

# Strategic Management Practices In Retail

Many retailers struggle to manage growth and innovation because they lack effective processes or systems for managing change. This makes it harder for them to respond effectively to new opportunities and threats.

Companies without strong organizational structures are also less likely to innovate successfully. In order to compete effectively in today's marketplace, retailers need to develop better strategies and processes that enable them to create value through innovation.

Strategic management practice is the development and implementation of all an organisation's goals and objectives. It involves the details of a company's process to achieve its goals.

It represents the initiatives that a business plans to take on behalf of its board of directors, its employees, its owners and other relevant stakeholders. A strategic manager is involved in the team that accomplishes the goals which are ready with the strategic plan.

[Strategic management](#) gives direction to the company and its employees. It helps lay out the strategic objectives of the organization in a simple understanding way. An organisation's strategic goals are long-term and may take years. However, a company keeps itself on track by ensuring that all its plans are to its strategic plan.

## Retail Industry

Retail stores play an important role in the everyday life of modern people. Retailers enable consumers to access a wide

variety of products and services. The retail business helps to support the country's economy and create additional workplaces.

There are most certainly a number of environmental, political, economic, and social factors that impact all segments of the retailing industry. In addition, there are also other factors such as customer demand, new technologies, and competition that impact the industry as well.

The retail industry is about customers' convenience and giving the best product and services. Retailers bring ready-to-consume products for customers. Retail startups can be grocery, clothing, convenience, or drug store the products you need in your daily life.

The retail industry impacts the economic development of a country. Those startups sell goods and pay taxes to the country's budget. Retail companies offer people jobs.

## **How does the Retail Industry work?**

Retail business is the sale of a product from business to customer. Retail transactions occur over a single point of purchase in the form of a physical shop, website, direct sales, or catalogue.

The retail market differs from large-scale wholesale transactions in that it is directed explicitly towards selling to the public. The retailer sells goods directly to the end user (the consumer) for personal use, and retail transactions are typically small-scale.

Most retailers do not manufacture their own products actually you can say in 85% of the cases. Retailers purchase from wholesalers and sell these products to the public as individual units. Basically, the retailer is the middleman in the commercial supply chain between the wholesaler and the end

user.

# Types of the retail industry

## 1. Department store

Large retailers that stock products from their own range alongside products from other companies.

## 2. Online store

E-commerce is a fast-growing retail sector, famous for its competitive pricing and convenient delivery options. Online retail giants like Amazon can set prices below retail value by making deals with manufacturers, warehouses, or vendors which also support small businesses.

## 3. Convenience store

These shops are a high street staple. Most towns in the UK will have convenience stores where locals can stock up on everyday essentials like bread, milk, confectionery etc. These shops tend to extend their opening hours for the extra convenience of customers.

## 4. Supermarket

Supermarkets are retail, and these days, most sell more than just groceries. Many of the UK's larger supermarkets now stock household items, clothing, technology, books, and many more. Supermarkets have added value by diversifying their services and providing customers with one-stop shops.

## 5. Warehouse store

Warehouse stores like Walmart and Ikea sell a huge range of products in mass at lower than market prices. Customers can save money by buying items in bulk quantities at affordable.

## **6. Outlet or discount store**

Outlet stores sell brand-name products at discounted prices and offered prices. Discount stores sell discontinued generic-brand products at lower wholesale prices.

**Here are the profitable retail business ideas to start with low investment.**

- 1) Grocery store
- 2) Stationery and bookstore
- 3) Customized gift shops
- 4) Cosmetic store
- 5) Perfume stores
- 6) Mobile store
- 7) Kids store
- 8) Sports shop
- 9) Thrift store
- 10) IT hardware store

**Here are strategic management practices in retail for your business**

### **1. Gives a direction**

India's growing economy is a place for a variety of start-ups.

These start-ups are new and need to stay focused. A good strategic management practice allows you to keep your track on the goal. It helps you set clear goals on what business you want to be in and what kind of customers you want to serve. A clear-cut strategy helps businesses stay in the market.

## **2. Situational analysis**

Situational analysis helps a business evaluate itself in its market. By doing this they can define where they want to be, future action, strategic analysis and the time frame that they want to define for reaching their goals. It helps them know how many resources they need to direct to achieve the desired result in that time frame.

## **3. Strategic alliances**

Once you have a set of goals and a time frame to achieve goals, they can find out means that can help them speed up their process of achieving the decided target. One of those means is a strategic alliance. A strategic alliance can happen between two companies which have similar or complementing strategic aims and objectives. They can have a partnership, or a bigger firm can acquire a smaller one and merge into a big company. This provides both sides access to each other's resources and a huge customer base. They can place each other's products in their stores.

## **4. Encourages innovation**

Innovation is one of the key main keys for keeping a business relevant in the market of customers. It keeps the company on the top and encourages employees to create new products and processes which are better than the previous ones.

However, a study by the IBM Institute for Business Value and Oxford Economics stated that 90% of Indian start-ups fail due to a lack of innovation.

77% of the business capitalists interviewed for this study stated that Indian start-ups lacked new technologies and fresh business models.

Lack of innovation is evident in the way they fail to sustain the business. Since 2015, more than 1500 Indian start-ups have closed down in the country.

Strategic management practices allow a company to innovate and sustain itself in the market. While India is on pace to the third-largest number of start-ups globally, it does not have meta-level start-ups like Amazon, Alibaba or Google. Strategic management practice is highly relevant in this case as a well-thought strategic plan will help these companies find out loopholes and fix them.

## **5. Build a sales funnel**

To grow your business by building a sales funnel strategic management practice. You're making a big mistake if you don't have a sales funnel. Strategic management can help to automate your business. It helps you to scale and grow quickly and easily your retail business. Whether it's a free-shipping offer or a high-ticket coaching funnel, it's essential to build your automated selling machine to quickly scale and grow your business.

## **6. Create strategic partnerships**

Strategic partnerships with good companies can truly make a world of difference. It could let you reach wide customers quickly. Identifying those partnerships might be easier with whom you can collaborate. But, search for companies that are complementary to your own. Contact them and propose opportunities for working together which can help to increase your sales.

## 7. Acquire other businesses

Sometimes, acquiring other businesses is a rapid way to grow your own startup. If you can find competitors or businesses in other industries that would complement your own retail business, you could use them as platforms to scale in the market. Take a look within your industry and even outside of it to find potential customers for potential opportunities.

## 8. International expansion

If you have a chance to expand your business internationally go for it. Retail business has scope across the world. If you have a converting offer, international expansion could be a quick way to grow your business. You'll incur some costs. But, the potential for profits could be massive opportunities for you.

## Summary

Strategic management practice in retail is an essential management practice. Most retailers now engage in systematic strategic management processes, but the strategies used can differ depending on startup focus and needs.

Knowing the type of strategic management practice used by an organization can help leaders and stakeholders better understand whether the organization has appropriately identified the market-effective strategies and goals to address opportunities and risks.

## FAQ's:

Must read articles:

– [Omnichannel vs Multichannel Retail: How To Choose One For Your Business?](#)

- 5 Important Strategies that Entrepreneurs in India Apply to Become a Unicorn
- How Artificial Intelligence(AI) Applications are Involved in Different sectors?