Reed market analyze

Business

Reed Market Case Analysis Problem and Situation Analysis Reed supermarket faces a low market share leading tolow sales. This is because of the fact that other competitors such as Aldi and DG have come in strongly and are finding their place within the Columbus market. They seem to have come up with more innovative ways of handling customers and selling their goods such as private label on their products as opposed to selling brands. This poses a major challenge to reed since it cannot operate well in the market. As such, we have stiff competition and the sales are quite low as compared to other retail shops.

There are certain technological changes that have taken place in terms of products and mode of operations. The new items on display at DG seem to be compatible with the technological trends within the market of such goods. However, Reed has not yet considered this option and is still also doing business the old way despite many suggestions posed by management.

The other problem lies in the level of customer loyalty. The level of loyal customers keep going down and the supermarket has lacked the capacity and means to retain attracted customers since it does not have a well thought out procedure for ensuring that customers who come shopping actually keep coming whenever a shopping need arises. This could also be attributed to the fact that many retail chains have sprung up and are offering better services.

The growth of private label merchants seem to give Reed a big headache considering that it mainly depended on the branded items which now find little appreciation within the market. This is one of the tools that new entrants into the market are trying to implement successfully.

The consumers in this locality and whole of America have become health conscious and would not go for the traditionally sold goods which are thought to affect their health status. Reed has not implemented a food retail store that caters for the changing food needs of its customers while other chains are doing so.

The pricing model for Reed seems to get it in trouble since it happens to have higher prices as compared to Aldi and DG, which is actually reducing the sales of Reed. This issue has also been compounded by the fact that Reed is poorly located and access by many customers is limited as compared to other stores. The above issues and more to be identified have made it hard for Reed to keep its shares growing and instead they keep dwindling (Quelch and Carlson1-12).

Solution and Suggestion

The 14% market share held by Reed in Columbus is not enough. If it could adjust and find new ways of doing business, it could end of taking more market share from retail stores such as other supermarkets which have 16. 63%, Galaxy with 10. 07% could be cut to 5%, and TopVal with 10. 23% could be reduced to 5%, among others if good measures were taken. This is due to the fact that the retail market for Columbus is quite volatile.

I would suggest that the supermarket finds a better way of dealing with customers to ensure that their loyalty is achieved and maintained through various methods such as bonus for continued shopping, credit cards, shopping points that earn them more items when the points have been accumulated, offers to known loyal customers and other means. It also needs to look at new and innovative ways of handling customers and providing them with up to date technologies that are needed. If a more convenient way of locating the stores by customers cannot be found, then it should consider relocating to strategic places so that accessibility by customers could be enhanced. The pricing model of Reed should also be changed to ensure that they offer competitive prices as compared to other players (Van Haastrecht and Bekkers 45-76).

Works Cited

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Van Haastrecht, Rob and Marleen, Bekkers. Marketing of change: the added value of internal marketing to change management. Rotterdam: RIBES, Rotterdam Institute for Business Economic Studies, 2000.