Critical Thinking Paper

Saundra Able, Premium Retail

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for

BUS485A – Business Policy & Strategy

California Baptist University

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November 19, 2017

**Executive Summary**

Premium Retail is a business that assists retail clients in selling and promoting their own products. Saundra Able, a national sales manager, was interviewed via email for this paper. The sections (1) introduction and leadership, (2) vision, mission, values, and organizational cultures, and (4) environment are written by Danielle Mayon. The sections (3) generic strategy, (5) strength, and (6) opportunities are written by Bryce Hargis. Saundra Able is a leader in her company, overseeing over 500 employees and leading with a servant’s heart. Premium Retail’s vision and mission involve deeper relationships with clients, superior performance, and innovative solutions. Their generic strategy is broad differentiation based on their wide array of retail clients and their differentiation based on reputation and history of service. They are performing well in their environment based on their real-time reporting advantage. The company’s primary strength is its reputation because it is valuable, rare, inimitable, and non-substitutable. The company has strong opportunities to expand geographically into Europe and diversify into the food service industry. These opportunities build more relationships, expand their market, leverage its real-time reporting technologies, and use their reputation as a strong starting point.

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**Strength**

In any business environment, companies are evaluated based on how strong or weak they are performing. A company’s strength is determined by assessing the resources, capabilities, and competitive strengths of the company. The competitive strengths and marketplace power of a company are the results of its resources and capabilities, which are referred to as competitive assets (Thompson et al., 2017). A resource is an asset or input that is productive for the company and is also owned or controlled by it. Resources are things like a recognizable brand name, an R&D team, or an advanced machine. A capability is an internal activity that the company performs especially well, such as managing a brand or training new employees. Capabilities are also referred to as competencies. The internal capabilities of an organization manifest through utilizing its resources. For example, a strong brand name is a resource and marketing that name effectively is a capability. A resource is an object and a capability is an action.

The primary resources of Premium Retail are their technological assets with their programs, human assets with their field teams, and reputational assets with their history. In the retail service industry, technologies refer to programs and data analytics provided to customers. Their specific programs are Qtrax and RetailSense (“Retail Field…”, n.d.). Qtrax offers a focused perspective on retail activities like training materials, campaign metrics, and team schedules. Campaign metrics are data pieces used to evaluate the effectiveness of a sales campaign or promotion. RetailSense offers a holistic view of sales data, inventory management, and store performance. This program is focused on aiding retailers in tracking store performance and identifying inventory issues before they arise.

In the retail industry, a field team goes to the physical sights of the customers to coordinate with the retailers and ensure everything is operating as it should. They often make sales to potential clients as well. A recent example from Saundra Able is the new Samsung Frame TV being sold in Sam’s Club (2017). The field service representatives are trained on the features of the product, along with how to engage customer questions and overcome objections. Both technology and field teams are utilized synergistically as a capability for the organization. Premium Retail has a competency of leveraging its unique technologies in the field, and it leverages its field teams by consistently being aware of customer’s needs.

Their last primary resource is their reputation. Premium Retail has a significant reputation for solving retailer problems in a remarkable way. The company even has a page on its website dedicated to case studies of complicated issues they have resolved (“Case Studies…”, 2017). Stories include Walmart selecting Premium Retailer as their preferred service provider and creating a 40% sales increase in Home Depot after sales training. Premium Retail has the capability to leverage this reputation and gain trust from potential clients. The two most recent case studies, Hatchimals and Duracell, are featured prominently on the company’s main website page (“Behind…”, n.d.). This is an example of the company using its reputation resource as a capability by featuring it on its website.

Effective companies turn their competitive assets into a distinct competitive advantage. Whether a resource or capability can support competitive advantage is determined based on its value and rarity. Assessing if this advantage can be sustained is evaluated based on its inimitability and non-substitutability (Thompson et al., 2017). The company’s technological assets are valuable for their strategy, but they are not rare. These technologies are also imitable and substitutable, and therefore its technological assets are not a strength leading to competitive advantage. Its human assets are valuable but not rare. Strong human assets are harder to imitate but not impossible. Helpful field teams are commonplace in the retail industry and so the resource is substitutable. As a result, its human assets are also not a source of strength.

The reputation of Premium Retail is its key strength. Their specific reputation is valuable for client trust and rare because of the breadth and significance of their clientele, like Walmart. Because of their notable clients and case studies, this reputation is inimitable and non-substitutable. These reputation case studies include specific scenarios and numbers, such as a percent growth in holiday sales or increasing store visits rapidly. The specificity of these case studies solidifies the inimitability of their reputation. Reputation is non-substitutable in its capacity to develop trust before an interaction has taken place. Companies can develop trust in other ways, but reputation develops that trust prior to formally earning it. Companies with good reputation also enjoy word of mouth marketing, which is hard to substitute in other non-organic ways. Their reputation is, therefore, a strength that will lead to competitive advantage if used properly and managed dynamically.

**Opportunities**

Regardless of competitive position, companies must always be aware of potential business opportunities to be effective. The competitive leaders must use opportunities to grow and keep their advantage. Other companies must use opportunities to developer their competitive assets and eventually achieve competitive advantage. The strategy concept organizational opportunities manifest according to one or more of these five market segments, which are geography, demographics, product or service type, distribution channel, and vertical stage of production (Thompson et al., 2017). High-level executives and managers are key players in evaluating and acting on opportunities in the marketplace.

As a national sales manager, Saundra Able has wise insight into potential opportunities for the company. She believes there are geographic and new product and service opportunities available to the company. Geographically, she suggests that Premium Retail could expand its coverage from US/Canada to include key clients in Europe (2017). For products and services, she sees considerable growth opportunity in the food service and event planning areas. These opportunities will be evaluated based on the resources, capabilities, and strength of the company.

Both opportunities involve expanding the horizontal scope of the company. The horizontal scope of a company is its range of products and services that are provided in its range of market segments, including geographic (Thompson et al., 2017). According to Thompson et al., expanding geographic coverage will result in greater product differentiation and name recognition, both of which align with the company’s strategy and strength. Expansion into Europe will be an effective opportunity for the company if it leverages its reputation and already established key clients that have activities in Europe. Based on the international operations of its key clients like Walmart, Premium Retail should use a transnational strategy where they think global but act local (Thompson et al. 2017). This strategy respects the global presence of their clients but recognizes the local differences of each individual store. This action increases the company’s reputation, further differentiates its product, and increases profit opportunities.

The other suggestion made by Saundra Able is to diversify into the food service and event planning industries (2017). This expansion is diversification because the needs of food service and event planners are not the same as retail clients, and so the exact service offered will be different. In addition, any technology products that Premium Retail sells to them may have to be altered to fit the unique needs of these industries. The event planning industry does not share enough cross-business value chain relationships with the retail industry so it is not an advisable industry for diversification. It is an unrelated business, and so there are no cross-business commonalities for Premium Retail to competitively leverage. Diversification works best when these commonalities exist or when the company has enough competitive assets to create new competitive advantages in an unrelated industry.

The needs of the food service and retail industry share several cross-business value chain relationships, such as a network of stores and constant inventory management. Food service diversification has the potential to boost the combined performance of Premium Retail’s operations with food service and retail in certain scenarios. An example beneficial scenario is the extra field team efficiency when visiting a Starbucks that is located inside a Target. Based on the value chain and competitive asset similarities, diversifying into the food service industry would be a related business. This strategy aligns with the company’s broad approach by expanding their target market and aligns with the differentiation approach by increasing their key strength of reputation, their diversity of service, and their cross-business knowledge.

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