

Different types of organizational approaches

[Business](#), [Marketing](#)



Chapter 13: Discuss the different types of organizational approaches that retailers take to add value to their s. Pick a favorite retail store and describe the value it provides to its customers. Your paper could go through the strategy steps of why and how that retailer is perceived by you--in other words, create all of the steps that the organization took to develop their retail store concept, including a description of the target market and how and what does the store do to attract and maintain those target customers?

Retailers can add value to their customers by pursuing a cost leadership strategy; this strategy seeks to reduce production and transportation costs as much possible to offer a competitive product (Jaquier 2010). These savings can then be passed onto the customer, who then receives a cheap product. This type of organizational can be used as a short-term measure to increase sales and attract customers, but there is little profit to be made over the long term. Another organizational approach that retailers can use to add value to their customers is a differentiation strategy. In this approach, an organization seeks to make products that are of superior value to competitors' products. The focus is not so much on price but on offering products that are hard to find and of high quality. Customers who are attracted to this strategy prefer products that are high quality even though the price may be a little more than market average. These types of customers are often loyal to one brand because they place so much emphasis on brand quality. The last approach used by retailers to add value to their customers is a focus approach, which is a combination of the first two strategies. In this approach, retailers attempt to offer quality products at low prices. This approach is one that is very hard to implement during the

initial stages of an organization's entry to the market because of the level of expertise required. Retailers that are already established in the market more often than not have the tools required to implement such an approach. This generally comes about through a well-developed supply chain that can reduce unnecessary costs.

One retailer that provides a lot of value to its customers is Wal-Mart. Wal-Mart is an established retailer in the American market that pursues a focus strategy; no other retailer can match Wal-Mart's low prices with the same amount of quality. Wal-Mart's motto of "Low Prices. Every Day. On Everything" (DInnocenzio 2011) is one that is attractive to people who want to buy quality products that don't hurt their wallets too much. Wal-Mart's target market is the everyday average American who struggles to pay their bills. The target customer does not have a lot of cash spare, so they are looking to find as many bargains as they can. Wal-Mart is able to meet this need because of the way it has set up its supply chain; Wal-Mart has warehouses all over the country that can provide a product at a moment's notice. Because of the short distances from the warehouses to the retail stores, Wal-Mart is able to offer many more products than its competitors are able to. Wal-Mart is able to attract many new customers to its stores by offering promotions and discounts that cannot be matched by its competitors. Once customers are attracted to shop at Wal-Mart, they keep going back because Wal-Mart offers incentives such as membership cards to make sure that rival competitors do not "steal" their loyal customers away.

Works Cited

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