

## RETAILING IN THE 1980's: A BUYER'S PERSPECTIVE

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### Abstract

This research is an attempt to apply strategic market planning in a retail environment. As used in the research, strategic market planning is the planning process which begins with formal evaluation of the organization's mission and its goals, continues with analyses of the internal situation and external or macroenvironmental forces, competition, opportunities, and selection of strategies from alternatives corresponding to different business situation scenarios (Channon and Jalland, 1978). The process concludes with development of specific strategies, tactics for accomplishing the objectives, budgeting, implementation and procedures for monitoring and control. Plans are prepared under a strategic framework which views the firm's offerings as a balanced portfolio, with each offering in its own life cycle stage.

### Introduction

Outdoor Sports Supply (OSS)--name disguised--is a major Northwest retailer of selected outdoor sports clothing, equipment and supplies. Its product mix includes down-filled outer wear manufactured by OSS, and an assortment of name-brand equipment for individual, "muscle-powered" sports such as hiking and mountaineering, cross-country and downhill skiing, camping, canoeing and bicycle racing. A recent addition to the mix was fashion goods for spectator sports and outdoor living. For most of its history, OSS sold only through an annual catalog or from a single sprawling store in partially renovated warehouses in the center of a major Northwest city. The past five years have seen an expansion into seven new market areas with new stores located from Alaska to California. Plans to continue the expansion eastward as far as Chicago have been scrapped. Sales in 1979 were approximately \$46 million. The store is organized as a member-owned cooperative.

Difficulties with the expansion philosophy surfaced in 1979, when for the first time in its nearly 50-year history, OSS failed to meet its dividend commitment to refund ten percent of the value of goods purchased to its members. The following reasons were cited for the failure:

1. Increased "on sale" promotion which "caused" higher than expected markdowns
2. Inconsistent in-stock condition
3. High interest rates
4. Opening of two new stores
5. Double-digit inflation
6. Lower value of the dollar in foreign markets

### Planning at OSS

Planning at OSS has consisted of what Lorange and Vancil (1977) identify as a "one-cycle" process: Preparation of sales forecasts and annual budgets. Until its recent shelving, a long-range new store locating plan augmented the annual plan. While the firm has employed optical scanning registers for several years, no attempt has been made to apply the equipment into an economic order quantity or open-to-buy system. A new computer was purchased in 1979, replacing time-share services purchased from outside.

First phase of the research was to evaluate the firm's existing planning processes, merchandising policy and control systems. Not surprisingly, no comprehensive merchandising policy or coordinated planning/control system was found. Individual buyers (buying for all stores is carried out from a single central location; twenty buyers are employed) are responsible for their own product lines, including stocking, display and sales. No formal sales training program exists.

The next step in the research is to conduct an image and positioning study (the organization's first) as background for helping the firm to define its business mission and goals, identify major competitors and potential opportunities. Ultimate goal of the project is to introduce a system of strategic market planning into the firm. This will include identifying appropriate product lines or markets served as "business units," (Abel and Hammond, 1979) and anticipatory contingency planning to help the firm better compete in its changing market and environment (Bates, 1976).

### References

- Dereck F. Abel and John S. Hammond, Strategic Market Planning (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1979).
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- Peter Lorange and Richard F. Vancil, Strategic Planning Systems (Englewood Cliffs, N.J.: Prentice-Hall, Inc., 1977).