

Mydin mohamed holdings bhd (mydin): story of success

[Business](#), [Company](#)



Abstract

Mydin is the biggest business in Malaysia which undertake activity in wholesaling and retailing. Mydin Mohamed Holdings Bhd. owns and operates hypermarkets, emporiums, bazaars, minimarkets, convenience shops, supermarkets, restaurants, and franchise stores in Malaysia. It offers household products such as hard-line products that include hardware, electrical, stationery, porcelain, and toys. Other than that, its also includes soft-line products that comprise textiles and fabrics products and food line products, which include confectionery, drinks and beverages, and delicatessen and dairy products. The company was founded in 1940 and is now based in Subang Jaya, Malaysia. It has store locations in Selangor, Terengganu, Melaka, Kelantan, WP Putrajaya, WP Kuala Lumpur, Pahang, Pulau Pinang, Negeri Sembilan, Johor, Perak, and Kedah, Malaysia.

1. 0 INTRODUCTION

MYDIN Mohamed Holdings Berhad is one of the largest and well-established Malaysian-owned Companies involved in wholesaling and retailing. The company was founded in 1918 by Gulam Husen Jamal, father to Mydin Mohamed in Pulau Pinang. Their first hawker business was started on 1940. However, the shop was burnt down because of World War II and the family lost everything. But with strong determination, perseverance and faith has made Mydin Mohamed, to continue the trades of wholesaling.

In 1957, he opened his first shop which was a small wooden shop and named it as Syarikat Mydin Mohamed in Jalan Tok Hakim, Kota Bharu, Kelantan by selling toys and general merchandise with his own saving, without the help of government or anyone else. With the help of his immediate sons, the

business spreads its operations to Kuala Terengganu in 1979 and later made their presences in Klang Valley at Jalan Masjid India in 1989. From then on MYDIN has grown steadily. With its mission to be the leading wholesale and retail company by providing the best value, wide assortment of goods and continuous excellence based on our business formula.

In 2011, MYDIN, along with other major hypermarkets such as Tesco and Carrefour participated in the TUKAR programme under the Economic Transformation Programme. The programme is aimed to transform 100 selected sundry shops into modern mini marts. The company is responsible for training the shops and providing assistance after transforming as mini marts along with Tesco. In July 2013, MYDIN's then ventured into the high-end retailing with the opening of the first SAM's Groceria outlet at the Gurney Paragon in Penang in July 2013. SAM affectionately stands for Saya Anak Malaysia.

As of 2017, there are 27 hypermarkets where each is located in the malls, 17 emporiums, 3 bazaars, 9 supermarkets, 12 convenience shops (MyMart), 5 franchise outlets (Mydin Mart) and 5 SAM'S Groceria supermarkets. Above all, MYDIN operates its business based on 'Halal' concepts and stresses on honesty, sincerity and good discipline in all aspects of its business. With its vision to be the first world's leading distributor of competitive halal-goods and services in Malaysia, it is now known as MYDIN Mohamed Holdings Berhad.

2. 0 PROCESS OF THE COMPANY

Mydin's roots actually can be traced back to Penang Island in 1918, where Mydin Mohamed's father, Gulam Husen Jamal, had a small shop. In most of

the narratives about this family, during World War II, the shop was burnt to the ground and the family lost everything. However, what is lesser known is that by 1940, at the age of 12, Mydin Mohamed was already taking part in the family business, where he sold merchandise and toys to customers in nearby Georgetown. The year Malaysia achieved independence in 1957, Mydin Mohamed also launched his first store in Kota Bharu, away from what he knew, leaving the business in Penang to the rest of his family.

The reason for the big move away from the island was because he thought that there was an opportunity to retail goods from the nearby Thailand at bargain price. Kota Bharu was a strategic location and being near the Thailand-Malaysia border meant that it was a hub for business transactions between the two countries. Also, in Kota Bharu, he also sold a popular card game named Aladdin, which he used to get mailed to him from his own father in Penang. Since he was one of the only suppliers, this helped make the Mydin name more known for toys, but they also sold things like needles and balloons.

In the beginning of his Kota Bharu business, Mydin Mohamed only had bicycles as their transportations. The bicycles are used in both the picking up of his goods and deliveries. Since he owned no motor vehicles, he would ride bus for out of town deliveries. After generate small profit, then only he finally able to purchase a van.

For over 20 years, Mydin was just a small but growing store in Kota Bharu. They slowly diversified from just daily necessities and toys, then in 1979 the second store was opened in Kuala Terengganu. Starting from there, they eventually made their way in to the Klang Valley in 1989, opening the first

outlet on Jalan Masjid India. From then on MYDIN has grown steadily and become a successful company.

As of 2017, Mydin is reporting an annual revenue of more than billions ringgit, and they realize that they didn't get the success easily. From the start, Mydin Mohamed had a vision and a mission to grow beyond just one small store, and he was willing to work hard to get it. Dato' Hj Ameer, Mydin Mohamed's son and Managing Director of Mydin Mohamed Holdings Bhd., agreed and said that it is all the same for everyone who can work hard and work smart. We have to ready sacrifice our personal time and our family time and also our lives to be really success. There is no shortcut that can leads you to success without any sacrifice.

2. 1 Problem Faced by MYDIN

1) Transportation

In the beginning, Mydin only have bicycle as their transportation. They will use the bicycle to do deliveries and to picking up goods from supplier as well. Mydin will ride bus for out of town deliveries, because doing deliveries out of town using bicycle is impossible to do. After he success generate small profit, then only he finally able to purchase a van.

2) IT system

The main challenge that face by MYDIN is to have an efficient and accurate application access system in order to manage its huge volume of transactions and goods flowing in and out of the company effectively and on timely manner. Although MYDIN has been invested in centrally-managed data centre and network architecture, but there is always something extra that can be done to stand out in this highly competitive business

environment.

But then, Mydin adopted several software systems and use it in the company to help the company to have an effective business management, because the success of commercial enterprise like MYDIN much depends on the reliable processing of transactions to ensure that customer orders are met on time, and that partners and suppliers are paid and can make payment.

3) The arrival of competitors

The arrival of competitors such as Tesco, Giant and Carrefour are such a big threat to MYDIN. This is because, they offered the same products as MYDIN. Even though the competitors give such a threat to the company but MYDIN has its own strategy to sustain its customers. MYDIN is using low price strategy with offers acceptable quality products to attract lower and medium income group in Malaysia. With this strategy, MYDIN get to keep existing customers and in the same time can attract new customers as well.

4) Less publicity

MYDIN has less publicity among the potential customers because it only allocated a small portion of cost advertisement which advertisement in the media only available during certain months of the year. Less advertisement will affect MYDIN customers to move to other competitors who also offers the same or similar products. A more aggressive marketing strategy will allow them to overcome the issue of less publicity and market recognition among the customers.

MYDIN gets to solved this problem with setting up their own website and involved in online marketing or electronic commerce (e-commerce). MYDIN also doing promoting and advertising through media social and newspaper.

This can help MYDIN to get recognition among the customers.

3. 0 TYPES OF TECHNOLOGY OR SYSTEM USED

Mydin Mohamed Holdings Berhad is a Malaysian company with a long and venerable history in retailing and wholesaling. Today, it is the nation's number one local retailer and owns a major chain of hypermarkets, emporiums, bazaars, mini-marts, convenience stores, no-frills mini markets, malls, premium grocery stores and premium restaurants across Malaysia. In the hypermarket industry, having the right technology is the key that allows a business to grow faster, generate profit and successfully compete in the market. To cater to its customers' everchanging needs, Mydin has to provide its products at the right time and at the right price to its customers, whilst ensuring excellent service are provided.

Its strategic business move was to embrace the right technology to compete in the global competition. Mydin has decided to use a lot of software system that can help the company to continuously operate even after decades in the industry. Some of the software are:

3. 1 Electronic Point of Sale (EPOS) system.

The electronic point of sale (EPOS) system is the place where your customer executes the payment for goods or services bought from your company. It is a combination of software and hardware that allows merchants to take transactions and simplify key day-to-day business operations.

Mydin uses TPS's in their EPOS systems, these systems scan barcodes and communicate with the in-house system. This in-house system will record all the data of transactions and stock which needs to be re-ordered, probably in a batch system which can then be transferred to the mainframe at the end of

the day.

There are many benefits a company might gain by using this system. Mydin will benefit from these systems in various ways, such as:

- a) These systems will hold and collect information about customer purchases, especially those who have a customer loyalty card.
- b) It will assist in being able to target other products at these customers to help increase sales.
- c) Automatic links with suppliers will be improved as stock can be re-ordered as soon as it has been sold, greatly reducing the physical effort of stock ordering and minimizing the errors involved with manual ordering.
- d) Greater effectiveness of customer service as prices can be modified with ease, a greater choice of products can be attained and lower prices to the customer.

3. 2 Allied Telesis

When selecting a vendor to upgrade the network, Mydin's main key criteria were high-value, excellent customer support, and open and direct communication with the network vendor. After going for a thorough selection process, Mydin chose Allied Telesis, a global IP network solution leader.

Allied Telesis proposed an end-to-end Layer 3 network, with advanced functionality that ensures high availability, easy management and security, and with performance levels that meet Mydin's business main objectives.

Core IP routing with advanced, flexible policy-based Quality of Service (QoS), rich multicast support, and a comprehensive set of control features, simplifies administration and maintenance tasks. The design incorporates efficient delivery of all data from Mydin's converged systems and

applications.

The Allied Telesis solution has proven to be a wise choice for the company. Mydin started to see an immediate improvement in its network performance. In the near future, the company expects more savings both in terms of business and IT management costs. From the business aspect, the company now gains timely, accurate and consistent management and financial information, which enables the company to monitor activities and transactions more closely and react proactively to any changes in its environment.

4. 0 BUSINESS STRATEGY

To differentiate itself from competitors, MYDIN has been currently practicing several strategies that could help the company to compete with other retailers. Some of the strategies are:

4. 1 Low cost business strategy

MYDIN is proudly promoting the company as a business that is “ Born in Malaysia and Still Malaysia”. It provides low price with acceptable quality products to customer. Meanwhile, more foreign own hypermarkets and superstores are having a strong foundation of selling in Malaysia. They start grab the entire customer through providing foreign branded product. It become a great challenge to Malaysian company such as MYDIN to compete with them.

Even though foreign hypermarket and superstores create their own strategies to attract customer but MYDIN has its own strategy to sustain its customers. MYDIN is using low price with acceptable quality products strategy to attract lower and medium income group in Malaysia.

Lower and medium income group are willing to purchase at lower price and high quality which only provided by Malaysian company such as MYDIN.

Through low price strategy, MYDIN can sustain its customer for long period and it will increase customer loyalty toward MYDIN.

This strategy also focuses to attract small wholesaler and petty traders in getting cheap supplies. It has also contributed to the business expansion and is reflected by an increase in number of wholesalers and petty traders who have registered as their frequent buyers.

4. 2 Technological advancement on IT system

MYDIN is considering on conducting more research and developing on its IT system or directly outsourcing for a more sophisticated Transaction Processing System (TPS). TPS is a type of information system that collects, stores, modifies and retrieves the data transactions of an enterprise.

Nowadays, the field of transaction processing has become a vital part of effective business management, because the success of commercial enterprise like MYDIN much depends on the reliable processing of transactions to ensure that customer orders are met on time, and that partners and suppliers are paid and can make payment.

4. 3 Online marketing strategy (e-commerce)

In order to get recognition among the customer, MYDIN has been aggressively in promoting their store. Mydin is doing promoting and advertising through social media and newspaper. MYDIN also involved in online marketing or electronic commerce (e-commerce) with setting up their own website. This can help MYDIN to boost the revenues by providing easier and more accessible purchasing approach to its customers. Online sales will

be convenient and handy for the customers.

4. 4 Listen to MYDIN's staff opinion

Myding always share opinion with staff on how to get to know which products is high demanded by customer and which are less demanded by the customer. Through this strategy, MYDIN get to know which product they need to re-order more and less. It will also get to control their inventory.

4. 5 Effective business motto and tagline

' Why Pay More' tagline has been successful in attracting customers to shop at MYDIN. This strategy may help company to more loyal customer.

4. 6 Selection of the right target market

In order to cater to different market segments, such as lower to upper class consumer, different customer group, different ethnic and nationalities, MYDIN had come up with a portfolio of different business formats such as the hypermarkets, emporiums, convenience stores and mini-markets, that proved to be extremely successful.

CONCLUSION

Mydin has implemented huge expansion and organic growth of its company. They try to gain their market share by becoming more competitive toward its rival. In order becoming more competitive, Mydin has decided to do a transformation throughout the organization. Based on the business planning carried out, Mydin is currently on the right direction towards its corporate objectives. We can notice how Mydin develop strategic marketing mix to successfully market their product either through online website or flyers and pamphlet. However, there is some areas that should be improved and focus on while doing the transformation. In terms of product, Mydin can try to

attract more customer either non-Muslim or Muslim customers by having a promotion or creating an image of Mydin as a place for anyone.

Besides that, Mydin has wide channel of distribution. As of 2017, Mydin have 27 hypermarkets where each is located in the malls, 17 emporiums, 3 bazaars, 9 supermarkets, 12 convenience shops (MyMart), 5 franchise outlets (Mydin Mart) and 5 SAM'S Groceria supermarkets. With this wide channel of distribution, Mydin will be able to generate greater profit for the company.

In conclusion, Mydin Mohamed Holdings Bhd has been successful in the business world using a variety of concepts, including the concept of a network that has help the company remain in the market.