

Super store chain in pakistan assignment

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Grocery Stores in Pakistan Over the last two decade broader socio-economic changes, including growth in the urban middle class and disposable incomes have given rise to the modern retail sector in Pakistan.

There has been a marked decrease in traditional ‘ kiryana’ stores, an increase in general stores and the emergence of new formats such as superstores, malls and retail chains to cater to the increasingly time-compressed consumer. Long ago, it was a simpler time for inventory management: the owners knew their customers well, what products they needed and how much they would be willing to pay for them. If a customer requested something the store did not carry, it was simply added to the next purchase order. Today, the shopping experience looks much different.

The proliferation of department stores, grocery store chains and big-box stores during the past two decades has ushered in dramatic changes to the retail landscape—rendering customer-centricity an increasingly elusive goal. The food and other items are need of every human. We see in Pakistan, from small shops to whole sale dealers, from corner pan shop to multi stories super stores. The progress in this regard is tremendous as new ideas and techniques are keep coming to sell the items. Recently we saw the chain of Makro and Metro giant store where you get everything under one roof.

Makro Pakistan – A brief history Makro is a part of House of Habib group. House of Habib is the business house of the Mohammedali Habib Family. Mohammedali Habib, a man of vision and exceptional leadership together with his brothers was the architect and builder of the Group which includes Habib Metropolitan Bank and Habib Insurance Co. Ltd. , established in 1941

and 1942 respectively. Today, HOH employs over 10, 000 people who work to provide an array of products and services in Pakistan. These activities range from automobiles (Indus Motors) to audio media, buildings to banking and computers to chemicals.

Managing a network of public and private companies, the House of Habib has equity and technical collaborations with British, Japanese and Norwegian companies. House of Habib despite its conservative and traditional values places great emphasis on decentralized professional management that has resulted in a progressive and dynamic organization. MAKRO is a Dutch chain of large-scale wholesale supermarkets having a strong presence in many countries around the world. In Pakistan, it entered the market as a joint venture between its parent company SVH and the House of Habib to launch as Makro Habib Pakistan Limited.

Habib group opened Makro in 2005. Makro demonstrated a commitment to grow in Pakistan by entering the wholesale sector and with plans to invest around USD 300 mn in the next four years. Pakistan's wholesale sector has been a grossly neglected segment of the economy; Makro pioneered into its age old customs and led the change by introducing modern and transparent rules of trade. Makro has also brought the latest technology and techniques to preserve and enhance the life of fresh farm produce. This will not only benefit the farmer but also the common man.

Each Makro Wholesale Centre provides direct employment to 200 people, and brings in countless business transactions into the documented part of the economy, which is a significant step towards complimenting

Governments' efforts. It was soon realized by Makro that more and more individual customers are coming for shopping and thus Makro enhanced its products range. Makro categorize its products in three categories: * Dry food * Fresh food * Non food Makro main focus is on * Competitive Prices * Quality Guaranteed * Everything Under One Roof * Air-conditioned and clean environment * Bulk Packing * Detailed Sales Invoice Extended Business Hours – 8: 00 am to 12 Midnight * Open 7 days a Week including national holidays * Vast and secure parking space * Makro Mail: a fortnightly price list with special promotions on a vast range of products Market Competitive Edge Entering into the consumer goods was a great experience. As CEO Makro Jamal Mustafa Siddiqui rightly said that local supermarkets often offer many things, while cash & carry type stores mostly compete on price but there is no compromise on quality. CEO further added that one of the factors which distinguish Makro from other outlets is the ample parking space and the cozy environment.

This makes a visit to Makro a family event. Visitors not only come in search on quality products available at most competitive prices but also avail a chance to eat together. They don't have to bother about the security of any kind. The huge hall on a single floor gives customers a sense of easiness and it has been witnessed that parents are relaxed while shopping as they know their children are around “ somewhere safe”. The availability of variety of product range with proper price tag is a feature where customers decide instantly what to buy and how much to buy.

There are teams of sales person everywhere in the store but it was found that people normally find things easily and hardly they talk to sales person. The board of each product are placed everywhere so that customer can read where ever he is on the floor. The store was started as a whole sale way concept but soon it turned out to be the fact that 50% of sale is coming from individual costumers. CEO Makro mentioned in his one of interview that we did not go for huge electronic marketing campaign like TV or radio or even newspapers. We grew by word of mouth.

And that gives us a competitive edge over other stores. The daily sale is a more than 1 million. The suppliers are giving Makro a handsome discounts and Makro is passing this discounts to customers. Few more stores are coming. For example, Metro which is totally whole sale store and recently Naheed Supermarket shifted their style in a same way as Makro does. But still Makro has 34% market share in whole sale market and 41% in individual customers market. It has opened few more stores in Karachi as well as in Lahore. Makro Customers Makro has two types of customers. * Institutional * Individuals

Both type of customer want quality, price and convenience It is now a fact that only providing items is not enough, there has to be service in front end. In institutional customers, the whole sale customers are included. The requirement of this category is totally different as compared to individual customers. Therefore, the planning and strategy for both types of customers is different. Initially the strategy was made only for institutional customers and less focus on individual costumers. But when data available showed that

the more revenue is generated from these customers then it is time to be customer centric.

Makro has realized the fact that customers are now expecting more from Makro. They are now expecting that whatever they want to buy, it will be available in Makro. If Makro does not fulfill its customer needs, then it will soon start losing its existing customers and it means loss in profit. One more complaint received is that Makro does not have “ALL” products and sometimes people have to compromise in few items. Makro has started taking feedback from customers so that they can understand the behavior of customers. They have observed that many people buy routine fixed items and many do not like bulk quantity schemes.

As the CEO Makro said that we don't compromise on quality, this is true as customers don't get any less quality products there but through feedback it was also learnt that some good quality products are missing from the shelf which is required by customers. CRM A active database system is in place where total inventory management is controlled and in fact it gives information ahead of time that which items are required in three months time. The system is also connected with other outlets across the country and a centralized database is maintained. This gives Makro an advantage to place its order to its supplier for all stores in one go.

As far as customers' inputs are concerned, this system needs update, so that customers' complaints can also be handled from centralized management. Further, it is not connected with suppliers and manual work has to be done.

Challenges The challenges currently Makro is facing are: * ALL items are not

available in store * New stores are coming with enhanced services * Sale might go down by 10% * Closure of Makro Saddar Karachi by Supreme Court. * No inputs from customers in CRM system and connection with supplier is missing Meeting local market needs is just one of many factors contributing to the increasingly complex task of store management.

How do balance changing market conditions, financial risks and supplier limitation, all while accommodating fast-changing trends? How do Makro accurately forecast inventory positions for the upcoming holiday season when previous buying patterns don't hold true in the current economic environment? And how can Makro ensure that their merchandise forecasts and plans are actually achievable? Targets After analyzing the market trend and customers need and expectation, it is time for Makro to sit again and do its home work and come up with right strategy and an action plan to face the challenges mentioned above.

The management of Makro was sure on one thing and that they will succeed if they focus customer and align its strategy according to their needs. To create a customer-centric shopping experience, it is critical for Makro to make smarter decisions about product selection and inventory management. Strategic Planning Makro adopted a very simple strategy and that was to “Give what customers want”. Because in this era of inflation, customers are interested in getting their shopping done in one trip to save his time, money, petrol etc.

In order to accomplish this task an action plan has been made and details are given below Action Plan Objective: * Enhance CRM and implement Voice

of customer solution (from supplier to customers). * Ensure availability of all required items in the shelf * Increase sale by 20% * Re open new store in new location. * Keep track on competitors performance and tactics The action plan was divided into four broad categories * Understand Customers * Set Quality Service Standards * Build a winning team * Check up regularly * Provide proactive problem solving Understand Customers

Doing business without knowing what customer exactly want is something like selling eye glasses to a blind man. Therefore, in order to know customers, there has to be a mechanism where maximum data is available. Collect Data To enhance their CRM system, data is required in different format to analyze it. Makro hired sales officer to ask and ask each and every customer following questions. * How you feel here in Makro? * Is this your first time? * Did you get all things you wanted? * Do you find it expensive? * Any plan to visit again? * Is there any complaint/suggestion you have.? * How can we do better?

The next feedback was taken from 200 employees which were more related to their duty timings, their uniform, areas of services, their expertise, their observations and their suggestions. The suppliers were brought in picture and their systems were studied and joint efforts made to connect suppliers to Makro CRM system. Once, all information is available, then in CRM systems, it is time to sit together and senior management scrutinized all available data and interestingly few very amazing information were discovered. For example, Makro put some chocolate and candy near cash counters so that they can attract young ones.

But complaint received from parents that they don't like that chocolate and candies to be placed near cash counter as their children got out of control and one lady mentioned that she will not come to Makro again due to this same reason. Strategy of earning few quick pennies was actually loosing customers on long term basis. !! Makro adopted the policy to retain the customers as it is a fact that you spend more to attract new customers and therefore it is a good policy to retain old customers and those will become loyal customers. Set Quality Service Standards

On analyzing data, it was also noticed that people complaint about the non availability of quality products on the shelf. The database also showed that there are many items which are rarely bought by majority of customers. Few suppliers also supplying low quality items and due to huge orders, these low quality items goes un noticed. A list of all hot items were made and contact made with manufactures directly to supply these items to Makro. The low quality items were removed from shelf and meeting was held with suppliers of these items and a quality check mechanism was developed so that only accepted quality items reach to the shelf.

The placement of more than 14000 items were also re shuffled. Employees of Makro suggested that there are few items, specially children toys and stationary is on the upper shelf and many times children ask floor staff to give these items. All these type of items were shifted to the lower portion of shelf where young one can access them easily and can decide what to choose. A web site is hosted where up to date information is available. Further, the whole sale customers can order on phone and their order is

packed as per their requirement and ready at doorstep of Makro at their convenient time.

The new offers and deals also circulated to all whole sale customers on regular basis. Announced a 5% discount to all employees family who wants to shop in Makro. Build a winning team When the quality, price and convince were addressed, it is time to address the touch points. The complete customer cycle were studied in detail. From entering into Makro in parking lot to getting out from Makro. Following actions were taken * Parking staff and security staff were re trained “ How to receive customers. ” * The trolley are now available at different location of parking so that customer should not worry about finding trolley in the start. Few small shops and stall were opened at start of Makro which have attractive items with low price like CD/DVD shops, ladies bangles, purse, mobile accessories etc so that a perception is created that it is not a high price store. * The selection of floor staff was clearly made, keeping in view their residential area. Focus on middle and upper middle class. They were trained how to greet customers and show them the way. Priority given to local residence at each store. * It was in their training “ Not to disturb customers while they are looking at different items”.

But if customer has any query then that should be answered. * The cash counter were increased and one more person was added who help customers in putting their items in shopping bags quickly with a smile. * The re check of bill at the end was finished as it disturb the customers. * Eating points increased with variety of food items. * The hot items are placed in

multiple locations. * At parking lots, few boys were hired to bring the car at the door when customer finished the shopping so that customers don't need to carry trolley all the way to parking lot.

Check up regularly The strategy was in place, the action plan is now active. It is time to monitor the result and feedback. For this purpose, another department was opened whose primary responsibility to get maximum feedback from customers with respect to all areas. The main areas were parking lots, main shopping hall, cash counters, eating places, ATM machines and few dedicated sponsors stall/shops. A standard form was prepared with ranking (from excellent to worse) and KPI and that is part of each departmental appraisal procedures.

The main features of feedback form were: * Cleanliness * Reception * Payment procedures. * Floor Staff Support * Availability of products Through these feedback, the whole supply chain mechanism was monitored and appropriate actions were taken accordingly. The card system was introduced and to facilitate customers, point system was introduced in which shopping more than Rs: 10, 000 will have discount of 5% and if within six months, if a customer earned more than 20% discounts then afterwards 10% discount will be offered.

This scheme really worked out and helped Makro to retain customers.

Provide proactive problem solving According to a research 68% customers are upset because they did not receive proper treatment. Only 4% customers complaint and rest do no complaint because they think that it will be useless to mention it or they DID NOT FIND A PLACE WHERE THEY CAN

COMPLAIN !!! Makro gain popularly through word of mouth as they adopted policy of less electronic media advertisement. It also adopted the strategy to consider complaints as opportunities and react it with full dedication.

A fully equipped complaint center was opened in each Makro store where customer can come and register their complaint verbally or can fill out the form. Even to extent, customers were informed that they can call following numbers any time to logged their complaints and these numbers belong to higher management. It is also a part of policy that if a complaint is right, then after solving the complaint, something extra to be given to customers so that he can feel that he is treated “ WELL” and he is not ignored but supported well and he was listened carefully. This ill build a trust between customers and can turn ordinary customers into loyal customers. The floor staff was trained in such a manner to move around the store and try to listen customers without disturbing them what they exactly talking about. For example one aged customer was saying to his wife, “ I need only one shoe polish and they have set of five shoe polish, why they don’t provide option to buy single.? “. The action was taken and at many items option to buy single item was introduced and that really doubled the sale because as it was earlier mentioned that more than 50% costumers are individual customers.

A team of expert is always present at frozen item section as customer investigate more about frozen food. At many occasions, team guide customers about new deals. A fortnightly newsletter with the name MakroMail introduced which not only consists of deals and new items details but also have complaint history, their resolutions, a thank you note to all

customers for sharing their feeling with Makro. This newsletter is sent to 5000 customers twice in a month.

Makro is searching for new location to open its new store in Karachi in case if sadder Makro become inaccessible. The case is in the court. Makro will try to adjust his employee at other locations. Conclusion Makro sale has reached 10 billion a year, a 25% increase since last year. Contributed Rs 750 million towards sales tax to government. Employed 300+ personnel. There are more than 14000 products on the shelf. These are not “ ALL” the products, but this is what is required by customers. The use of right technology at right time gave Makro a competitive edge.

The customer satisfaction can only be achieved through product and services. Its only matter how much one focus on each part. Customers are ambassador, treat them as invited guests to a party, and we are the hosts. It's our job every day to make every important aspect of the customer experience a little bit better. There should be a culture where the voice of customer penetrates deep inside the organization and the management is steadfastly committed to creation and delivery of customer experience.

Remain in cycle of Explore-> AgreeDeliverAssure Because what gets measured does get managed. When both customers and employees are engaged we are likely to see optimal customer experience (Reverse can be seen in government departments) Between rising unemployment rates and diving home values, consumers' discretionary spending is evolving as much more selective, more informed, and more scarce, creating significant competitive challenges for retailers and suppliers alike.

The ability of retailers to attract and maintain a loyal customer following requires customer-centric strategies in collaboration with suppliers. If we do the right thing for the consumer, it will be the right thing for the retailer, and in the end, it will be the right thing for the supplier community.

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