Aalto-yliopisto
Kauppakorkeakoulu

Strategic retail marketing

Guidelines for the self-studying course*

6 credits

Fall 2021

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

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1. Learning outcomes

- The key objective of this self-studying 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 (4 essays)
- Conduct project work

Please note that the course content differs from previous academic years due to COVID.

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.

5. Essays

Write four (4) academic essays on retailing. Select your essay topics from the following list:

- Multichannel 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 3-4 pages (max 5 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 **26th of September**, second essay by **3rd of October,** third essay by **10th October,** and fourth essay by **17th October.**
- 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.
- 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.

6. 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.tescoplc.com
- Aldi: https://aldi.com
- ICA: https://www.icagruppen.se/en/
- Costco: https://www.costco.com/about.html

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

Independent project work (cont.):

Marketing plan should include following steps:

1. **Conducting a self-analysis of the selected retail company:**
   - Key features of the business model
   - Strengths
   - Weaknesses

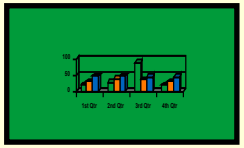
2. **Conducting a brief situation audit of Finnish grocery markets:**
   - Market factors
   - Competitive factors
   - Environmental factors

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

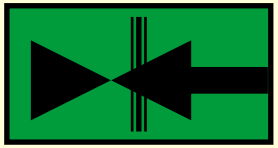
Source: McGraw-Hill/Irwin, Retailing Management

A situation audit



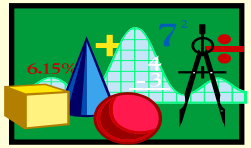
MARKET FACTORS

Size
Growth
Seasonality
Business cycles



COMPETITIVE FACTORS

Barriers to entry
Bargaining power of vendors
Competitive rivalry
Threat of superior new formats



ENVIRONMENTAL FACTORS

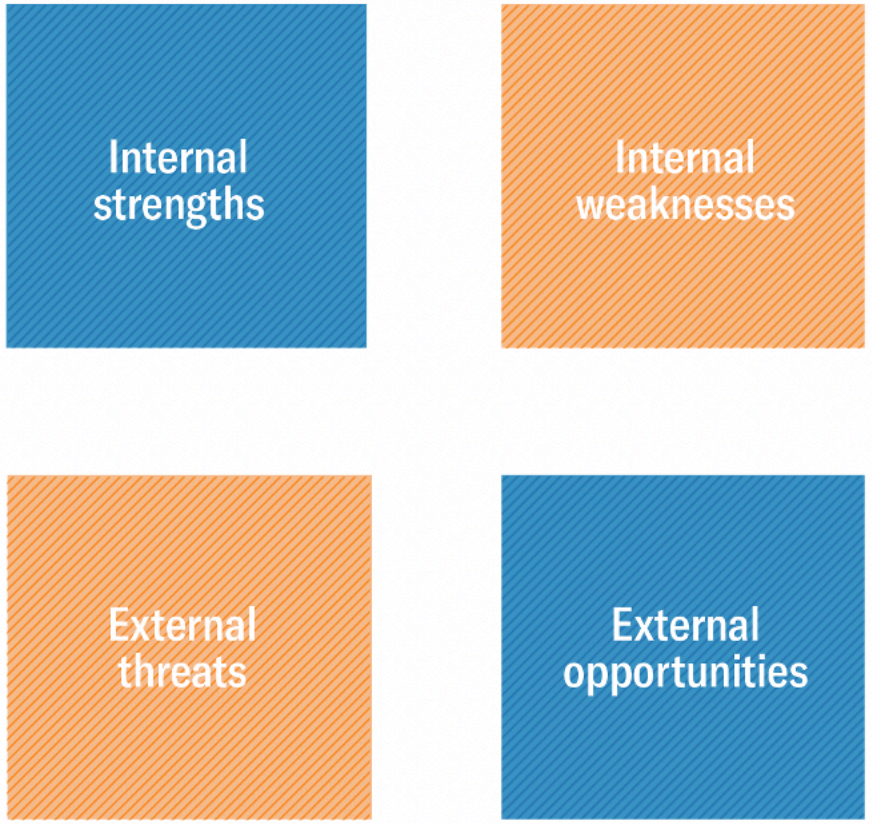
Technology
Economic
Regulatory
Social

ANALYSIS OF STRENGTHS & WEAKNESSES

Management capabilities
Financial resources
Locations
Operations
Merchandise
Store Management
Customer loyalty

Source: McGraw-Hill/Irwin, Retailing Management

SWOT analysis can be helpful in strategic retail planning



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

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

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

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

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

- Assortments
- Pricing
- Customer service
- Communication
- Location (if retailer operates in offline enviroment)

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

Some background information for the project work

Retail trade of consumer goods 2019 • MEUR 18,647

Sales value development	2.5 %
Sales volume development	0.6 %
Sales per resident	EUR 3,400
Retail trade of consumer goods EUR/household (number of households in 2018*)	EUR 6,783
Number of shops (markets)	2,789
Plus specialised grocery shops / market halls / direct sale halls	774
and low-cost shops and service station shops (part of grocery trade)	944
Grocery sales area in grocery shops (excl. specialised markets)	2.3 million m^2
Average sales per square metre	EUR 7,200/ m^2
Residents/grocery shop	1,224

Sources: Nielsen Grocery Shop Directory, *Statistics Finland

Source: The Finnish Grocery Trade Association

Some background information for the project work

Sales of consumer goods by chain in 2019

MEUR 18,647 (incl. those discontinued) stores total 4,507 (excl. those discontinued)

Syndicate	Chain	Number of shops	Grocery sales percentage	Grocery sales MEUR	Average sales/ shop, MEUR
S Group	Prisma	68	15.9%	2,967	43.6
	S-market	433	21.7%	4,055	9.4
	Alepa + Sale	461	7.4%	1,387	3.0
	Delicatessen	6	0.5%	97	16.2
	Other	87	0.6%	110	1.3
S Group total		1,055	* 46.2%	*8,615	8.2
K Group	K-Citymarket	81	12.1%	2,262	27.9
	K-Supermarket	243	12.5%	2,326	9.6
	K-Market	777	11.3%	2,116	2.7
	Other	142	0.6%	107	0.8
K Group total		1,243	* 36.5%	* 6,809	5.5
Lidl		186	* 9.6%	* 1,797	9.7
Tokmanni		191	3.1%	** 579	3.0
Minimani		5	0.5%	99.4	19.9
M-ketju		58	0.4%	*** 75.5	1.3
Other		1,769	3.6%	672	0.4
TOTAL		* 4,507	100%	* 18,647	* 4.1

Source: The Finnish Grocery Trade Association

Some background information for the project work

Number of shops by shop type 2019

SHOP TYPE	SALES AREA/DEFINITION	TOTAL 1 JANUARY 2020
Hypermarkets	Citymarket, Prisma and Minimani	154
Department stores	≥ 1,000 m² (share of consumer goods in all sales less than 2/3)	87
Supermarkets, large	≥ 1,000 m² (share of consumer goods in all sales more than 2/3)	699
Supermarkets, small	400–999 m²	483
Markets, large	200–399 m²	836
Markets, small	100–199 m²	293
Small shops	< 100 m²	237
Specialist shops		745
Market halls/direct sale halls		29
Low-cost shops, part of grocery trade		353
Service station shops, part of grocery trade		591
Total 1 January 2020		**4,507**
Mobile shop cars and boats		11
Discontinued		202

Source: Nielsen Grocery Shop Directory

Source: The Finnish Grocery Trade Association

Some background information for the project work

Sales of consumer goods by shop type 2019 (MEUR)

SHOP TYPE	SALES AREA/DEFINITION	TOTAL 1 JANUARY 2020
Hypermarkets	Citymarket, Prisma and Minimani	5,303
Department stores	≥ 1,000 m² (share of consumer goods in all sales less than 2/3)	352
Supermarkets, large	≥ 1,000 m² (share of consumer goods in all sales more than 2/3)	7,169
Supermarkets, small	400–999 m²	2,183
Markets, large	200–399 m²	2,126
Markets, small	100–199 m²	368
Small shops	< 100 m²	172
Specialist shops		220
Market halls/direct sale halls		29
Low-cost shops, part of grocery trade		417
Service station shops, part of grocery trade		180
Total		18,520
Mobile shop cars and boats		3
Discontinued		125
Total 1 January 2020		18,647

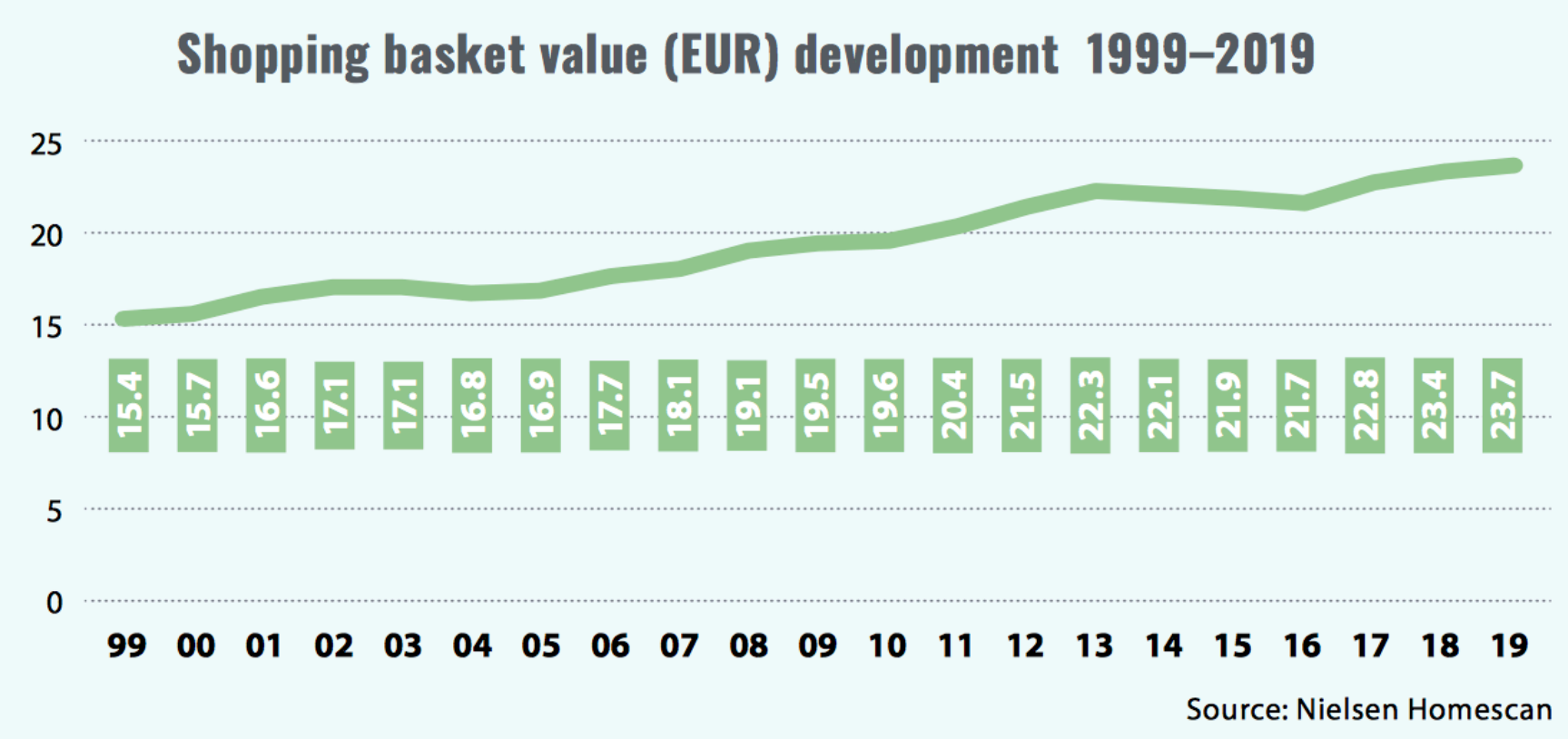
Source: Nielsen Grocery Shop Directory

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



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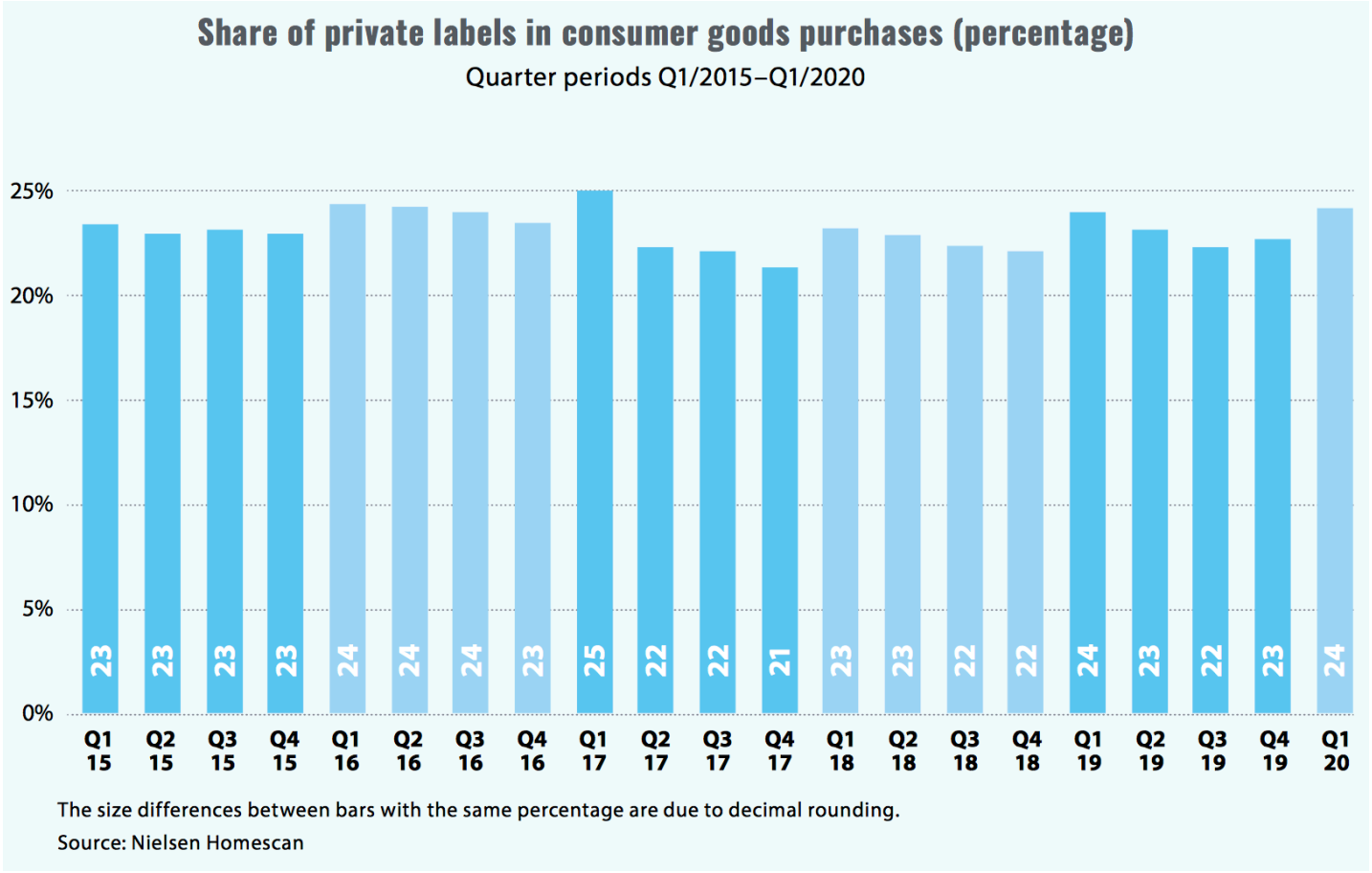

Source: The Finnish Grocery Trade Association

Sources that could be useful:

The Finnish Grocery Trade Association

- https://www.pty.fi/front-page/front-page/
- Download: **Finnish Grocery Trade Annual Publication 2021**

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 5-6 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 **24th of October** 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 retail marketing strategy (retail mix)
- Should be well-organized
- Should be well presented: the right length, carefully proof-read and well-referenced.

7. Time-table

Key dates:

- First essay should be submitted by **26th of September**
- Second essay should be submitted by **3rd of October**
- Third essay should be submitted by **10th October**
- Fourth essay should be submitted by **17th October**
- Project work should be submitted by **24th of October**

Deadlines are strict and nonnegotiable.

Course grades can be expected in mid-November.

8. Contact information

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- Questions?
- Discussion?
- Help?