

Strategic management narrative essay

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The fast pace changes of society and economic environment have led Neon, the third largest retailers in Japan which mainly operates malls, supermarkets and convenience stores, to take new steps in revising their business strategies, targeted market and personnel management.

Nowadays, many people prefer shopping online in order to avoid heavy lifting of products to be brought from physical stores. The consumer e-commerce market reached 9.5 trillion yen in 2012, swelling 80% in five years.

Neon had seen the opportunity of providing such service as well as to regain customers lost to e-tillers, the company has decided to pursue synergies between physical stores and online shops known as clicks-and-bricks. Clicks and bricks is a business strategy or business model in e-commerce by which a company attempts to integrate both online and physical presences. The new synergy of Neon is to provide a mobile-based service that firstly, let customers directly snap pictures of desired products on the shelf right from their smartness.

Then, customers' orders will be automatically connected with retail giant's delivery portal upon scanning barcodes in the store, bill payment and delivery paperwork will be handled in-store via smartened. Once the transaction is finished and confirmed, purchases will be arrived in as little as two hours. To carry out the service smoothly, Neon will co-operate with SoftBank Telecoms and Yahoo to develop the software and secure customers.

Moreover, the company aims to provide Wi-Fi service to all 1600 stores worldwide and wireless Internet service at 500 general merchandise stores with an expected cost of 2-3 billion yen. Other than integrating click-and-brick mortar stores, Neon will provide more samples of their products in-store for customers to try out before visiting website and purchasing their desired colors, designs and brands. Besides the consumer e-commerce market, the regional market of Asia has also caught Neon's attention as Asia is expected to become the world's largest economic region in 2020 with a GDP of \$23. Trillion. With the increase in population and middle-income group in Asian and SEAN countries, Neon has planned to expand their market to Asia such as China and SEAN countries like Cambodia, India and Indonesia.

To achieve such expansion, Neon announced an ambitious new three-year cuisines plan to nearly triple its investment in other Asian markets by fiscal 2013. Thus, the company's capital investment outside Japan will increase to 25 percent of its \$9.12 billion budget through February 2014, up from 8 percent for the previous year.

In Tannin, northern China, Neon already opened its eighth-largest shopping center which included a hypermarket and 130 specialty stores. This will be the second Neon mall built in Tannin.

Since Asian cities will become more crowded as the number of urban residents is expected to grow by 400 million inhabitants, Neon plans to develop a multi-format treated to suit local markets in China and Southeast Asia. To this end, Neon will develop more smaller-sized outlets such as supermarkets and convenience stores, in higher income urban markets.

Furthermore, Neon combines their capabilities not only in general merchandise store, but also in development, supermarket, financial services, customer services, specialty shop to delivery customize solutions ideal for each individual community. Also, Neon plans to target new markets in South Asian countries including Cambodia, India and Indonesia. To cope with Neon's focus on accelerating Asia-centered business growth and in face f global competition, it has taken several changes in personnel management besides of changes in business strategies.

Firstly, Neon has been recruiting more non-Japanese talents.

Taking a progressive increase in foreign hires, Neon has employed about 1000 employees in 2012 and 1500 employees in 2013. Neon continues to practice its corporate culture of meritocracy and promote employees base on performance and written tests. To take a further step, Neon also trains and promotes foreigners to oversee local subsidiaries in Asia in order to give them a feeling of promotion opportunity.

To gain access to talented personnel, Neon formed partnership with prominent Asian Universities in Vietnam, Malaysia and China. They co-operated together in personnel recruitment, Joint research on the retail industry and acceptance of interns for on- the-job training.

Lastly, Neon has launched a new in-house personnel program by sending department heads of local subsidiaries in Asia to Japan headquarters to study management principles, strategy-building and the latest store management techniques for two years, in view of developing them to potential candidates to the headquarters' board.

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