

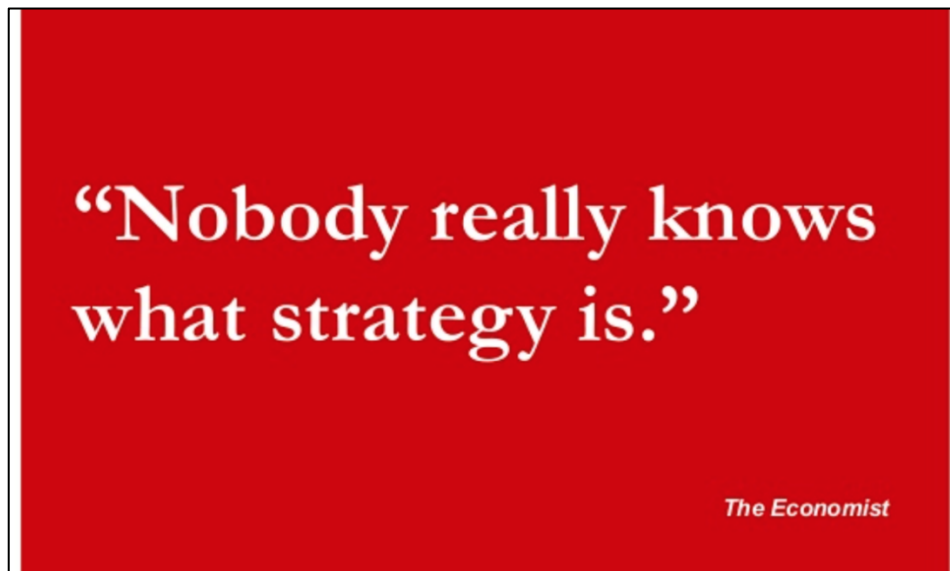
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The Essence of Strategy: Lessons from Seven Decades

Introduction

"Nobody knows what strategy is." – The Economist

Few concepts in business are as widely discussed yet as poorly understood as strategy. In countless boardrooms, classrooms, and executive off-sites, the word is used to mean everything from setting goals and writing mission statements to launching marketing campaigns and cutting costs. No wonder when you ask a group of executives *"What is strategy?"*, the answers range wildly. For some, it's about vision. For others, it's about execution. Still others see it as beating the competition or simply surviving the quarter. Many leaders further divide it into *marketing strategy*, *finance strategy*, *people strategy*, or *operations strategy*—as if strategy were just a bundle of functional blueprints rather than a unifying direction for the business. And added to this confusion is a nagging question: is strategy a one-time exercise, an annual planning ritual, or a continuous discipline of making and remaking choices?



This lack of clarity is especially dangerous in retail, where margins are thin, customers are fickle, and competitors can appear overnight. Without a shared understanding of strategy, many retailers mistake short-term tactics for long-term direction. They conflate activity with progress. And too often, they end up running faster without actually getting ahead.

The difference between success and failure in retail often comes down to whether leaders truly grasp what strategy is—and isn't. Take Costco and Sears. Costco has thrived for decades because

it made a deliberate, consistent choice: to win by offering limited selection, high-quality goods at the lowest possible prices, sustained by scale and membership loyalty. Every decision reinforces that strategy. Sears, on the other hand, lost its way. Once the most dominant retailer in America, it confused diversification and financial maneuvering with strategy. In chasing too many directions at once, it lost clarity, diluted its value proposition, and ultimately collapsed.

This article looks at the essence of strategy through the lens of seven decades of retail history. By revisiting how the idea of strategy has evolved—and how it has been misapplied—we aim to clear up the myths and provide fresh insight. The goal is not academic theory but practical understanding: what strategy really means, why it matters, and how retailers can use it to make better choices in a world of constant disruption.

What Strategy Is Not: Dispelling the Myths

- Why 90% of Retailers Don't Get Strategy

It is startling, yet true: the vast majority of retailers—perhaps 90%—operate without a clear understanding of strategy. The reason is not ignorance or lack of ambition; it's confusion. The word *strategy* has become a catch-all, applied to everything from planning spreadsheets to efficiency programs, from marketing campaigns to mission statements. In practice, many executives are pursuing one of several myths, thinking it is strategy when it is not.

Myth 1: Planning = Strategy

Planning provides structure and comfort—five-year roadmaps, spreadsheets, and growth targets—but many retailers mistake these neat documents for strategy itself. Strategy assumes turbulence; planning assumes stability. J.C. Penney in the 1990s exemplifies this. Its multi-year expansion plans looked perfect on paper—stores in the right locations, projections of growth, all neatly plotted. But Walmart and Target were quietly reshaping the rules of retail: faster supply chains, everyday low prices, and convenience for shoppers. Penney's static plan could not respond to a shifting market, leaving the company exposed despite its meticulous projections.

Myth 2: Operational Effectiveness = Strategy

Efficiency is seductive. Lean processes, cost-cutting, and faster inventory cycles feel tangible, measurable, and under management's control. But operational effectiveness is not strategy, it's hygiene. Circuit City's final years show why. In trying to mirror Best Buy's efficiency, Circuit City cut costs but compromised the in-store experience. Customers found the stores less engaging, service weaker, and the brand less compelling. Efficiency alone couldn't create a defensible advantage; without distinct choices about where and how to win, operational tweaks were meaningless.

Myth 3: Functional Silos = Strategy

Another trap is to treat strategy as a collection of functional plans: marketing strategy, operations strategy, HR strategy. Separately, these initiatives are useful, but collectively, they do not create coherence. Sears fell victim to this misconception. At different points, it pursued real estate initiatives, financial services, merchandising revamps, and brand extensions—all simultaneously,

all labeled “strategy.” But with no overarching logic connecting these moves, Sears drifted. Siloed strategies fragmented focus, diluted resources, and ultimately led to the retailer’s decline.

Myth 4: Strategy as a One-Time or Annual Exercise

Many retailers treat strategy as an annual ritual—a single offsite meeting or a set of slides for the board. Borders illustrates the danger. Executives crafted detailed multi-year strategies, but by the time these plans were implemented, e-commerce had already rewritten the rules of convenience, selection, and pricing. Amazon, in contrast, treated strategy as a continuous discipline, testing, iterating, and adapting constantly. Borders’ “strategy document” could not compete with Amazon’s living, evolving strategic practice.

Myth 5: Vision or Mission Statements = Strategy

Finally, many executives believe that an inspiring mission or vision statement equates to strategy. Words can rally employees, but they do not clarify where or how to compete. Ron Johnson’s tenure at J.C. Penney offers a cautionary tale. He introduced a sleek new mission and redesigned stores with the promise of a modern, aspirational shopping experience. Yet he abandoned the discount-driven pricing core to the retailer’s customer base. The rhetoric was compelling, but the choices were misaligned with customer expectations. Without concrete trade-offs and directional choices, a vision is just a posterity and is not a strategy.

These myths—planning as strategy, efficiency as strategy, functional silos, one-time exercises, and visions mistaken for choices—explain why 90% of retailers are confused. They expend enormous effort on activity, documents, and rhetoric, believing they are executing strategy, while failing to make the tough, coherent choices that actually create sustainable advantage.

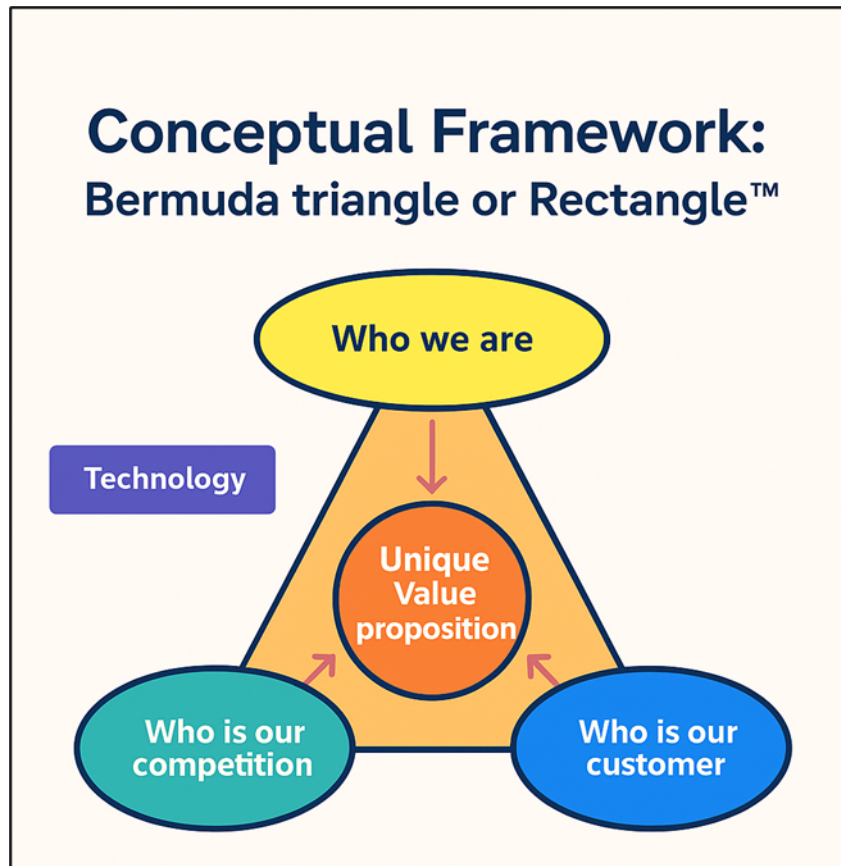
Why So Many Retailers Are Lost in the Bermuda Triangle

Many of these companies, once shining stars, fell into Blackhole, a place where losing retailers go to die. They fail to react to signs around them and positively change their business while they still had time. - Willard N. Ander and Neil Z. Stern in the book Winning at Retail

Beyond these myths, retailers today face a deadly paradox: the forces shaping their future are well-known, yet many remain paralyzed. Picture the Bermuda Triangle of retail strategy, with three powerful corners: **Customers, Competition, and the Company itself**. Those who fail to navigate it vanish.

Customers evolve faster than most companies can adapt. Malls once served as social hubs; now, instant delivery, personalized recommendations, and frictionless checkout define convenience. Sears, once America’s favorite department store, could not keep up with digital-first shoppers. Amazon, in contrast, continually raises expectations, moving the goalpost with innovations like Prime Now.

Competition is relentless and adaptive. Rivals learn, copy, and redefine categories overnight. Shein's explosive rise left giants like H&M and Zara scrambling to match its speed and pricing power. In India, quick commerce players like Zepto and Blinkit redefined grocery shopping, turning a previously loyal customer base into a moving target.



Source: Author's Framework

The hardest force is often the company itself. Culture, capabilities, and leadership habits can become barriers to reinvention. Best Buy nearly collapsed when it tried to fight showrooming with discounts instead of rethinking its value proposition. Only when it embraced services and partnerships did it survive. Yet many incumbents remain structured for quarterly targets, incremental growth, and efficiency—misidentifying operational effectiveness as strategy.

Technology adds another layer, amplifying every wave. From AI-driven personalization to cashier-less stores, technology isn't just an enabler; it's a business model. Amazon Go redefined convenience; AI in fashion predicts trends faster than designers. Yet most incumbents treat technology as a bolt-on rather than embedding it into core strategy, repeating the mistakes made with e-commerce two decades ago.

The result? Retailers vanish into the Bermuda Triangle—not because the forces are unknowable, but because they fail to understand what strategy truly is. They confuse planning, efficiency, silos, rituals, or vision statements for strategy and drift, unable to navigate toward relevance and survival.

If 90% of retailers are lost in the Bermuda Triangle, the real question is: *what is strategy—and how can it help them navigate a world that’s constantly changing?*

The Evolution of Strategy – From Static Frameworks to Dynamic Thinking

Before we can answer what strategy truly means today, it helps to understand where our current ideas come from. Many retail organizations—and even business schools—still rely on frameworks developed in a very different era. These models were designed for a slower, more predictable world, where markets moved gradually and change could be planned for years in advance.

The story of business strategy is almost as old as commerce itself. But the way we think about strategy today is radically different from its origins. To understand why adaptability matters in the 21st century, we must first revisit how the concept of strategy evolved over time.

- The Birth of Strategic Thinking

The term “strategy” has its roots in military doctrine, derived from the Greek word *strategos*, meaning “the art of the general.” For centuries, strategy was about positioning troops, anticipating enemy moves, and securing a decisive advantage on the battlefield. When business leaders adopted the term in the mid-20th century, they borrowed heavily from these military roots—strategy was seen as a grand plan, a fixed course of action to outmaneuver rivals and dominate markets.

In the 1960s and 70s, corporate strategy was formalized by pioneers like Igor Ansoff and the Boston Consulting Group. Firms embraced tools like the Ansoff Matrix, BCG Growth-Share Matrix, and SWOT Analysis to chart multi-year plans. Companies such as General Motors, IBM, and Sears thrived during this era by crafting long-term blueprints, allocating resources, and leveraging scale advantages. Success was tied to stability; predictability was the holy grail.

But here’s the question: Are these frameworks still relevant in an age where consumer behavior shifts overnight, competitors emerge from nowhere, and technology continually redraws the playing field? Or do they require radical adaptation to guide decisions in today’s dynamic landscape?

To answer that, we need to trace the evolution of strategy through the lenses that have shaped decades of business thinking, revealing why some retailers thrived while others faltered.

- 1950s–1960s: The Ansoff Matrix and Growth Pathways

In the 1950s and 60s, growth dominated the strategic imagination of retailers, and Igor Ansoff’s now-famous matrix provided a seemingly clear roadmap. Introduced in a 1957 Harvard Business Review article and expanded in his 1965 book *Corporate Strategy*, the Ansoff Matrix laid out four paths to expansion: market penetration, product development, market development, and diversification. For retailers like Marks & Spencer, the framework became a guiding light during its golden years. By deepening its presence in existing markets and expanding product lines—from food halls to clothing—M&S was able to steadily grow while reinforcing its brand identity.

Decades later, Gap leaned heavily on U.S. market penetration but struggled when it attempted diversification into ventures such as Piperlime and Athleta. These initiatives, while promising on paper, failed to cohere into a unified growth story, highlighting the challenges of pursuing multiple options without disciplined execution or careful timing. The Ansoff Matrix offered a menu of possibilities, yet success depended on walking the chosen path with focus and an acute sense of market realities.

- 1960s–1970s: SWOT and the Illusion of Completeness

Developed in the 1960s by Albert Humphrey at the Stanford Research Institute, SWOT analysis—Strengths, Weaknesses, Opportunities, Threats—quickly became one of the most widely used tools in strategic planning. Its appeal lay in its simplicity: map internal and external factors on a grid, and the path forward seems obvious.

Retailers like Sears leaned on SWOT to highlight their strengths—nationwide catalog reach, extensive real estate holdings, and brand recognition—as if they were unshakable. Yet what appeared to be enduring advantages became vulnerabilities once Walmart and Target redefined the retail landscape with low-cost efficiency and suburban convenience. SWOT could reveal where a company stood, but it often obscured just how rapidly the ground beneath it was shifting.

- 1970s: The BCG Matrix and the Portfolio Mindset

In the early 1970s, Bruce Henderson and the Boston Consulting Group introduced the Growth-Share Matrix, a tool designed to bring rigor to resource allocation. By categorizing business units as “Stars,” “Cash Cows,” “Dogs,” or “Question Marks,” companies could ostensibly prioritize investments and manage their portfolios with clarity and discipline.

Retailers like Tesco embraced this portfolio mindset, nurturing “Stars” such as convenience stores and financial services while maintaining grocery as its reliable Cash Cow. Montgomery Ward, however, misread its catalog business as a Cash Cow even as specialty retailers chipped away at its market, turning a once-prized asset into a sinking “Dog.” The BCG Matrix offered a framework for capital allocation, but its simplicity sometimes obscured the reality that markets are dynamic, and a Cash Cow could become a Dog almost overnight in the face of disruption.

- Late 1970s–1980s: Michael Porter’s Five Forces – Strategy as Industry Position

In 1979, Harvard professor Michael Porter introduced the Five Forces framework, marking a landmark shift in strategic thinking. Instead of focusing solely on internal capabilities, Porter argued that profitability was determined by the structure of the industry itself: supplier power, buyer power, the threat of new entrants, substitutes, and competitive rivalry. This perspective shifted strategy from inward-looking efficiency to outward-looking positioning, emphasizing the importance of understanding the battlefield.

Retailers in the 1980s like Walmart exemplified this approach. By consolidating supplier relationships at massive scale, Walmart reduced supplier power, while its “everyday low prices” limited buyer power. Its cost leadership and logistical dominance deterred potential entrants, reshaping the industry forces to its advantage. In contrast, department stores such as Macy’s and Sears felt the pressures of the Five Forces acutely: urban retail rivalry was intense, substitutes from

discount stores were growing, and buyer power increased as customers demanded better value. Their inability to influence these forces left them exposed, demonstrating that competitive advantage is not just about being good at what you do—it's about understanding and, where possible, reshaping the rules of the game.

- 1980s: The McKinsey 7S Model and the Alignment Imperative

In 1980, McKinsey consultants Tom Peters and Robert Waterman introduced the 7S Framework, emphasizing that organizational success depended on the alignment of seven elements: strategy, structure, systems, staff, skills, style, and shared values. The framework shifted the focus from strategy as a standalone plan to strategy as a coordinated organizational effort, highlighting that even the best strategy could fail without internal coherence.

Retailers like IKEA exemplified this alignment. Its flat organizational structure, cost-efficient logistics, and frugal culture all reinforced a strategy of stylish, affordable products. By contrast, J.C. Penney's "fair pricing" initiative in the 2010s failed because systems, incentives, and customer expectations were not aligned with the new strategy. Without coordination across the 7S dimensions, even clever strategic ideas can falter, showing that organizational alignment is as critical as the strategy itself.

- 1990s: Core Competence – Competing from the Inside Out

In 1990, Gary Hamel and C.K. Prahalad reframed strategy with the concept of core competencies—the unique, hard-to-replicate capabilities within an organization that deliver disproportionate customer value. Unlike products, which can quickly become obsolete, these competencies endure and form the foundation for long-term competitive advantage. Strategy shifted from merely choosing markets to identifying what a company is uniquely built to excel at and leveraging those internal strengths.

Retailers like Walmart exemplified this approach. Their core competence in logistics and supply chain management—managing global sourcing, distribution centers, and real-time inventory—created an unbeatable cost advantage. Competitors could copy low prices, but they couldn't replicate the system that enabled them. Zara (Inditex) applied the same principle in apparel, building its empire around fast-fashion agility: sensing trends, designing quickly, and delivering products to stores in weeks. In contrast, Kmart struggled because it failed to identify or invest in true core strengths. Imitating Walmart's low prices without matching the underlying supply chain capability contributed to its gradual decline.

- 1990s: Competing on Capabilities

In the 1990s, strategy took a perceptual leap. It wasn't enough to merely outperform rivals—lasting advantage came from capabilities that competitors couldn't copy. This shift is captured brilliantly in George Stalk's concept of competing on capabilities, which highlighted the enduring power of internal strength over surface-level competition.

Zara provides a vivid illustration of this idea in retail. Its integrated supply chain—anchored in vertical control, proximity sourcing, and rapid design-to-shelf cycles—turned speed into its core capability. While others relied on seasonal planning, Zara refreshed its inventory every few weeks,

reconfigured stores rapidly, and responded to trend signals in near real time. This relentless execution lifted Zara above the chatter of rivals, creating advantage not in style trends alone, but in the system behind them. Meanwhile, competitors like Gap, trapped in traditional operational models, saw their market relevance steadily erode as they failed to build such deep, durable capabilities.

- 1990s: Kaplan's Balanced Scorecard – Beyond Financials

In the early 1990s, Robert Kaplan and David Norton introduced the Balanced Scorecard, expanding strategic thinking beyond a sole focus on quarterly financial results. They argued that financial metrics were lagging indicators and that companies also needed leading indicators across customers, internal processes, and learning & growth to sustain competitive advantage. This approach encouraged organizations to link operational and cultural initiatives directly to long-term strategic outcomes.

Retailers like Nordstrom embraced the Balanced Scorecard to sharpen customer experience. Their metrics included measures of service excellence, employee training, and customer loyalty—not just sales and margins. By connecting frontline behavior to strategic objectives, Nordstrom reinforced its reputation for personalized service. In contrast, Kmart continued to focus primarily on same-store sales and quarterly profits, neglecting customer perception, operational inefficiencies, and investments in learning. This oversight allowed competitors like Walmart and Target to pull ahead, demonstrating that financial results alone cannot drive sustainable strategy.

- 1996: Porter's "What Is Strategy?" – Trade-offs and Fit

"The essence of strategy is choosing what not to do." – **Michael Porter**

By the mid-1990s, many companies confused operational effectiveness—doing the same things faster or cheaper—with true strategy. In his landmark 1996 HBR article *What Is Strategy?*, Michael Porter argued that sustainable advantage comes from making deliberate trade-offs and creating a unique fit among a company's activities. Competing to be the best was a race to the bottom; competing to be unique was the only sustainable path.

Retailers illustrated this vividly. IKEA made clear trade-offs: flat-packed furniture, self-service warehouses, minimalist designs, and no in-home delivery. Each choice might seem limiting on its own, but together they created a system that rivals found difficult to replicate. Discount chains like Aldi and Trader Joe's applied similar thinking, stripping down assortment and services to deliver unbeatable value, building uniqueness through tightly linked, mutually reinforcing choices rather than by trying to do everything better than competitors. In contrast, Sears and J.C. Penney attempted to be everything to everyone—department stores, appliance sellers, catalog businesses, financial services—spreading themselves thin. Without clear trade-offs or a unifying system, they lost distinctiveness, illustrating Porter's point that strategy is about deciding what not to do and aligning activities consistently around that choice.

- 2000s: Blue Ocean Strategy – Escaping the Price War

The blue ocean strategy encourages you to innovate and develop new, affordable products that make competition irrelevant. -

By the mid-2000s, Kim and Mauborgne's *Blue Ocean Strategy* challenged companies to stop competing in crowded "red oceans" and instead create blue oceans—spaces of uncontested demand where competitors were largely irrelevant. The approach emphasized differentiation while lowering costs, crafting new value propositions that customers found irresistible.

Sephora is a classic example. Instead of trying to match department stores on luxury brands alone, Sephora created an entirely new experience: open, self-service beauty stores where customers could try products, receive personalized advice, and explore a wide range of brands under one roof. This transformed beauty retail into an interactive, discovery-driven experience and captured a segment of consumers who were underserved by traditional counters. Similarly, TJ Maxx and Marshalls carved a blue ocean by embracing "off-price retailing," offering brand-name merchandise at deep discounts in a treasure-hunt environment. Rather than competing directly with high-end department stores on full-price fashion, they created a unique value curve focused on surprise, savings, and variety.

Meanwhile, traditional department stores that remained stuck in the red ocean—slashing prices in saturated markets—like Sears and J.C. Penney, bled margins without rethinking the customer experience. Blue Ocean Strategy showed that winning often comes not from fighting harder in existing markets, but from redefining the playing field entirely.

- 2016: Vijay Govindarajan's Three-Box Solution – Past, Present, Future

"Strategy is really about how do you create your future while managing the present. That is the three-box solution"- Vijay Govindarajan

By the 2010s, many retailers were struggling to balance today's business pressures with tomorrow's disruptions. Vijay Govindarajan's *Three-Box Solution* reframed strategy as a balancing act across three horizons: managing the present (Box 1), selectively forgetting the past (Box 2), and creating the future (Box 3). Strategy became less about static plans and more about actively allocating attention and resources across these time frames.

Retailers offered sharp contrasts in how they applied—or ignored—this model. Best Buy, once written off as "Amazon's showroom," executed a strong Box 1 turnaround by cutting costs, price-matching, and improving customer service. Simultaneously, it pursued Box 3 initiatives, expanding Geek Squad services and building partnerships with brands like Samsung and Apple, redefining its value proposition beyond low prices. By contrast, Blockbuster ignored Box 2 entirely; its attachment to late fees and physical stores blinded it to the rise of streaming, leaving Netflix to claim the future. More recently, Walmart has managed all three boxes simultaneously: optimizing logistics and pricing to protect low-cost leadership, reducing reliance on sprawling superstores as shopping shifts online, and investing aggressively in e-commerce, fintech, and health clinics. Govindarajan's framework highlights that strategy is not a one-time exercise but a deliberate, ongoing portfolio of present, past, and future priorities.

Evolution of Strategy Frameworks

Era	Framework	Key Thinker(s)	Essence	Retail Example
1950s–1960s	Ansoff Matrix	Igor Ansoff (1957 HBR; <i>Corporate Strategy</i> , 1965)	Growth through market/product expansion (penetration, development, diversification).	Sears expanded through new categories & markets; Toys “R” Us later scaled using focused product development.
1960s	SWOT Analysis	Albert Humphrey (Stanford Research Institute)	Snapshot of Strengths, Weaknesses, Opportunities, Threats —but often static.	Sears & J.C. Penney saw “strengths” in scale & real estate, but missed Walmart’s cost edge.
1970s	BCG Growth–Share Matrix	Bruce Henderson (Boston Consulting Group, 1970)	Portfolio balance of Stars, Cash Cows, Dogs, Question Marks .	Woolworth misclassified assets while Walmart reinvested in “stars” (big-box efficiency).
1980s	McKinsey 7-S Framework	Peters & Waterman (McKinsey, 1980)	Success requires alignment of Strategy, Structure, Systems, Style, Staff, Skills, Shared Values .	Nordstrom excelled by aligning culture (service ethos) with systems (training, empowerment).
1990s	Competing on Capabilities	George Stalk (HBR, 1992)	Competitive edge = unique, hard-to-copy capabilities , not products.	Zara’s fast-fashion supply chain vs. Gap’s slow seasonal planning.
1990s	Core Competence of the Corporation	Prahalad & Hamel (1990)	Firms win by building core competencies that span products & markets.	Walmart’s logistics and IT backbone vs. Kmart’s lack of integration.
1990s	Porter Revisited: What Is Strategy?	Michael Porter (1996, still dominant)	Strategy = unique positioning + trade-offs ; not operational efficiency alone.	Trader Joe’s thrives on uniqueness; Bed Bath & Beyond confused cost-cutting with strategy.
2000s	Blue Ocean Strategy	Kim & Mauborgne (2005)	Create new demand spaces instead of fighting rivals.	Starbucks redefined coffee as an “experience,” not just a beverage.
2010s	Three-Box Solution	Vijay Govindarajan (2016)	Manage today (Box 1), selectively forget the past (Box 2), and invent the future (Box 3).	Amazon runs Box 1 (retail ops), Box 2 (closing Kindle Fire Phone), Box 3 (Alexa, AWS).

The Practice of Framing a Strategy: X-cite by Alghanim Electronics Reimagined

In classrooms, strategy is often taught as analysis and planning. But in practice, it is a process of framing—of understanding what business you are truly in, what difference you can create, and how to align an organization around that purpose. This is the story of how a seventy-year-old legacy retailer in Kuwait reframed its future—not through a plan, but through the disciplined practice of strategy.

1. The Context

In 2004, Alghanim Electronics, the largest and oldest consumer electronics retailer in Kuwait, had been making losses for several consecutive years, and each year, the losses were doubling. Multiple CEOs had come and gone, and frustration had reached the top.

During a trip to China, the chairman—tired and reflective—spoke over tea aboard his private jet: *“We can’t keep bleeding like this. I want you to come back and restructure the business. This is our last chance. Either you turn it around, or we close it down.”*

It was not just a business challenge; it was an existential one. The company’s future hinged on whether strategy could be reframed not as survival, but as reinvention.

2. Diagnosing Reality

The first step was confronting the facts. The business was losing relevance. Store layouts were cluttered, assortments confusing, and employees disengaged. Customers perceived Alghanim Electronics as outdated and expensive, even when prices were competitive.

I spent days in stores observing shoppers, talking to sales teams, and mapping customer journeys. Beneath the financial losses lay a strategic void—no shared sense of purpose or clarity on what business we were truly in. The company had plans, but no direction; operations, but no meaning. To rebuild, we had to begin not with answers, but with the right questions.

3. The Practice of Framing Strategy

At that time, the chairman had brought in a Harvard Business School professor to mentor his son, who was being groomed as the future Group CEO. I reported to the professor, who quickly became both mentor and guide.

In one conversation that would change how I viewed business forever, he said: *“Strategy is not a plan—it’s the creation of difference. It’s not about being the best at what others do; it’s about being different in a way that matters.”*

That single sentence reframed my understanding. Until then, “strategy” meant cost control, reorganizations, and incremental fixes. But real strategy, I realized, is a creative act—a framing of what makes you distinct. It is less about competing in the same game, and more about defining the game you want to play.

4. The Core Insight

Through months of immersion and reflection, one insight became clear: the future of consumer electronics in Kuwait would be defined by experience, not price.

The country’s young, tech-savvy customers didn’t want to buy gadgets—they wanted to experience technology. They sought interactivity, fun, and aspiration. The existing dealer network, while strong in price, lacked excitement. That gap—between affordability and experience—was our opening.

The challenge was to translate that insight into a coherent strategy: to shift from a product-driven, dealer-focused business to an experience-led, customer-centric retailer.

5. Framing the Strategic Choice

The framing began with a simple idea: *make technology exciting and accessible.*

From that, a bold new value proposition emerged—“X-cite is where technology meets excitement.”

This became our north star. Everything—store design, assortment, service, and brand identity—would be aligned around this promise. We weren’t just selling electronics anymore; we were creating moments of discovery. Strategy had found its frame: excitement as differentiation.

6. From Frame to Practice

Translating the new frame into action required discipline and imagination. We partnered with Gensler, the global design firm behind Apple Stores, to redesign every store around three pillars:

- **Xperience** – interactive zones where customers could touch, test, and play.
- **Xpert** – well-trained staff who offered solutions, not just products.
- **Xcitement** – a vibrant, youthful environment that celebrated technology.

Simultaneously, operations were overhauled—inventory reduced, decision layers cut, and supplier relationships shifted from transactional to strategic. A customer-first culture began to take shape, where every action flowed from the strategic frame of excitement and engagement.

7. Execution and Impact

Momentum followed quickly. The newly designed stores and the *X-cite* brand resonated deeply with Kuwait's youth, transforming the perception of consumer electronics retail. Sales surged, and profitability returned. What had started as a rescue mission became a model for modern retail transformation in the region.

In 2010, *X-cite by Alghanim Electronics* received the “**Best Retailer of the Year in the Middle East**” award from MERA—for the second consecutive year. Every legacy store was rebranded and renovated under the *X-cite* identity, signaling the completion of a profound transformation.

8. Sustaining the Transformation

The success of *X-cite* extended well beyond Kuwait's borders. Following its remarkable turnaround, I was invited to the **Consumer Electronics Show (CES)** in Las Vegas in January 2010 to speak in a Super Session on “*Global Perspectives on Retail*” alongside the CEO of Best Buy, the COO of Walmart, and the head of Sony USA—the first Indian to do so in the event's history.

In 2025, *X-cite* continues to thrive as one of the Gulf's most successful retail stories. Today, *X-cite* operates 45 stores across Kuwait, holds more than 60% market share, and generates annual revenues exceeding \$1.5 billion. It is among the region's largest and most profitable consumer electronics retailers. Beyond Kuwait, *X-cite* has expanded into Saudi Arabia with 11 stores in key cities such as Riyadh, Jeddah, Mecca, and Dammam. It has also built a strong online presence and was an early pioneer of the omnichannel retail strategy in the region—further solidifying its leadership in the digital era.

What began as an urgent turnaround became a lesson in strategic framing. The journey revealed that strategy is not written—it is framed, practiced, and lived. It begins with curiosity, matures through disciplined execution, and endures through clarity of purpose.

In the end, Alghanim Electronics did not just recover; it redefined what it meant to compete. The essence of strategy lies not in planning the future, but in *framing* it—clearly, courageously, and distinctively.

What Is Strategy? A Synthesis Across the Frameworks

Consistent alignment of capabilities and internal processes with the customer value proposition is the core of any strategy execution. - Robert S. Kaplan

Today, retailers operate within a kind of Bermuda Triangle (now rectangle) of strategy: Customers, Competition, the Company itself, and the interface of technology. Consumer expectations evolve at lightning speed; competitors innovate in ways that redefine markets; and technological advancements can disrupt entire business models or unlock new opportunities. Internal culture and capabilities can either enable or block the ability to leverage these shifts. Strategy, therefore, must be constantly adapting in a dynamic way, anticipating changes in any one of these dimensions and responding before irrelevance sets in.

Over the past seventy years, strategy has evolved from static planning and portfolio matrices to dynamic, customer-focused, and technology-enabled approaches. Retailers like Costco, Amazon, IKEA, Sephora, and Walmart illustrate that strategy is less about frameworks and more about deliberate choices, aligned activities, and continuous adaptation. Its essence can be understood through six interrelated elements:

1. Unique Difference

A company can outperform rivals only if it can establish a difference that it can preserve. The essence of strategy is choosing to perform activities differently than rival do.- Micheal Porter

At its heart, strategy begins with difference—a unique position that competitors cannot easily replicate. Bruce Henderson of BCG famously argued, “unless a business has a unique advantage over its rivals, it has no reason to exist,” and Michael Porter emphasized that this requires deliberate choices and trade-offs.

Costco embodies this principle. Its membership model is more than a pricing tactic; it builds trust, fosters a sense of exclusivity, and cultivates loyalty in ways that Walmart and Target cannot replicate. Similarly, Amazon distinguished itself by creating entirely new value spaces—Prime, Marketplace, and AWS—transforming the company from a bookseller into a platform powerhouse. Even missteps like the Fire Phone contributed to learning, showing that difference is not a fixed attribute but something that must be nurtured dynamically.

2. Purpose

Difference alone is fragile without a guiding purpose. Purpose provides direction, aligns decisions, and ensures that experimentation or adaptation does not become random. IKEA exemplifies this: its mission, “to create a better everyday life for the many,” informs every choice—from product design to store layout to operational processes. Purpose acts as a strategic North Star, giving coherence to initiatives across the organization. When purpose is clear, every innovation, investment, or operational change reinforces the company’s distinct identity rather than diluting it.

3. Customer-Centricity

"At some point along the way, we were too focused on making a profit short term rather than building value for customers long term."- Wurtzel, Circuit City. who served as board chairman from 1986 to 1994 and vice chairman until 2001.

Strategy only succeeds when it is grounded in customer insight. Starbucks transformed coffee from a commodity into a “third place” between home and work, deepening engagement through its Rewards program. Sephora blends digital and in-store experiences to personalize interactions, creating loyalty and emotional connection that competitors cannot easily replicate. In contrast, McDonald’s attempts at premium coffee illustrate the consequences of neglecting deep customer understanding: without embedding the customer into the heart of strategy, even well-funded initiatives can fail to resonate. Customer-centricity ensures that difference and purpose translate into value that customers actually perceive and embrace.

4. Capabilities

The goal is to identify and develop hard-to-imitate organisational capabilities that distinguish a company from its competitors in the eyes of the customer. - Competing on Capabilities : Building capability is strategy - George Stalk, HBR, Apr-Mar, 1992

Unique difference, purpose, and customer focus require the organizational muscle to execute. Capabilities—embedded skills, systems, and culture that competitors cannot easily copy—turn strategic intent into reality. Walmart’s logistics network exemplifies this: it delivers consistency and efficiency at scale, creating a tangible advantage that reinforces its market position. Similarly, TJX’s opportunistic buying and Aldi’s disciplined supply chain demonstrate that capabilities are not add-ons but the backbone of strategic execution. Without these capabilities, even the clearest strategy remains aspirational rather than actionable.

5. Adaptation

“In business, as in nature, the species that survives is not the strongest, but the most adaptable.” - As The Economist noted in 2023

Markets, technology, and consumer expectations evolve rapidly. Strategy must be dynamic, continuously adjusting to changing conditions. Zara illustrates this principle: its supply chain is designed for speed, allowing the company to respond in real time to fashion trends rather than relying on seasonal forecasts. Gap’s dependence on traditional planning cycles left it trailing behind. Amazon demonstrates another form of adaptation, continuously testing and adjusting initiatives across retail, cloud computing, and logistics, ensuring that its unique difference stays relevant over time. Adaptation, therefore, is not optional—it is essential for sustaining strategic advantage.

6. Experimentation

Experimenting, trying to do things differently, educating ourselves as to what is going on in the retail industry, and trying to stay ahead of those trends - Walmart, Sam Walton

Strategy is ultimately a process of discovery, not mere prediction. Competing in crowded markets is often a race to the bottom; true opportunity lies in exploring new value spaces. Amazon’s Prime, Marketplace, and AWS all emerged from iterative experimentation. Even failures, such as the Fire Phone, became sources of insight that shaped future initiatives. Retailers that embrace

experimentation, anchored by purpose and delivered through capabilities, create a continuous feedback loop that fuels innovation and strengthens their position in the market.

“Strategy is not a plan—it’s a mindset, a dialogue, and a learning system.”

Across decades of frameworks, the essence of strategy crystallizes: it is the art of creating unique difference that customers value, guided by purpose, delivered through capabilities, continuously adapted, and discovered through experimentation. In practice, these elements are not separate boxes to tick—they are interwoven threads in every strategic decision. When successfully combined, they allow retailers to navigate the complex forces of customers, competition, technology, and company culture with relevance, resilience, and sustained growth.

What Is Strategy

Principle	Description	Retail Example
Strategy = Difference	Create unique value that competitors cannot replicate.	Costco’s cultural and pricing advantage.
Strategy Starts with Purpose	Purpose aligns choices, trade-offs, and execution.	IKEA’s mission to create a better everyday life.
Strategy Is Customer-Centric	Focus on who you serve and how to deepen loyalty.	Starbucks’ “third place” experience and Rewards program.
Strategy Requires Capabilities	Build systems and skills rivals cannot easily copy.	Walmart’s logistics, Aldi’s supply chain discipline, TJX’s buying acumen.
Strategy Is Dynamic	Continuously shape markets rather than merely reacting.	Zara’s rapid-response supply chain.
Strategy Is Experimentation	Discover new spaces through disciplined trial and error.	Amazon’s Prime, Marketplace, and AWS initiatives.

Conclusion: The Essence of Strategy in Action

Winning companies react much before wall street, before competition grows too big, before customers have given up and reinvented and evolved themselves, developing new skills/ capabilities to be relevant rather than getting into oblivion.- Willard N. Ander and Neil Z. Stern in the book Winning at Retail

Over seven decades, strategy has evolved from static frameworks and checklists to a dynamic, customer-centered process. Looking across these decades of insights, a clear pattern emerges for today’s retailers: strategy is the art of creating unique difference that customers value, anchored in

purpose, delivered through capabilities, and sustained through adaptation and experimentation. This is the essence of what we can call Adaptive Strategy, and it explains why some organizations endure while others fade. Difference alone is not enough; execution turns intention into impact, and the customer remains the ultimate judge of value.

“Unless a business has a unique advantage over its rivals, it has no reason to exist.”-
Bruce Henderson of BCG

The most successful retailers bring this principle to life. Costco delivers trust and value through a culture and operational rigor that competitors cannot replicate. Zara senses and shapes trends in real time, continuously adapting to shifting customer preferences. Amazon experiments relentlessly, creating entirely new markets with Prime, Marketplace, and AWS. Best Buy adapts proactively to disruption rather than waiting to react. Uniqlo redefined fast fashion not by imitation but by embracing technology, fabric innovation, and sustainability, maintaining affordability while adapting to global cycles. Home Depot transformed from a traditional big-box retailer into an omnichannel powerhouse, ready to seize opportunities when disruption struck. Aldi has thrived for over a century by focusing relentlessly on simplicity and cost leadership, while continuously fine-tuning its private-label strategy and store formats for different markets. These examples reveal a central truth: strategy begins with difference, flows through capabilities, anchors on the customer, and continuously adapts to shape the future.

In a world of accelerating change, firms that cling to static plans or merely imitate competitors risk irrelevance. Michael Porter captured this succinctly: *“Operational effectiveness is not strategy. Strategy is about choosing to be different.”* CEOs must take note: they cannot delegate strategy to annual planning cycles or isolated departments. They must actively drive Adaptive Strategy, embedding customer insight, innovation, and agility into the organization’s DNA, and creating the structures, culture, and capabilities that turn difference into lasting impact. Those that do not risk being overtaken; those that do can shape markets, redefine industries, and build enduring advantage. Strategy is no longer a plan on a page; it is a living, evolving loop of value creation.

The ultimate test of strategy is its ability to endure and thrive amid change. Adaptive Strategy requires constant sensing, rapid discovery, and bold execution, powered by a feedback loop that never stops learning. Each cycle sharpens focus, accelerates learning, and compounds advantage. Instead of merely reacting to change, adaptive organizations shape it.

In the end, the essence of strategy is not permanence—it is evolution. Those who master Adaptive Strategy will not just navigate the future—they will define it.

As Peter Drucker famously said, “*The best way to predict the future is to create it.*”