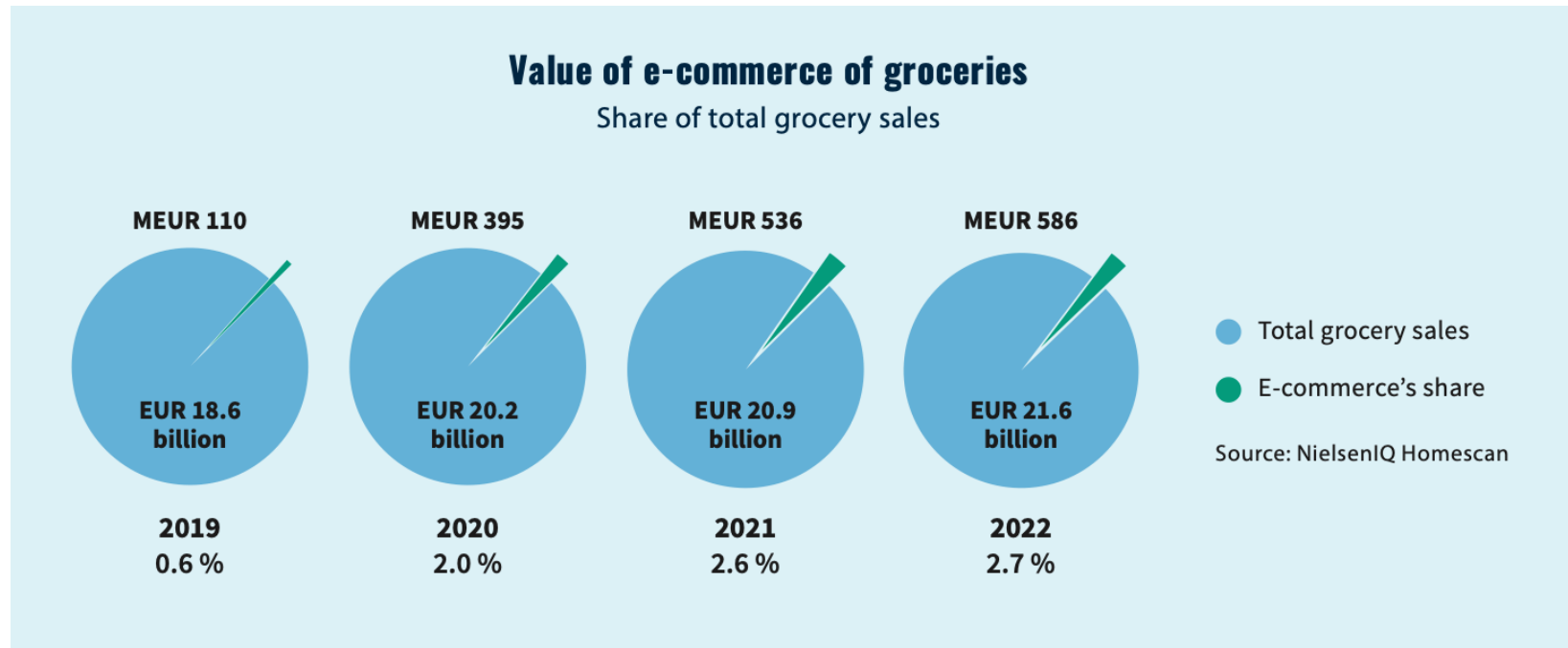
Shopping basket value (EUR) development 2018–2022



Source: NielsenIQ Homescan

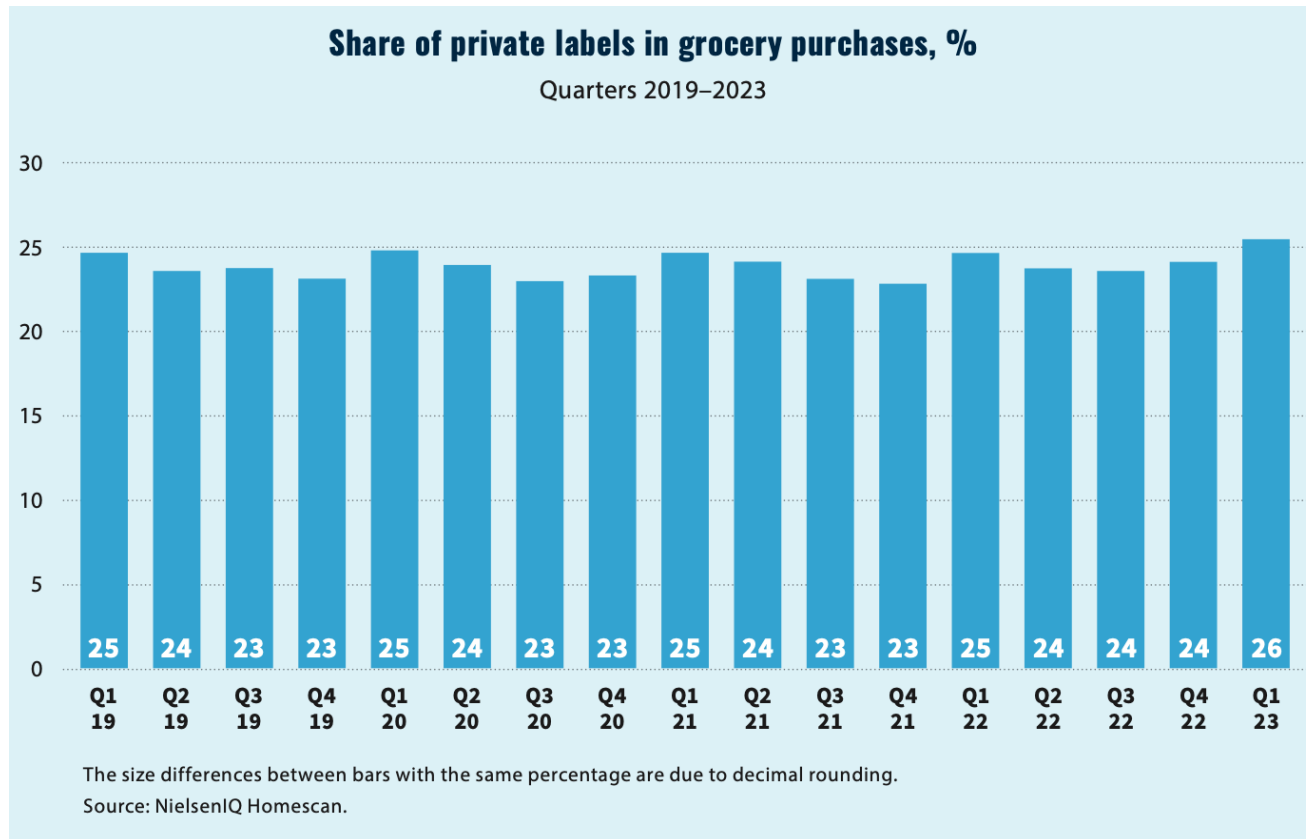
Source: The Finnish Grocery Trade Association

Some background information for the project work



Source: The Finnish Grocery Trade Association

Some background information for the project work



Source: The Finnish Grocery Trade Association

Sources that could be useful:

The Finnish Grocery Trade Association

- <https://www.pty.fi/en/>
- Download: **Finnish Grocery Trade Annual Publication 2023**

Statistic Finland

- http://www.stat.fi/til/klv/2016/11/index_en.html

Kesko (Finnish retailing organization)

- <http://kesko.fi/en>

S Group (Finnish retailing organization)

- <https://www.s-kanava.fi/web/s/en/s-ryhma-lyhyesti>

Independent project work (cont.):

- Project work should be around 6-7 pages (max 10 pages).
- Format style should be as follows: font 12, line spacing 1.5, and about 2000 characters per page.
- Project work is graded according to the scale 1-5.
- Project work should be submitted (in pdf-format) to arto.lindblom@aalto.fi by **5th of June** at the latest.

Independent project work (cont.):

- Should show your knowledge of strategic planning
- Should involve a compact and critical analysis of the Finnish grocery retail markets and the selected company
- Should show your ability to develop convincing and coherent retail marketing strategy
- Should be well-organized
- Should be well presented: the right length, carefully proof-read and well-referenced.

Independent project work (cont.):

A potential structure of the project work

1. **Title and student's name**
2. **A self-analysis of the selected retail company**
 - Basic facts and key features of the business model
 - Strengths
 - Weaknesses
2. **A brief situation audit of Finnish grocery markets**
 - Market factors
 - Competitive factors
 - Environmental factors
3. **A preliminary retail marketing strategy to launch a retail business in Finland**
 - Target segment(s) in Finland
 - Retail offering (retail mix)
 - Competitive advantage
4. **A short summary**
5. **References**

6. Key dates

- First essay should be submitted by **12th of May**
- Second essay should be submitted by **19st of May**
- Third essay should be submitted by **26th May**
- Project work should be submitted by **5th of June**

Deadlines are strict and nonnegotiable.

Course grades can be expected in late-June.

About the use of AI in assignments

- AI can help to locate and simplify relevant information in academic publications.
- However, if you use AI, be open about it. And do not just rely on AI-generated summaries without reading any original text. Do not simply take information or definitions from articles without considering the wider research aim and context of the study. **Your own insights, interpretations and analytical discussion are the most important part of the assignments.**
- And remember to add sources and actual references to verified text.
- Please note that any text or ideas taken from AI must be referenced as you would when citing an external source.
- APA guidelines for citing : <https://apastyle.apa.org/blog/how-to-cite-chatgpt>

7. Contact information

Professor Arto Lindblom
Aalto University School of Business
Department of Marketing

arto.lindblom@aalto.fi

Lectures in spring 2024 (preliminary schedule):

- 24 April: Kick-off session: Intro and course guidelines
- 29 April: Changing retail landscape and new forms of retailing
- 8 May: Retail strategy and strategic planning
- 15 May: Retail business models and resource-based view
- 22 May: Guest lecture (Nayong Yoon)
- 29 May: Retail mix decisions