MAN 5708 – BUSINESS STRATEGY

Assessment 2, pt. 2:
Business Strategy.

Q. Examination of Coles, SBU of Wesfarmers. Discuss

Student Name: Lexmilian de Mello
Student Number: 1013 7844

Student Name: Troy Vukojevich
Student Number: 1004 6942

Student Name: Jim Kovacevich
Student Number: 1009 3122

Day & Time of Tutorial: Monday, 17:30

Lecturer Name: Charlie Huang
Due Date: 21st October 2009
Word Count: 3,755 (4,665)

Declaration: "I certify that I can provide a copy of the attached assignment if required" - "I certify that the attached assignment is my own work and that all material drawn from other sources has been fully acknowledged"

Signed: …………………………………….. ***Dated:*** …5th August 2009...

Signed: …………………………………….. ***Dated:*** …5th August 2009...

Signed: …………………………………….. ***Dated:*** …5th August 2009...

TABLE OF CONTENTS

EXECUTIVE SUMMARY 3

CONTENTS OF BUSINESS STRATEGY 4

BUSINESS STRATEGIES IMPLEMENTED 5

CLUSTER ANALYSIS AND CONCEPTUAL FRAMEWORK 8

VALUE CHAIN ANALYSIS 9

ADDITIONAL STRATEGIES THAT CAN/ARE IMPLEMENTED 11

WESFARMERS INITIATIVE 13

HOW STRATEGY IS IDENTIFIED BASED ON FINDINGS 15

SUITABILITY OF THE STRATEGIES IDENTIFIED 18

CONCLUSION AND RECOMMENDATIONS 21

REFERENCES 22

BIBLIOGRAPHY 23

APPENDIX 25

Re-evaluate Retail Strategies – blurb (Lisanti, 2009) 25

EXECUTIVE SUMMARY

In the preparation of this paper we are looking to cover some of the major initiatives that Coles has undertaken as a group to reach its major business strategies on its path to building a bigger and better Coles supermarket.

We will be firstly looking at what and how a business strategy is compiled and what frameworks can be used to source the information that is required to build a successful business strategy. We will also be looking at what business strategies have been implemented and some of the steps that they have taken to improve the management structures within the organization.

This paper also covers the changing role of management within Coles as they are required to place greater emphasis on areas such as I.T. and customer service programs as well as an all embracing management style.

We will look to evaluate the strategies with some different models such as cluster analysis and Value chain analysis. We will also be looking at the importance of the role that M.D. and CEO Richard Goyder has had on Coles and some of the management strategies that he has implemented.

It is our intention to clearly look at what Coles has developed in terms of Pricing and home brand strategies and determine the potential success or failure of these initiatives. In our examination of Coles we will look to evaluate the strategies of Coles and the business strategy decisions that they have made and we will also provide some conclusions and recommendations on the decisions that they have made as well as their long term viability.

CONTENTS OF BUSINESS STRATEGY

Devising of a business strategy allows for:

- A creation of vision that is achievable and realistic;
- identification of contradictions by identifying a paradigm so as to remove restrictions for company growth;
- combination of ideas through brainstorming, or similar, in order to create strategic concepts that puts the company at an advantage in contrast to competition; and
- development of objectives so that they align and guide the company towards the vision. (Pretium Innovation, 2009)

A business strategy first needs to reveal how and why a business operates. A Strength-Weakness-Opportunity-Threat (SWOT) analysis acts as a guideline on how to capitalize on opportunities, exploit strengths, eliminate weaknesses and counteract threats.

The usage of a 'role map' allows Coles to compare themselves against their competitors in a visual easy to understand way:

Strategic Role	Definition
AFFINITY	Gives me a good feeling about <brand name>
(RE)APPRAISAL	Encourages me to think differently about <brand name>
INFORMATION	Gives me more information about <brand name>
CALL TO ACTION	Gives me a reason to buy, use or find out more about <brand name>
PUBLIC AGENDA	Raises an important issue/cause
EXTENSION	Reminds me of the TV advertising for <brand name>

Figure 1: Coles' Role Map (The Newspaper Works, 2009)

BUSINESS STRATEGIES IMPLEMENTED

Similarities exist between different retail businesses, however no two retail business have identical strategies. In order to select and implement a specific strategy it is essential that one be devised that will provide a superior level of performance for the specific industry. A competitive positioning is often required which emphasizes either differentiation or cost leadership.

The concept of differentiation is used by organizations which deem it crucial that their product or service is unique to the industry thus attracting buyers that value the specific company. Companies implementing differentiation as a key strategy are able to command higher average prices for its outputs than would otherwise be possible. This strategy is associated with fashionable department stores such as Coles. By targeting and tailoring the organization's products and services to a specific market segment we ascertain that Coles achieves differentiation.

The concept of 'cost leadership' is pertinent to an organization that aims to be the lowest cost producer in the industry. This involves the act of supplying a no-frills output industry wide and is commonly related with economies of scales and cost controls which allow the company to accept lower prices whilst remaining profitable. (Helms and Haynes, 1992)

> COLES supermarkets are ugly ducklings ripe for transformation into swans - with a bit of work from their new owners - according to a Citi retail analyst, Craig Woolford. He says his review of the 700 Coles and 65 Bi-Lo stores had shown that it was only Coles' lack of good management that had been holding it back from challenging the dominance of the industry leader, Woolworths…."Our findings show that Coles' problems are not structural, they are management challenges centred around staff service, store format, produce range and the pricing strategy," Mr Woolford said in a note to clients…By the 2012 financial year Coles should have recovered most of the 1.75

> per cent in market share that it has lost over the past three years, he said…. (Carson, 2009)

Coles may utilize differentiation and low cost strategies in combination. Such a technique involves cost advantages based on technological advances, inventory methods, efficient staffing, transport, purchasing practices, and efficient use of floor space. Coles may also make use of other cost containment techniques such as quantity discounts, which in turn provides a very efficient service as would be expected of low-cost competitors. Another source of competitive advantage, by Coles, is consistent quality. (Helms et al, 1992)

In Coles, marketing managers spend a lot of time and effort in order to analyse the external and internal operating environment, this so that the Coles division is competitively positioned within the market place.

On the years to come it is quite possible that retail strategists will concentrate in areas of selection of appropriate take over ventures in order to expand their market share. In order to stay ahead it may also mean that managers need to:

- "identify, recruit and retain talented individuals;
- design and implement what might be called "all-embracing management
- information technology systems" that reinforce the marketing intelligence process;
- and formulate and implement customer service programmes that contribute to customer retention; and
- Put in place an organizational resilience value system." (Lee and Trim, 2006)

Marketing managers within Coles are also required to develop strong internal relationships in order to build long-term relationships with their customers. In order to effectively develop relationships amongst national Australian boundaries it is essential that managers be aware of any cultural differences and be conscious of how they can affect the ability to communicate (between the company and the public) in order to build relationships of mutual trust. They thus need to solve problems and share information proactively in such a way which will be indicative as to whether a restructuring of the company is necessary. By being proactive, strategists are able to discern the most suitable way to enter the market by formulating a strategy that reduces risk whilst maintaining competitive advantage in terms of positioning and quality of product and service. The change process in adapting to a different strategy requires constant monitoring of the cost of employees so that the organization's operations maintain competitive and it is ensured that a fair and sustainable rewards systems stays in place. (Lee et al, 2006)

DID YOU KNOW?
Following the launch of The Newspaper Works' Retail Report in March, and as a part of a broader brand appraisal, Coles redirected the focus of its campaigns to create stronger brand affinity and more meaningful and relevant retail messages. The shift in direction has had a significant impact on the way consumers respond to Coles more recent advertising. (The Newspaper Works, 2009)

The retailing strategy needs to include a clearly articulated customer service policy in order to maintain long-term partnership agreements within key channel partners. If Coles develops a strong long-term relationship with its key suppliers the sharing of confidential information and communication channels can reduce Coles' total supply-chain expenditures as well as lead to innovation and improve the quality within overall – managers ought to oversee all operations. (Lee et al, 2006)

When implementing strategies, Coles needs to be conscious of a number of sustainability issues as mandated by its parent body, Wesfarmers, this in order to warrant the extra competitive appeal on behalf of stakeholders. Sustainability issues that may be covered are summarized below:

- The issue of climate change and its impact on food production;
- the prospects that electricity costs will double by 2015;
- sourcing products in a sustainable way;
- addressing public scrutiny over environmental performance; and
- the participation into ecological sound activities.

Coles already has taken sustainability strategies ahead of time by implementing cost saving techniques in the construction of new supermarkets, i.e.:

> The Coles supermarket in the Victorian town of Gisborne, by McGauran Giannini. Soon Architects, is a tapestry woven of many subtle, small ideas. Together they amount to a layered work of

> architecture that is experientially modest, but with potentially far-reaching implications. In particular, the project demonstrates the possibilities of reducing energy use in a notoriously energy-wasting building type, when a willing client, a sympathetic tenant and an architect committed to research focus on the issue. (Baumgart, 2005)

CLUSTER ANALYSIS AND CONCEPTUAL FRAMEWORK

Retail firms such as Coles may opt to analyze strategy through cluster analysis examination. The clusters examined would need to reflect the three main strategic approaches:

1) low cost;
2) differentiation; and a
3) combination approach.

These three clusters need to be analysed and contrasted by utilizing performance variables representative of them. The term **cluster analysis** collectively refers to several different algorithms used to group similar entities (Helms and Haynes, 1992). The boundaries for each cluster are not specified, however, each entity is described by a position on a set of attributes (aka. dimensions). Measurements of each of the above criteria are needed in order to determine the extent by which variables differ from the stated and market norms. This technique is commonly used in developing strategic profiles and shall not be covered in too much depth here. (Helms et al, 1992)

> ***Cluster analysis*** *or* ***clustering*** *is the assignment of a set of observations into subsets (called clusters) so that observations in the same cluster are similar in some sense. Clustering is a method of unsupervised learning, and a common technique for statistical data analysis used in many fields.*

Figure 2 illustrates a schematic whose usage can be made by enabling us to visualise a conceptual framework for retailing strategists within Coles that may be working towards the implementation of a long-term, mutually beneficial relationship or formal partnership. Senior managers ought to provide the leadership and vision that facilitates others to monitor the organization’s level vulnerability, and its weakness, so as to ensure that the retail marketing concept + relationships are adopted as an integrating mechanism. (Lee et al, 2006)

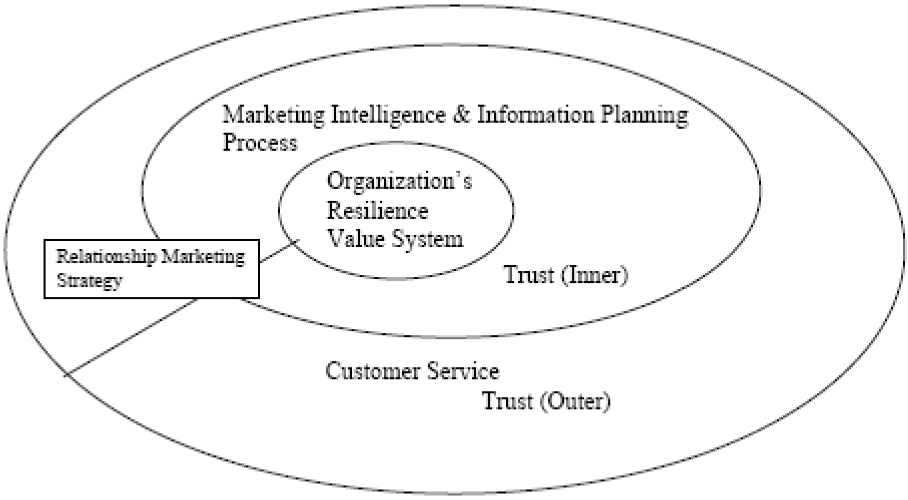

Figure 2: A conceptual framework

VALUE CHAIN ANALYSIS

A value chain can be defined in two different ways, these are:
It describes the various value-added stages from purchasing goods, distributing, selling and thus servicing to the customer's required needs;
It may also highlight the various 'value-added' stages from the raw material to end user with each stage representing an industry.

The above can be referred as internal and external value chains – the example below illustrates a common example for retail industries which is a good indication as to how Coles operates:

Figure 3: Retail value chain example (Cognizant, 2009)

In order to take into account strategic opportunities it is important to consider:

- "Outsourcing – involves transferring certain primary or support functions in the internal value chain to the external value chain.
- Vertical integration – involves taking control of one or more additional stages of the external value chain and making them internal.
- Horizontal expansion – involves new product lines or expanded channels of distribution, including geographic expansion.
- Strategic alliances with suppliers – involves more closely managing external suppliers as if they were part of the company's internal value chain, but without actually owning them (for example, Coles' dealings with delivery of Ingham chicken and such to ensure smooth and efficient production)." (Crain and Abraham, 2008).

By examining Wal-Mart's value chain we are able to take a glimpse at the complexity in design that Coles' value chain may take:

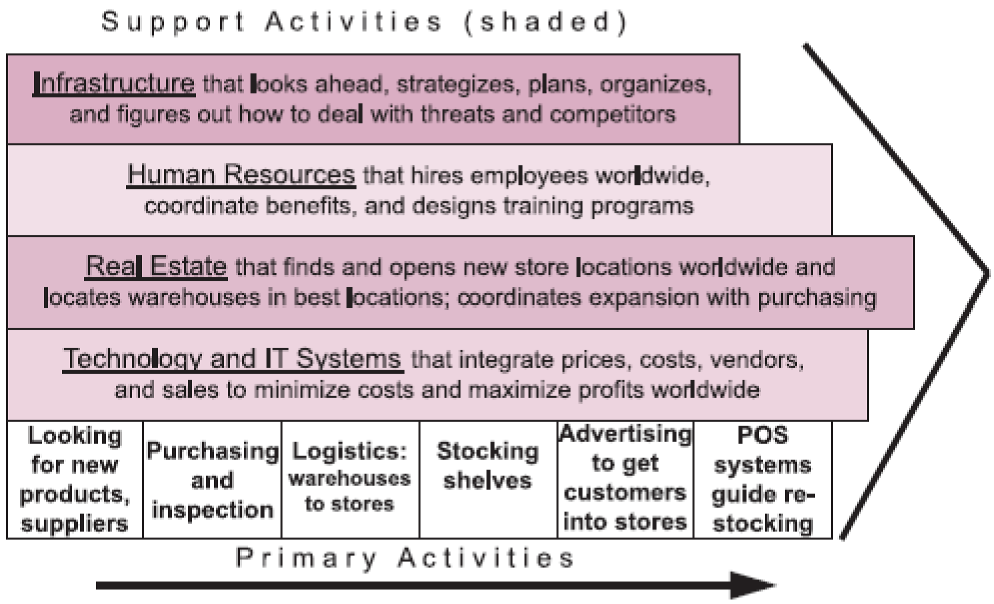

Figure 4: Wal-Mart's internal value chain (Crain et al, 2008)

Hence we may conclude that indeed Coles may be very aggressive in technology & logistics. Coles even has regional procurement centres and there is a focus on 'customer experience' – this extends as far as to community involvement.

ADDITIONAL STRATEGIES THAT CAN/ARE IMPLEMENTED

So what is Superbank? It is a supermarket banking joint venture between St George Bank and Foodstuffs, launched in 2003. According to James Munro, the venture's chief operating officer, it's the way of the future. (Faibf, 2003)

When Coles-Myer was in place it had considered several alternatives of which may have eventually lead it towards the implementation of multiple banking relationships. The arrangement considered was a tad different from models currently operating in Britain supermarket chains – Tesco, Safeway, and Sainsbury have formed joint ventures or alliances with single banks. Coles had various trial stores operating their banking kiosks in alliance with ANZ bank, however, Coles never contemplated an official arrangement with any single bank or institution.

The rewards for securing an alliance with Coles are pretty high for banks. The reasons being that:

- Coles supermarkets open up ways to influencing a huge pool of new customers. Woolworth's for instance (Coles competitor) is said to have attracted 9 million customers – some of these being pre-existing commonwealth bank associate customers;
- Coles supermarkets also present themselves as cheap and extensive outlets for banks;
- Coles supermarkets are well established with some brand names and are also consumer friendly;
- Supermarkets present the perfect environment for distribution of loyalty programs in order to maintain the customers; and
- Using Coles supermarkets in partnership with bank institutions is convenient as means to cross sell bank financial services.

The advantage of a potential alliance with ANZ bank is very intriguing because ANZ is also pursuing vested spread interests beyond just supermarkets. This includes other financial institutions and other retailers that may not compete directly with Coles. The whole purpose of this strategy is to establish new customer bases by appealing to clients by marketing ANZ and co-branded products as a more convenient and appealing way to do business and shopping. (O'Connell, 1998)

Coles has also opted in a strategy in which it seeks to downsize those divisions that are underperforming. Coles-Myer, for instance, has found itself in a position in which it can't compete with retailers such as 'David Jones' in terms of quality, thus it was deemed necessary to lower the focus on brand names and compete on quality whilst still maintaining comparable quality. The following table shows the expansion/contraction trends for different divisions within Coles:

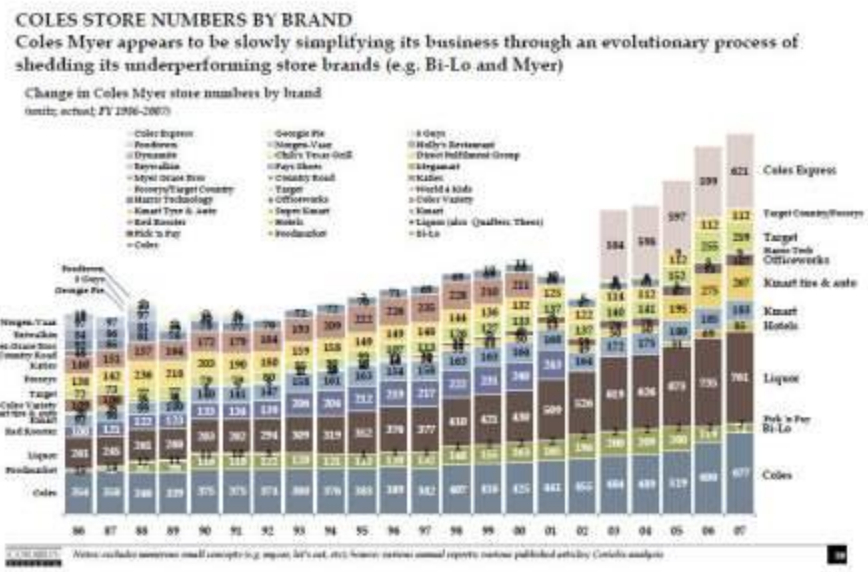

Figure 5: Simplification of business within Coles (Coriolis, 2009)

WESFARMERS INITIATIVE

A brief mention should be made here of Richard Goyder, a managing director and CEO of Wesfarmers – a conglomerate of over 33,000 employees. Goyder's first move as CEO was to implement a twice-yearly schedule of how the organization was to succeed, and hence planning discussions took place with his leadership team. In these meetings it was decided that an evaluation of up to 120 employees would take place in order to determine their merits and leadership prospects: "We assess their readiness for new roles. Discuss what development requirements they might have and what opportunities might be opening up for them across the group." (Morgan, 2006).

Wesfarmers, in addition, oversaw and implemented an Executive Development Programme, of which high calibre individuals (~10-20% per year) were put through a series of management and leadership courses that were designed to aide them in fulfilling their ambitions and potential.

CEO Goyder also set about on acting upon his blueprint for recovery – this was a process that involved outlining the employee's roles and his in achieving their strategic part – this was done to double check, and make sure, all participants comprehended their part of the plan. Goyder was a prime example of a CEO – he also insisted he met every key member in his organization on a one-to-one basis. What was most impressive about this was that the very next day the organizations turned its first profit for over a year!

"That was a great lesson for me," he says. "It showed me that if you're open and honest with people, and they trust you, then they will respond." At the time Goyder was just 28."

Wesfarmers, as a company, stated an aim to provide a satisfactory return to all its 125,000 shareholders. Richard Goyder was well aware and conscious of his responsibility and duty to uphold its reputation for good corporate citizenship and ethical business practices. (Morgan, 2006)

HOW STRATEGY IS IDENTIFIED BASED ON FINDINGS

In a recent article reported in The West Business, Sept 2009, Wesfarmers CEO, Richard Goyder viewed the economy through a wide range of business interests. He states that Wesfamers spread of businesses, which encompasses retail to chemicals and insurance to coal, allowed the Wesfamers group to “see the economy through lots of different windows” and while some are holding ground, others servicing the mining, manufacturing and construction sectors continue to face challenging conditions.

Richard Goyder’s comments came on the back of news that Wesfamers Coles supermarket business are considering entering the insurance business by offering general insurance products which will be backed by Wesfarmers insurance division. This decision was based on Cole’s huge customer base and therefore allows for the distribution of some insurance lines. Coles’ decision to undertake this direction had come about after reviewing the success of TESCO, a British retailer, which has done well on financial services in the UK. (Smith, 2009, pg 71)

In recent times, Cole’s main rival, Woolworths has also followed in Cole’s strategy involving hardware chain Bunnings. Recently Woolworths had announced and confirmed that they too will be pushing into the hardware sector by teaming up with US giant Lowe’s for a joint takeover of Danks Holdings, which supplies hardware products to nearly 2000 stores across the nation, including Thrifty Link and Home Hardware Chains. Woolworths target is to establish 150 big box hardware sites on its books within a five year period

Bunning’s has some 160 warehouses across Australia but has taken some 15 years to build their particular network, which is now expanding at 10 to 15 stores a year
For Woolworths to undertake this path will be no mean feat. Bunning’s have never been able to open more than 15 warehouses in a year. Bunning’s have had to procure the right sites, right approvals, build them, lay them out, stock them and then employ up to 300 staff. (Smith, 2009, pg 71)

Another “tool” that Coles has used to determine what the consumer likes and dislikes and consequently develops their strategy in selling the right product, is the online forum.

- Coles had undertaken to develop a national online forum of mothers who test its house brand products against leading brands.
- Coles Mums' Panel is an industry partnership between Coles and its customers.
- Coles is using the insights and feedback to continually improve its house brand products.
- Mums' Panel has been reviewing two products a week since the program commenced and is expected to have reviewed about 1,800 products by the end of 2010.
- Two such mothers, Amber Peperkamp and Anna Kortekaas have been original founding members and they believe that it is a great initiative by Coles and they comment on the quality of the products tested having been very strong.

(Anonymous. Retail World, 2009, pg. 25)

Coles Supermarkets' renewal program is showing positive signs with total food and liquor sales increasing 7.6% to $5.3 billion for the third quarter, while food and liquor sales were up six per cent at the end of March compared to the previous year.
It is now a year since Managing Director Ian McLeod joined the Western Australia-based Wesfarmers conglomerate to head the five-year turnaround program of the chain.

House brands, store refurbishments, piloting new format stores, supply chain improvements, improved internal culture and equipment upgrades have all been part of the first phase of the Coles renewal program under McLeod's leadership.
A series of new store formats with open-market style have been trialed to gauge performance and customer response.

On-shelf availability of stock has also been a key focus.

From an economic perspective and an infrastructure perspective, they are encouraged by the progress they have made so far but they still have a long way to go, McLeod said. (Harty, 2009, pg. 69)

Wesfarmers had recently announced that its annual results showed operating revenue of $51 billion and group profit of $1.5 billion after tax, which was an increase of 44%. The release and subsequent comments to analysts stated that the Coles turnaround continues to meet Wesfarmers expectations. Coles posted full year sales of $28.8 billion with food and liquor turning in $22.5 billion.

Coles managing director Ian McLeod said that economic conditions remain fragile and would not get into predictions on growth even though he was positive that the Coles program was tracking well**.** (*Burton*, 2009, pg. 17)

SUITABILITY OF THE MAIN STRATEGIES IDENTIFIED

While many retail firms compete within different dimensions, the concept of pricing strategy is clearly the most important one. Among most retail industries, pricing strategy can be characterised as a choice of emphasising deep and frequent discounts on smaller goods (known as PROMO or promotional pricing) or offering sufficiently stable prices across a whole range of goods (often called every day low pricing).

Wal-Mart, for instance, did not invent the concept of every day low pricing, however, its usage gave rise to it being amongst the Fortune 500 companies, which in turn led to a series of followers such as 'Toys R Us' and 'Home Depot'. Coles does show potential and suitability to everyday low pricing (EDLP) through its use of customer focus and provision of Home brands – of which in turn are constantly benchmarked against competitor goods.

Pricing strategies can be classified into the following main areas:

- "Everyday Low Price (EDLP): Little reliance on promotional pricing strategies such as temporary price cuts. Prices are consistently low across the board, throughout all packaged food departments.
- Promotional (Hi-Lo) Pricing: Heavy use of specials, usually through manufacturer price breaks or special deals.
- Hybrid EDLP/Hi-Lo: Combination of EDLP and Hi-Lo pricing strategies." (Ellickson & Misra, 2007)

The choice of a pricing strategy for the Coles brand involves a discrete game between set quantities of players. Each player's optimum choice is determined by set market conditions, the characteristics and strengths, and the expectations regarding the actions of all rivals. The strategic choice of each firm is a function of anticipated choices of its competitors (and vice versa), and this can be a very easy game to play within the Australian environment given the restricted number of competitors.

Many other factors influence pricing behaviour. Researchers in both marketing and economics have identified several, including consumer demographics, rival pricing behaviour, and market, chain, and store characteristics. (Ellickson et al, 2007)

While pricing is a strategy that has been used by Coles in their attack on the market place another strategy that is very strong in their marketing is their decision to promote their own home brands very aggressively. "Yet the move is creating a furor, because Coles have flagged plans not to increase consumer choice but to reduce their stock of external brands and give more shelf space to their own products." (Swinburn, B&T Today, 2005).

The strategy that Coles are trying to incorporate into their business is one where they are trying to lessen their dependency on everyday household brand names and try to get some more control over the consumer by getting them to buy their own home brands. By decreasing the reliance on more well known brand names they are able to enjoy healthier profit margins in their own products.

Coles are going to market with three brands that they are trying to turn into household names, the first brand is called Coles $mart Buy which is designed to attract the lower end of the market, secondly there is You'll Love Coles which is trying to attract the middle range consumers, and finally at their premium end they are using the brand name George J Coles.

The strategy is that if they can dominate these areas they will be increasing overall profit margins as they won't have to compete with other supermarket chains as the product that they have on the shelf will be unique to them and will hopefully gain a loyal customer base for their products.

While in principal this strategy is sound there are many risks involved in tampering with the Australian consumer, "Principal of marketing consultancy Carey Thomas, Peter Thomas, says attempting to railroad smaller brands out of the market could eventually backfire—driving customers to retailers that can offer a wider range of choices, even if the cost of choice is a higher grocery bill." (Swinburn, B&T Today, 2005). Essentially what we are saying here is that the Australian consumer is very sensitive to the changes to the brands that they buy and if they can't get the brands that they want then they will take their money elsewhere to get the product that they have always known and preferred.

The suitability of these strategies is one that would need to be considered on a couple of fronts, firstly we need to identify whether or not the pricing structure and the introduction to the market of home brands is a strategy that fits well within the Coles image to the community, do these strategies have a positive or negative on the brand equity of Coles.

Coles is trying to position itself as a destination where there customers can come and shop for good quality products at a very competitive pricing structure. These strategies are still a work in progress but potentially they will do well as long as they can maintain the prices and also maintain the quality of what they are producing.

The pricing structures are always one that will attract customers, in a marketing sense it always makes good sense for a retail chain to market itself as having the best quality goods at the lowest prices. The advertising that Coles use promotes a friendly relaxed atmosphere.

One of the major advantages that Coles has over its main competition is that it has a major advantage in the number of stores that it has as well as the reach into the different areas of the community whether they be rural or in the general community. “Coles could be wiping the floor with Woolworths if it used its "more lucrative" store network to its advantage, Mr. Woolford argued. Its stores were in more affluent areas and had 6 per cent more potential shoppers to target within their mostly metropolitan catchment areas”. (Carson, Sydney Morning Herald, 17 March 2009).

This tells us that when they properly take advantage of their position in the market there current strategies will be successful.

CONCLUSION AND RECOMMENDATIONS

It would be extremely important for Coles to actually realize what kind of market dominance they have. "Coles could generate sales of $33 million per store, but only generates $25 million … [Woolworths] trades above its potential, generating $33 million in sales versus a potential of $31 million," (Carson, Sydney Morning Herald, 17 March 2009).

It appears that for a long time Coles have had their opportunities to dominate the market but haven't taken advantage of the footprint that they have in the Australian market through poor management.

With the correct pricing structures and the right management focus they have the potential to dominate the market.

In the future Coles should look to consolidate what they are doing as opposed to trying to expand too much. Coles should look too build on their different brands that cater to the different ends of the market and make sure that these brands become recognized as a house hold name amongst all Australian consumers.

Once they have achieved these objectives it will be extremely important for them to continue to market the fact that they are an Australian company as opposed to Woolworths being a foreign owned company, Australians are fairly loyal to their own brands and it would be a good strategy for them to promote this fact as well as trying to source as much of their product locally and therefore support the local economy.

The strategies that Coles have in place are sound and if managed correctly they will return to their lofty heights as one of Australia's dominant businesses.

REFERENCES

Anonymous. (2009). Retail World. *Rozelle: Aug 17-Aug 28*. Vol. 62, Iss. 16; p. 25

Baumgart, M. (2005). Sustainability and the supermarket. *RMIT University*. p. 66-71.

Burton, D. (2009). Retail World. *Rozelle: Aug 31-Sep 11*. Vol. 62, Iss. 17, p. 17

Carson, V. (2009). *Simple strategy for Coles to win race*. Retrieved August 6, 2009, from: http://business.smh.com.au/business/simple-strategy-for-coles-to-win-the-race-20090316-8zxz.html

Crain, D., W., Abraham, S. (2008). Using value-chain analysis to discover customers' strategic needs. *Strategy & Leadership – Emerald Insight*. Vol. 36, No. 4, p. 29-39

Cognizant. (2009). Passion for building stronger business – retail services. Retrieved August 7, 2009, from: http://www.cognizant.com/html/solutions/industries/retail/retailServices.asp

Coriolis. (2009). Market Research and Management Consulting. Retrieved August 7, 2009, from: http://www.coriolisresearch.com/

Ellickson, P., B., Misra, S. (2007). Supermarket Pricing Strategies. *Supermarket Retailing Conference at the University of Buffalo*

Faibf, M., J. (2003). Is it a bird? Is it a plane? No, it's a superbank. *Supermarket Banking 8+FS*. p. 8-9

Hart, C. (2009). Retail World. *Rozelle: May 11-May 22*. Vol. 62, Iss. 9, p. 16

Helms, M., M., Haynes, P., J. (1992). Competitive Strategies and Business

Performance within the Retailing Industry. *Louisiana University*. Vol. 20, No. 5., p. 3-14

Lee, Y., Trim, P., R., J. (2006). Retail marketing strategy. *Marketing Intelligence & Planning*. Vol. 24, No. 7, p. 730-745

Lisanti, T. (2009). Re-evaluate Retail Strategies. *License! Global*. p. 12

Morgan, S. (2006). Blueprint for success. *Leadership*. p. 6-11

O'Connel, B. (1998). Banks and supermarkets now for the big sell. *The Australian Banker*. p. 192-194

Smith, S. (2009). *The West Australian, Business,* Sep 5, p. 71

Swinburn, A. Home Brands Lead the Way Retrieved 12th October 2009, From: http://www.bandt.com.au/news/d7/0c02f4d7.asp.

The Newspaper Works. *Coles rethinks press adverts*. Retrieved August 6, 2009, from: http://www.thenewspaperworks.com.au/go/news/coles-rethinks-press-adverts

The Newspaper Works. *How Retail in Advertising in Newspapers works best*. Retrieved August 6, 2009, from: http://www.thenewspaperworks.com.au/files/dmfile/ColesMayMonthlyStudyFINALforwebsiteb2.ppt

BIBLIOGRAPHY

Collins, R. (2008). The sustainable supermarket. *WME magazine*. p. 20-21

Johnson, G., Scholes, K., Whittington, R. (2008). Exploring Corporate Strategy – 8th ed. England: Prentice Hall

Pretium Innovation, LLC. *Business Strategy Development*. Retrieved August 6, 2009, from: http://www.pretiumllc.com/BusinesStrategy.htm

APPENDIX

Re-evaluate Retail Strategies – blurb (Lisanti, 2009)

Tony Lisanti
Editor-in-Chief

As the licensing industry gets set for its first-ever mega event in Las Vegas, the planning for new product introductions and brand extensions is in full stride.

Yet while every executive wants to know what's new and exciting, the most important message during this critical strategic planning timeframe is as simple as a retailer's commitment to the customer. Licensors and licensees must think like a retailer, act like a retailer and understand the retailer.

Forget for a minute the bells and whistles of a new licensed product or new property; instead re-examine your strategic plan as it relates to the goals of your potential retail partners. Make sure your plan is truly in sync with the needs of your targeted retail customers, regardless of your existing projects and partnerships.

For example, to drive my point home, see if you can identify the marketing position, or tagline, for some of the world's largest retailers that are among your key client list. (See answers below).

1. Save Money. Live Better.
2. Expect More. Pay Less.
3. Expect Great Things.
4. Where Kids Are a Big Deal.
5. Life. Well Spent.
6. Every Day Matters.
7. More Saving. More Doing.
8. Taking Care of Business.
9. Saving You Money Every Day.
10. Every Little Helps.
11. Try Something New Today.
12. Let's Build Something Together.
13. Quality for You.
14. Everything About the Music.
15. For All the Ways You Care.

And now consider the following key trends among retailers worldwide and determine how you can address these factors in your various brand licensing partnerships.

■ Value. Almost every retailer wants to be perceived by its customers as offering value, which sometimes may be defined by lowest price or by other intangibles such as convenience, in stock or brand.

■ Social media marketing. Growing in popularity, retailers are searching for innovative ways to target new and existing customers through popular social networks.

■ Sustainability. It has become so much more than just an eco-buzz word, and several retailers are serious about it whether it's the product packaging, design or materials.

■ Sourcing. Retailers are looking for less expensive and more efficient options as global markets have fluctuated considerably over the past year.

■ Risk. Retailers are also looking to minimize risk and exposure not only as it relates to inventory but how it impacts brands as well. As a result, retailers are shifting from a demand for new brands and properties to a preference for classic and proven names that have a strong awareness among consumers.

■ Brands. The demand for licensed products and popular, trusted names with a strong awareness among consumers has skyrocketed for retailers, as they look for simple and easy merchandising options.

■ Exclusivity. The focus on exclusive merchandise may have, in fact, intensified with the economic crisis as retailers crave differentiation and uniqueness.

■ Traffic. Retailers are looking for more innovative ways to drive store traffic and increase incremental purchases through aggressive promotions.

■ Core customer. Research and understand consumers as retailers rely on licensors and suppliers to demonstrate popularity and potential of a brand to its target audience.

■ New executives. There have been a lot of personnel changes in the corner office and buying staffs in recent months, so knowing the influential execs and their goals is critical to the overall execution of any licensing program, as well as to the long-term partnership.

The global economic crisis and recession has impacted the strategic position of every retailer and licensor and licensee. So with Licensing International Expo this month in Las Vegas and Brand Licensing Europe following in September in London, the time is right for every executive to re-evaluate and fine tune their brand licensing and retail strategy. And it starts with the marketing tagline. ©