

# Ace hardware analysis



**ASSIGN  
BUSTER**

Industrial background for home improvement Most people especially in big cities would like to have a nice place to buy things for their home. They actually need one stop shopping place for their home. Just like a hyper mall which is provide them as a place called one stop shopping for their needs. Actually for this kind of industries, this is a very high competition in it.

With porter 5 forces analysis we can see that this is a tough industry.

Bargaining power of customer...

- Customer could easily to buy in other store or they could search by them self in market.
- Sometimes one store is not enough to satisfy the customer.

Buyer is a price sensitive and brand minded, once they didn't found what they looking for, then they didn't want to go back to that store.

- The availability for the goods is very important to satisfy the customers.

- Strategic location is important for customers.

- Easy payment.
- Information about the products, what kind of products, how to use the products, how to repacking the products, etc.

Bargaining power of supplier..

- Supplier should provide the same kind of goods with the same quality and quantity.
- The store will cut their order, ones the supplier could not fit with their criteria or standard. Good supplier always provide the expert to explain about their product. Just like a manual books.

The Threat of Substitute product

- The availability and the cost are the most reason for customer to find the substitute product.

- The variants of the products. •Strategic location. The threat of the entry of new competitors... •The capital to build this kind of store is quite average.
- Good network among the customers, stores, and vendors is very important.
- A huge space should be provided to satisfy the customers to get the 'one stop shopping' experience. •Good strategic location could give you some cost advantages. Although strategic location always expensive.
- Every store which could give the best value for the products will win the heart of the customers. The Intensity of competitive rivalry... •There are a lot of stores which provide the home improvement goods, although they are not in a one store, but sometimes they can be found in the same area or location. •The same concept of the store, which provide the same services, sell the same kind of products exist in the market.
- Although the rivalry among them quite tough, but each of the store still grow. Market Trend One stop shopping concept is a trend in the market. First only the department store or a hyper mall which have that concept. People just only have to come to one place in order to get all they want, they could buy some clothes, foods, and also they could enjoy the place, the view and the environment. In 90's this concept were adopted for the home improvement goods. This concept could fulfill the customers needs for their home.

They didn't have to go to different place in order to get some stuff for their home, they just came to one store which provide all their needs. Actually, the older 'one stop shopping' concept in Indonesia was not a new thoughts. We know the place like Kenari Djaya, Pasar Glodok, Harco Mangga Dua, etc, as a place to find what we want in order to improve our home. The

differences with the newly concept, that the old one, there were so many stores in one place just like Kenari or Glodok, and every store sell the different kind of goods, but the new one is only one store which provide all.

Nowadays the customers need a comfortable place to buy the goods for their home improvement. They dislike to walk in a narrow space, and still have to bargain about the price, then they must compare the price among each store which sell the same products. Sometimes all the store have the same price because they have the same owner. They need a fixed price, good quality, availability, a bigger place, a wide space, a comfort area and a trained sales person.

About the ACE HARDWARE Indonesia Company Background Established in 1995 as a subsidiary company of Kawan Lama Sejahtera, PT. #1 commercial and industrial supplies company in Indonesia. PT Ace Hardware Indonesia is the master franchise-license holder in Indonesia from ace Hardware corporation USA. The Premiere Ace Hardware store was inaugurated in Supermal Karawaci Tangerang on 29 November 1995. PT ACE Hardware Indonesia Tbk is a home improvement retailer.

The Company is engaged in general trading including local and inter-island export and import for home improvement needs such as home and kitchen appliances, paint and sundries, tools, furniture, household goods, hotel supplies, pet supplies and an assortment of electrical, lighting, gardening, outdoor living, plumbing, sanitary, hobby, sporting, automotive and building interior products. Today, Ace has develop to be one of the leading home improvement companies with a chain of stores in big cities in Indonesia.

Committed to high quality service, Ace Hardware Indonesia is certified for Quality Management System ISO 9001-2000, making the company the first certified hardware store in Indonesia. With clear long term objectives “ ACE Vision 2010”, continuous improvements and new concepts ACE is striving to be the #1 “ Do-It-Yourself”. With more expanded floor space, wider array of quality home improvement products from all over the world will be developed further to meet fast and growing demand in Indonesian market.

The Company also acts as a distributor and agent for household appliances and lifestyle products. Headquartered in Jakarta, Indonesia, the Company has 26 retail outlets located in Jakarta, Tangerang, Bekasi, Cirebon, Bandung, Surabaya, Bali, Medan, Batam, Balikpapan and Makasar. Vision and Mission The ACE team strives to accomplish the company’s goals by staying highly focused on its vision of being a success-driven home improvement supply company. We maintain consistency and continue to prioritize our customers’ satisfaction, revolutionize our line of industry and steadily increase our market share in hardware and home-improvement business Our mission is to be the #1 helpful hardware store in Indonesia by providing customers a wide variety of top selection products with reasonable and competitive prices, professional service, friendly and competent staff, sustainable improvement and comfortable shopping stores. Objective Ace provide wide range of assistance to our valued customers. Purchasing merchandise at Ace comes with a guarantee of reliable after sales service.

Committed to the quality of our products and customer satisfaction, we provide our staff with product knowledge, merchandising & selling skill training

THE SWOT ANALISYS FOR ACE HARWARE INDONESIA Strengths •Ace

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Have a skillful and trained sales person. •Some of their store are located in a Mall, so the customers will feel much comfortable. Weakness •Their stores only at the big and major cities. Opportunities •With good service and good in quality, could make this company survive and become the market leader. •Consumers buying habits are changing. •Good economical environment.

Threats •Competition from the same concept store for home improvement. •Providing the good service and quality is a must to delightful the customers. •E-commerce. COMPETITOR ANALYSIS Although ACE HARDWARE is the first player for home improvement in Indonesia, the market and a demand growth, always provide the market the competitor.

There are several competitor for Ace Hardware Indonesia, which have the same concept as one stop shopping for home improvements, or just sell the

same goods categories in one place. The competitors are: 1. Mitra 10 Begins in 1996, PT Catur Mitra Sejati Sentosa (CMSS), is subsidiary from PT Catur Sentosa Adiprana (CSA) which take the main role as distributor for building equipment. They build the one stop shopping concept for the home improvement. During 1997-1998 PT CMSS succeed to open 10 home improvement supermarket which called MITRA 10.

The locations are: Kalimalang, Kelapa Gading, Tangerang, Serpong, Depok, Citra Garden, Bintaro, Percetakan Negara, Cikarang, Panglima Polim. In the year 2000, PT CMSS opened their network at: Fatmawati, Bendungan Hilir, Arteri Pondok Indah, Jatinegara. In 2001 and 2002 they opened their new store in Bali and Surabaya. In 2004 their income have increase significantly, there are Rp 165.

3 billions. The products The products which are sell in MITRA 10 are: paint and sundries, floor and wall, bath and kitchen, plumbing, hardware, electrical and lighting, tools and hobbies, door and window, building material, home tools, kitchen tools, decoration tools, cleaning tools, etc. Until the data from 2005, MITRA 10 have 10 stores (have selling space below 700m<sup>2</sup>), and 8 super stores (have selling space from 1000 m<sup>2</sup> to 7000 m<sup>2</sup>). Vision of MITRA 10 In the year of 2008, MITRA 10 would become the best retail company for building equipment and home furnishing in Indonesia, which have good management and system in retail company and have prepared to face the global competition. Mission of MITRA 10 Selling building equipment and home furnishing with good quality to the customers. MITRA 10 eager to become true partner for their supplier, customers, employees and their stockholders.

The ServicesMITRA 10 always provide services such as: workshop services including decorative painting, window and door installation, plumbing, flooring and wall, gybsum installation, water installation, delivery services, consultation, and all MITRA 10 services are 3 months guaranteed. 2.

GLODOK ELEKTRONIK Have 5 outlets in JABODETABEK. Their products are: audio/video, home appliances (air conditioner, fan, refrigerator, washing machine, water dispenser, water pump, water heater), kitchen appliances, office tools (calculator, computer, typewriter), toys and hobby, automotive, electrical, hardware, hand power tools.

Their service are: easy shopping on web, on time delivery, and professional customer care. 3. HOME INDEX This is a big store located in Artha Gading Mall. Their products are: paint and sundries, floor and wall, bath and kitchen, plumbing, hardware, electrical and lighting, tools and hobbies, door and window, building material, home tools, kitchen tools, decoration tools, cleaning tools, etc. Their strategic location in Mall is a great advantages, but unfortunately in the same mall there is a ACE HARDWARE store too. It is difficult for HOME INDEX to compete the first player.

4. DEPO BANGUNAN Located in Kalimalang, this store sell the home and building equipments. The strength about this store is only their competitive price. The parking space is small, their store is small, so the customer didn't get a wide space in that store.