

When Push Comes to Shove

Copyright © 2007 by Calabash Educational Software.
All Rights Reserved.

[Loblaws](#) is Canada's largest food retailer, with over 1,000 stores operating under a variety of retail formats under the Loblaws, Fortinos, No Frills, Maxi, Zehrs, Atlantic Superstore, Your Independent Grocer, Dominion (in Newfoundland and Labrador), and Real Canadian Superstore banners. The retailer is also a significant player in the drugstore, general merchandise, and financial product services areas. However, increased competition, particularly from the new entry of [Wal-Mart Supercentres](#) (include grocery section) to the Canadian market; low-price competition from other grocery competitors; and difficulties associated with the overhaul of its supply chain and warehouse network have made things tough for the chain. In fact, the company recorded its first loss in 20 years in 2006 and had to make significant personnel cuts at the head-office level.

One of the major problems that the company has had to deal with during the overhaul of its supply chain and warehouse distribution system is the failure of suppliers to provide inventory on a timely manner so that it would be available in the stores when required. Such delays lead to stockouts (Flavelle, 2007). To deal with this issue, the company instituted a policy whereby suppliers who failed to meet the required delivery deadline would be assessed a penalty of \$1,500. Another distribution issue is the adoption of RFID (radio frequency identification) inventory control system; however, unlike Wal-Mart, Loblaws does not have the capability of demanding that suppliers invest in this approach, an approach designed to increase efficiency and reduce costs, reduce stockouts, and increase sales for both the retailer and suppliers (Hutchinson, 2006).

Questions:

1. Identify all of the marketing theories and concepts that are relevant to the situation described and explain how these theories and concepts, including the concepts of conflict and power, apply.
2. There are five types of power that channel members (i.e., a change agent) can use to get other channel members to do things that the first channel member wants: reward, coercive (punishment), referent, expert, and legitimate. Explain how each of these types of power apply, if at all, to the situation described. [Conflict and power notes: [Click Here](#)]
3. If a supplier is assessed a late-delivery penalty, what options does the supplier have? What do you think the supplier would do in such a situation? If a supplier refused to pay the penalty, what would the store do?

References

Flavelle, Dana. (2007, June 5). Real Canadian SuperStores looks to appeal to modern-day 'Jetson'. *Toronto Star*, p. B5.

Hutchinson, Alex. (2006, November 30). CanWest News. Loblaws rolls out tag technology to defend retail turf from Wal-Mart. *CanWest News*, p. 1.