

## **Evaluate their Retail Strategy**

*This case study outlines the strategic plan for Thompson-Smith, a fictitious retailer with multiple brands (retail formats).*

*Your task is to evaluate each of their strategy initiatives. In other words, to what extent do you agree with their five strategic priorities?*

### **About this Retailer**

Thompson-Smith is one of country's largest retailers. They have around 1,000 different stores, across five brands, namely:

- Tommy's Supermarkets (500 stores),
- Tommy's Clothing (17 stores),
- Smith's Shoes (100 stores),
- Smith and Chips (300 stores), and
- T+S Gas (fuel) (100 stores).

They have set their vision as being the number three retailer in the country, behind the two dominant players. They have defined their strategic priorities as:

#### **1. Reposition the Supermarket chain**

Tommy's generally targets budget shoppers. It primarily competes with lower-priced, smaller supermarkets chains. It is important that we reposition our stores as full-service, higher quality supermarkets. This will enable us to compete directly with the major chains.

As part of this strategy, we will introduce 'fresh food' sections of our supermarkets, relocate many stores to more prominent locations, and introduce a broad range of private label brands.

#### **2. Add Tommy's Clothes Online**

Online channels have been slowly taking a greater share of retail sales. To date, Thompson-Smith has not entered the world of e-tailing. Tommy's Clothes, our chain of fashion clothing stores has been chosen as the first venture into multi-channel retailing.

In order to promote this new channel, a significant promotional effort (using mainly billboard advertising) will be embarked upon over the next 12 months.

#### **3. Franchise Smith's Shoes**

Our chain of men's shoe stores has been performing generally well. However, there is a clear franchise trend within the market at the moment. Therefore, this presents a growth opportunity for us. The plan is to franchise around half of the existing stores and to add another 100 stores through franchising.

#### **4. Redesign Smith and Chip's Stores**

Our chain of fast food (fish and chips) stores is lacking in the facilities of our more aggressive competitors, in particular McDonald's. Over the next five years, all our stores will be redesigned to include a kid's playground, lounge area, a drive-through, and increased parking.

In order to gain a competitive advantage, we plan to add an 'amusement arcade' section (which will both generate income and differentiate us in the marketplace).

#### **5. Enhance the Loyalty Programs of T+S Gas/Fuel**

This sector is becoming more competitive, with the joint ventures of the major supermarkets with existing gas/fuel suppliers. In order to compete, we need add a loyalty program that provides an incentive to purchase petrol (based on a discount earned from purchases at our other stores).

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#### **Student Discussion Questions**

1. To what extent do you agree with their strategy for their supermarket chain?
2. To what extent do you agree with their strategy for clothes online chain?
3. To what extent do you agree with their strategy for Smith's shoes?
4. To what extent do you agree with their strategy for Smith and Chips?
5. To what extent do you agree with their strategy for their loyalty program?
6. What other strategies could they possibly consider?