Factors Affecting Retail Strategy Development and Implementation

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《目 次》

Retailers are accustomed to planning for the short term because of their historical merchandising orientation (Cornwall, 1984). As a result, they have been less likely to pursue the tenets of formal competitive strategy development and implementation than other sectors of the economy (Park and Mason, 1988). However, in markets now characterized by maturity, overcapacity, intense price competition and an essential sameness among stores, new ways of thinking about the future are required and are emerging (Wortzel, 1987).

Only a limited number of studies have empirically explored the issue of retail strategy development. Burt(1978) found that high quality planning is significantly associated with a high level of performance and the absolute rate of return on invested capital. Miller (1981) identified four key opportunities for growth in retailing: geographic scope, product linebreadth, pricing policy, and divisional diversity. Cronin (1985a) found that growth, market share and the ratio of capital to labor had a significiant and positive impact on

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** This paper was originally appeared in The *Journal of Managerial Issues* (Vol. II, No. 3, fall 1990, 249-266), coauthored by J. Barry Mason and Myung Ho Park.

profit performance. In a separate study, Cronin (1985b) determined that the financial, marketing, and asset dimensions of the firm have a positive influence on profitability. Mason, Mayer and Koh (1985) explored the development of functional operating plans in department store retailing. They noted that such plans were in an evolutionary stage but did appear to have a positive impact on the organization.

The issues inherent in the implementation of strategy are even more conspicuously absent from the literature than is the issue of strategy development. As noted by Bonoma (1985: 3), "when it comes to guiding the effective implementation of strategies... the academic literature is silent and the self-help books ring hollow." One reason may be that implementation is typically perceived to be a more difficult task than, for example, the identification of critical success factors (Bonoma, 1984; Bonoma, 1985; Bonoma and Crittenden, 1988; Greenley, 1986; Conference Board, 1988).

Ⅰ. Purposes of Research

The purposes of this research are to (1) determine the perception of management about the relative importance of general managerial, financial, personnel, and marketing management skills in stragetic success; (2) investigate the extent to which the retailers practiced a penetration, market development, productivity based, or integrated competitive strategy; (3) identify the differential importance, if any, of the retailing mix variables (pricing, services, merchandising, sales promotion, and location) in strategy implementation based on the type of competitive strategy practiced by management.

Ⅱ. The Retail Jewely Industry[1)]

The retail jewelry industry was chosen for this investigation because of its restricted

(1) *This discussion is based on the following sources: 1982 Census of Retail Tardel: Preliminary Report Summary Series,* Jewelry Stores, April 1984; *1977 Census of Retail Trade*: Vol. I. Subject Statistics; *1982 Census ofRetail Trade*: Vol. I, Subject Statistics; and *Jewelers Circular-keystone Directory,* June 21, 1985.

and homogeneous product mix. Focusing on one such industry in an exploratory context allows insights to be developed without unduly complicating the results by responses from disparate types of organizations. The resulting information can form the basis for future efforts designed to build on the initial findings.

The U.S. retail jewelry industry is dominated by small firms when measured by numbers of establishments. The structure consists of approximately 30,000 companies, the majority of which are single unit firms.

Over 22,000 retail rewelry store establishments with payroll were operated in the U.S. during 1982, the last year for which census data are available. Total sales revenue was \$8.3 billion, a 260.9% increase over 1972 when 15,956 stores had sales of \$2.3 billion. From 1972 to 1982, sales by retail jewelers increased an average of 18.7% annually while the number of establishments increased by 4.2% each year. Sales per establishment averaged \$372,000 in 1982, an increase in 46% over the 1977 average of \$255,000. A major part of jewelers' sales is generated by diamonds that account for 34.2% of total sales, followed by karat gold jewelry (14.3%), watches (12.5%) other precious stones and pearls (8.7%), rings, not gem-set (7.2%), and tableware and home furnishings (4.6%). Jewelry repair accounts for almost one in every ten dollars of revenue for the average jeweler. The remaining sales are of widely scattered miscellaneous items.

The total number of single unit stores increased from 12,211 in 1972 to 14,476 in 1982, an increase of 18.5%, as compared to a 38.7% increase in multi-unit store establishments during the same period. The smaller increase in single unit establishments indicates that the smaller "mon and pop" stores are gradually being replaced by larger multi-unit companies.

1. The Sample

The population was defined as the 667 identifiable retail jewelers operating two or more stores in the United States. The frame was limited to the chief executive officers of multi-unit stores because such firms are more likely to emphasize strategic issues important to long-term success and to reflect a growth orientation. Members of the Jewelers of America (JA) were used as the smaple frame. The use of the JA members was necessary to help achieve cooperation in the survey. The 667 multi-unit member companies represent about 90% of the total number of multi-unit retail jewelers in the United States. About 70% of total retail jewelry store sales are represented by JA members (Jewelers Circular, 1985).

The original population size was reduced to 635 since some firms had gone out of business or no adequate address was provided. A total of 159 questionnaires were returned after one follow-up, for a reponse rate of 25.04%. The return rate is compatible with the typical return rate for mailed questionnaires (Green and Tull, 1978: 150; Kerlinger, 1973: 414). A total of 127 of the questionnaires (20% of the smaple) were usable. The respondents profile is shown in Table 1.

Sample representativeness was assessed in two ways. First, the size distribution of the sample companies was compared to the population. Second, selected operating results of the sample companies were compared to those of the population.

The sample relative to the population contains a smaller percentage of small firms and a higher percentage of larger firms than the population as a whole. Such a profile is advantageous for this research since the larger firms are more likely to engage in a formal planning process. Second, operating data such as gross margin as a percentage of net sales and the net sales percentage increase from the previous year were compared for the population and the sample. The operating results for the sample companies were found to be similar to those of the industry.

Ⅲ. The Perceived Importance of Selected Organizational Strengths

The strategic management literature (e.g., Thompson and Strickland, 1987) suggests that general managerial, financial, personnel, and marketing management skills are important to strategic success. As noted by Buzzell and Gayle (1987: 39), "Economic theory and business experience suggest that performance depends on all of a business unit's policies and programs, not just those in one or two area." A total of 22 organizational strengths noted by Steiner (1969) as important to organizational success were evaluated as part of this research. Both the perceived importance of the variable and the perceived success of management in implementing programs based on the vairables

Table 1. Characteristics of the Survey Respondents

Characteristics	Percentage
Line of Merchandise	
Full line company	74.6%
Limited line company	25.4
Years in Retail Jewelry Business	
Below 11 years	16.5%
11 through 20 years	15.0
21 through 30 years	9.4
31 through 40 years	5.7
41 through 50 years	1.8
Over 50 years	31.5
Market Coverage	
Only local trading area	62.2%
State-wide (only in one state)	15.0
Regional (more than two states)	22.8
Number of Full-Time Employees	
2 through 10	34.1%
11 through 50	49.2
Over 50	16.7
Sales Volume	
Below $150,000	2.4%
$150,001-450,000	11.2
$450,001-750,000	11.2
$750,001-1,500,000	21.6
$1,500,001-5,000,000	32.0
$5,000,001-20,000,000	16.0
Over $20,000,000	5.6

were evaluated based on self-reported reponses (1 to 5 scale).

Implementation is a more difficult task than the identification of critical success factors, as noted by Bonoma (1984, 1985, 1988) and others (e.g., Greenley, 1986; Conference Board, 1988). Success in implementation embraces the full range of managerial activities required to execute a chosen strategy (Thompson and Strickland, 1987). Identification of important success factors, in contrast, is simply part of management's overall "game plan."

The mean importance and success scores are summarized and the paired t-test results are shown in Table 2. The mean importance scores were all significantly higher, with three exceptions, than the success in implementation scores. The findings support Bonoma's statement (1985: 3) that the managers he encountered "evinced remarkable clarity about what it was they wanted to do but often had problems getting the job done despite their strategic certainties."

Table 2. Mean Importance and Success Scores on Organizational Strengths

Key Business Factors	Mean Score		t-value	Two-tail probability
	Importance	Success in Implementation		
General Mangement				
Defining the Company's business	4.50	3.53	10.48	0.000
Defining the company's objectives	4.41	3.46	10.26	0.000
Attracting high quality top management	4.66	3.59	12.43	0.000
Developing effective strategic planning system	3.88	2.52	11.75	0.000
Achieving overall control of performance	5.56	3.14	15.48	0.000
Perceiving and adjusting to environmental changes	3.83	3.20	6.39	0.000
Understanding the impact of foreign imports	2.88	3.11	–0.48	0.629
Financial				
Ability to raise long-term equity capital	3.98	3.60	2.85	0.005
Ability to raise short-term capital	4.18	4.18	0.15	0.880
Providing a competitive return to stockholders	3.49	2.87	3.20	0.002
Maintaining a high level of ROI	4.54	3.13	12.64	0.000
Human Resources				
Attracting educated and experienced employees	3.98	3.34	4.94	0.000
Stimulating employees to remain abreast of developments in their fields	4.28	3.12	11.11	0.000
Improved employee motivation and satisfaction	4.59	3.39	12.93	0.000
Optimizing employee turnover	4.21	3.50	6.59	0.000
Marketing				
Marketing research and information systems	3.79	2.81	7.23	0.000
A carefully targeted market base	4.28	3.17	10.73	0.000
Large market share in existing markets	4.28	3.48	8.11	0.000
Expanding into new geographic markets	3.16	2.71	3.91	0.000
Diversifying merchandising lines	3.17	3.34	–0.60	0.552
A high level of customer service	4.80	4.24	8.28	0.000
Effective and results-oriented control of marketing costs	4.28	3.19	11.29	0.000

The success in implementation scores, as expected, with two exceptions, were lower than the importance scores. The respondents had experienced the least success in developing an effective strategic planning system, in expanding into new markets, in developing an effective marketing research and information system, and in providing a competitive rate of return to stockholders. They also reported difficulty in achieving overall control of performance, in maintaining a high return on investment, in stimulating employees to remain current in their fields, in developing a carefully targeted customer base and in maintaining effective control of marketing costs. The greatest divergence between importance and success in implementation was found for achieving overall control of performance, maintaining a high level of ROI, developing effective strategic planning systems, improving emplyee motivation and satisfaction and stimulating employee development.

The irony of these findings, as observed by Bonoma (1984: 49), is that "marketing scholars generally have ignored the issue of practice or implementation altogether, perhaps preferring the broader brush of strategic direction to what is seen as the narrower art of making strategies work well for a specific corporation or under peculiar constraints."

Ⅳ. The Role of the Retailing Mix in Strategy Implementation

The differential relationship, if any, of the retailing mix variables to competitive strategy was then evaluated. The expectation was that the importance of the retailing mix variables would vary by type of competitive strategy. The importance of the mix variables in strategy implementation has been suggested in many sources, beginning with Lazer and Kelly (1961). However, their level of importance by type of competitive strategy has yet to be empirically asessed. Still, the concepts of target marketing, positioning, and sustainable competitive advantage in retailing are all premised on the differential importance of the retailing mix variables in implementing business level strategy (e.g., Mason and Mayer, 1987). The respondents were asked to rate each dimension of the retailing mix variables on a 5 point Likert type scale based on the (1) perceived importance of each variable and (2) their perceived success in implementing each dimension in support of competitive strategy. The format for data collection and the instructions were as follows:

> Please insert the number from 5 to 1 below which reflects the importance of the following attributes in the determination of your company's retailing mix, where a "5"is very important and a"1" is not important. For the column entitled "Your success to date," please indicate how well your firm has succeeded in implementing each of the attributes by rating them from 5 to 1, where a "5" is excellent and a "1" is poor.

	Importance 5 = very important 1 = not important	Success to date 5 = excellent 1 = poor
Poduct knowledge of sales personnel.	____________	____________
Friendliness, helpful-ness, and courteous-ness of sales personnel.	____________	____________

The various dimensions of the retailing mix were each operationalized as the linear composite scores of the following variables.

Pricing strategy: Score on three importance scales and three success scales for (a) lowest prices, (b) willingness to negotiate prices, and (c) frequent 'sales' or specials.

Services Stragety: Score on three importance scales and three success scales for (a) easy credit policy, (b) trade-in policy, and (c) guarantees and exchanges.

Merchandising strategy: Score on two importance scales for (a) high quality of merchandise, (b) custom designing of merchandise, and three success scales on (a) high quality of merchandise, (b) fashion rightness of merchandise, and (c) high value for the money.

The sales promotion component: Score on five importance scales for (a) physical attractiveness of store, (b) merchandise displays, (c) decor, (d) product knowledge of sales personnel, and (e) friendliness, helpfulness, and courteousness of sales personnel. Three success measures were included for (a) physical attractiveness of store, (b) merchandise displays, and (c) decor.

Location strategy: Score on two importance scales and two success scales for (a) convenient location and (b) convenient parking.

Two sets of exploratory factor analyses were performed to identify and operationalize the indicators. The component analysis method with varimax rotation was utilized to derive the critical factors from the variables identified in the literature as pertinent to competitive strategy implementation. The final factors extracted were based on each having a value of one or greater and the Scree test. The operational definitions of the retailing mix constructs and coefficient alphas are shown in Table 3. Discriminant validity was evaluated in the context of the Pearson product moment correlation matrix. Evidence of both discriminant and convergent validity were found.

The measurement scales were then constructed by combining the multi-items that were the most highly loaded on the same factors. Only those items that had a loading with an absolute value of at least .45 were included in the formulation of the scales.

〈Table 3〉 Retailing Mix Operational Definitions and Coefficient Alphas

Construct/ Variable Symbol	Operational Definitions	Mean	Standard Deviation	Coefficient Alpha
GOODS	Perceived importance of and success in merchandising strategy:linear composite of five items.	22.6	3.9	.76
PLACEP	Perceived importance of and success in location strategy:linear composite of four items	16.5	2.7	.73
SPROM	Perceived importance of and success of sales promotional activities: linear composite of eight items.	33.6	4.4	.82
PRICE	Perceived importance of and success in pricing strategy: linear composite of six items	18.7	5.4	.77
SERVE	Perceived importance of and success in service strategy: linear composite of six items.	20.8	5.0	.78

1. Competitive Strategies Utilized

Retail competitive strategy can be broadly classified into four categories based on early work by Ansoff (1957) and extended to retailing by Doyle and Cook (1980) and Mason and Mayer (1987): penetration, market development, productivity based, or integrated.

Market penetration is a strategy based on continuing efforts to increase the number of users, to increase the quantity purchased by existing customers, and to increase purchase frequency. Retailers using a penetration strategy, such as McDonalds, seek a differential advantage over competition by a strong market presence which borders on saturation.

Market development involves bolder strategy shifts, more capital, and greater risks than market penetration. Examples of market development include efforts to reach new market segments, and operational evolution. Operational evolution reflects a gradual shift in strategy over time that results in a new business concept. J. C. Penney is an example of a firm which has sought to change its image from a lower middle income general merchandise firm offering both hardware and soft goods to that of an upscale soft goods merchant.

Firms that pursue a **productivity improvements strategy** especially focus on cost reductions, increased margins, and higher turnover through an improved product or service mix. Wal-Mart is an example of such a firm.

Management often achieves the most success by pursuing an **integrated strategy** (Dolye and Cook, 1980). Such retailers select a broadly based market segment and then develop a financial and marketing focus which recognizes the interdependence of productivity, asset turnover and financial structure in organizational performance. Such strategies combine elements of market penetration, market development, and productivity and are less highly focused than any one of the separate strategies.

The focus of this research is on the importance of selected strategy options in planning for the firm's success. A preliminary pilot study revealed that the majority of the firms contacted had no formal (written) plan but were aware of the need for a written focus and plan of action. Overall, 85% of the respondents were found not to have a formal (written) strategic plan. However, almost 57% of the full sample noted that they anticipated that a formal (written) strategic plan would be developed by their organization within the next three years.

Business level strategy was crudely defined in this exploratory effort based on self-reported responses to a Likert-type scale. Such a relatively parsimonious assessment of strategy and subsequent data analyses is consistent with previous research (e.g., Miller, 1981; Cronin, 1885a) on this subject. Respondents were presented with the following statement: "We need your perceptions about the importance of selected factors to the success of your company's business over the next five years. Please indicate on a scale of 1 to 5, where 1 is not important and 5 is very important, the importance of the following factors to the success of your organization. If you are uncertain or if the factor is not applicable, simple check ( ) do not know."

- Developing a carefully targeted customer base
- Expanding into new geographic markets
- Effective and results oriented control of marketing costs

A five year planning horizon was chosen as the framework for the responses, in contrast to a focus on current practice as was done for the retailing mix, because an integral part of strategic planning is anticipating and reacting to probable future changes in the internal and external environments facing the firm.

The respondents' understanding of the meaning and importance of the above three statements is critical to the viability of the research. For this reason the questionnaire was initially pilot tested with several retail jewelers to ensure clarity and understanding. Second, the issues were explored with a senior retailing professor who had developed and implemented a national annual strategic planning seminar for eight years targeted to top management in the retail jewelry industry. Finally, the questionnaire was reviewed by the Executive Director of the Jewelers of America, Inc., the primary trade group for retail jewelry, for clarity. The steps taken insured clarity and understanding by the respondents.

Firms were identified as practicing an integrated strategy if any two of the three above statemnts were rated as important or very important. Firms were classified as following a penetration strategy if developing a carefully targeted customer base was the only statement of the three rated as important or very important. Firms were classified as following a market development strategy if expanding into new geographic markets was the only statement rated as important or very important. Firms were classified as following a productivity improvements strategy if effective and results-oriented control of marketing costs was the only statement of the three rated as important or very important. Firms not rating any of the statements as important or very important were categorized as having no discernible strategy.

Slightly more than 40% of the retailers with a discernible strategy pursued an integrated strategy, followed by a penetration strategy (26.0%). Approximately one fourth were found not to have a discernible, cohesive strategy. Additionally, few used either a productivity improvement or a market development strategy. The historical short-term merchandising orientation of many retailers may be one reason for the lack of a discernible strategy for many of the repondents (Cornwall, 1984). Many retailers still have not extended their planning horizons much beyond a season.

The relatively small number of firms pursuing a market penetration or market develpment strategy may also reflect the nature of the retail jewelry industry which is still dominated by relatively small two or three outlet independently owned "guild" jewelers. Smaller, privately held firms often do not feel strong pressure from stockholders and others to continually expand sales and profits (Mason and Mayer, 1987: 786). Also, they may lack the resources to undertake aggressive market develpment or believe they do not have the skills or knowledge to be a more aggressive competitor.

2. The Importance of the Retail Mix by Type of Strategy

The sales promotion, pricing and merchandising variables were significantly more important in firms with an integrated strategy than in firms with no discernible strategy or a penetration strategy, as shown in Table 4. No differences were found in assessing the differential importance of services or location, although the differences were in the expected direction. The essence of an integrated strategy suggests that all dimensions of the retailing mix would be more important than in a penetration strategy or in the absence of any formally articulated strategy.

Similarly, the retailing mix variables were expected to be the least important in firms with no cohesive strategy, reflecting the lack of a formalized, disciplined approach to business level strategy implementation. Indeed, as shown in Table 4, the merchandising mix component was least important, p = .000, in firms with no cohesive strategy. The same pattern of differences was also found for pricing and for sales promotion activities. Finally, no differences were found for services but the means were in the expected direction.

3. Importance and Success Scores

An evaluation was then undertaken to determine whether differences existed between managements' perceived importance of selected retailing mix variables and their success in implementing business level strategy. Management was asked to rank order the retailing mix variables in terms of their perceived importance and their perceived success in implementing each dimension of the marketing mix. Comparisons were made for the aggregate sample, for firms with and without formalized (written) strategic plans, and for firms with high or low profitability (low profitability was defined as a net profit margin of less than 10%). The expectation was that implementation success would be lower for the aggregate sample and the sub-samples than the perceived importance scores. The results are shown in Table 5.

Friendliness, helpfulness and courteousness of sales persons, and company reputation were ranked as one and two in importance, regardless of profitability or the use of a formal strategic plan. Sales person product knowledge ranked third in importance. Other key variables, in order of importance, were physical attractiveness of store, high value for

〈Table 4〉 The Relationship of Competitive Strategy to the USE of the Retail Mix Variables in Strategy Implemntation (Summary of one way MANOVA)

Retail Mix Variables	Group Means			Wilks Lambda	Approx. F	Significance P
	No Cohesive Strategy	Penetration Strategy	Integreted Strategy			
Retailing Mix Strategy				.70		.001
Merchandising	20.79	21.17	24.05		8.72	.000
Pricing	16.71	17.57	19.66		6.48	0.84
Location	16.10	15.61	17.00		2.02	.139
Sales Promotion	31.29	32.91	35.03		6.48	.002
Service	19.39	21.57	21.29		1.52	.225

〈Table 5〉 Importance and Success Rankings for Selected Retailing Mix Variables

Attribute	Total Sample		Strategic Plan				Profitability*			
			Yes		No		High		Low	
	Impor-tance	Suc-cess	Impor-tance	Suc-cess	Impor-tance	Suc-cess	Impor-tance	Suc-cess	Impor-tance	Suc-cess
General Merchandise										
Company reputation	2	1	1	1	2	1	2	1	1	1
Well-known national brands	17	14	20	21	17	14	17	15	16	12
Widest selection of merchandise	14	10	13	13	14	10	14	10	14	11
High quality of merchandise	6	4	5	9	6	4	5	4	6	3
Fashion rightness of merchandise	13	15	11	17	13	15	13	14	12	16
Custom designing of merchandise	16	20	17	20	16	20	15	19	17	19
Price										
Lowest prices	21	19	19	19	21	19	18	18	21	21
Willingness to negotiate prices	20	16	21	18	18	16	20	16	20	18
High value for money	5	3	4	3	5	3	9	3	4	4
Location (place)										
Convenient location	8	6	9	5	8	6	6	6	8	6
Convenient parking	10	8	14	4	9	8	10	8	13	7
Physical attractiveness of store	4	7	6	7	4	7	4	7	5	8
Merchandise displays	9	13	7	12	10	12	8	9	9	14
Decor	12	9	12	10	12	9	12	12	11	10
Sales Promotion										
Frequent "sales" or specials	18	21	15	15	19	21	16	17	19	20
Good advertising	7	12	8	11	7	11	7	11	7	13
Services										
Easy credit policy	15	17	18	16	15	17	19	20	15	17
Trade-in policy	19	18	16	14	20	18	21	21	18	15
Guarantees and exchanges	11	5	10	6	11	5	11	5	10	5
Product knowledge of sale persons	3	11	3	8	3	13	3	13	3	9
Friendliness, helplfulness, and courteousness of sales persons	1	2	2	2	1	2	1	2	2	2

* A net profit margin of less than 10% was classified as a low profit margin.

money, high quality of merchandise, good advertising, and convenient location. In all, the respondents agreed on eight out of the top ten retail mix attributes critical to the success of the firm. The strong consistency of the factors across all the sub-samples attests to the apparent perceived importance of these variables in strategy implementation regardless of the situation of the firm.

The respondents were also consistent in identifying the retail mix variables least important to the success of their organizations. Management agreed on four of the five least important factors, including well-known national brands (brands are of limited importance in retail jewelry), low prices, willingness to negotiate price, and trade-in policy. Low prices and willingness to negotiate prices were the least important variables.

These findings seem to reflect the environment in which retail jewelers compete. Consumers have little information other than the reputation of the outlet as a basis for comparing merchandise offerings. Brand names are of limited importance in the retail jewelry industry. Additionally, consumers have difficulty assessing quality. Trade-ins are also not typically an issue since most retail jewelers do not accept trade-ins.

Some large differences between importance and success in implementation were noted, again indicating the difficulty of achieving efficient implementation. For example, sales person product knowledge was ranked third in importance in the total sample and in each sub-sample. However, success in implementation ratings for the variable ranged between eight and thirteen across the sub-samples.

V. DISCUSSION

This research is exploratory. As a result, the issue of generalizability is secondary. The research was primarily designed to stimulate further efforts to empirically test issues about retail strategy implementation which is still primarily at the conceptual stage in the retailing literature. The findings also suffer from the potential biases inherent in all self-report measure, including memory failure, the inability to recall selected information, and knowingly giving inaccurate responses. Finally, the limitations inherent in operationalizing the constructs in the research may have attenuated the results.

The findings strongly reflect the importance of careful attention to human resource management within the organization and an outward focus on the customer as critical elements in any implementation plan. Each of these elements suggests the importance of continual training and the development of a culture which stresses the importance and dignity of each individual and a passionate commitment to creating customer satisfaction. Human resources cannot be perceived as throw-away assets if management is going to provide a consistently high level of customer service. Rather, emplyees must have a sense of belonging and a self-worth which translates into positive feelings toward customers. Yet, the challenge is enormous because of the low wages typically paid to sales personnel, the historical lack of training provided, and the resulting high rate of employee turnover.

The importance of the retailing mix variables in strategy implementation, however, in contrast to human resources issues, was found to vary by type of strategy. The sales promotion, pricing and merchandising variables were most important in firms practicing an integrated strategy. Services and location were found to be equally important in all of the strategies, highlighting the apparent universal importance of customer service and a convenient location.

Additionally, friendliness, helpfulness and courtesy of sales persons, and company reputation were all ranked as one or two in importance, regardless of profitability or the use of a formal strategic plan. Sales person product knowledge was ranked third in importance. Management also agreed on four of the five least important factors across all sub-samples evaluated. The least important factors, regardless of strategy or profitability, were found to be low price, well-known national brands, willingness to negotiate price and trade-in policy. Customer perceptions of value thus clearly include a variety of factors other than price related variables. Such factors as friendliness, knowledge of sales personnel, and customer service are under the control of management. They can give the firm a differential advantage over competitors because, in contrast to price, brand name and merchandise mix, such variables cannot easily be copied.

Consumers in essence are seeking strong price/value relationships compatible with their personal concept of value. Price per se is not the critical variable. Rather, management needs to identify the variables that collectively define value for the consumer and position the firm to capitalize on these consumer priorities in the shopping experience. The difficulty in implementing programs based on the variables identified as important also attests to the importance of establishing customer support programs that result in an enduring bond or loyalty, built on good service at the retailer-customer interface. Programs such as personalized shoppers which recognize the critical importance of time to consumers, evening and weekend hours of operation, after-hours delivery to reflect the realities of two-income household, and programs which address the consumer's search for aggregate convenience in making a purchasing decision are programs which have special value to consumers in today's marketplace.

These findings also suggest the importance of the store and its environment in affecting consumer behavior. Indeed, for many consumers the store may be more important than brands in affecting buying decisions. Such a situation is especially true in environments such as retail jewelry or womens' clothing where brands may not be of major importance or in situations where consumers do not have the ability to assess the technical quality of merchandise. Promotion strategy thus should especially focus on promoting the outlet as a whole in such situations. Over reliance on co-op advertising, for example, to simply take advantage of the promotion support available from vendors for particular brands appears to be a questionable strategy, as does excessive promotion of individual departments in developing adesired image. Instead, guarantees, exchange privileges, and, especially for small outlets, visibility of retail employees in the community become factors critical to success in promoting the store as the brand in the minds of the consumer.

Management, in spite of their concurrence on the importance of key variables, reported difficulty in implementing programs based on the organizational strengths. They especially reported difficulty in implementing programs for improving employee motivation and job satisfaction as well as in stimulating employee development. The irony is that the issue of strategy implementation has largely been ignored in the rush of academia to identify the issues important to strategic success.

Management also reported some difficulty in achieving targeted levels of performance, in stimulating employees to remain current, and in maintaining effective control of marketing costs. These findings suggest the need for greater attention to strengthening operating level management within the organization. Specifically, the findings emphasize the importance of day-to-day attention to detail in assuring the strategic success of an organization. Often, it is the little things important to both customers and employees that determine the difference between mediocrity and superior performance. K-mart and Wal-Mart, for example, are perceived by analysts to be virtually identical in format and operating philosophy. Yet, the consensus among experts is that Wal-Mart does a variety of little things better than K-mart and as a result is a more profitable firm. Similarly, Nordstroms is perceived to be more successful than its competitors because of the quality and training of its sales employees. The bottom line is that Nordstroms simply is better able to implement programs based on the human resources dimension than its competitors.

One of the disturbing findings of the research was the absence of a discernible, cohesive strategy as defined in this research for approximately one-fourth of the respondents. Many retailers still apparently have not extended their planning horizon much beyond a season. Such a short-term merchandising philosophy is no longer sufficient in today's intensely competitive environment that is characterized by saturated markets and a sameness in merchandise offerings. Shifting demographics, accelerating foreign competition, the emergence of highly focused outlets, and changes in consumer buying habits all suggest the critical importance of a formally developed plan which specifies what counts above all else in the organization, how financial resources will be invested, and the sustainable advantage the firm will seek to achieve in the marketplace. The retailing landscape is littered with firms that have tried to expand into new territories too quickly, abandoned their core customer base in pursuit of other options, or simply became overly complacent. A formal strategic plan can serve as the focal point around which all resources can be organized to compete in the marketplace.

The relative absence of a productivity improvement or a market development strategy, even among firms with formal written plans, was surprising. Market development, as opposed to penetration, reflects entry into new markets. One can thus surmise that aggressive growth does not appear to be a priority among most guild jewelers or else that management perceives that the unique nature of services needed in such an operation precludes the rapid expansion that has occurred in other specialty forms of retailing. Also, the owner-managers of many guild jewelry outlets simply may be satisfied with their current quality of life or return on investment.

The relative lack of a productivity improvements strategy which focuses on lower margins and high turnover for high quality product lines is also somewhat surprising. These findings suggestthe vulnerability of retail jewelers as a group to aggressive and innovative new competitive strategies that can offer higher quality merchandise at lower price whereby low margins are offset by incremental increases in volume.

Finally, the findings suggest need of additional dimensions of research. Clearly, researchers need to address the issue of strategy implementation with the same intensity as formulation. For example, research is needed to (1) identify the effects of excellent strategy development versus effective strategy implementation on performance, (2) develop better paradigms for resolving the confusion over the nature of strategy and the nature of implementation, and (3) develop better frameworks for isolating the effects of past implementation programs on current or planned future directions as a result of changes in the environment.

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