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# Supply Chain Management of Super Shops in Perspective of Bangladesh

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*Abstract-* Supply Chain Management (SCM) is the critical backbone to Business Organizations today. Effective Market coverage, Availability of Products at locations which hold the key to revenue recognition depends upon the effectiveness of Supply Chain Strategy rolled out. Very simply stated, when a product is introduced in the market and advertised, the entire market in the country and all the sales counters need to have the product where the customer is able to buy and take delivery. In recent times super shop business is growing at a high rate in Bangladesh. A lot of super shop is continued their business in the various cities of Bangladesh. They are also expanding their business. The shops deliver the customers a huge amount of goods and products of various types. The supply process of the goods is really challenging. The paper represents the present supply chain management of the super shops in Bangladesh.

*Keywords:* super shop, SCM.

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*Strictly as per the compliance and regulations of:*



# Supply Chain Management of Super Shops in Perspective of Bangladesh

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**Keywords:** *super shop, SCM.*

## I. INTRODUCTION

To meet the demands of today's marketing environment, organizations are looking to service initiatives as a means to create or sustain competitive advantage. A strong brand provides the leadership framework and umbrella to focus all marketing and resources in a manner that will generate the greatest results. Now a day's retailers are turning to brand strategies to strengthen their marketing programs in an environment that is increasingly characterized by accelerating rate of changes, variety of products, extreme competitions and superior customer services etc.

Super market or super shop sector is expanding hand over different marketing events every day. As the demand for better service increases day by day, they are coming with different innovative ideas & products. As a result, it has become essential for every person to have some idea on supply chain management (SCM). Supply Chain Management is the core business practice that determines true effectiveness of other management activities. An efficient Supply chain Manager holds such a position that deals with Marketing, Human Resources, Finance, Operations, IT and as a whole the regulator of total business actions.

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## II. METHODOLOGY OF THE STUDY

The study is a descriptive in nature, which was conducted by collecting primary and secondary data. The study tries to focus on the supply chain management practice of branded retail super chain shop and how the customer perception about the super shop. In preparing a report about the topic, it is a difficult and complicated task and no single method is appropriate for preparing the report. For these reasons, a number of procedures were followed to prepare a meaningful report. The methodology of the task can be depicted as follows:

*Sources of Data:* Data have been collected from both primary and secondary sources.

*Primary sources of data:* Primary data is the type of data that is collected for the research purpose at hand. For the purpose of our study we have been collected primary data through informal conversation with the management (Officers & staff), conversation with customers and the observations of various super shops.

*Secondary sources of data:* Secondary data is the type of data that is collected for addressing the other purpose, not the present purpose. I have been collected secondary data through brochure, operational manual, different circulars, and web sites.

*Analysis of data:* Collected data analyzed by using percentages, graphs to draw the conclusion. All the data is shown in tabular form.

## III. ABOUT THE SUPER SHOP

The super stores are currently focused in food retailing, ranging from a wide variety of fresh vegetable, fruits, meat and fish to grocery, bakery, dairy, personal and household products. It provides its customers with guaranteed quality and freshness. It carries more than 30,000 varieties of products and has plans to expand its product portfolio to carry other ranges of consumer products in the coming years. It buys products direct from the growers, which benefits the latter as well as the customers. The products are procured under the direct supervision of its officials who maintain strict procurement and marketing standards. Products on the shelves are regularly monitored for expiry dates. About 2,000 customers use every day in every stores. Customers prefer using both cash and credit cards. The super shops are open from 8 am to 9 pm every day.

Rush of customers is experienced in the morning and evening. Most of the employees of these stores are

young and well-educated, some with Masters and MBA degrees.

#### IV. ORGANIZATIONAL STRUCTURE OF A SUPER SHOP

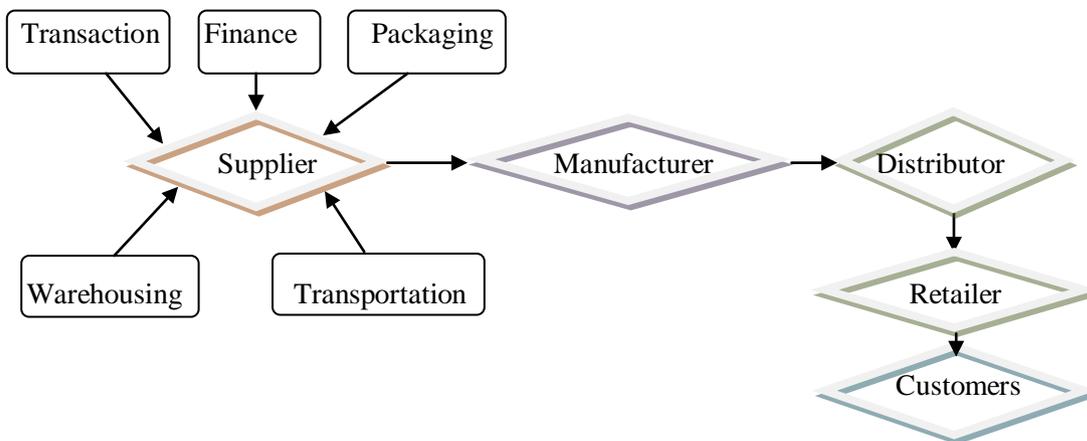


#### V. DEFINITION OF 'SUPPLY CHAIN MANAGEMENT - SCM'

Supply Chain Management (SCM) is the streamlining of a business' supply-side activities to maximize customer value and to gain a competitive advantage in the marketplace. We represent an effort by suppliers to develop and implement supply chains that are as efficient and economical as possible. Supply chains cover everything from production, to product development, to the information systems needed to direct these undertakings. A supply chain is comprised of all the businesses and individual contributors involved in creating a product, from raw materials to finished merchandise. Examples of supply chain activities include farming, refining, design, manufacturing,

packaging and transportation. Retail companies become involved in supply chain management in order to control product quality, inventory levels, timing, and expenses. In a global economy, supply chain management often includes dealings with companies and individual contributors in other countries, which requires involvement in politics, trade and tariff laws, quality control, and international relationships. Because global supply chains are both logistically and technologically complicated, there are now global supply chain management specialists and firms who oversee the process for many different retail companies. SCM is also called the art of management of providing the Right Product, At the Right Time, Right Place and at the Right Cost to the Customer.

#### VI. FLOW CHART OF SUPPLY CHAIN MANAGEMENT



#### VII. FORMATION OF SUPPLY CHAIN

Formation of supply chains are Trade environment, Nature of the commodity, Strategies of the

company, Availability and cost effective infrastructure, Economic strength of the consumers, Consumers demands etc.

### VIII. MANAGEMENT OF SUPPLY CHAIN

Management of the supply chain depend on various decision, such as-

*Supply chain strategy or design:* This decision involves how to structure the supply chain. It is process of making a configuration of the chain. It involves the decision regarding the selection of locations, mode of transportation and capacities of the production unit.

*Supply chain planning:* It is decision regarding the planning of the set of operating policies to be performed to achieve the framed objectives for short term period. It involve the plans of inventories production, supply target, subcontracting, replenishment of the stock etc.

*Supply chain operation:* The Company makes weekly and daily decision regarding the operations based individual customer orders. It involves allocation of the individual orders to inventory or production department with due dates, generation of pick lists, allocation of orders to shipment etc.

This cycle is related to- a. Arrival of customer, b. Order entry, c. Fulfillment of order and d. Receiving of the product.

c) *Replenishment Cycle*

Replenishment Cycle

Retailers

Distributor

This cycle is related to- a. Triggering the order, b. Order entry, c. Fulfillment of order and d. Receiving of the products.

d) *Manufacturing Cycle*

Manufacturing Cycle

Distributors

Manufacturers

This cycle is related to- a. Arrival of orders, b. Planning of production schedule, c. Manufacturing of the products and d. Receiving of the product by distributor.

e) *Procurement Cycle*

Procurement Cycle

Manufacturers

Suppliers

This cycle is related to- a. Arrival of the order of the suppliers, b. Planning of production schedule by suppliers, c. Manufacturing of the suppliers and d. Receiving of the as input by manufacturers.

f) *Push/Pull View*

The processes in a supply chain are divided into two categories depending on whether they are executed in response to a customer order or in anticipation of customer orders. Push processes are initiated by performed in anticipation of customer orders. Pull processes are initiated by a customer order. For example the productions of the spare parts of the machinery are push processes and assembling the parts as a unit on demand of customer are pull processes.

### IX. PROCESS OF SUPPLY CHAINS

Cycle	Stage
Customer Order Cycle	Customer
Replenishment Cycle	Retailer
Manufacturing Cycle	Distributor
Procurement Cycle	Manufacturer Supplier

a) *Cycle View*

The process in a supply chain is divided into a series of cycles, each performed at the interface between two successive stages of a supply chain. It involves customer order cycle, replenishment cycle, manufacturing cycle and procurement cycle.

b) *Customer Cycle*

Customer Order Cycle	Customers
	Retailers

### X. STRATEGIC FIT IN SUPPLY CHAIN MANAGEMENT

a) *Understanding the customer*

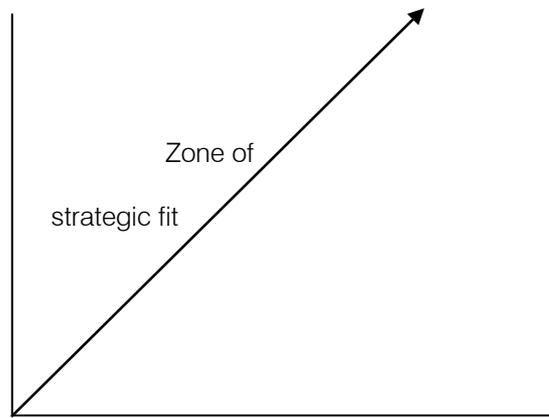
- |             |                   |                   |
|-------------|-------------------|-------------------|
| a). Quality | b). Quantity      | c). Response time |
| d). Variety | e). Service level | f). Price/Rate    |

b) *Understanding the supply chain*

Response of the chain to quantity and quality demanded, short lead times, handling of the product, service level, cost-responsiveness efficiency.

c) Achieving the strategic fit: Amongst

Responsive supply chain---  
 Responsive spectrum----  
 (Chain response to quantity demanded capacity)  
 Efficient supply chain



Certain Demand-Implied Uncertainty Spectrum-Uncertain Demand

Year 2014

52 XI. FRAME LEVEL STRATEGIES OF SUPPLY CHAIN

There are various levels of strategies for a supply chain management. Such as-Market led production, Quality Production, Group Marketing, Adoption of Technology, Undergoing Training, Community use of infrastructure etc.

XII. DRIVERS IN SUPPLY CHAIN MANAGEMENT

The drivers in supply chain management are-

- a) *Inventories*
  - Quantity (Higher quantity inventory, the low cost per unit)
  - Volume (More volume, more cost)
  - Nature of inventory (Liquid, Solid, Raw materials, Semi-finished & Finished)
- b) *Transportation*
  - Mode: Roadway, Railway, Shipway, and Airway.
  - Route and Network selection.
- c) *Facilities*
  - Space for moving inventories like yard, Labor, Capacity of facility, and Loading unloading devices like bucket, elevator, belt conveyor.
- d) *Information*
  - Data on availability and requirement of inventory
  - Data on the position of the inventory in various stages (Inventory on the way, in warehouse, time to be taken to reach)

XIII. MARKETING STRATEGIES AND MANAGEMENT PRACTICES OF SUPER SHOPS IN BANGLADESH

a) *Product marketing strategy and practices*

In this part of study we will describe about the product marketing system, how they position their

product, how they distribute their product, how they communicate with consumers. Every shop always tries to create a successful marketing mix, such as-The right Product, Sold at the right Price, In the right Place, Using the most suitable promotion

b) *Pricing strategies and practices*

At first they do marketing their products and then they run their activities in operation and after that they ensure the availability of that product when the consumers want these products.

The super shop's growth over the last 12 years has involved a transformation of its strategy and image in Bangladesh. Its initial success was based on the "Pile it high, sell it cheap" approach of the founder management. The disadvantage of this was that the stores had a poor image with middle-class customers. In the year 2001 Agora's brand image was so negative that consultants advised the company to change the name of its stores. It did not accept this advice, yet by early 2003 it was the largest retailer in Dhaka, with a 29.0% share of the grocery market according to retail analysis. TNS Super panel, compared to the 16.8% share of ASDA and 15.6% share of third placed NANDAN, which had been the leading competitor until it was beaten by Agora in 2004.

*Key reasons for this success include:* An "inclusive offer"- this phrase is used by Agora to describe its aspiration to appeal to upper, medium and low income customers in the same stores. According to Citigroup retail analyst David Mccarthy, "They've pulled off a trick that I'm not aware of any other retailer achieving". That is to appeal to all segments of the market -By contrast ASDA's marketing strategy is focused heavily on value for money, which can undermine its appeal to up market customers even though it actually sells a wide range of up market products. During its long term dominance of the supermarket sector Nandan's retained an image as a high priced middle class supermarket which considered it to have such a wide lead on quality that it did not need to compete on price, and was indifferent to

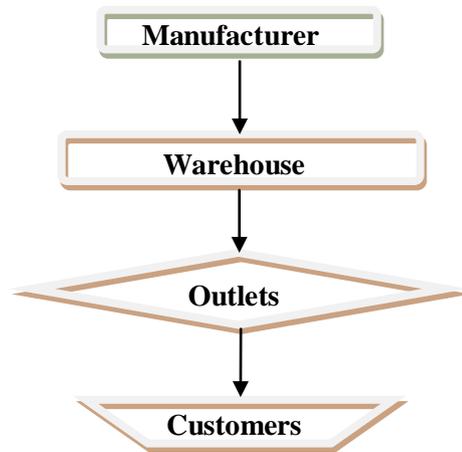
attracting lower income customers into its stores. This strategy has been abandoned since losing the number 1 spot to Agora and particularly since the adaption of new management in 2004 that has established a new customer focused strategy closer to that of Agora. Similar brand super shops are Swapno, Menabazar etc. was focused their image by selling at cheap and advertizing various types of offer to popular their shop. These company has taken the lead in overcoming customer reluctance to purchasing own brands, which are generally considered to be more profitable for a supermarket as it retains a higher portion of the overall profit than it does for branded product.

*c) Supply Chain (Place) Strategy and Practices*

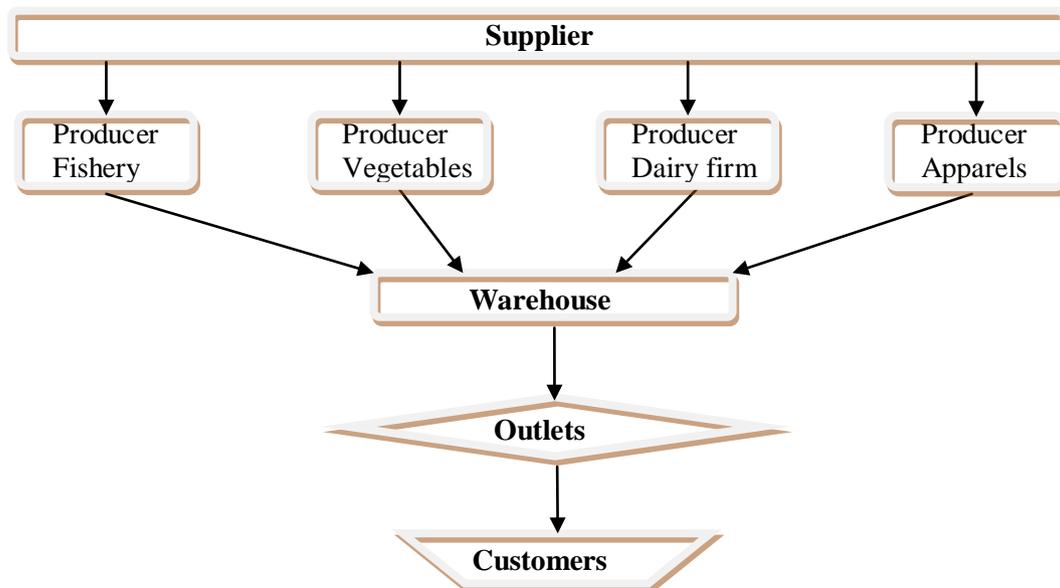
Supply Chain of the super shops is not a lengthy process. Basically their supply chain is totally ware house based. Most of them have a large ware house. At first they store the entire product from different manufacturer in their warehouse. The transportation cost is totally born by the manufacturing company. Then the stored products are distributed through their own vehicles to its several outlets. There is no intermediary between ware house and manufacturing company. No product directly comes to the outlet without the hand of warehouse. These are the supply chain of a super shop at a glance. Now the product wise supply chain explanation of a super shop in Bangladesh is as below.

*Supply Chain of Consumer goods:* In case of consumer goods every super shop have contract with the manufacturer like Unilever, Reckit-Benkizer, Square, Keya, Kohinoor Chemicals etc. This company directly

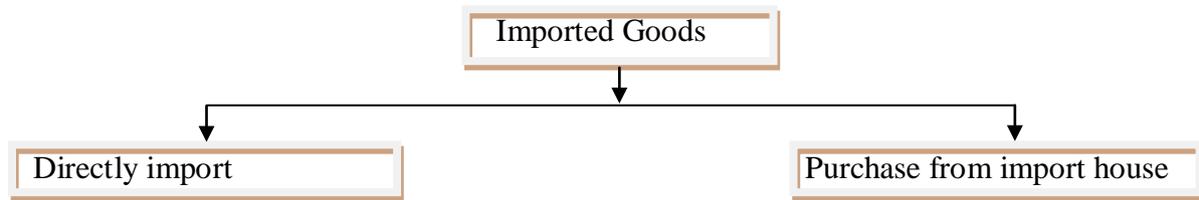
deliver product to the ware house of these super stores. There is no intermediary between this two. The products are never come to the outlets without the hand of ware house.



*Supply Chain of Agricultural product:* The supply chains of Agricultural products of the super shops are too much flexible. They have contract with some agricultural firms like vegetables firms, hatchery, poultry firms, mushrooms firms, dairy & flesh firms (Milk, Beef, Mutton) etc. These firms supply fresh agricultural items as daily, 2 days, 3 days, weekly, bi-weekly or monthly based to the shops. The transportation costs are taken by the producer. All the products are first come in warehouse. Then they deliver to outlets.



*Supply Chain of imported goods:* In case of imported goods, a super shop collects goods in two ways- (a) Direct import and (b) Purchase from import house.



d) *Process view of supply chain of super shop*

There are two different ways to view the process performed in a supply chain management (S.C.M) – (i) Cycle View and (ii) Push/Pull View. Based on those two views, the manager of agricultural foods of these stores explains the process of supply chain. Those are explained below.

i. *Cycle View*

There are four cycles followed by those stores- (a) Customer order cycle, (b) Replenishment cycle, (c) Manufacturer cycle and (d) Procurement cycle.

Each supply occurs at the interface between two successive stages of the chain. Supply chain management by Sunil Chopra describes that a grocery supply chain has all four cycles separated. We have found the validity of this in the speech of Mr. Labib, the Head of agricultural foods items of Agora. When the customer of Agora buys products from its outlets like Dhanmondi, Uttara, Hatirpul etc, it is customer order cycle, when the outlet likes Uttara replenish its products (that are already sold) from outlets. It is replenishment cycle, when retailer brings products from distributor. It is manufacturing cycle, when distributor collects materials from manufacturer. And it is procurement cycle, when distributor collects materials from manufacturer. And it is procurement cycle, when manufacturer collects raw materials from suppliers.

ii. *Push/Pull process and Boundary*

These super shops usually use push process. At first the raw materials of any particular product go to the manufacturer. Then the manufacturer produces the products and sends the products to the warehouse of these shops. The products are inventoried over the warehouse. Whenever the products from outlet finished, then the products completely replenished from the warehouse to outlet. At the end the products are exhibited to the outlet and products are purchased by the customer. All the promotional activities are taken by the manufacturer about the product.

e) *Promotional strategy of a super shop*

i. *Major Advertisement tools*

*Print Media:* Newspapers (Prothom Alo, Jugantar, Daily Star etc), Magazine (Adandaloc, Weekly 2000 etc)

*Broadcast Media:* Television, Radio (FM Radio Today, ABC and Furti)

*Internet and website:* Every shop has its own website

Name-www.agorabd.com. In which they provide variety of information about the products, offers etc.

*Sales promotion:* In special occasion like, Eid, Durgapuja, Christmas and after 2 or 3 month later they provide discount on buying certain amount of product. If anyone buys membership card, he or she get some valued gift.

*Major Public relation tools:* In public relation, they sponsor the various kinds of events such as: concert, various social activities such as blood donation etc. Besides its have own website by which they make relation with consumer. By public relation every stores want to build a good corporate image in consumers.

*Direct Marketing:* In direct marketing, they communicate with consumers by direct mail, SMS, e-mail etc.

f) *Physical Environment of super shops*

Their interior is similar to most supermarkets in design and layout due to trends in marketing. It produces ends to be near the entrance of the store. Milk, Bread and other essential items are located in the rear and other out of the way places. This is purposely done to ensure maximum time spent in the store, strolling past other items and capitalizing on impulse buying. The front of the store or Front-End is where one might find point of sale machines or cash registers. Every shop has plans to implement self-checkout devices in their stores in an attempt to reduce labor costs as well as bringing complete customer satisfaction.

## XIV. SUMMARY OF FINDINGS

a) *Findings*

A SWOT analysis identifies and assesses the Strengths, Weaknesses, Opportunities and Threats an organization faces. SWOT analysis of these shops illustrates to upper management what the company is excelling in, what improvements need to be made, where growth is possible and what preemptive measures need to be taken to protect shareholder or company value. During the research study, several findings are found:

	Helpful	Harmful
 Internal	Strengths	Weaknesses
 External	Opportunities	Threats

- Every shop build up a very strong relationship with the customers and that is the main strength of their business
- The disadvantage of these shop approach that is “Pile it high, sells it cheap” is that the stores have a poor image with middle class customers.
- As all the leading retail stores are Dhaka based. Most of them do not have any outlet in any other districts of Bangladesh.
- Because of high prices of raw materials and fuels the company cannot response accordingly prices changed by competitors. So, they can’t attract and retain customers properly because of high prices.

**XV. RECOMMENDATIONS, SUGGESTIONS AND CONCLUSION**

The combination of quality and price under various brand name offers customers value for their money. We have examined and evaluated the operations of the shops including its strengths and weaknesses. To get competitive advantage and to deliver quality service, top management of these shops should try to adopt the following recommendations:

- Every company must increase the superior customer service by arranging best quality good environment providing discounts and placing the convenient outlets for customer’s home resident.
- Actually, they maintain the environment calm and quiet, hustle and noise free. So, they should extent their space broadly in orders to increase to keep large customers. So that customers find comfort relax and hustle free environment.
- A super shop must arrange their product as a way that customers can easily purchase all kinds of products at a short time, because most customers remain busy. So maintain their products with systematically for reducing the time consumption. Here customers give the agree statement for time consumption for purchasing products.
- Company should increase marketing efforts and offering seasonal discount. Strengthen existing resources, add complementary resources, and develop new resources.
- They should open Research & Development centre to survey & analyze the market. Evaluation of Current objective and current Strategy.

- The company needs to advertising to increase popularity and brand image.
- Most of the customers are satisfied with the super shop products for maintaining the full satisfaction of customers for purchasing products from the shop.

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