

Case study for sheng song essay



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Sheng Siong, one of the successful supermarkets in Singapore, serving a total of 25 years round the country. Currently in the year of 2010, they have a total of 23 supermarkets and hypermarkets with additional holdings on 5 food courts. Their founder, Mr.

Lim Hock Chee (Managing Director) who was once a butcher winded down his stall in 1985 and started a small mini-mart. Least did he expect for his business to blossom and prosper over the years. In addition to his success in the supermarket field, the company also held a Channel 8 Variety Show ??? ??? The Sheng Siong Show??? where even a Korean Pop Idol group was invited as part of entertainment for this programme. Sheng Siong was also awarded top 500 retail enterprises in Singapore. [1] Their slogan of ??? All For You??? has been very promising as this catch phrase has embedded itself into many families??? minds.

What makes Sheng Siong so successful over the past 25 years? This we believe can be attributed to certain qualities that we will be discussing further in the report. Our group manages an inside interview with Mr. Lee himself due to having his daughter as part of our mutual acquaintance. In this report, we will further discuss how Sheng Siong operates and the various strategies that Sheng Siong has incorporated to propel their success.

Operation Strategy Operation Strategy is the Key ingredient in all industry. It will show how the operation is done and how can they can improve on it. Now we will discuss on how and what kind of strategy did Sheng Siong execute. Adding values To Mr. Lim, operation strategy is also mean adding

value to his consumers. He had a vision that he wanted consumers to have top of mind brand recognition when it came to Sheng Siong.

There are tons of ways to let his consumers to think of their company, example; reduce their product prices, make a wide array of fine selection for the consumer to purchase and, having lucky draws for their loyal consumers, etc. Technology Due to the speed of technology, Sheng Siong uses the EDI system to keep track of everyday sales and alias with their contractors to replenish their daily stocks. Sheng Siong runs on a strict policy of not having more than 5% low in their everyday stock transaction. Priorities In Singapore, there are many competitors in the markets; Sheng Siong must have their priorities on the cost of the items, quality and freshness, the service of their employee?? s and the intake of stocks. Locations A location to their consumers is also important.

Mr. Lim had an ideal that he wanted to retain the coziness of a 80?? s minimart in the current 21st century. He wanted to enforce the following: 1. Within the neighborhood vicinity?? 2.

Equipped with common daily household items 3. Reasonable prices that families can afford 4. Ample space for product display Sheng Siong outlets currently occupy most of the building?? s area. E. g; Old Civil Defense barracks at Jurong, Ten Mile Junction at Teck Whye. These two locations belong to the west division that holds the largest storage spaces with their first storey were fully occupied by Sheng Siong.

Capacity Having 23 shops around Singapore, a large warehouse will be needed to keep all stock in check and to prevent the risk of having running

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out of stock situation. What Mr. Lee has in his mind was to use Just-In-Time (J. I. T) tactics and Point-of-Sales (P. O.

S. T) systems to keep most of his stocks as fresh as possible. To meet up with his expectation, they have to closely monitor the delivery time and the chances of discrepancy that made from his suppliers. One of his concern is on the organic items e.

g; vegetables, meat, etc. This is to make sure that his consumers get the most fresh organic as possible. By using this system, they have saved a lot on having a warehouse to store their items. Supply Chain Management In order to serve their customers with constantly low prices and best quality products, Sheng Siong reduces purchasing costs by avoiding all intermediaries and procuring directly from manufacturers and suppliers.

Sheng Siong negotiates prices and confirmed the purchase deals with their suppliers once they have affirmed that the products are at their lowest price. They spend time meeting up and have discussion with their suppliers about the business structure; as they believed in creating long-term relationships with suppliers. Sheng Siong has 23 outlets located at different area in Singapore. As spoken in Operation Strategy (Capacity), they usually provide stock replenishments within a day to ensure all products are available at the stores. Replenishments of goods will base on the help of the Point-of-sales (POST) system.

The inventory turn over rate is very high about three days to maximum two weeks for mostly all of the products at the stores. By using this system, it can keep track the sales and products levels on the selves. Typically, they

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carry out stock clearance for those products with short expiry date sell at very attractive price (eg: Buy 1 get 1 free). When Sheng Siong comes to serving their customers, they ensure customers are getting the cheaper prices in the market with assurance of the products??? quality. They mainly focused on serving customer??? s needs and seek to achieve customer expectations. Through supply chain management, Sheng Siong is able to develop a stable relationship with their suppliers and customers.

Adding value to customer by cost deductions and thus resulting in higher sales volume and revenues. Conclusion From the interview with Mr. Lee, on 28 August 2010, we understand how Sheng Siong operates, what kinds of strategies are being implemented and how they reach out to their target audience. From a small unit minimart to current holdings of 23 Supermarkets all around Singapore; Sheng Siong has been in this industry for 25 years and still going strong. In addition to the formal interview with Mr. Lee, our casual conversation with Mr.

Lee allows us to see a further insight into his business strategy. It has been mentioned that his family and friends also play a huge role in his success. Without their support, he will not be able to have achieved so much. He is greatly appreciative for their compromising nature and their understanding all this years. Mr. Lee has also joked about having Lady Luck on his side as part of his key strategy in his success. References http://en.wikipedia.org/wiki/Sheng_Siong