

Declining Sales in a Retail Store: A Case Study

- By Mansi Pravin Thanki

- **Purpose:**

Analyze the reasons behind the decline in sales at Boston TechPier Electronics, a retail store and provide recommendations to reverse the trend.

- **Objectives:**

- Understand the impact of revenue and cost factors on sales.
- Develop strategies to improve marketing and customer experience.
- Evaluate external factors affecting business performance.

- **Company Background:**

- **Industry:** Retail - Electronics and Appliances
- **Company Name:** Boston TechPier Electronics
- **Company History:** Boston TechPier Electronics was founded 12 years ago and has been a leading retailer in the electronics and appliance industry in Boston
- **Mission or Vision:** To provide high-quality electronic products with excellent customer service and competitive prices.

- **Industry Background:**

- **Industry Context:** The electronics and appliance industry has witnessed steady growth in recent years, with a surge in demand for home appliances.
- **Competitive Landscape:** Boston TechPier Electronics faces competition from new electronic retail stores in the vicinity.

- **Problem Statement:**

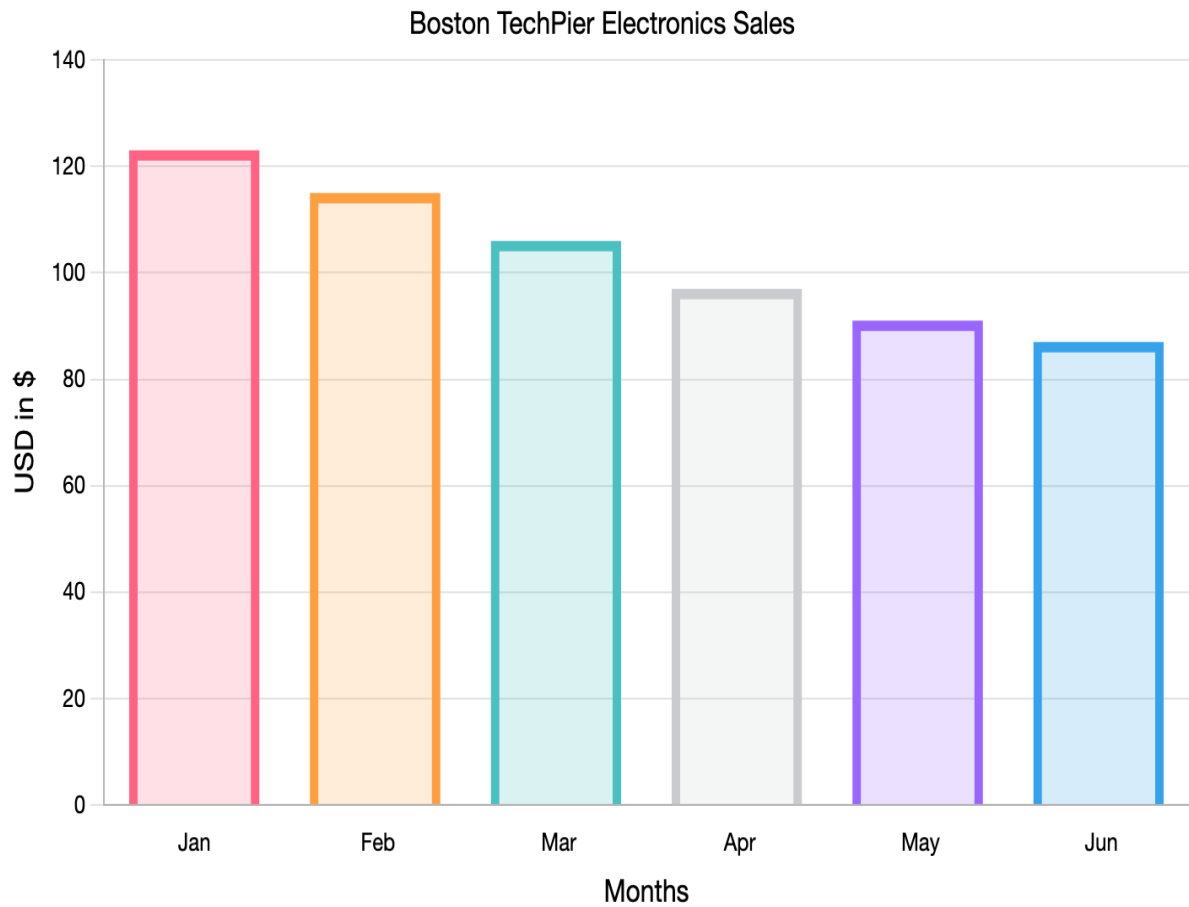
Declining sales over the past six months, with a significant drop of approximately **29.27%**.

- **Client Information:**

- Client (Retail Store Owner):
 - **Name:** Sarah Johnson
 - **Role:** Owner of Boston TechPier Electronics
 - **Background:** 15 years of experience in the retail industry
 - **Motivations:** To reverse the sales decline and ensure the long-term success of the store.

- **Scenario:**

Boston TechPier Electronics, is a medium-sized electronics and appliance retail store located in a suburban area. They have been experiencing a consistent decline in sales over the past six months, with a substantial drop of approximately 29.27%.



Data Gathering and Information

- **Interview Transcript:**

Interviewer: How long has the retail store owner been observing a decline in sales, and do we have an estimate of the magnitude of this decline?

Client: The decline in sales has been ongoing for the past six months, and the owner has noticed a significant drop of approximately **29.27%** in sales during this period.

Interviewer: Have other retail stores in the same area also experienced a decline in sales, or is it specific to our client's store?

Client: While some neighboring retail stores have seen a slight dip in sales, our client's store has been significantly impacted, with a much steeper decline.

Interviewer: Could you tell me more about the type of retail store and its location?

Client: The retail store is a medium-sized electronics and appliance store located in a busy shopping district in a suburban area.

Interviewer: Can we identify the type of customers who typically visit the store? Are they local residents or tourists?

Client: The majority of the customers are local residents who visit the store regularly for their electronics and appliance needs.

Interviewer: To determine the reasons for the decline in sales, we should first explore whether it's a decrease in revenue, increase in costs, or a combination of both. Do we have any insights into this?

Client: The decline in sales can primarily be attributed to a decrease in revenue, while costs have remained relatively stable.

Interviewer: Let's delve into the revenue side. Does the retail store offer any special promotions, discounts, or loyalty programs that might impact sales, and have these changed recently?

Client: Yes, the store does offer regular promotions and discounts. However, these have not changed significantly in the past six months.

Interviewer: Have there been any notable changes in the product inventory, new competitors entering the market, or shifts in customer preferences?

Client: There haven't been any major changes in the product inventory, but there has been increased competition from new electronic retail stores in the vicinity. Additionally, some customers may be shifting their preferences toward online shopping.

Interviewer: Let's discuss the cost side. Have there been any significant changes in operational costs, such as rent, utilities, or employee salaries?

Client: The operational costs have remained relatively stable, with no significant changes in rent, utilities, or employee salaries.

Interviewer: Given this information, it appears the decline in sales is primarily on the revenue side. It might be beneficial to evaluate the store's marketing strategies, customer experience, and potential factors impacting customer footfall. Can you provide insights into the store's marketing efforts and customer experience?

Client: The store does some local advertising and has an active presence on social media platforms, but we could explore if there are areas for improvement in marketing strategies. Regarding customer experience, it's essential to investigate whether there have been any changes in the store's layout, staff behavior, or in-store promotions that might be affecting customer satisfaction.

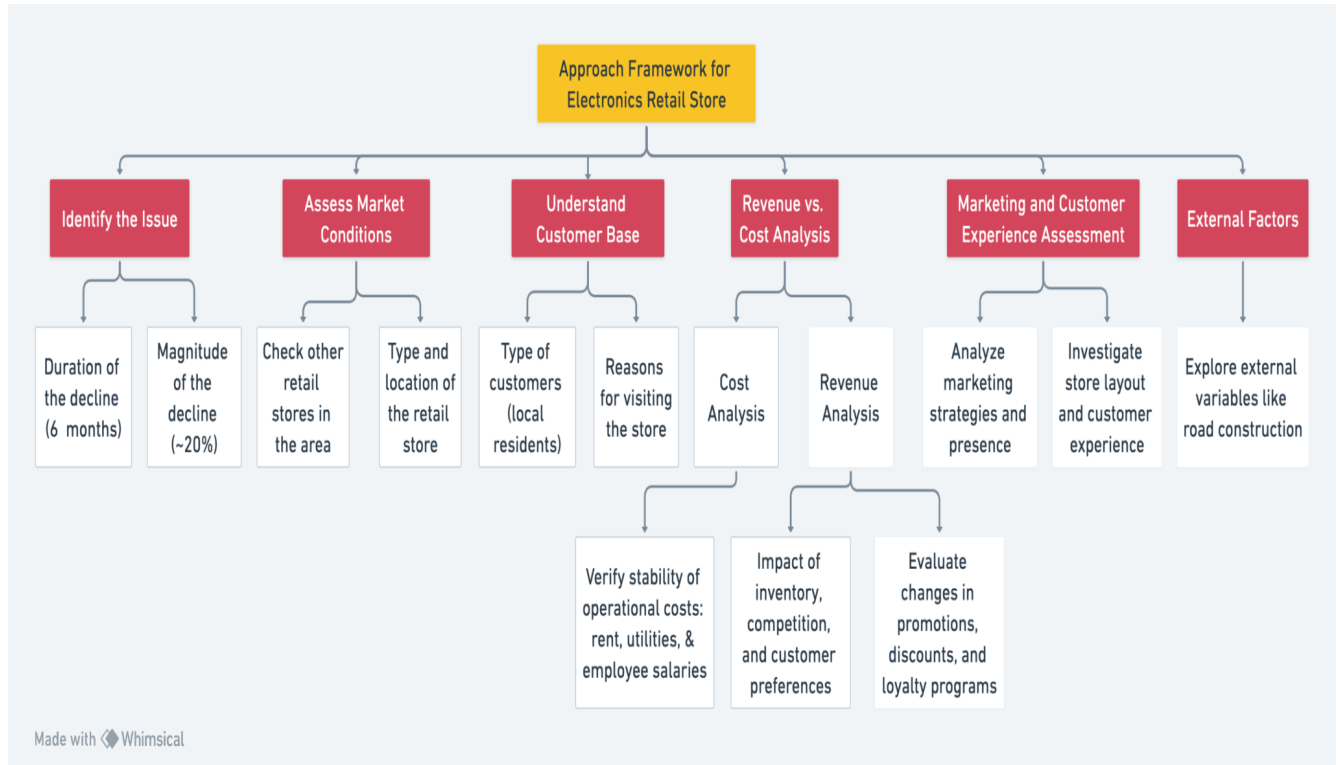
Interviewer: We should also consider external factors, such as economic conditions or changes in the neighborhood that could be influencing the decline in sales. Are there any significant external factors you are aware of?

Client: There have been no major economic downturns, but we've noticed that road construction in the neighborhood has caused traffic disruptions, potentially affecting customer access to the store.

Interviewer: Thank you for providing this information. It seems that a thorough analysis of marketing strategies, customer experience, and the impact of road construction on customer access is needed. Additionally, we should keep an eye on online competitors. I recommend conducting customer surveys to gather feedback and making necessary adjustments to marketing and store layout. This should help address the decline in sales.

Client: Thank you for your insights and recommendations. We'll take these steps to improve our situation and hopefully reverse the decline in sales.

- **Approach/Framework:**



- **Interviewee Notes:**

1. **Understanding the Decline:**

- **Duration and Magnitude:** The decline in sales has been ongoing for the last six months, with a significant drop of approximately 29.27%.

2. **Market Conditions:**

- **Type and Location:** The retail store is a medium-sized electronics and appliance retailer situated in a suburban area.
- **Competition:** There is competition from other retail stores in the vicinity.

3. **Customer Base:**

- **Demographics:** The primary customer base consists of local residents.
- **Reasons for Visiting:** Customers visit the store for their electronics and appliances needs.

4. **Revenue and Costs Analysis:**

- **Revenue:** The decline in sales primarily attributes to a decrease in revenue while operational costs have remained stable.

- 5. **Revenue Factors:**
 - Pricing, Promotions, and Inventory: Explore and analyze pricing strategies, promotional efforts, and inventory management.
 - 6. **Operational Costs:**
 - Operational costs, including rent and utilities, have not undergone significant changes.
 - 7. **Marketing Strategies:**
 - **Marketing Efforts:** The store engages in local advertising and maintains an active presence on social media platforms.
 - 8. **In-Store Customer Experience:**
 - **Store Layout and Staff Behavior:** Investigate whether there have been any changes in the store's layout, staff behavior, and in-store promotions that might be affecting customer satisfaction.
 - 9. **External Factors:**
 - **Road Construction:** Recent road construction is affecting customer access to the store. Consider how this external factor may be influencing the decline in sales.
 - 10. **Recommendations:**
 - Emphasize the importance of continuous monitoring and feedback-driven adjustments to address the decline in sales.
-
- **Case Facts:**
 1. The decline in sales has been ongoing for the last six months.
 2. Sales have decreased by approximately 29.27% during this period.
 3. The store is a medium-sized electronics and appliance retailer.
 4. It is located in a suburban area with competition from other retail stores.
 5. The primary customer base consists of local residents.
 6. Customers visit the store for electronics and appliances.
 7. Operational costs, including rent and utilities, have remained stable.
 8. The store has offered promotions and discounts in the past.

9. Marketing efforts include local advertising and a presence on social media.
10. Recent road construction is affecting customer access to the store.

- **Potential Recommendations:**

1. Conduct a comprehensive value chain analysis to identify areas for improvement.
2. Review and adjust pricing, promotions, and inventory strategies.
3. Enhance in-store customer experience and layout.
4. Evaluate the effectiveness of marketing campaigns and explore new marketing channels.
5. Evaluate the effectiveness of the loyalty program and propose improvements.
6. Develop a contingency plan for road construction impacts.
7. Consider exploring online sales channels.
8. Monitor customer feedback and collect data on sales performance.
9. Create a detailed action plan with clear timelines and assigned responsibilities.
10. Continuously adapt strategies based on real-time feedback and market conditions.

- **Pros/Cons:**

- **Enhance marketing strategies and promotional campaigns.**
 - **Pros:** Attract more customers and boost sales.
 - **Cons:** May require additional marketing expenses.
- **Improve the in-store customer experience by optimizing the layout and staff interactions.**
 - **Pros:** Enhance customer satisfaction and loyalty.
 - **Cons:** Initial costs for layout changes and potential staff training.
- **Monitor and adapt to external factors, such as road construction and online competition.**
 - **Pros:** Maintain adaptability and competitive edge.
 - **Cons:** Requires continuous monitoring and adjustments.

- **Observables/Suggestions:**

1. Start by understanding the duration and magnitude of the decline in sales.
2. Differentiate between revenue and cost factors and confirm that operational costs have remained relatively stable.
3. Investigate the store's customer base, including their demographics and reasons for visiting the store.

4. Consider external factors like road construction, economic conditions, and competition.
 5. Develop a structured approach that includes assessing the client's value chain, analyzing internal and external factors, and proposing actionable recommendations.
 6. In the end, provide a clear action plan with specific timelines and responsibilities, and be ready to adapt strategies based on real-time feedback.
 7. Continuously monitor the impact of the implemented strategies.
 8. Use a structured framework like the 4Ps (Product, Price, Place, Promotion) or the Value Chain analysis to assess the problem comprehensively.
- **Results/Outcomes:**
 - **Expected Outcomes:**

Anticipate an increase in footfall and sales, with improved customer satisfaction and loyalty.
 - **Risk Assessment:**

Potential risks include increased marketing expenses and the need for effective promotion execution.
 - **Conclusion:**
 - This case study addresses declining sales at Boston TechPier Electronics, a retail store. It aims to identify the causes and provide recovery strategies.
 - **The problem:** A 29.27% sales drop over six months.
 - **The solution:** Enhance marketing and promotions with customer surveys and online advertising.
 - **The expected outcomes:** Increased foot traffic, improved customer satisfaction, with potential risks related to increased marketing expenses.
 - This case study illustrates structured problem-solving and strategic thinking in retail management.