

What Capabilities Do Small Retailers Need To Compete Against Retail Giants?

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Abstract

We argue that retail competition, both between small retailers and between small and large retailers is best analysed in the context of strategic groups. This means that the small retailer should ascertain who else is using a broadly similar marketing approach and focus on this group. The key contribution of the research include the identification of four strategic groups using cluster analysis and the identification of organizational capabilities used by small enterprises in each group in the apparel retail industry. Using this strategic group approach we find that small retailers in each of the four strategic groups are using very different strategies and are supporting these strategies with different capabilities. The peer provides the knowledge to enable small retailers compete more effectively in tomorrow's very competitive retail environment