
The Retail Apocalypse - What's Your Employee Communication Plan For The Retail

Executive Summary

The retail industry in North America is in a heated competition. People call it the retail apocalypse as many well-known brands that have been existing for years now, are closing their stores. Best buy is one of the big names in retail stores in North America. The company survived until now due to major changes in its operations and business model. The company achieved good numbers in the last 3 years due to innovative solutions with the lead of Hubert Joly that brought customer-centric thinking to the company. Still and all, to ensure longevity, Best Buy needs to smartly keep up with the fast-paced industry and at the same time, well-position itself.

This transitional shift is necessary due to many factors. The cultural mindset has been altered and adapted to the growing technologies and the boom of the internet. Shopping now is done differently than before with the introduction of online shopping. Big names are now taking over the market like Amazon and other online retailers.

Nevertheless, the fact that more stores are opening than closing proves that it is not the end of retail stores but the birth of a new type. If existing retail stores want to survive and thrive, major adaptation, innovation, and changes are needed. Best buy needs to take advantage of this advancement in technology and adjust it to fit its value. This report starts by analysing the different aspect of Best buy business conduct. Based on that, we will develop a proposition of Internet-based innovative solutions to help Best Buy increase revenue.

Company Overview

Best Buy Co is an electronic retailer active in different locations around the world. The company primarily offers of range of consumer electronics, and related services. Best Buy also owns various brands sales its products under those brands. In the last 10 years, it has acquired and partners with different brands. It sells its merchandise at retail stores and online. The company reported revenues of US\$42,879 million for the fiscal year ended February 2019 with an increase of 1.7% over the year 2018 and the highest since 2013. The operating margin was 4.4% for 2018 and 2019, however, the net margin increased from 2.4% to 4.4%. These numbers undoubtedly are financially good but it does not reflect necessarily a good strategy and a start of sustainability. The increase of Best buy numbers comes after many of its competitors closing their stores. Best buy closed 275 of its stores in 2018.

Value Proposition Evolution Over the Years

Best Buy's case is a perfect example of how a company adapts to its changing environment. From the beginning, best buy started as the place to find all electronic devices you are searching for. It's value-focused on convenience as all that you are searching for is gathered in one place. It had competitive pricing and good customer Service. However, with the rise of

online retailers in 2010, people started heading toward online shopping. Best Buy value at that time faced a bigger threat like Amazon and other online retailers. Amazon was offering lower prices and fast delivery which caused big issues to Best Buy. Best Buy assigned Hubert Joly as CEO who previously had experience with a travel company. He focused more on differentiating the company and working on its strength (Griffin, 2018). Another issue was that people went to Best Buy to check a certain product and then go back home and buy it online for cheaper prices on what we call "Showrooming" (Shpanya, 2013).

Nowadays, Best Buy started matching online retailers' prices using price match by reducing operational costs. (Bestbuy.com, 2019c) Additionally, the company emphasized its work on customer service. All Best Buy store employees had decent technical knowledge. It grew its services to include: total tech support, in-home tech consulting, Apple product repair, mounting services. Overall, Customer satisfaction became a priority.

The Customer is KING!

Best Buy attracts many segments of customers in different segments. The company covers needs in areas like health, entertainment, regularly-used electronics. The company ensures an excellent experience for these potential clients.

1. Loyal customers of various brands like Apple, Samsung (271 stores in the USA whereas 997 Best Buy stores (Statista, 2019b), (Statista, 2019c)
2. People with low technical expertise need advice and support (old age for example).
3. Best Buy also seeks to have exclusive deals like being among the first sellers of certain new technologies and it has the advantage of physical presence where users can get a feel of the product.

As part of the new strategy of Best Buy, having an excellent relationship with their customers is vital. Ensuring the best advice and treatment in their stores, online, or through the phone is a big part of that. Customers expect Best Buy to deliver its services as it advertises in a matter of support like device repair/installation, after-sales support, and guarantees. To ensure customers are aware of the new deals and services provided, Best Buy uses a strong offline and online presence. Multiple channels are used in this process: Because customer journey and experience are so important in the retail store's industry, Best Buy is focusing on developing this aspect. To better understand how customers are going through the different stage we will use customer utility map between: To understand the market and make sense of the big information available, it is recommended to have a framework to organize and come up with meaningful analysis and hence, a conclusion.

The Threat of New Entrants

Unlikely known, one of many threats Best Buy faces is this one, as many retailers are closing it is also valid to say, many more are opening. It has been apparent to the media that the age of retail stores is ending or what they like to call, retail apocalypse. However, what is happening is that many old retail stores are closing. For every retailer that's closing stores, 5.2 are opening new locations, according to the Retail's Renaissance - True Story of Store Openings/Closings'. What the retail industry is witnessing is the birth of new types of retail stores. The increase in retail stores is more of a small retail store rather than big surface ones. The direction companies

are heading is to have a presence in the market just to give their customers a feel of their products.

Threat of Substitutions

The increase in e-commerce websites is becoming undoubtedly a threat to different businesses. Numerous websites are entering the market every day with tempting deals and perks. Amazon, the biggest online retailer, on the other hand, is dominating this sector and taking over a big portion of the market. What Makes amazon a key player in this industry is a big quantity of items availability, competitive prices and of course, quick delivery. The adoption of modern technology in all phases is making customers head to amazon rather than other physical stores.

Bargaining Power of Buyers

As many choices and providers enter the competition, it becomes hard to convince customers to prefer one single provider than others. The advancement of technology and the ability to shop online in a click made customers bargain more and decreased retention rates.

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