



## Study of Effective Distribution Networks and Availability of Products at Hyperstar

By Hassam Ali Hashmi

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**Abstract** - Hyperstar is most economical store with best quality products in different variety. It has 47 stores in 16 countries. Hyperstar management follows the roles of distribution networks. The availability of products at this store is very impressive. They have 100,000 products in their stock. They follow the Push and Pull strategies to supply chain management. Implementation of cyclic view of supply chain management is so much effective in hyperstore. In this research I collect data from the employees of hyperstar. The sample size is 10. SPSS software use to analyze the data. Chi-square test use to analyze the data also the T-test as well. Supply chain management and distribution networks can make much difference in the sales. Availability of products at hyperstar, only possible when they maintain their distribution networks.

**GJMBR-E Classification :** JEL Code: L17, L14



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# Study of Effective Distribution Networks and Availability of Products at Hyperstar

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## I. INTRODUCTION

Hyperstar is most vibrant and stirring market in all over the Pakistan. Hyperstar is the world's superstores chain. It has 47 stores in 16 countries. It provides best quality and variety products in Pakistan as well as in other countries. The prices of this store are economical than others.

Majid-al-futtain known the best markets in all over the world. This group introduced first store in Middle East in 1995. They offer same quality products in Pakistan as they offer in other countries. There specialty is to provide fresh and best quality products in minimum price. They are known about their customer services.

They think that customers are always right. They provide on time products to their customers they don't bear that the shortage of any product. That is why there supply chain department is so much active. Their distribution network is also so much strong.

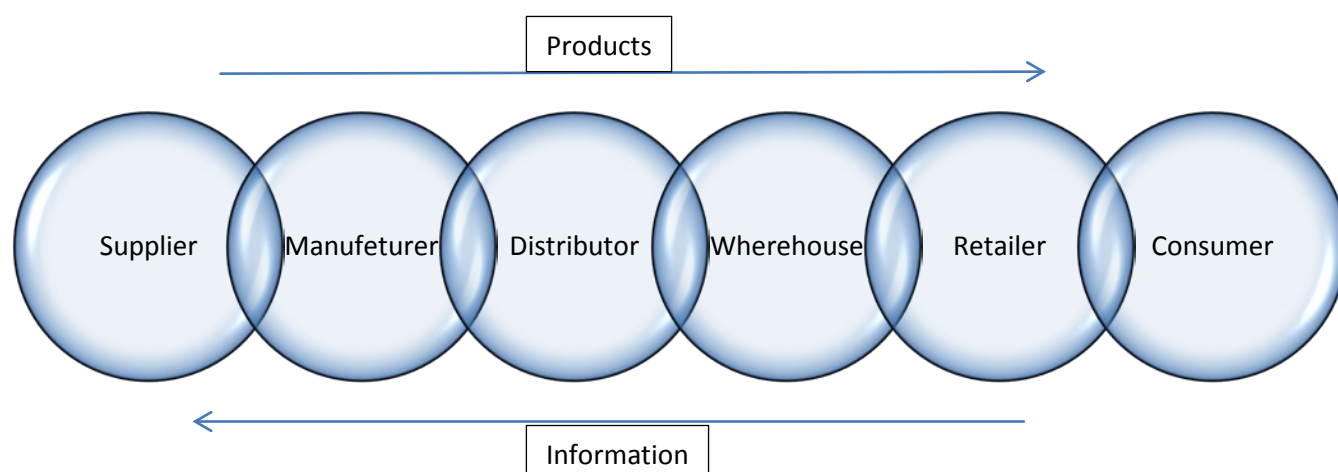
They sell their products with best quality, personal care and freedom. The products which they sell are; food, communication devices, entertainment devices, FMCGs, grousers, cloths, electronics, footwear's, and music instruments and pots. They provide all useful things under one roof.

More than 2,500,000,000 people do shopping at all hyperstar stores in the world yearly. They should have around 100,000 items in the stock every time. How it is possible?

Only because they follow all rules of distribution networks and provides facilities to their customers.

### a) Distribution Networks

Distribution networks are the flow of products and information from manufacturer to consumer. Distribution networks play very important role in the retail outlet. Manufacturer must have to manage the flow of products as well as information from manufacturer to consumer and consumer to manufacturer. Distribution networks act like buses which control the flow of passengers in the form of products and information.



Distribution networks plays lot of activities in the form of procurement, logistics, warehouse, and inventory and customers order.

### b) Cycle view

Thehyperstar,s distribution network process divided into different cycles each of them perform a relation with each other in the cycle view.

- Consumer cycle (consumer→ retailer)

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- Renewal cycle (retailer → distributor)
- Developed cycle (distributor → manufacturer)
- Procurement cycle (manufacturer → supplier)

Cycle view clearly described that the role and responsibilities of each network in hyperstar and they can easily find the outcome of each network.

c) *Pull and Push strategies of distribution network*

They follow Push and pull strategies which are as follows:

i. *Pull strategy*

It is responsive on customer's order which is reactive. All depends upon the customer.

ii. *Push strategy*

It is anticipation on customers order and it depends upon manufacturer, supplier, distributor and retailer.

*Why distribution network is so much important?*

- There are so much marketing organizations which help out the distribution of raw material to manufacturers and manufacturers to consumers.
- They are called "middle man". Which connect one network to other network.
- Distribution network is a series which connect one channel to other.

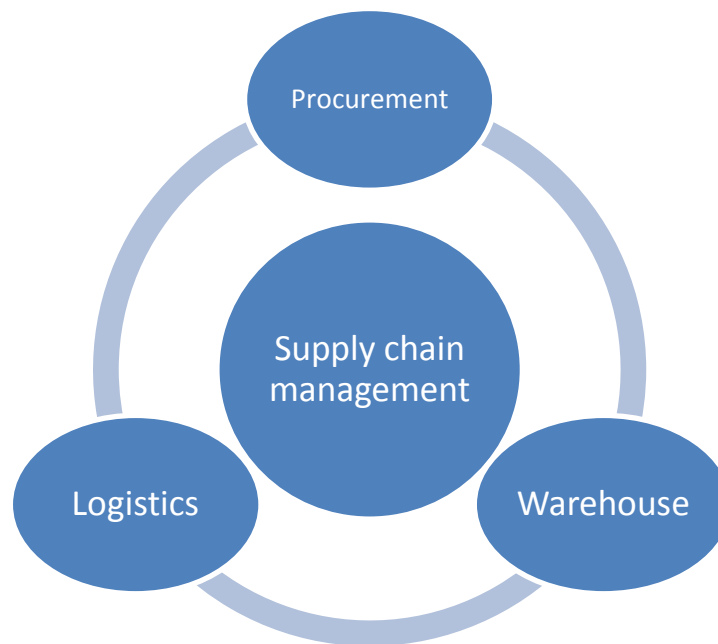
- It can reduce the production cost as well as other costs.
- Because of effective distribution network the lead time of product should be reduced.
- Supply chain management is a structure who bond to each network for fast moving of products.
- Distribution networks are the parts of supply chain.
- There is so much software in the market whose can organize the inventories.
- Because of fast transformation of information as well as quantity of products, distribution networks play so much important role.

d) *Supply chain management*

The procedure of organizing the raw material supplier to manufacturer and finished products manufacturer to customer, and procedure of inverse transfer information is called supply chain management. Supply chain management is basically group of some organization who deal the form of material and services for the collective goal.

Following are the fundamentals of supply chain which are connected to each other on one platform.

- Procurement
- Logistics
- Warehouse



In hyperstar they follow very strict rules regarding supply chain management. They don't make compromise on the availability of product. They have very strong supply chain department. They have a big warehouse. They have their own transportation as logistics.

Areas on which supply chain can reduce cost:

- Stock
- Logistics
- Services
- To provide best quality suppliers

e) *Customer Services*

Following customer services which hyperstar management follows

- Responsive time
- Variety of products
- Availability of products
- Order reflectivity
- Discount schemes
- Information about new products

f) *Problem of Study*

In our local network we don't have the facilities to buy so many different products under one roof. Our general stores don't have lot of variety in products why they can't do that? how hyperstar manage these all things?

g) *Objective of Study*

- To explore the value to hyperstar
- How hyperstar manage their distribution networks
- How the handle the availability of products
- How other stores can achieve the hysteria of hyperstar

h) *Literature Review*

This is very difficult to hold the speed of communication and exchange information. The speed could be multiply the information through distribution. It might be possible that information which we have is untrue on other moment.

i) *Edward R. Murrow*

Today we are living in the real retailer world; the software has been use by the Wal-Mart stores to give the power to make strong logistics and distribution networks, which is the core competency of Wal-Mart.

j) *Marc Andreessen*

In all over the world most effected business by the gasoline prices is distribution. The petroleum prices and business of distribution are vise versa.

k) *Jack Welch*

If there is so much problem occurs in our business. Then start to resolve it from distribution channels 60% problem should solved.

l) *Wangari Maathai*

If u want anything in this world so Just Google it, you will find everything what u want. The best distribution network is internet.

m) *J. J. Abrams*

Supply chain management is a process in which different attitudes exploited to professionally participation of suppliers, manufacturers, wholesaler and retailers. So this procedure is called effective supply chain management, at right time and right place.

n) *Barney Frank*

*Gradually, when management is familiar then the processes of management being started then first time*

*defined supply chain management through all the networks of management.*

o) *Freeman Dayson*

How to build a relationship of management and the customer is called customer relationship management. A management choose group of different customers and they have been targeted for the firm's mission.

p) *Keely L. Croxton*

The customer service basically defines the facilities for customer by the management. In the form of information, availability of products or others.

q) *Douglas M. Lambert*

The best supply chain management is to complete the customer order with the customer desire. It is only possible when functions to logistics, manufacturing and marketing perform collectively.

r) *Sebastin J. Gracia*s) *Research Scope*

Other stores can achieve their targets with the help of this research.

- Study period is 2013
- Data collect from hyperstar employees, 10 employees of hyperstar participate in questionnaire

## II. METHODOLOGY

a) *Data Collection*

In this research primary data collection technique has been used. The data collect through questionnaire and interview of different employees of different departments of hyperstar.

b) *Sample Size*

In this research, 10 questionnaire filled by 10 employees. So, sample size is 10.

## III. ANALYTICAL RESULT

Data Analyses through frequency and chi-square test. Frequency tells us how many employees rely on one option and how many are chose other options. And chi-square tells the association of dependent variable and independent variable. SPSS software use to analyze the data.

### Q1. *Role of warehouse in distribution networks according to hyperstar?*

In this question mostly employees think that the role of warehouse in distribution network is to store inventory in any place. One employee answer is as production and storage places. They both are correct but a retail store only use warehouse to store inventory.

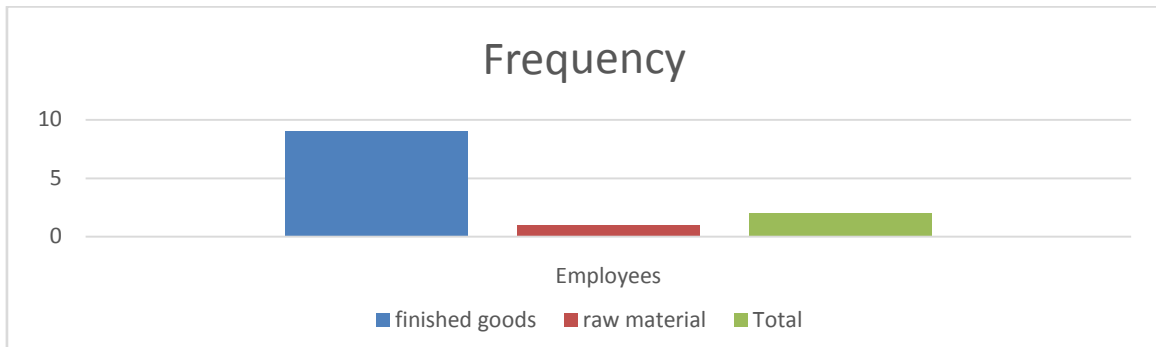
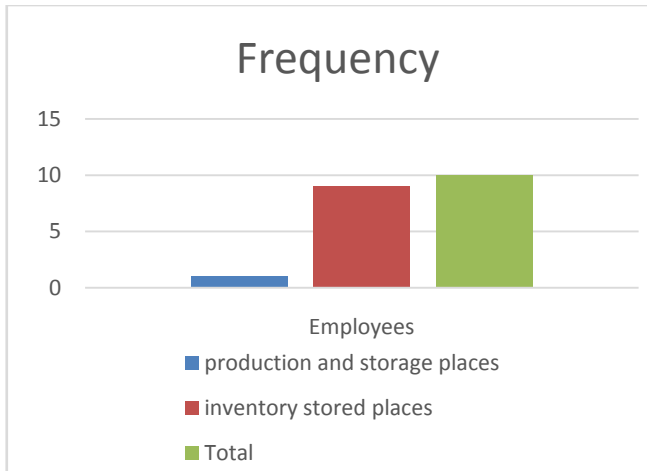
So, this study shows hyperstar use warehouse to store inventories. And hyperstar have their backup in bulks.

	Employees
production and storage places	1
inventory stored places	9
Total	10

*Q2. What is the inventory in distribution networks?*

Table shows that the point of view of hyperstar employees. They think that finished goods are there inventories. Hyperstar is a retail market and that's why they use their warehouse to store their finished goods. Finished goods are those goods which are ready to sell.

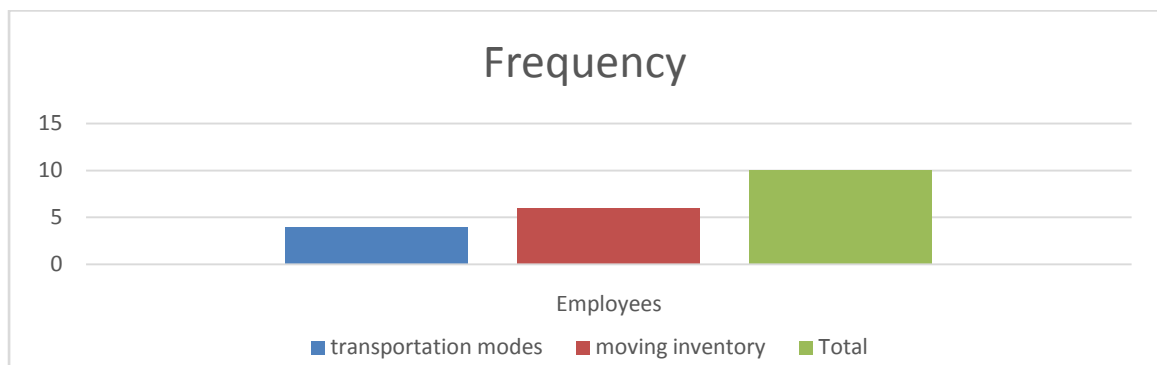
	Employees
finished goods	9
raw material	1
Total	10



*Q3. What is the role of transportation in distribution networks?*

In this question there is different opinion of employees. Some of them think that the role of transportation is the modes or to describe the routes to deliver the products. And other think that moving inventories one place to another is the role of transportation.

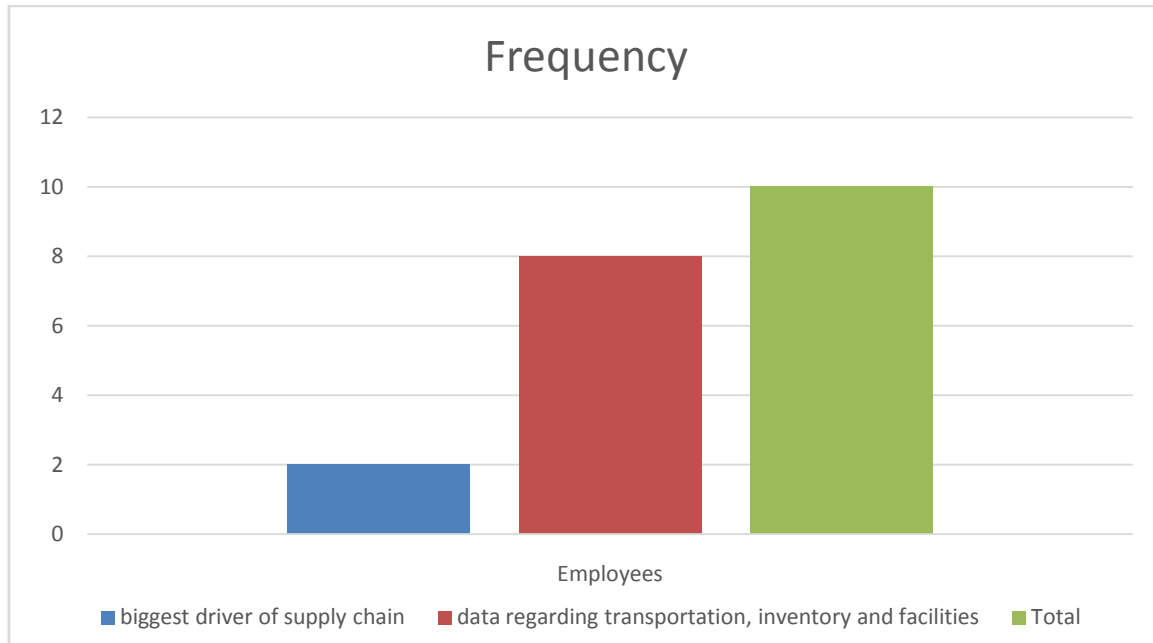
	Employees
transportation modes	4
moving inventory	6
Total	10



*Q4. What is information in distribution network?*

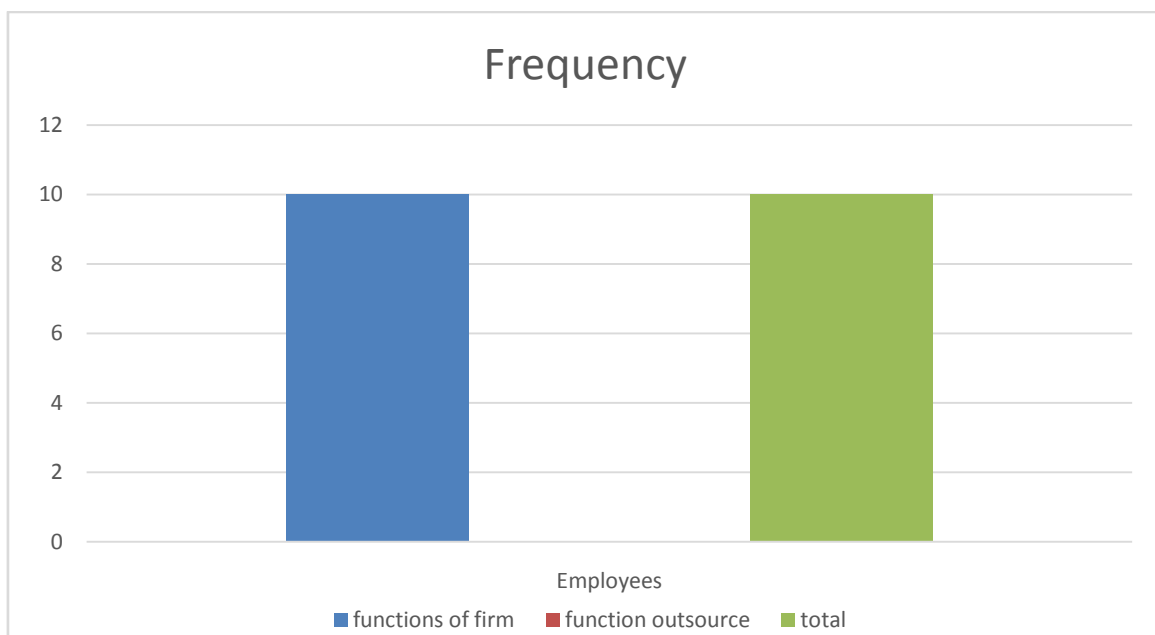
In this question mostly employees think that information in distribution network is analysis of data regarding transportation inventory and facilities. So, with this research I find information is analysis of data which transfer one department to another.

	Employees
biggest driver of supply chain	2
data regarding transportation, inventory and facilities	8
Total	10

*Q5. What is sourcing strategy according to hyperstar?*

Clearly answer from all the employees; they think that sourcing strategy is the functions of firm. A firm can outsource the department as well. Like, they hire a team for the counseling of their employees etc.

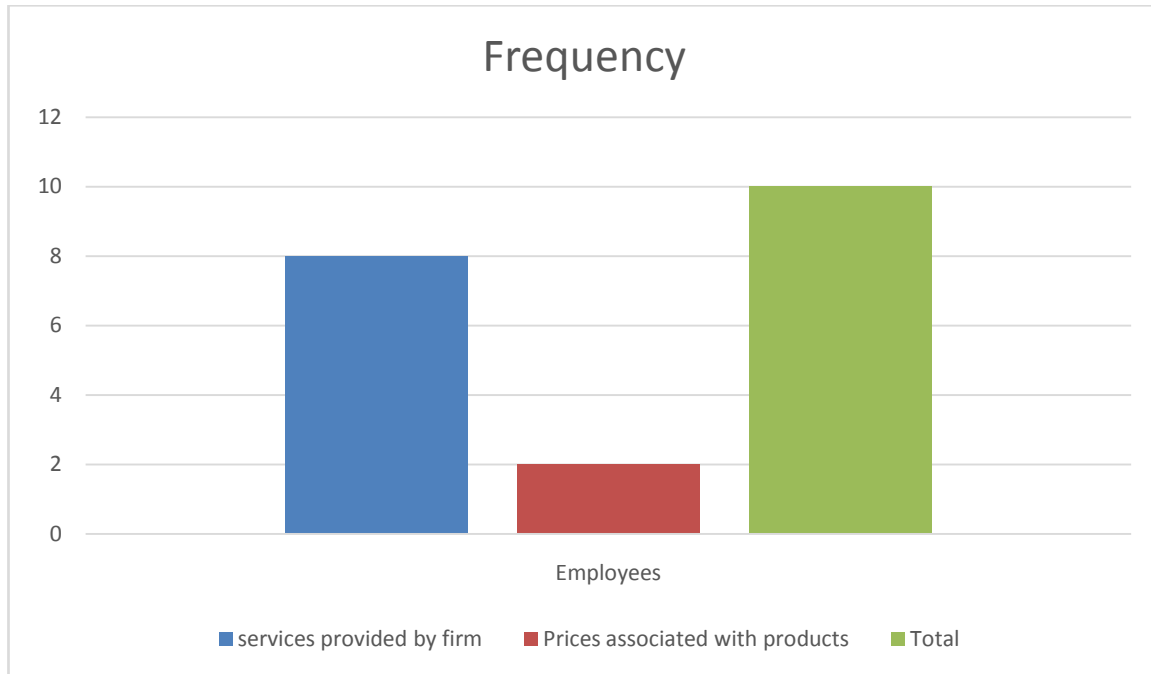
	Employees
functions of firm	10
Total	10



## Q6. How hyperstar allocate prices?

Most of them think that hyperstar allocate their prices by the service which they are providing.

	Employees
services provided by firm	8
Prices associated with products	2
Total	10



## c) Hypothesis

(H1) The chi-square table shows P-value and chi-square value of those particular questions. Here is

all P-values are greater than 0.05. So, it's proved that there is no association between employees and distribution networks.

Test Statistics

	Role of warehouse in distribution network according to hyperstar?	What is the inventory in distribution networks?	What is the role of transportation in distribution networks?	What is information in distribution network?	how hyperstar allocate prices?
Chi-Square	6.400	6.400	.400	3.600	3.600
P- Value	.011	.011	.527	.058	.058

## IV. CONCLUSION AND RECOMMENDATION

## a) Conclusion

This research shows the value of distribution networks and availability of products at hyperstar. The management of hyperstar relies on the distribution networks. They think that if we manage efficient distribution network through supply chain process to we can make our sale healthy. They have very strong supply chain department. They don't compromise any mistake from supply chain department. Distribution

networks are the key element for them. If there will be little ups and downs, all system should be crashed. There sale depend upon distribution networks.

This research also shows the importance of supply chain management for availability of products at hyperstar. For best availability of products they should maintain the level of distribution networks. They should have to maintain relationship between supplier to manufacturer and manufacturer to retailer which they are.

*b) Recommendations*

- They should have to build strong relationship with the customers
- They should have to make relationships with the distributors
- They should have to improve their logistics
- They should have to maintain their supply chain department because all the sale of that store depends upon availability of products.
- Availability of products are only possible when they have strong distribution network

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