

**CUSTOMER CENTRIC  
RETAILING**



# DEFINING THE BATTLEFIELD

Only fight wars you will win

**MANY RETAIL “STRATEGIES” AMOUNT TO  
NOTHING MORE THAN A LIST OF OPERATIONAL  
PLANS ... A GREAT STRATEGY REQUIRES A GREAT  
UNDERSTANDING OF THE END GAME**

# WHAT IS WINNING ALL ABOUT?

In essence retail is simple; sell goods that customers want and **find a way** to make money doing it.

**A GREAT STRATEGY  
REQUIRES A GREAT  
UNDERSTANDING OF  
THE DESTINATION:  
THE END GAME**

This straightforward truth leads retail managers to believe that retail is only about operational execution. “Retail is detail” is a useful truism – but it should not be allowed to obscure the need for stepping back from the detail once in a while.

What makes Wal-Mart different from K-Mart, Best Buy from Circuit City, Tchibo from Woolworths or Zara from Gap is not just operational capability. It is consistent focus on a customer driven strategy.

In our experience, many retail “strategies” amount to nothing more than a list of operational plans. They talk incrementally about developments over the next couple of years – how many stores, which categories will be developed, how margins will be increased and so on.

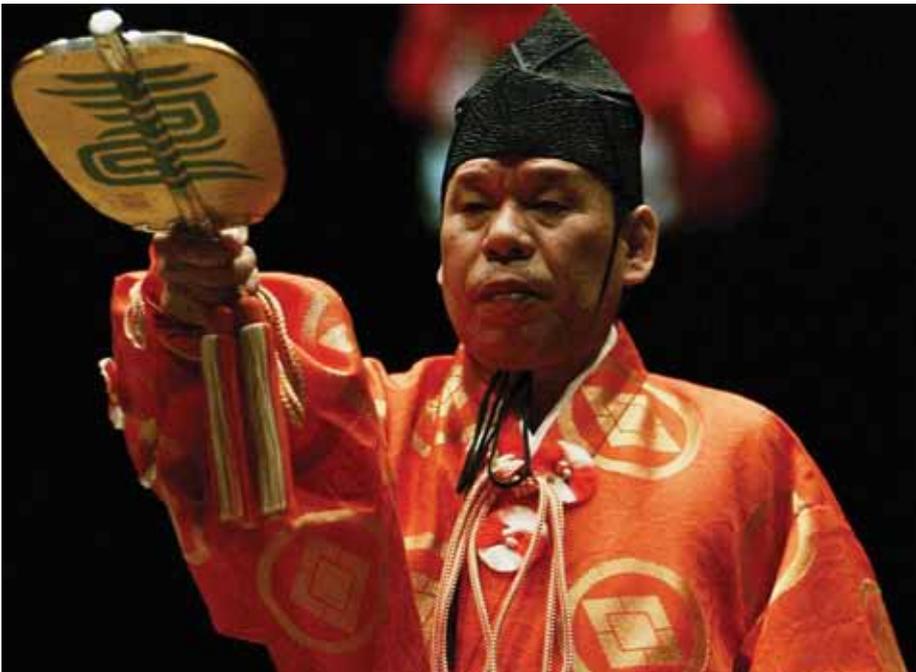
This is all useful planning, but does not constitute a winning strategy.

Strategic planning without a clear strategy can only get you so far. Winning requires a great strategy, complemented with great execution.

A great strategy requires a great understanding of the destination: the End Game. Why will you win the battle for customers, what will your advantage be versus competitors, and how you will use this to out-compete them? Are all the business’s assets aligned in support of this End Game?

So in the battle of commerce you need to know the lie of the battlefield, the customers that you are targeting, the superior proposition that you will be offering, your strengths and the competitors’ weaknesses. Strategy after all is all about winning the war.

**SO HOW CAN  
YOU TELL IF  
YOUR STRATEGY  
IS ANY GOOD?**





**THE KEY TO DEVELOPING A SUCCESSFUL  
STRATEGY - AN INTIMATE UNDERSTANDING AND  
ANTICIPATION OF CUSTOMER'S NEEDS**

# 1

**Can you define;** who are your target customers... and equally importantly who they are not?

# 2

**Do you understand** (better than your competitors and with evidence rather than a hunch), their changing behaviours, needs and desires?

Before you **venture on to the battlefield**, you should be able to answer four simple but searching questions...

**Do your customers** understand your proposition and believe it is differentiated from and better than your competitors?

# 3

Is every **element of your business system** ruthlessly aligned to deliver the proposition (purchasing, supply chain, merchandising, store design and portfolio, people and communication)?

# 4

# THE BATTLEFIELD



**Competitive advantage in retail** comes from being able to offer customers a better proposition than others – sustainably and profitably. To do this, choosing and defining your customers is the cornerstone of any retail strategy. You have to start with the customer and not yourself!

As these needs develop a number of macro themes can be identified, all of which play to the need to be Customer-Centric...

- **Polarisation** - I want value and I want luxury... simultaneously!
- **Convenience** - I shop when I want and where I want
- **Products for me** - I want products and packages that are tailored to my needs
- **Simple** - I want purchases to be simple to execute... the retailer needs to make life easy

# THE STRATEGY

The key to developing a successful strategy is to understand and anticipate the increasingly sophisticated needs of customers, and then align the business system to serve those needs.

# CUSTOMER TRENDS

- 
- **Polarisation** - Consumers are very receptive to value plays particularly at this stage in the business cycle. To deliver such a play in the grocery market is by no means simple given the sophistication of the participants. Scale is important - you need a low cost business system and scale. Aldi and Wal-Mart have shown the way.
- 
- **Convenience** is a key consideration and it is often about location, including what the internet can do for you - specific convenience requires a rapid replenishment in supply chain at 7-11 for instance.
- 
- (Fast) Fashion is now paramount and an excellent example of “**Products for me**”. If you cannot deliver (fast) fashion then you have to find a good alternative strategy given that there are now a number of players who have shown the way - Inditex has forged one of the most successful retail strategies by delivering fresh and leading fashion, in turn driving the need for a highly responsive customer supply chain.
- 
- Making customers lives **simpler**, for example, by explaining complex products and serving customers through the channels that suit them. A good example is need for advice in understanding mobile phone contracts. This has been taken to an art form by Carphone Warehouse leaving most of the network operators’ stores feeling very partisan and inadequate. So sure of this model, Carphone has expanded into countries where they have entered into competition with supposedly stronger mobile network operators.
- 

With a clear view of the customers and how to serve their needs, expansion strategies become relatively straightforward - look to define your customer set as a group of customers where the model allows their needs to be served better than today and where the

business model embodies the way to deliver this competitive advantage predictably and sustainably.

In other words **defining the battlefield** is all about making sure your strategy is inexorably and defensively customer-centric.

**For further information  
please contact  
retail@occstrategy.com**

**www.occstrategy.com**

## **Offices**

### **Abu Dhabi**

T +971 2631 6111

### **Boston**

T +1 617 896 9900

### **Brussels**

T +32 25 00 56 56

### **Dubai**

T +971 4368 1725

### **Düsseldorf**

T +49 211 86 07 0

### **Hamburg**

T +49 40 40 17 56 0

### **Hong Kong**

T +852 2201 1700

### **London**

T +44 207 010 8000

### **Mumbai**

T +91 22 6619 1166

### **New Delhi**

T +91 11 4051 6666

### **New York**

T +1 212 803 7280

### **Paris**

T +33 1 58 56 18 00

### **Rotterdam**

T +31 10 217 55 55

### **San Francisco**

T +1 415 354 4670

### **Shanghai**

T +86 21 6115 0310