Family Dollar reinventing strategy

Name

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Date

Evaluation of the stores’ retail strategy

One of the strategies employed by the Family Dollar store is the pricing strategy. This is because it focuses on merchandise priced at less than $2. While ordering this merchandise, the company is likely to benefit from economies of scale since it orders them in extremely large quantities. This strategy is effective during both good economic times. This is because it enables the store to compete favorably. During recessions, the discount strategy might not be ideal as it can end up compromising the stores’ revenue earnings. At the same time, the availability of a wide range of products enables it capture a wide market, both low and middle income earners. Furthermore, laying all stores in a similar manner is very important in retaining customers. Modern day customers usually want to spend less time shopping, hence like going to stores they are familiar with since they know where the items they want are located. In this situation, a person who has visited Family Dollar store in one area will definitely chose the entity’s other store in another area over the others around he or she is not familiar with.

Pros and cons of reducing the number of brands and increasing brand selection

Pros

 The first advantage of this strategy is that it gives bestselling products such as frozen and refrigerated foods more space. This aspect will in turn increased the quantity of these products in the stores. The other advantage of this strategy is that it provides customers with several brands of products. This in turn ensures that people visiting the stores at least purchase an item. At the same time, this strategy reduces the stores’ inventory costs.

Cons

 The main disadvantage of this strategy is that the store is likely to lose some customers. This is because people who used to purchase the products removed from the stores will have to buy them from other stores. This can lead to some of them losing the loyalty they had for these stores.

Family Dollar’s competitive advantage

 The company’s competitive advantage is its ability to reach out to the low and middle-income earners. This is achieved through its discounts, something that conventional supermarkets and box stores are unable to. The reason behind its ability to give discounts is because it focusses on few brands, which it benefits from economies of scale since it purchases them in very high quantities. This is unlike supermarkets and box stores that deal with numerous items.

 The company’s competitive disadvantage is dealing with a few specific items. In the event the demand for the items it sells goes down, the stores are likely to incur huge losses. At the same time, they are unlikely to benefit from the sudden rise in the demand of items they do not sell.

How full-line stores can do better in competing against variety store

 The main reason why full-line retail stores find it difficult to compete against variety stores such as Dollar Family is because of the latter’s ability to provide high quality products at relatively cheaper prices. As a result of these aspect, the only way these retail chains can compete favorably is through enhancing convenience and lowering the prices of their products. Convenience can be enhanced through providing clients with online platforms where they can view products they intend to purchase, and even place orders. Besides this, these retail stores can also compete favorably through superior customer service (Krafft&Mantrala, 2010).

References

Krafft, M., &Mantrala, M. K. (2010). *Retailing in the 21st century: Current and future trends*. Heidelberg: Springer.