



RETAILING:

Success Stories From Pakistan

Compiled & Edited by: Azra Maqsood



SZABIST

SHAHEED ZULFIKAR ALI BHUTTO
INSTITUTE OF SCIENCE AND TECHNOLOGY

SZABIST

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PREFACE

It all began in January 2004, when I first started teaching Retail Management to the undergraduate students. Most of the literature support for this course came from books, magazines and websites from either the US or UK which, as a researcher and teacher, I always felt lacked the 'local touch'. In an effort to develop Pakistani material, it took me a whole year just to materialize these thoughts, and finally in January 2005, when I taught this course again, I was all ready to get the wheels rolling! I considered myself lucky to having 2 sections of the BBA classes (with strength of 25 students in each section) through whom I could visualize a dream come true. These students were dynamic (some a little more hyper active than most of the previous groups I have taught), enthusiastic, and all set to prepare case studies that would later on serve other students across, and outside Pakistan to understand how the retailing industry in Pakistan works.

The only detailed, comprehensive report on Pakistani retailing is available through the Euromonitor International. The report is called Retailing in Pakistan (costing US\$1700). The report generalizes some key facts of Pakistani retailing --- fragmented and underdeveloped industry; 2.2 million retail businesses; 2.4 million retail outlets; 66 mixed retailing (as of 2003); employees 4.43 million people, mostly family owned retail; retail sales: PKR 2,069 billion (as of 2002) with average annual growth rate of 7.2% per annum; 73% retail sales from food, beverages, and tobacco; 60% sales coming from Punjab; and urbanization, economies of scale and consumer preferences leading to a growth in supermarkets.

With so much happening in the retail sector, it became more and more challenging to develop genuine documentation of the work stemming from the efforts of Pakistani retail businesses. As a reference text, the students used Principles of Retail Management (Rosemary Varley and Mohammad Rafiq, 2004) and Retail Management: Functional Principles and Practices (Gibson Vedamani, 2003). The reason I chose an Indian book (Vedamani) was that I felt we could still be compared with our neighbors closer than the comparison we have with the west, in terms of retailing sector. In fact, the template I developed for the case studies is based on the chapters covered in Vedamani's text.

Throughout the 16 weeks semester, students worked in groups to initially identify the retailers they wanted to develop the case studies on. We had decided that we would concentrate only on Pakistani retailers, and use one standard template to produce consistent case studies. Students finally identified

17 retail businesses from all sectors --- food/dining; textile; book publishers/distributors; supermarkets; and fashion designers, and in June 2005, we had with us a wealth of information spanning almost 800 pages on Pakistani retailers.

With the help of my sub editors Sharmeen Saleem and Saba Imtiaz (BBA, Class of 2007), we set to work and short listed 12 cases that we felt should make up the first edition of 'Retailing: Success Stories from Pakistan'.

The book is divided into five case areas: Department Stores; Book Stores; Family Stores; Specialty Stores; and Supermarkets, each area covering around 2 to 4 cases. Each case is characterized by its retailing mix, merchandise hierarchy, supply chain mechanics, and retail promotion strategies.

I feel proud in saying that this book is purely a students' effort in the context of research and case preparation. As a teacher, I took the back seat, and only guided them to produce what I feel to be an extra ordinary collection of stories from the Pakistani retailers. The students of course had a lot of help from the websites of some retailers (Amir Adnan, Ideas by Gul Ahmed, Chen One, Jafferjees' etc), along with in-house publications/magazines from the same and other retailers.

The case preparation process was not all that rosy --- a lot of times students came back dejected, claiming that not all information was being provided; sometimes, they would have difficulties in getting photographs, and at times, people on the floor would be hesitant in talking to them (although we made sure that all students groups carried a reference letter from SZABIST, and their students' identification cards at all time).

A few limitations: being a students' case studies' collections, the focus is limited to Karachi, with an emphasis on only a single branch of a particular retail business. Also, since these cases were prepared in May 2005, the information on new outlets of the same retailers, or geographic expansion or retrenchment after May 2005 will not be available in these cases. The cases may lack professional writing styles, but since I wanted them published in the students' 'words', I decided not to make many changes in the write-ups.

Before closing this discussion, I need to pay special acknowledgements to a lot of people who have made this book possible: my sub editors, Saba Imtiaz and Sharmeen Saleem (who are also authors to the Liberty Books case); Aaisha Khan (Media Science Coordinator at SZABIST) and Ayesha Safia Qadir

(Records Officer at SZABIST), who edited this lengthy manuscript; Mohammed Azeem (Administrative Controller, SZABIST) who was constantly facilitating and coordinating the print and publication part; Mr A G Saeed, for not only writing a foreword to this book, but helping me and my students throughout the course of case material preparations; and finally all the BBA students from the Class of 2007 who worked endlessly to make this book possible.

I hope this book comes handy to all retail management practitioners, retail management teachers and business administration students who may not only use it for their course material, but may find it helpful if they also later opt for a career in the growing retail economy of Pakistan.

Azra Maqsood

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FOREWORD

Business schools in Pakistan are afflicted by the chronic problem of teaching through alien textbooks. No Pakistani textbook or casebook on Retailing has so far been published, despite the fact that retailing is gaining momentum in quality, quantity and variety of goods and services made available through more than a hundred thousand retail outlets to 150 million consumers in Pakistan.

SZABIST deserves our compliments and gratitude for publishing the first ever Pakistani casebook on Retailing for students of business schools. Although it consists of only twelve descriptive and illustrative case studies, yet it manages to deal with a wide variety of consumer goods, including: fast-moving consumer goods, consumer durables, travel goods, food, fabrics, apparel, casual wear, formal wear, designer wear, footwear, leather goods, home textiles, kitchen accessories, women's accessories, desk accessories, children's accessories, toys and books. Two cases each in case of textile made-ups (ChenOne and Ideas by Gul Ahmed) and books (Oxford and Liberty) provide the reader with an opportunity to compare the strategies of two close competitors. Cross-classification comparisons are also possible because of a standard format used in all cases. Another significant aspect of this maiden publication is the study of bold experiments in retailing by new entrants and their success stories. Types of stores include: supermarkets; department stores; specialty stores and a restaurant.

It is hoped that the next edition of this book will get greater share of editors' and proof-readers' attention; and will also cover more types and additional aspects of retailing like: the role of technology in modern retailing; shopping malls; retailing in public sector; franchising; and corporate retailing. Investigative and analytical case studies in retailing of intangibles, services, non-store retailing and failures in retailing will stimulate the process of critical thinking, strategic decision-making and problem-solving. This will also help students and retailers learn from others' achievements as well as mistakes. SZABIST might as well consider preparing a teachers' manual for the faculty and programmed learning material for practicing retailers who may never get a chance to go to a business school for formal education in retailing.

I was lucky to have spent some time in retailing before I took up teaching at IBA Karachi in 1960's; but it was only after I took a formal course in Retailing at Stanford University that I realized the need for introducing formal training programs for retailers in Pakistan. This was accomplished in seventies, eighties

and nineties, under the auspices of IBA, Marketing Association of Pakistan, Professional Managers Association, Executive Development Centre, and EDC NETWORK, without the help of any Pakistani textbook or casebook. Now, with the introduction of Pakistani case studies and other training material, I am confident that our teachers and trainers will be in a position to do a better job of human resource development for retail business organizations. SZABIST may also consider adding yet another feather to its cap by launching the first-ever Pakistani textbook in Retailing.

Abdul Ghani Saeed

CEC, EDC NETWORK

Former Director, Executive Development Centre

Advisor, Pakistan Institute of Human Development

Chairman FPCCI Standing Committee on Human Development

Former Chairman, Centre of Excellence for Training & Development

Former Chairman, Memon Institute of Business, Science & Technology

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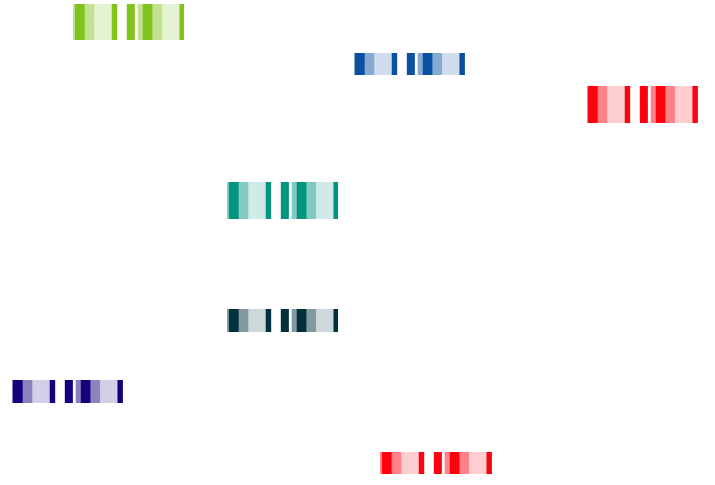
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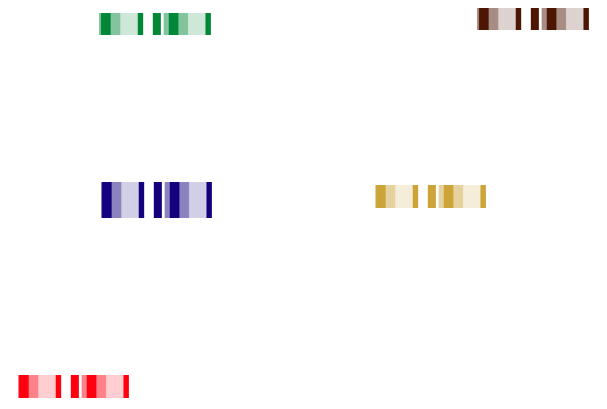
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DEPARTMENT STORES



 **IDEAS** by Gul Ahmed

INTRODUCTION & HISTORY

Ideas by Gul Ahmed is the retail venture of Gul Ahmed Textile Mills Ltd. The company decided to diversify into the retail sector in 2003. At Ideas, Gul Ahmed's tradition of quality and style provides an elegant taste of creatively designed home textile ranges in a vibrant palette of colors, fabrics, patterns, textures and embroidery styles. The store also features its entire lawn collection.

Gul Ahmed has been an exporter of textiles for the past many years and with its vast experience and reach the company is set to develop an extensive chain of stores across the country, aiming to bring its customers an unbeatable shopping experience.

Ideas is the brain child of Gul Ahmed's chairman and his wife, Mr. and Mrs. Ziad Bashir, who identified the gap in the market that their company was only known for its ladies clothing line that is: lawn, cambric and linen. However, their product line included other items such as bed and bath linen and male clothing. Ideas is mainly targeted towards the upper middle class. Since then, the store is doing well and is adding new products to its line every quarter.

OBJECTIVES

The Ideas store has developed several objectives:

- Provide local consumers with good quality products in a different environment where customers can have an enjoyable shopping experience.
- To provide all its products under one roof.
- To build their brand and to promote it by creating a huge impact in the minds of the customer.
- To provide genuine value to consumers by providing them with not only a good product but also competitive prices, ambience and service.
- To meet consumer expectations in all spheres.
- To develop an outstanding service vision. This would draw the customers repeatedly to the store.
- To develop customer managed relationships.
- To achieve operational excellence and customer intimacy.
- To achieve success not only locally but globally as well.

- To provide a different product to the market, not available elsewhere.

TYPE OF OWNERSHIP

Ideas has an independent store format. The premises is owned by the company and is run by qualified staff.

RETAIL FORMAT

Store Location

The store is located in the Clifton area on the main road where it is highly visible to the passers by, which creates a high number of footfalls into the stores. Ideas is based at a high street location with the advantage of a large parking space. This is one of the main reasons the company decided to locate the store here so that it would be convenient for the customers, as parking is a major problem in the Clifton area.

Store Design

Ideas have planned their store design and layout very carefully so as to leave a lasting impression on the minds of customers. They have strategically planned it with a mix of elements to meet the needs of their customers. The elements of store design are as follows:

RETAIL IMAGE MIX

a) Employee Type and Density

Ideas have employed staff to match its selling and image needs. It employs 20 people out of which 8 are female, with the highest number of employees allocated in the women clothing floor. They are all graduates, well trained, and are fluent in English. All the employees are trained for two months before they begin working. Regular workshops are also organized for them in order to equip them with suitable knowledge. They are groomed and well dressed sporting a beige uniform while catering to the needs of the customers in a warm and courteous manner.

b) Fixture Type and Density

Fixtures in the Ideas store complement the merchandise. They have used exquisite wood work to give the store a high class feel. Flooring is of granite in a light ash color with wood paneling in different areas. This makes the store

look spacious. The different and beautiful clear mirrors that comprise the exterior of the store are a new and modern concept in retailing through which one can see the products inside. This attracts customers to the store.

c) Odor Type and Density

The odor in the store harmonizes with the atmosphere. The Ideas store always smells fresh. The store manager did not want an off-putting strong incense, so a light air freshener is sprayed throughout the store every half an hour. Overall, there's a pleasant whiff of lavender in the atmosphere.

d) Visual Type and Density

Ideas store has a very bright environment with a clean, spacious outlook. Small displays are arranged throughout the store. The interior design gives a minimalist modern approach due to which there is a careful selection of items on display. This is the main reason that the store has an uncluttered look. The customers feel comfortable when they are checking the products out. The lighting is bright which highlights the products and the displays. The background has exquisite woodwork on the panels and shelves, white walls, sparkling granite floorings accentuate the products on display rather than mixing up with the colorful merchandize. The glass facade gives the store a chic visual image.

e) Merchandise Type and Density

The merchandise density is low. The products and their variety are well placed on shelves lining the walls. As the displays are well presented in key areas, the store does not need to exhibit all their products; instead they are stacked neatly.



Children's accessories placed in a well-lit area

f) Sound Type and Density

Ideas usually plays soft, pleasant music in the background at a moderate volume. It chooses songs that do not disturb the environment but provide a soothing background music.

DISPLAYS

The displays are presented in a manner that exhibits the utility of the products. The displays are changed daily. Any customer that



Coordinated display of Bedding

walks into the shop sees these displays foremost even if they have come for some other purpose. The sales counter is on the first floor so while the cashier is making the payment receipt, the customers check out the displays on the ground floor, therefore, creating more sales.

SPACE MIX

The space mix in Ideas is 60% selling area, 15% circulation area and 25% back area.

Staple Goods

The staple good at Ideas is 'bed linen' which accounts as the core Unique Selling Proposition (USP) of the store and therefore, is displayed on the ground level. It is highly visible as the customer enters the store.

Convenience Goods

The basement level houses the children's section. This accounts for the convenience goods of the store. This section

also boasts displays of the merchandise in different assortments of colors.

Impulse Goods

The women's apparel on the first floor can be categorized as the ideal impulse purchase merchandise of the store. Being a favorite and essential buy for women, they like to pick out material that appeals to them. This section at Ideas is doing very well as women have a tendency to buy clothes even while they are just browsing around and also because Gul Ahmed lawn is popular with women in Karachi.

Retail Space Management

The store attracts shoppers by attractive posters on the glass panels, by keeping catalogues near the sales counter as free giveaways, dressing up mannequins on the women's apparel section as well as the ground level that also catches the eye of the by-passer. Right in front of the entrance, an illuminator shows slides of models wearing Gul Ahmed Lawn, which is very appealing.

By the staircase, different products are laid out as to give the customer an idea of the product range that is available downstairs (the kids' section).

Layout and Circulation Plan

The layout of the store is such that it allows the customer to walk around. The layout plan of the basement and the ground level is in a race track format where the customer is led around the store. The women's apparel section however has a free flow format, with cloth material laid out on the shelves and two large shelves where packed suits are kept. Apart from that, there are three counters where sales executives deal with the customers and lay out the material as required. On one side, slippers of a limited variety and the bags collection is displayed. It is very convenient for the customer to browse around the store.

Floor Space Management

Hot Spot / Cold Spot Analysis

Ideas management does a quarterly hot, warm and cold spot analysis. Starting with its top floor, which is the women's apparel section, as the customer traffic is highest there and

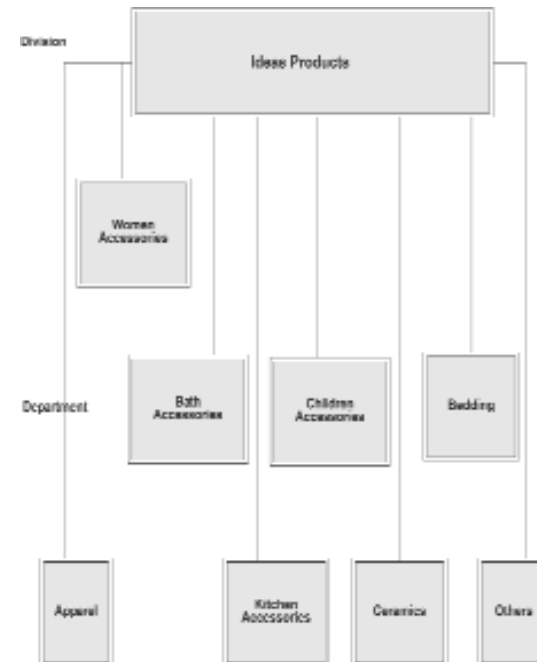
then ranks the bedding section. Lastly the children's section is analyzed. Each and every space is analyzed to see how well each floor is doing and where they need to give more importance to make it a hot spot. Apart from that, space performance is judged by its ensuing sales.

MERCHANDISING

a) Hierarchy

The Ideas hierarchy is categorized under the following main heads:

- Apparel
- Bedding
- Women Accessories
- Bath Accessories
- Children Accessories
- Kitchen Accessories
- Ceramics
- Others



Merchandise Hierarchy at Ideas

b) Buying Function

Ideas do not have a unique buying function. As they are a part of Gul Ahmed, they do not need to carry out a formal plan. Items that are used up are replenished in a week's time through Electronic Data Interchange. This means information about the products is directed to the head office where once an item in stock is reduced or finished, it is automatically replenished. This way the hassle of buying is reduced. Weekly meetings are held between the branch manager and the other heads where these items that have to be restocked are highlighted and any item in demand is ordered.

c) Markdown

Items are marked down during open house sales and end of season sales. This is usually between 15-20%. These have been very successful and attract a large number of customers.

d) Shrinkage

Shrinkage in inventory is common. It is mainly from shop lifting and errors in records. Therefore, the management at Ideas keep a 5-8% shortage allowance so large variations do not occur.

SUPPLY CHAIN PROCESS

Vendor Management

The right vendors are chosen for the products that they outsource. These are the furniture, toys and ceramics that are bought every quarter. A contract is signed with the vendor. Management at Ideas chooses vendors on quality that is consistent with the Gul Ahmed image.

Electronic Data Interchange

The database of the Ideas store is linked directly to the Gul Ahmed head office buying department. Any stock shortages are known to the main office and are replenished. Items in demand are also put in this form so that the buying department knows about it and arranges goods accordingly.

Warehouse Management

No warehouse is present in the store except for a small store where a few items are kept. Items come directly from

the factory.

a) Goods Received Note / Inter Transfer Note

Good received forms and inter transfer forms are signed when goods are dispatched and received. This is done both electronically and manually and helps track items easily.

A first-in-first-out (FIFO) delivery and selling plan is used so that out of date items are not left over in the stock. This is very easy for the store as regular fresh stock comes weekly or as per needed from the factory.

b) Transportation

Transportation is cost efficient and delivery time is reduced as the factory is located in the same city. Material handling equipment is well stocked in the store and items are kept in a ready-to-sell state. They are kept to the minimum.

RETAIL MARKETING STRATEGIES

a) Branding

Ideas brand "it is ideas that make a home," as a high quality products supplying store. They have a team that is managing the 'branding' aspect of the store. Quality of three departments is controlled through effective monitoring. Since Ideas is already a Gul Ahmed Mills brand, it has the advantage of an established reputé and the store sustains that through quality products, good customer service and a good environment of the store. Ideas has become a household name.

b) Positioning

Ideas has already developed a loyal clientele who have developed trust in the product quality and believe that since it is backed by a huge concern such as Gul Ahmed, the quality will stand the test of time and that they are being served by reliable people.

Ideas describes it's positioning strategy as follows: "To offer exclusive, high quality, modern designs as well as impeccable service with courteous, informed and well-groomed sales consultants. Our aim is to provide a distinctive cozy shopping environment with attractive décor, a consistent availability of high quality products

and new product innovations."

c) Retail Marketing Mix

The retail marketing mix of Ideas consists of the following:

Product Offerings

The product mix of the store matches with customer preferences that were studied in detail before the opening of the store. An assortment of merchandise is offered to customers shopping with an eye for quality and good design. Ideas fills the gap for good quality items in attractive designs by Gul Ahmed all under one roof. Its product offerings are as follows:

- Women's Apparel (The highest impulse purchase at Ideas)
- Bedding
- Women' Wear
- Menswear
- Kitchen Accessories
- Bath Accessories
- Ceramics
- Gift Items
- Women Accessories
- Furniture
- Children Accessories

Price

Ideas is an affordable shop for its target customers. It justifies its pricing policy with its exclusive brand, high quality and good customer service while at the same time making sure that the products are not too expensive.

Place

Ideas is situated in a central location in Clifton, therefore, it is easily accessible to its target market. It also has a good visibility factor, therefore, attracting a large number of customers. The reason being is it looks out to the main road and has a recognizable building due to its beautiful modern architecture.

Promotions and Events

Along with advertising, which it does in magazines and

billboards in strategic places, Ideas also sends promotional items to its list of customers and potential customers in order to keep them informed. The list is maintained in an ever-increasing database. Consumers are informed of collections and the latest arrivals through direct mail. Ideas also have a website that offers customer support. It offers information about itself and its products and maintains contact with its customers through e-mail and sms. Customers are informed beforehand about sales and events.

People

Ideas has managed to attract its target customers successfully. Ideas trains its staff extensively in order to give a good impression of the store. The sales executives are groomed and amicable. They make sure that they are available for the customers whenever help is required. After careful analysis of the customer traffic, the right number of people are located at the right places. One person is placed near the entrance to greet the incoming customer and to be able to offer help or give directions if needed. They have great customer service and support, and customers are highly satisfied once they leave the store.

Presentation

The best way to convey to the customer what the merchandise looks like when used is through good presentation. Initially, an expert was hired to design the outlook of these and to determine the right display areas. Displays are set up at the crucial points in the store. The lighting is also warm and is given a lot of importance so as to highlight the merchandise properly. Overall, Ideas has given a clean, spacious, chic outlook which is uncluttered, with attractive displays at strategic points in the store.

ADVERTISING

Ideas advertises through distributing attractive flyers, putting up banners and through other forms of mass media such as magazines. Mainly it advertises in magazines that are read by their target market. Ideas also keep a customer database and sends mails and flyers to them in order to keep them informed and to develop a good customer relationship.

RESEARCH

Research is carried out in time and again to determine the weak and strong points of the store. Customer responses are analyzed and discussed later in 'touch base' meetings. External research is also carried out to stay informed about the competitors' prices and their offerings. Ideas' main competitors are Chen One and Al Karam.

CUSTOMER SERVICE

For Ideas, customer service plays an integral role. They believe that in order to develop a strong sustainable relationship with the customer, it's important to stay in touch and keep giving them reasons to come to the store again and again. They do this by coming up with new collections and varieties and keep their customers informed. This is the reason they maintain a database of customers and send them their promotional material every season. Ideas also provide after sales services which is a motivating factor for the customers.



Employees at Ideas dealing with customers

FUTURE OUTLOOK

Ideas Store strives to be an international brand that cares for its customers and fulfills their home and personal needs. They want to be recognized by consumer and professional channels as the leader in exclusive, high quality, modern designs as well as impeccable service with courteous, informed and well-groomed sales consultants. Their aim is to provide a distinctive, cozy shopping environment with

attractive décor, a consistent availability of high quality products and new product innovations. Their main aim is to house all the products that Gul Ahmed has to offer its customers under one roof. They want to add up new and innovative products every year and capture a very large consumer market globally. They aim to reach up to the level of large recognized stores such as Macy's and Nordstrom in the United States.

CHEN ONE

INTRODUCTION & HISTORY

Mian Muhammad Latif laid the foundation for Chenab Group, Chen One's parent company in 1974. Initially Chenab Textiles exported products to many countries. It is Pakistan's leading textile manufacturer and exporter. The ability to process linen and synthetic fibers up to a maximum width of 320 c, has placed the company in the fore front of home linen and furnishing fabric market, as well as in the garment and high tech textile trade.

Chenab Group realized that their textiles' quality was extremely good and looking at the growing trend in Pakistan's retail economy they started their own brand. The idea of opening an outlet was not only successful but was also a source of getting recognition in Pakistan. Another major reason for coming into Pakistani market was to cater to the local consumers, who buy international brands and seek good quality.

COMPANY OBJECTIVE AND MISSION STATEMENT

"Our policy is customer satisfaction which we ensure through proper planning, continual improvement, employees satisfaction, environment friendly production, prevention of environmental pollution, resource conservation and implementation of relevant, environmental, social and cultural norms/laws."

COMPETITORS

Visitors to Park Towers make it a point to visit the three-leveled store. Chen One was the first store of its kind and after its success, other manufacturing companies began retail operations, including Ideas by Gul Ahmed Textiles.

There are many competitors both inside and outside the mall. In men's wear, its major challengers are Cotton and Cotton, Cambridge and Hang Ten. For home fashions and accessories, it competes against Ideas and Habitt and in the children's section, its rivals are Zubaida's Mother Shop, Bumble & Bumble, and Mushroom's. But Chen One has an edge over all these because of its huge assortment in the above areas.

TYPE OF BUSINESS

Chenab is a family owned business and so is Chen One. It's owned by Mr. Latif, who is the Chairman of the company.

RETAIL FORMAT

By Location

As it is the only outlet in Karachi, many customers come to the mall only because of Chen One, which means that it has a destination location.

By Ownership

It started as a family owned business, with Mr. Latif as its single owner, who was later on joined later by his younger brothers Mian Javaid Iqbal and Mian Muhammad Naeem. So, by ownership it is an independent store.

By Merchandise

Chen One deals with a wide product range including apparel, full range of furnishings, crockery, and accessories. It carries products for the whole family. Hence, by merchandise category it is a family store.

STORE DESIGN AND RETAIL MIX

Children's Accessories

a) Merchandise Type and Density

It includes clothes, shoes, bags, stuffed toys and all related accessories for children. Its product range is from infants to teenagers.



Stuffed toys displayed in glass shelves

b) Fixture Type and Density

The fixtures in this category comprise six glass shelves of 4x6 size. It has four pillars with black and silver built-in rods around each pillar, for hanging clothes. These rods are fixed in a stooping manner for waterfall displays.

As soon as one enters the kids section, there is a semi-circular counter on the right side displaying stuffed toys and school bags. The counter also has packed baby suits, along with stuffed toys.

In front of the entrance, there is a baby cot on display. On the left side, glass shelves display bright and colorful clothes. It has 4 baby mannequins displaying clothes. At one extreme of the area there's a big open shelf for shoes. It has a small unorganized back area as well, to keep additional stock.

Next to the shoe shelf, there is a white wooden window shelf containing different sizes of clothes and stuffed toys. There's a big black stand, displaying a good range of socks as well.

c) Employee Type and Density

The employees at the children's floor are trained in their field and are very co-operative. On this floor, the employee density is low as there are usually only two employees on duty.

Men and Women Wear

a) Merchandise Type and Density

Chen One's men's wear has greater depth than its women's wear. It stocks all kinds of shirts, pants, blazers, jackets, kurtis, shoes, ties, leather accessories and socks. All these items are available in many different materials, sizes and colors.

Although women's wear has good assortment but its variety is limited as compared to men's wear. In the summer collection, the emphasis is on casual and semi-formal clothes. It includes shalwar kameez, pants, tops, skirts, and undergarments.

b) Fixture Type and Density

In men's area there are around 4 gray and brown wooden display stands with silver rods displaying formal pants. Most of the casual pants are kept folded in white built-in niches. For displaying shirts and kurtis, they have the same glass shelves, as in kid's section, with silver rods to hang the clothes. Blazers are kept at a deeper end of the floor, including ties and other accessories. A male mannequin is kept with each shelf. There is a counter displaying leather wallets, key chains, belts and small leather accessories.



Counter display for leather accessories

In women's area there are two long pillars covered with mirrors. It has a lot of silver built-in rods round the corners of the walls displaying female eastern and western clothes. Pants, nightdresses, and casual tops are again displayed inside glass shelves, which are open from two sides. A lot of sales promotion has been done in the outlet, with walls having posters of models displaying Chen One's clothes. Two female mannequins are kept in female area, one displaying an eastern outfit, and the other western. This floor has around 4 changing rooms, two in male section and the other two in female.

This floor also has a semicircular counter with T-shirts, pants and shirts displayed in the counter window.

On the roof of the counter, apart from having glass pieces, it has small hangings as well which are directing customers to different sub-sections.

At one end of the counter, a range of shoes is also displayed.

c) Employee Type and Density

Chen One has a policy that it trains employees in all areas, so the type of employees in this section is also educated and trained. The employees in the men's section are well groomed and presentable. Two people handle the men's section; whereas, only one handles women's wear.

d) Visual Type and Factors

This floor has the brightest effect than the whole outlet because of huge glass walls in the ladies section. Due to this a lot of sunlight comes in, which makes the place look wider. It also has those similar yellow lights, which are found in the whole outlet to give the same image and identity. These lights are built in the roof.

However in men's section, the lights are dimmer, especially in the area where formal pants are kept.

Home Fashions

a) Merchandise Type and Density

This section has a very wide product range, ranging from bed sets, dinning tables, center tables, arrange, amazing collection of bed linen, bathroom accessories, crockery, lamps, home accessories, artificial plants, special decorative items, candles, and flower arrangements.



A wide range of designs of bed linen available at Chen One

b) Fixture Type and Density

All the bed sets are arranged along the sides of the semicircular layout of the floor. They are properly set with all the related accessories like lamps and bed covers to

entice the customers to buy them. This is mainly done to increase multiple purchases. There are three main pillars with glass shelves attached to them, to display bed covers. There are dining tables on display with crockery displayed on it.

c) Employee Type and Density

The employees here are trained and have technical knowledge about the products. The number of employees on this floor is around four but it changes depending on the number of customers.

d) Visual Type and Factors

This section has a lot of sunlight coming in due to the glass walls. Much of the lights are yellow coordinating with the store strategy. It also has a semicircular counter, with the same glass pieces on its roof and white lighting. This floor has additional lightings of lamps, which are kept at different places.

Sound Type and Density: (1st, 2nd and 3rd floor)

They usually play trendy or rap music at a low bass, which sounds appealing. This music can be heard in all the three levels of the outlet.

Odor Type and Density: (1st, 2nd, and 3rd floor)

It has a starchy scent in the apparel section. Overall, the outlet has a soft and soothing fragrance.

VISUAL MERCHANDISING

Home Fashion

The first floor uses coordinated method of presentation, for instance, a dinning table has related accessories like crockery, napkins, and mats. Lamps, bed covers and inviting quilts compliment a bed. This increases cross merchandising. This floor has two major types of shop displays including window displays, and counter displays.

Men's & Women's Wear

The apparel section mainly uses mannequins and fixtures to display clothes. The displays in the women's wear section focuses on the new collection. However, in men's wear there was no emphasis on theme presentation except for the

casual wear. Men's wear is displayed on wooden stands. The leather goods such as belts, wallets, and key chains use counter displays.

Children's Section

The children's section communicates the 'kids' there collection through displays using mannequins. They use counter displays for stuffed toys and baby clothes. Their new arrival of bags is displayed very prominently behind the counter.

STORE ATMOSPHERICS

Signage

The signage of the store including the slogan "Changing Lifestyles" is written in black. The word "CHEN ONE" is written in red and blue. Initially, they had a logo of a penguin, but due to their expansion in other countries and in order to adjust into various cultures, it has been removed

SPACE MIX AND RETAIL SPACE

Chen One covers an area of 12,000 square feet. It has divided its total area into three main divisions, which are further subdivided. The outlet is leased, which is why a lot of investment has been done on the interior.

Retail Space Management

a) Home Fashion

In the Home Fashion section, 75% of the area is selling space; 5% back area, and 20% circulation area. The customers on this level are able to walk freely but not as comfortably as on the other two floors. This is because of the small and fragile items displayed haphazardly on the floor.



b) Men's & Women's Wear

The selling space of apparel section is 60%, the circular space including the staircase is 35%, and the back area is 5% which includes the changing rooms. Due to a lot of

circulation space in this section, the customers are able to walk very easily through the store. Due to the unattractive displays of western clothes in the female section, it's not able to attract a lot of women customers. On the contrary, the merchandise of the men's area attracts a lot of customers.



c) Kids Section

The selling space is 60% including the counter and shelf displays. The circulation area is 30% while the back area is 10% including the changing rooms and the office of the branch manager.



Store Layout / Circulation Plan

The layout of the whole outlet is common in all the three floors. Although the merchandise is kept in an organized manner but there is no defined way. The merchandise is grouped in clusters. Therefore, it has a free flow format.

Floor Space Management

As the area of Chen One is not only one floor, so the productivity has to be measured by keeping in mind all the three floors. Productivity of space is measured by using certain parameters, which are the best guide for judging the space performance. They include sales per square foot, margins per square foot and stock holding per square foot. These parameters help to determine which part is generating more sales and profits.

According to the General Manager Sales, Mr. Agha Rizwan, "If space performance is measured in terms of department or

division, then the home fashions department is the most productive". However, he was unable to give any figures.

Hot Spot Analysis

Home fashions mainly include furnishings, bed linen, and accessories which makes it a hot spot. The men's wear on the second floor is also a major hot spot.

Warm Spots

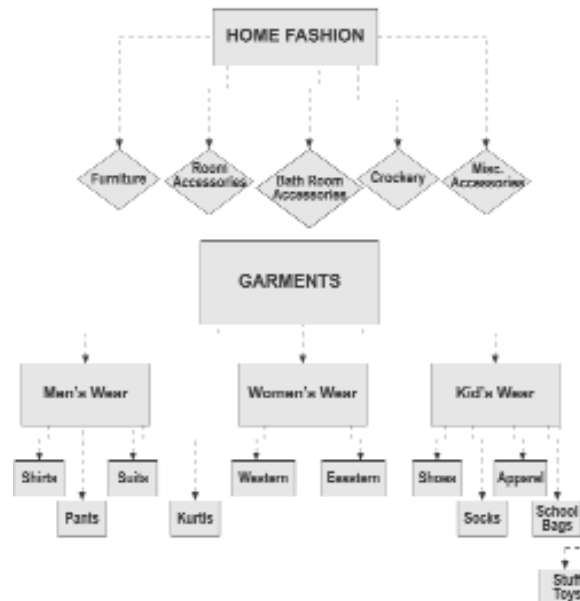
Women's wear section has comparatively lower sales and low customer traffic as compared to men's and kid's wear. This makes women's apparel section a warm spot.

MERCHANDISING

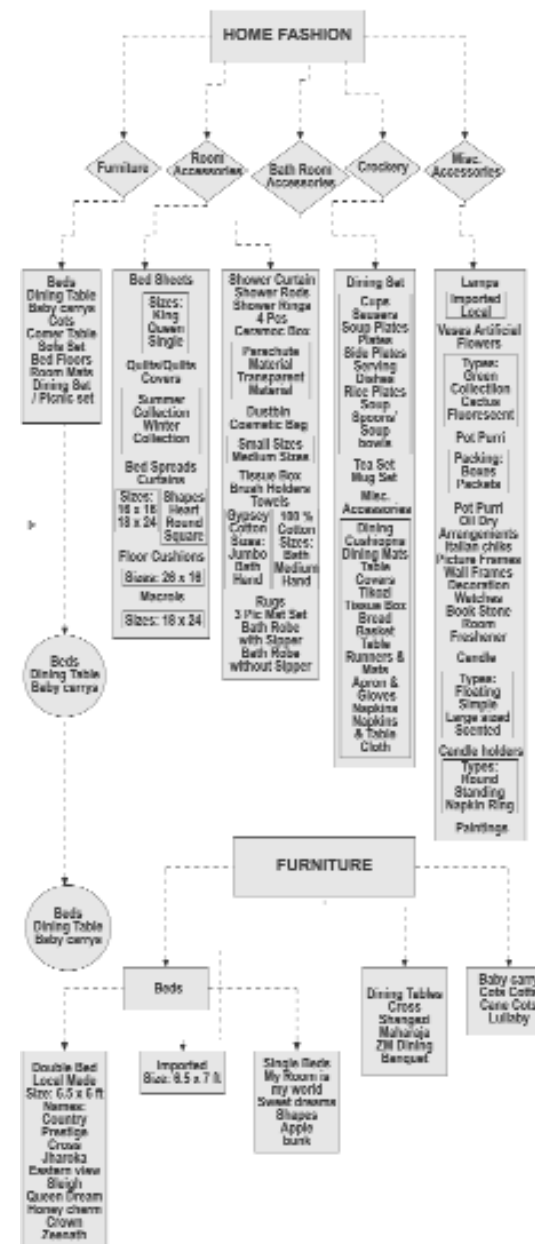
a) Merchandise Hierarchy

The merchandise hierarchy is divided under the following heads:

- Home Fashion
- Garments



Merchandise Hierarchy for Home Fashion and Garments



Detailed Hierarchy of Home Fashion and Furniture

b) Buying Function

Decisions about inventory and budgets are made by Chen One's parent company. Its buying function has the following elements:

Forward Sales Planning

Chen One forecasts its sales in many ways. First, they follow seasonal forecasting, i.e. they plan their sales for two main seasons: summer and winter.

The seasonal forecasting is divided into monthly sales to determine what level of inventory is required.

Forecasting is further divided into weekly sales.

Considering the forecasted level of sales, their budgets for inventory are made.

Forward Cover

Their inventory turnover is not on the basis of forward cover. However, as soon as any item is sold at the point of sale, system records it and the data is sent directly to the head office where the merchandise is reordered and sent to the outlet within two days.

Stock Required and Stock On Order

The process of ordering merchandise is not done on the basis of daily sales. That means inventory is replenished daily. As Chen One has an efficient internal system, which connects outlets to the head office, information about the sold inventory is given to the head office, from where they send the same amount on the next day.

Open to Receive

The stock received by the outlet is recorded in the MIS and is acknowledged by the head office. A copy is given by the supplier which is signed by the receiver and sent to the head office.

Closing Stock

Chen One has closing stock depending on the units/items sold each day. Since inventory is replenished everyday the figure depends totally on the sales.

c) Markdown

Chen One marks down products when a season comes to an end. In the beginning of a new season, old inventory is removed from their shelves. This is done through "Open House" sales held twice a year. Goods are marked down to up to 50% of the Maximum Retail Price (MRP).

d) Shrinkage

Considering the huge amount of merchandise Chen One carries, its almost impossible to keep an eye on every employee and every customer all the time. In order to prevent this, it has used a variety of advanced techniques. They include tags, stickers and weaving (in built). These techniques help Chen One to keep shrinkage at a very low amount, which is around 1.5% yearly.

SUPPLY CHAIN MANAGEMENT AND OTB

Chen One has two kinds of supplies. The first one, customer's orders, is limited to certain merchandise and is rare. The second is normal routine orders. The Open to Buy (OTB) process at Chen One is on a daily basis. The data is fed in automatically in the Point of Sale system which is sent to the head office everyday. The inventory is replenished as soon as the stock level goes down. Chen One has its own supply chain management. It has its own distributor and suppliers. The notes issued by the suppliers are signed by the warehousing department and the same note is signed by the supervisor at the outlet when the stock is received. The Goods Received Notes (GRN) and the Inter Transfer Notes (ITN) are linked with one another. The goods return feature is also present in the MIS. A return receipt or note is packed in the cartons which are sent back.

MARKETING STRATEGIES

The significance of a marketing strategy in any type of business whether its manufacturing, retailing or distributing cannot be questioned. It is equally important in retailing as well.

a) Brand Image

Chen One's target market is high-income customers. The brand is not for middle class or lower class customers. Chen One says that if they cater to that class by reducing the prices of their product, they would

have to compromise on quality.

b) Positioning

According to the General Manager Sales, Agha Rizwan, Chen One provides the right value for money to their customers. He says this on the basis of the product, but there are other factors as well, including the services, ambience and location. All these aspects compliment each other in providing value to customers.

They have kept a consistent positioning from start of operations. It has always focused on quality and lifestyle. In order to make people aware about their products, they communicate what they provide. The main attraction for a Chen One customer is its wide product range. Loyal customers are given a lot of importance and they make sure that they retain them. For that they issue loyalty cards and give other benefits.

c) Retail Marketing Mix

Product

Chen One is an outlet where customers can get almost each and everything for the house and for themselves. It has clothes, shoes, and accessories for every member of the house. There is no other outlet which provides all these things under one roof. Its product range and product quality is an integral part of the marketing mix.

Place

Chen One, being in a very busy shopping mall, has a mall location. It benefits from this feature, as 10% of Chen One's sales comes from this mall location, resulting in a decrease in advertising cost. Chen One has organized its merchandise in such a way that it's easier for a customer to access the desired product. They have departments, then sections, and further subsections to facilitate customers.

Price

Chen One's pricing is done as Maximum Retail Price, which includes production cost, taxes and margins. Although, this is called MRP but, as its done in an odd manner it can also be called as odd pricing. It means, they have priced most of their products as Rs. 95, Rs. 695, etc. Sometimes, prices

bundling is also done for promotional purposes.

According to most of the people, Chen One's prices are very high, and are not affordable to many. But it's officials believe that, "we are not catering to the market which cannot afford these prices. And even if the prices are higher, products are worth the prices."

Promotion

As earlier said, Chen One communicates everything what it offers. Its promotions are both price led as well as occasion led.

Occasion led promotions are done on seasonal basis. Every year, they promote their summer and winter collections. Price led promotions include all its promotional activities during sales and discounts. The major price led promotion is done during its open house.

People

The word "people" not only means the employees of the company, it also includes the people who buy. The success of a retail outlet depends a lot on the type of employees it has, because they are the ones directly interacting with customers.

People who serve at Chen One are educated, and well trained in their respective area. Most of them are very cooperative. They help the customers in getting the right product, but provide them with space as well. The appearance is given a lot of importance, as all of them are well groomed, and presentable.

They attend the customers efficiently making sure that customers are satisfied when leaving the outlet.

Presentation

Presentation of products is very attractive in the home fashions section and kids area. They have used cross merchandising techniques which makes it look appealing.

The apparels section needs no improvement, especially in female garments. They have used a lot of different ways

to display the merchandise.

d) Direct Marketing

Chen One's uses a number of forms of direct marketing:

Direct Mail

Chen One sends pamphlets to its customers usually telling them about arrival of new collection or sales. These are sent firstly to its loyal customers and then to others.

Catalogue

According to the general manager sales, they are about to launch a catalogue. This would have all the relevant information about their product range, prices and offers.

Telemarketing

Telemarketing is only done during promotional periods. But in some rare cases, according to the manager, "we can take orders, depending on the type and size of the order". This individual treatment can be given in areas like furnishings.

ADVERTISING

If a retailer who carries best assortment of merchandise and provides best possible service, doesn't advertise what it provides, all its efforts are useless. Because, what is the use of having the best products when customers don't know about it?

Chen One's advertising efforts include both above the line and below the line advertising:

Below the line advertising includes print media, shows and other events under Chen One's name. Recently, its print media advertising cost was around Rs. 1.5 million.

Above the line advertising has mixed forms which are listed below:

a) Point of Sales Advertising

Chen One uses both point of sales materials and activities. POS materials are used according to the type of merchandise. In apparel section the pillars have posters of models displaying the outfits. In kids section, merchandise like toys are playing the role of decorative items. POS

activities are used massively, including visual merchandising, shop displays, mannequins in all three sections. Window displays attract a lot of browsers. All these activities contribute a lot to Chen One's sales.



POS advertising of new arrivals

b) Sales Promotion

Chen One's sales promotions are mainly on the basis of new product offerings. These promotions are done within the outlet. A separate shelf is allotted for "new arrivals" in apparel section. They have signs boards within the outlet to direct customers to different sub-sections. Sales promotions are according to the theme of the entire outlet. The themes are different in summers and winters.

c) Publicity

A lot of articles and issues are printed about Chen One in magazines. It's considered a good step towards the concept of one stop shopping due to wide product range. A lot of publicity is done by the interviews of Chen One's officials in the print and electronic media.

d) Personal Selling

Personal selling includes the sales people's efforts to communicate the product offerings and contribute towards sales. Sales people at Chen One contribute to sales by giving information to customers about which products would suit their needs. They have a lot of knowledge about the merchandise type and how it is supposed to be used. This helps them to increase multiple purchases. A good thing is that they give personal space to customers

by not following the customers while they shop.

e-TAILING

Chen One is hyperlinked with Chenab Group's website and it has its own home page on www.chenone.com.pk. The site offers displays of various merchandise and home fashion. Constructed on flash, it has attractive features and animations.

Online selling facility is not offered on the website; however, Chenab Groups are looking forward to it in the near future.

OPERATING SYSTEMS

The information system used by Chen One is named as "Chen One Point of Sale". The Information system is present in all outlets in Pakistan and is linked with the main Head Office of Chen One in Faisalabad.

The features of Point of Sale include:

a) Sales

All the information related to sales is stored in this section. The sales transaction of a particular day can be retrieved easily.

b) Stock

Stocking holdings at the store are fed in this section. Merchandise related to each category is listed in this particular section of the information system. The merchandise are re-furnished on a day to day basis.

c) Returns

The returns are automatically debited from the stocks received and stored in a separate section.

d) Attendance

The attendance of all the workers and employees are fed in this area which assists in calculating working hours.

e) Prestige Card Holder's Details

The details of the prestige card holders like the personal information, address, phone number, number of transactions etc are recorded here.

CUSTOMER SERVICE

People visiting Chen One are either browsers or buyers. People don't go there to bargain for products. The prices are fixed and so is the quality. Most of the customers of Chen One are housewives. They have basic knowledge about the product range. The employees ensure all customers are assisted.

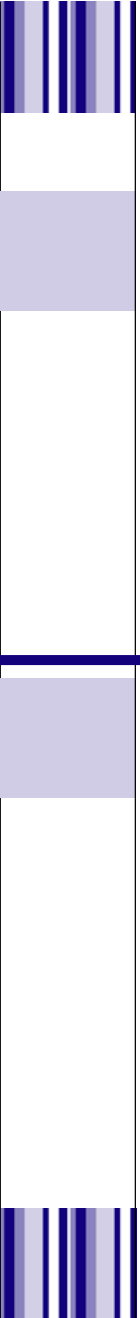
Visualizing a customer involves looking at the eye movements, the way he touches merchandise, what attracts him/her the most, and the body language. The employee usually gives the customer a gentle smile or a greeting to inform them that he is there to assist them if they need help. They give their customers enough time to set their mind and feel easy in the store. The employees do not stick around with the customer, they only answer their queries. When someone is interested in buying a product and asks questions regarding the price, colour and range, only then the employee gives them the information and suggest alternatives. All the employees are trained to behave according to the customer. Some people take shopping as a leisure activity, where as some don't have enough time, some people prefer frankness and jokes where as others are only interested in buying. They serve them accordingly. Excessive sales techniques are not used in Chen One. Increased awareness in customers have made these techniques fake. It gives a dishonest impression of the store. "We do not want our customers to feel as if they've been fooled by the store by a low quality product." The employees inform the pros and cons of the product. For example, a customer looking for a bed sheet might want a bordered one, the employees tells them clearly the range he is looking for. If its not available, the customer is informed right away.

Some customers visit Chen One so often that the sales people are familiar with their faces. The employee who served them previously repeats his job.

Customer Loyalty Cards

Customer Loyalty Cards are also offered by Chen One. The membership promises an array of benefits for the customers. As a member of prestige cards, the customers are entitled to the following privileges:

- 10% discount on all products at all outlets of Chen One all

- 
- over Pakistan (except tailor made, furniture and art gallery).
 - Invitation to all Chen One activities including musical events, fashion shows, food and theatre festivals, art exhibitions and branch anniversaries.
 - Gift packed deliveries in any other Chen One city on a 24 hour notice. Gifts can be delivered to other cities on payment on courier charges.
 - Free Home Delivery on shopping of Rs. 5,000/-
 - Chen One news letter.
 - Exclusive seasonal packages will be announced from time to time giving extra benefits to the cardholders.

The member ship fee is Rs. 1,000 only (non-refundable, one time). The Annual/Renewal Fee is Rs. 500 (payable in advance, non-refundable). Discount is valid on all promotional activities.

FUTURE OUTLOOK

Considering Chen One's current progress in the retail industry, it is forced to expand its business. Chen One is making many new strategic plans.

According to the GM sales, Agha Rizwan, their major plan is to expand by opening new outlets across Pakistan. Initially, they plan to open more outlets in Karachi, then in other cities, in order to meet with increasing customer demands. Currently, the number of outlets is ten across Pakistan, and their plans are to take the figure to thirty in the near future.

Another major step, which Chen One is about to take, is going into electronic retailing. This type of online retailing is very common in developed countries, but not in Pakistan. With the help of e-tailing it can cater to not only those Pakistani customers who cannot access outlets, but also a lot of customers round the globe. This might take some time, but eventually will be the pioneer to introduce e-tailing in Pakistan.



INTRODUCTION & HISTORY

Habitt is an extension of International Brands Limited (IBL), owned by Arshad and Rashid Shahid Abdullah. It started operations in 2001 when the first outlet was opened in Dolmen Mall. They opened a second outlet on Tipu Sultan Road a year ago, in 2004.

Habitt is a discount store that offers a wide range of high quality products at low prices. It provides its customers with both private label and other brands at a ratio of 60:40. Textiles and furnishing are their private brands, which is the core merchandise. Habitt has bed sheets supplied by its sister concern Al-Abid Textile Mills. The main supplier of electronics is Phillips but other brands like Braun, Moulinex, Dawlance, Black & Decker etc are also stocked.

OBJECTIVES

Mission Statement

"To provide comfortable and cost effective furniture to customers of all social classes".

Habitt values its customers and continues to give them the satisfaction they desire.

Objectives

- The best household items under one roof.
- To provide these products at reasonable prices.

Based on its objectives, Habitt's Strategic Business Units (SBU) includes all categories of household products.

TYPE OF BUSINESS

Habitt is a sole proprietorship business. The parent concern International Brands Limited (IBL), is owned by the Shahid Abdullah family, which owns Habitt and a total of 52 businesses.

RETAIL FORMAT

Store Locations

Habitt currently has two outlets located at:

- Dolmen Mall, Tariq Road
- Tipu Sultan Road (adjacent to Dunkin Donuts)

Another outlet will open in Clifton. The outlet at Dolmen Mall was the first which opened three years ago. The second outlet opened a year ago and has been operating successfully since then.

The locations were chosen with the customers in mind and the goal was to attract target customers from all areas of Karachi.

Type of Location

Habitt's Tariq Road outlet is a Mall Location. It has a high rent, a clean environment and a common mall parking space. The outlet attracts existing mall traffic. Sixty percent of the customers who walk in are browsers.

The outlet on Tipu Sultan Road is a destination format. It is not located in a commercial retail area and has a parking space. It has a low footfall rate but the customers who walk in are all buyers. Thus it has a hundred percent conversion rate from browsers to buyers. As the manager says, "It is a business place."

STORE DESIGN AND RETAIL IMAGE MIX

Habitt believes that the store design greatly affects customer moods and helps the buying process. They aim to satisfy the emotional needs of their customer by using the following mix of elements:

a) Employee Type and Density

Being a designer store, Habitt has a high density of salespeople who assist the customers whenever they need them. The salespeople are friendly and well trained. They are educated and talk to the customers courteously.

b) Merchandise Type and Density

The density of merchandise is high as compared to the store area. Since the store has a wide variety of household items, it has to compromise on space



Crockery on display

and merchandise type and density. The customers don't mind a high density and a small circulation area as long as they are getting what they need. The type of merchandise on offer is of a high quality that explains the high prices as the customer sees them.

c) Fixture Type and Density

The decision about the type and design of fixtures is left for the store's interior designer, Mr. Adeel Feroz, who is a permanent employee. The fixtures are simple, made of oak wood. Like the density of merchandise, the density of fixtures is also high to make room for the large variety of products.

d) Sound Type and Density

Music is played in the store, which is chosen by the manager. He strongly believes that music affects the customers' moods. He says, "The type of music played can change moods and adds freshness to the shopping experience." English, Hindi and Urdu tracks are played to suit the moods of all customers and enhance the shopping experience, which is made livelier with music.

e) Odor Type and Density

Habitt does not have a specific odor but they use air fresheners.

f) Visual Type and Factors

The lighting is uniform through out the store except in a few places like the crystal pieces. Watches and crockery are highlighted in their glass cabinets. The lights used are yellow and white in color. The store is painted white. Initially only yellow spotlights were used to give the store a dark look to complement the red and black corporate colors. The customers didn't like it and



Glass shelves with distinct lighting

they thought it was too dark. So in addition to the spotlights, white tube lights were also added to the décor to make it look brighter.

VISUAL MERCHANDISING

Habitt portrays the image of a complete home store that provides its customers with the best quality, pricing and durability. The key factor of powerful image development in the customer's mind is through their pricing and services (especially their after sales services).

The bright use of corporate colors (red and black) is eye catching and cannot be missed.

Habitt uses theme displays during different seasons such as winter, summers, weddings and Eids. For instance, in summers they display light colored textiles while in winters they use darker shades. During the wedding season they use heavy furniture such as carved beds. At the same time they display the latest arrivals in cookery and cutlery. On Eids, Habitt also comes up with different ideas to attract customers such as giving out complementary goods; i.e. if you purchase a set of candles and paintings, you would be rewarded with a free cake or a gift pack of scented candles. It usually depends on the type of purchase and on the occasion.

Habitt has coordinated furniture displays. Habitt believes that since lifestyle trends are changing, families require a complete home package. In this way the store displays its furniture, as it could be utilized in their homes.

Displays

a) Marquee Displays

Habitt uses marquee displays for presenting furniture during the wedding seasons. They form an ideal platform for category indicators and related signage.

b) Display Podiums

They have display podiums around the store for furnishings, which portray the merchandise on the basis of lifestyles that consist of coordinated goods. They play with the psyche of the customers and therefore fulfill their requirements and offer the best services possible.

c) Counter Displays

Watches and expensive crockery are presented on counter displays that have glazed display shelves, which highlight the merchandise.

d) Exclusive Displays



Exclusive display of textile

The brand corners demonstrate exclusive merchandise by Phillips, Habitt and Al-Abid Textiles. They are placed at the entrance and central areas of the store that ensure maximum exposure and visibility to the customers.

STORE ATMOSPHERICS

Signage

Habitt's store signage is a vital element of the storefront, attracting the customers' attention. It has employed unique designs combining its red and black identity. The ambience was such that it did not have enough room to attach a sign board at the top of the store, and therefore, Habitt came up with the idea of using the floor space to attract its customers. This was a new concept introduced in Dolmen Mall.

SPACE MIX

Habitt, located in Dolmen Mall, has a total capacity of 10,000 square feet, which is divided into three components of the space mix. The selling area covers 6,500 square feet while the back area is a total of 1,500 square feet. The back area consists of merchandise such as electronic goods, furniture and cutlery. Habitt's circulation region is perhaps one of its major weak points as it is restricted to only 2,000 square feet.

The selling space of the store is further configured in terms of size and location of goods based on the mix of staple, convenience and impulse merchandise.

Habitt claims that its staple goods are furniture and textiles. They are spread throughout the store and are kept at the central areas of the store. The furniture displays portrays the latest trends, while textiles are placed at the entrance of the outlet.

Habitt has categorized its convenience goods as electronics (irons, microwaves, hair dryers, etc), cookery, entertainment electronics (such as television sets, DVD players), kitchen accessories and cutlery. They are placed at convenient locations to ensure conversions.

Crayola, a collection of stationery goods, contributes as impulse merchandise to the store. In order to give it maximum exposure to tempt customers into buying them, Habitt has placed it right opposite to the cash counter.

Retail Space Management

Habitt's ambience goes along with its posh interior products and home appliances. Despite being a huge store, Habitt's space management is not effective. It's heavily filled and lacks proper tracks. Moreover, fragile products like crockery are grouped together and thus it is inconvenient for the shoppers to shop.

Habitt needs to work on its space management in order to make optimum utilization of its outlet.

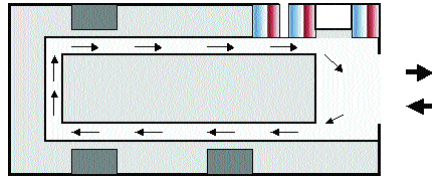
Store Layout: The Circulation Plan

Habitt was designed by one of the most successful and popular architects of Pakistan, Shahid Abdullah. He is also one of the owners of the store.



While designing the store, Habitt had prioritized the customers' convenience. Earlier, Habitt had arrows all around the floor that led the customers from one section to another. They were removed because the customers found it uncomfortable.

Habitt's circulation layout is classified as a racetrack where the customer has to circle around the entire store (illustrated below).



Floor Space Management

a) Space Performance

Habitt judges its space productivity through top line plans and bottom line tools. The store uses top line plan to check the performance of the space productivity by measuring sales volume and value achieved per square foot per day. Habitt determines its Gross Margin Return on Inventory (GMROI) by measuring the average inventory holding per square foot per day against the ideal level of stock holding planned for a designated space. It is directly proportional to revenue returns on space occupied.

b) Space Audit

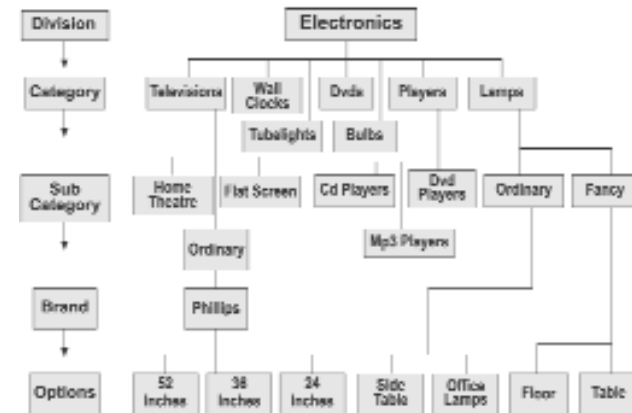
Habitt conducts hot spot analysis to convert cold spots to warm spots and warm spots to hot spots. A meeting is conducted by the branch manager, the marketing manager and manager of the warehouse every week in which sales of stock in each category are compared. In this committee, the frontline sales people are allowed to include their suggestions but the top management makes the final decisions.

MERCHANDISING

a) Merchandise Hierarchy

Habitt's hierarchy is mainly categorized under the following main heads:

- Electronics
- Houseware
- Decor
- Textiles



Merchandise Hierarchy for Electronics

b) Buying Function

Habitt uses Open to Buy (OTB) to control future buying so that the flow of merchandise in the store matches anticipated sales. The branch manager ensures that the SKU's are sufficient to provide customers when they make large purchases.

Their forecast sales plan is prepared for the entire year with monthwise details. The 3-member committee, mentioned earlier, traces out the margins every fortnight.

Their forward cover, which is based on the planned stock returns, occurs every 3 to 4 months.

They update their stocks according to the customer purchase and it depends on the category. In furnishing,

Habitt updates its stock every month especially during the wedding season while their cutlery is updated every third month.

Habitt delivers its stock to the customers (in furnishing) within a week, from design selection to actual delivery.

Therefore, Habitt moves according to the merchandise it displays and it faces bottlenecks (if any which is almost negligible) due to its core products. It helps them fix an ideal amount of stock that should be on hand at the beginning of any given month. It ensures just in time inventory and makes certain that their products are not outdated in any case. Lastly, it allows them to set their budget for goods before hand.

c) Markups and Markdowns

Habitt's markups ranges between 10-15% on each category. The markdown merchandise contributes to maximum 20% at Habitt. The store marks down its prices when the product sales are low and the product line needs to be cleared from the shelves. Otherwise, it rarely marks down its prices when the products have manufacturing defects but are still saleable.

d) Shrinkage

Habitt has shrinkage as high as 2% of sales and the major factor is customer theft. Habitt has cameras placed at various locations within the store that allow them to examine the activities of the employees and the customers. Incorrect paperwork is less than 15%.

SUPPLY CHAIN MANAGEMENT

Habitt follows an integrated supply chain, which is represented below:

Everything from planning the product mix till the selling is integrated and managed effectively using Computerized Inventory Management.

Committee decides on the product mix



Supply Chain of Habitt

The 3-member committee decides upon the product mix of the store. Habitt has a unique and diversified product range. It keeps testing different and new products and plays with its target market. The decided products are then ordered from suppliers and are spread throughout the country. Habitt's suppliers include multinational firms for products like electronics, to local cottage industry operators for antique furniture and interior decor. Some of their main suppliers include Philips, LG, Black & Decker, Dawlance, Samsung, Al-Abid, and Prestige.

When the contract has been made, orders are placed verbally because of diversity of suppliers. The goods are then delivered to the warehouse where, after a thorough inspection of goods, a Goods Received Note (G.R.N) the Cost Receipt (C.P) is issued. The marketing manager and the warehouse manager coordinate this. The committee then decides on the Retail Price and then the bar coding is done.

From the warehouse the goods are transferred to the outlet.

This involves the coordination of the warehouse manger and the branch manager. The goods are displayed at the store.

Items like furniture or electronic goods are delivered within a 3-day time span. Habitt offers free home delivery service only to a selected range of customers since it is not part of their regular service.

For the customers' convenience, the store offers exchanging of goods with other items regardless of the time span (depending upon the type of merchandise and the cost incurred). This is done by verifying the sales record.

If the stock runs out at the outlet it is immediately conveyed to the warehouse and the goods are delivered. If the warehouse stock runs below the required stock a red light indicates the order placement, which is then ordered to the suppliers.

RETAIL MARKETING STRATEGIES

a) Branding

Habitt uses black and red as corporate colors. The basic theme behind it is to signify a new beginning of an everlasting experience. The black color is a combination of all the colors, which portrays dominance, and red implies life and vibrancy. Since red and black are very strong colors and they stand out from a distance, it is easier to remember and recall the brand.

Habitt became popular due to the products of Al-Abid Textiles that greatly contributed in building the store brand. Phillips provides a large variety of electronics to the store that cover their audio video section.

Habitt has special wrapping papers and polythene bags with its logo embossed on them. Important information like address and timings of both the outlets are also imprinted on these bags.

According to the marketing manager:
"Packaging of goods has built up the brand image of Habitt!"

b) Positioning

Habitt being a big retail outlet considers the study of

buying behavior vital and a major factor for success. The members of IBL and mainly the branch manager, human resource manager and the marketing manager who are experts in this field carry out the study. They have the experience and the professional approach that enables them to conduct the research. As Sohail Khalid, the branch manager said: "We're the best judges of our customers, because we keep a close eye on them"

The store heavily concentrates on customer service. According to the marketing manager, the positioning of the store (located at Dolmen Mall) is not affected by their standards or ambience but by their services. Since the customer traffic is that of the mall, Habitt therefore tries its best to provide quality service to maintain and build a strong brand image in the minds of the customers. In comparison, the Tipu Sultan Road outlet is solely attractive to the consumers because of its position at the main road.

c) Retail Marketing Mix

The retail marketing mix consists of the following elements:

Product Offerings

Habitt offers a variety of products that contribute to the complete home store experience to its customers. Habitt offers furnishing, houseware, textiles, kitchenware, cookery, electronics and other accessories such as candles and stationary items. Habitt often observes customer preferences and designs the mix of items accordingly.

Place

Habitt is located on the ground floor of Dolmen Mall. It is situated between the gift shop Greeting Gallery and Dunkin Donuts. The branch manager, Sohail Khalid, states that Habitt is the only store of its own kind in the whole mall. The catchment boundaries do not affect Habitt in any way.

Price

Habitt enjoys price leadership in the market. It offers the most reasonable prices to its customers. Habitt has a competitive advantage over other competing outlets because of its pricing strategy.

People

People to serve

Habitt caters to a relatively high-income group. The potential customers belong to upper-middle and upper class with a monthly income of at least Rs.30,000.

People that serve

There are around 21 employees in the whole outlet. The employees wear proper uniforms that include red shirts with the Habitt logo printed on them and black trousers. Special training programs are offered to groom the employees along with product knowledge. Each salesperson is assigned a category and is trained accordingly. According to the manager, almost all of the employees are friendly and always greet customers with smile.

Presentation

Habitt has got its own interior designer who makes all the decisions regarding the presentation of the products in the outlet. Habitt uses white and yellow lights that are not too bright. The interior is extremely simple and is made out of oak wood. Glass displays are used to present exclusive merchandise such as watches and cutlery.

ADVERTISING

Habitt believes that the major reasons for its success and well-known existence are advertising through word of mouth. The outlet has a billboard and a painted wall in Clifton.

Habitt practices personal selling and heavily relies on their sales force. They firmly believe that their sales and service personnel are the ambassadors of the store and communicate the value proposition of Habitt.

Habitt supports publicity, which is the non-paid advertising mileage, in magazines such as Aurora. Recently, GEO TV highlighted the unique product range at Habitt.

RESEARCH

Habitt followed a strict research pattern before opening up the outlet and conducts research on consumer buying behavior. Before opening up the outlet Habitt test marketed different products. It mainly conducts observations that play a vital role in assessing the different aspects of the stores performance.

The store carries out both quantitative and qualitative research through surveys and customer filled forms. Habitt conducts qualitative research via focus groups that help in getting cues regarding the ambience of the store, styling, must-haves, positioning and checking the performance of their sales force. Based on this information the top management of the store adapts different strategies. The quantitative aspect of Habitt is done through data collection that highlights the size of the target, the current shopping patterns, the core targets and how their needs can be satisfied.

Habitt maintains its customer database and through observation it recognizes the buying behavior.

The store hires mystery customer auditors for assessing the sales force. They believe that their salespeople are the assets of the company, hence they need to maintain high standards to generate higher profits.

CUSTOMER SERVICE

Habitt offers excellent service to its customers.

Service objective

"To give the customers more benefits than their expectations."

Implementation After Monitoring and Measuring

Habitt believes that service quality needs to be reengineered to provide a competitive edge alongside its unique product selling. It is a continuous process that involves every employee of the store to participate.

Once the results are monitored and measured, Habitt implements them ensuring that in every aspect customers are satisfied and the processes are adapted at the economical cost.

CONCLUSION

Habitt claims to be the complete home store. It lives up to this claim and offers a large variety of household products to its customers like furnishing, kitchenware, electronics, decoration pieces, bed sheets and even bathroom accessories. Being the exclusive distributor of Al-Abid Textiles, Habitt has a competitive edge in the market, as it is the sole supplier of these export quality textiles.



BOOK STORES



 **LIBERTY BOOKS**

Sharmeen Saleem and Saba Imtiaz Ali

INTRODUCTION & HISTORY

Liberty Books is considered as one of the leading book businesses in Pakistan. It was established in 1980 and started out as a small bookshop near Prince Cinema in Karachi.

Liberty Books has expanded its scope of activity by not just broadening its bookseller base but also gaining sole distributorship for some of the best-known magazines in the world, which include Newsweek, National Geographic, Reader's Digest and The Economist.

Over the last 22 years, Liberty has actively been expanding its network all over the country. It has been distributing throughout Pakistan strategically, providing books and magazines to suit all ages and preferences.

OBJECTIVE

Liberty Books' objective is:
"To provide quality reading material to their customers at reasonable prices."

TYPE OF BUSINESS

Liberty Books is a registered private limited company under the Companies Ordinance 1984 Act.

The directors are:

- Saleem Hussain - Chief Executive Officer
- Jamil Hussain - Director Subscription
- Asif Hussain - Director Sales

RETAIL FORMAT

Store Location

Liberty Books have a total of 8 outlets in Karachi. Out of these outlets, only one (the Dolmen Mall branch) is franchised while the partners manage the rest.

Outlet in Karachi are:

- i. **Pearl Continental Book Shop**
Pearl Continental Hotel
Club Road, Karachi

- ii. **Sheraton Book Shop**
Sheraton Hotel
Club Road, Karachi
- iii. **Marriott Book Shop**
Marriott Hotel
Abdullah Haroon Road, Karachi
- iv. **Liberty Books Dolmen Mall**
Shop No. G-101
Dolmen Mall. Tariq Road,
PECHS, Karachi
- v. **Books & More**
Shop No. 125, Park Towers
LG. 16, Lower ground Floor
Clifton, Karachi
- vi. **Liberty Books Park Towers**
Shop No. A-11
Park Towers, Ground Floor
Clifton, Karachi
- vii. **Liberty Books**
Near Bar B. Q. Tonight
Shop No. G - 1
Plot # GP - 5, Block - 5
Clifton, Karachi
- viii. **The Forum**
Suite No. 123-124
G-20, Block 9
Clifton, Karachi

Liberty Books supplies books, magazines and newspapers to the following outlets throughout Pakistan:

- i. **Agha's Super Market**
Uzma Court, DC 3, Block 8
Kehkashan 5, Clifton,
Karachi

- ii. **Variety Books**
Liberty Market
Lahore
- iii. **London Book Company**
3, Kohsar Market
F 6/3
Islamabad
- iv. **International Book Service**
Room No. 11, Ground Floor
Al-Mustafa Plaza, Chandni Chowk
Rawalpindi
- v. **Book Land**
Jinnah Road
Quetta

The branch that we decided to make the object of our research is located in Karachi's premier shopping mall, Park Towers.

Type of location

Liberty Books' outlet at Park Towers is in a high-density area of Park Towers, Karachi's most popular shopping mall. It is located on the ground floor.

RETAIL IMAGE MIX

Store Design

- a) **Smell:** Pleasant
- b) **Atmosphere:** Cool
- c) **Sounds:** Mall traffic, air conditioner hum
- d) **Lighting:** Yellow and white, warm effect
 - Fixtures
 - Shelves
 - Behind the glass display
 - Ceiling fixtures in shape of circles
 - Display racks in the centre
 - Rs.100 rack
 - PC for in-house office use
 - Security cameras
 - Seat for employees

- Frames (also part of store display)
- Rings (fixtures) on the ceiling: a prominent feature of the store design

VISUAL MERCHANDISING

The Liberty Books outlet at Park Towers makes great use of visual merchandising. The store gives off a comfortable, casual feel and image.

As a Communication Tool

Liberty Books uses visual merchandising as an effective communication tool by providing information about:

- Latest Arrivals
- Store Discounts
- Store Announcements
- Gift Voucher Schemes
- Pre-orders for Upcoming Books

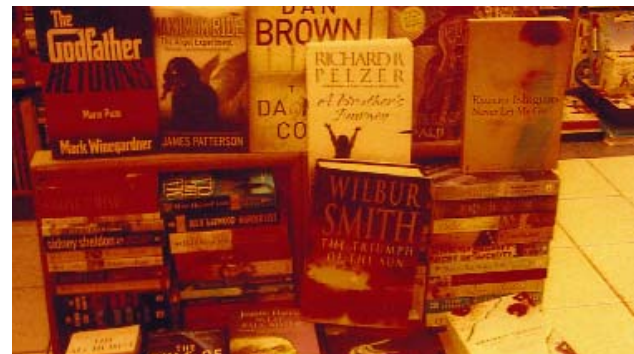
Store Displays

a) Window Displays

Liberty Books' window display is that of an open window, and mall visitors can see the latest arrivals in books and magazines, and other browsers from afar.

b) Island Displays

Liberty Books has a number of island displays. Three island displays are used to display newly arrived books, bestsellers and special edition books. These



An island display at Liberty Books, Park Towers

displays are frequently updated and salespeople can often be seen ensuring the display is kept orderly.

One island display is used to house the Rs.100 bookshelf, which carries books that have all been discounted to Rs.100.

LIBERTY BOOKS ATMOSPHERICS

a) Exterior

Liberty Books exterior exudes the comfortable feel of a bookshop, where one can browse through books and magazines at leisure. The colorful window display and light fixtures in the store colors (red, yellow, green and blue) give a warm feeling to the store.

b) Signage

The signage is lit up and emblazoned with the store's name. The sign itself is on a red background and has green, yellow and blue rings surrounding the store name.

c) Interior

The interior layout of Liberty Books is organized and well lit. All the books are neatly placed on shelves and the newer ones are placed on island displays.

SPACE MIX

Liberty Books' merchandise can be divided into different categories according to their space mix.

Staple Goods

The staple merchandise at Liberty Books is books. They constitute about 70% of the store's offerings.

Impulse Purchase Merchandise

Liberty Books' other offerings - such as magazines, cards, gift items and wrapping paper are the impulse purchase merchandise. They are placed behind the counter and adjacent to the store entrance.

Convenience Goods

Stationery is considered as a convenience good at Liberty Books. Surveyed consumers verified this fact.

Retail / Space Management

Liberty Books is spread out over a large area. The shop starts out as a narrow aisle and spreads out in the back. Although the shape and layout is not a very typical one, they have managed to utilize the space quite skillfully.

Their customers enjoy the collection available and find the shop very organized. Still, space becomes an obstacle for Liberty Books. The walking space is less as compared to the selling space and we observed that at peak hours, customers have a problem with moving around. Since it is a bookshop, customers want to take their own time and browse through, which can be a problem when there's high customer traffic.

Layout / Circulation Plan

Liberty Books has used the 'free-flow' circulation plan at their Park Towers outlet.

Floor Space Management:

Hotspots

- Books
- Children's section
- Gift items

Coldspots

- Urdu books
- Classics

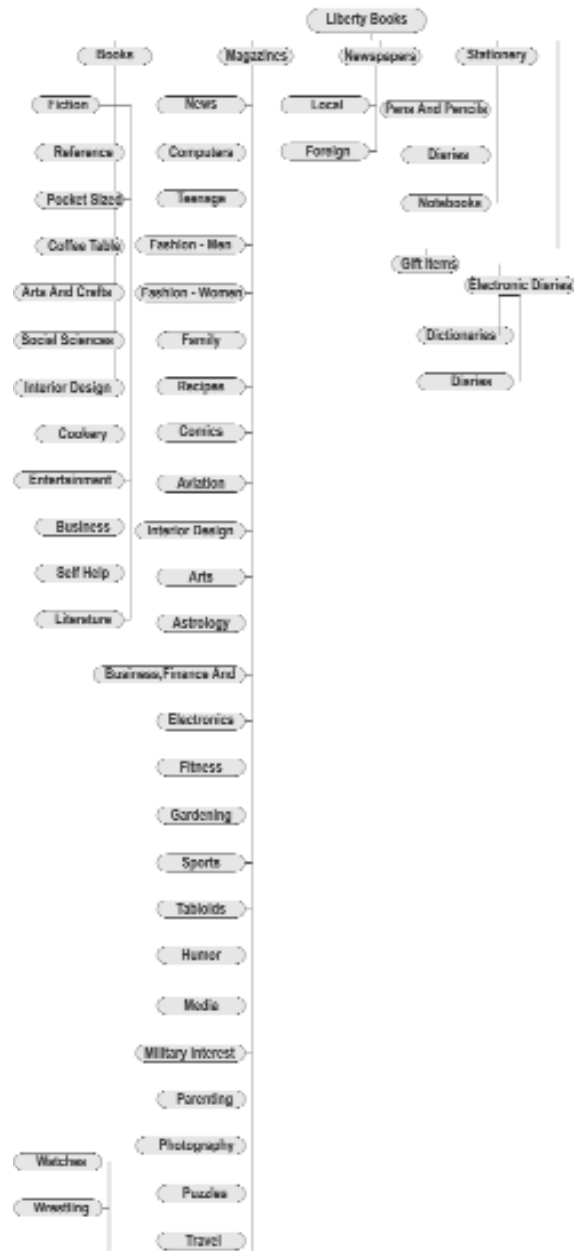
Selling space to non-selling space: 80%: 20%

MERCHANDISING

a) Merchandise Hierarchy

Liberty Books' merchandise hierarchy is based on the following products:

- Books
- Magazines
- Newspapers
- Stationery
- Gift items



Merchandise Hierarchy for Liberty Books

b) The Buying Function

Libertys Books receives its entire inventory from the head office. The buying process works in the following manner:

Liberty Books - Park Towers checks on the inventory. They list all the items that are needed or are short.

Since the shop is linked directly with the main office through an inventory system program, the list is generated and sent automatically.

Once the list is received at the Head Office, the available books are priced and sent to the shop.

If the books are not available, an order form is prepared which is approved by the top and the order is finalized and once the consignment is received - the books are priced and sent to the shop.

The inventory at the shop is revised - and the inventory at the main head office - a receipt of goods received is sent with the delivery which is signed by the store manager.

c) Markup / Markdown

Markup

The books, magazines, newspapers, stationery and gift items are all available for maximum retail price.

Markdown

Liberty Books offers markdowns on the following products:

- Bargain books
- Rs.100 book shelf
- 15% discount on online purchases
- Seasonal sales

e) Shrinkage

Shrinkage occurs at Liberty Books due to employee theft, but the percentage is minimal.

SUPPLY CHAIN MANAGEMENT



Supply Chain

Vendor Management

Liberty Books has a benefit when it comes to supply chain management. For their core products, i.e. books, magazines, newspapers - they are their own vendors. Their distribution office is the main supplier; all receiving and return activities are between the retail outlet and the main office. Hence, the control lies in the hands of the top management that functions the entire network.

Thus, Liberty Books is able to get things done in time. The whole process includes the following:

1. Liberty Books Park Towers prepares a list of books required.
2. The main office receives the order and fills in the main information in the Inventory Management Software.
3. Once orders are received at the office, the distribution list is made according to previous order data generated by the inventory system.

4. After pricing, tagging and complete check of all copies - the relevant order is sent to the outlet - with a copy of the receipt.

Warehousing

The warehousing is done at the Liberty Books office, where each item is placed in a shelf with its location in the company's relevant software. The warehouse has approximately 10 people working and they all handle placement of books upon arrival. Four other employees work on searching, preparing orders and confirming them.

The top management confirms the prepared order before it is sent. The four employees also work with one of the top management members for pricing of the books - pricing is done on the basis of conversion rates.

RETAIL MARKETING STRATEGIES

a) Branding

Liberty Books has been in the book selling industry for decades now and they have managed to create an image for themselves. Although there are many other bookshops present in the city, Liberty stands out. Our survey of their customers tells us that book lovers see Liberty as 'the' place for book buying.

Liberty's building process has been gradual. Their existence and progress over the years have contributed to their goodwill.

b) Positioning

Liberty Books is positioned in the minds of customers as a bookstore that has:

- Affordably priced merchandise
- A wide range of books and magazines
- A good shopping environment
- Efficient customer service

c) Retail Mix Product Offerings

- Books
- Magazines

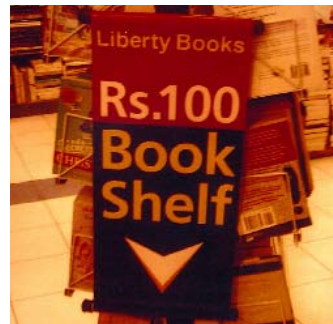
- Greeting cards
- Stationery
- Gift items
- Frames
- Electronic dictionaries and planners
- Maps
- Wrapping paper

Place

- Shopping mall location
- High traffic area of the mall

Prices

- Special prices - for promotions
- Discounted - Rs.100 rack
- Special editions
- Maximum Retail Price



The Rs.100 rack displaying books worth Rs.100

Promotions and Events

- Stalls
- At book fairs
- Educational institutes
- Sales promotions
- Occasion-led promotion

People

- People to serve: Customers - serious shoppers, window shoppers, impulse buyers
- People that serve: Salespeople, Cashier

Presentation

- Window displays
- Point of sale displays
- Island displays



The 'Bargain Books' books poster in the store during a sale

ADVERTISING

Liberty Books has engaged O2 Communications as their advertising agency. They advertise through the following means:

- Newspaper advertisements
- Billboards
- e-advertising
- Magazines

RESEARCH

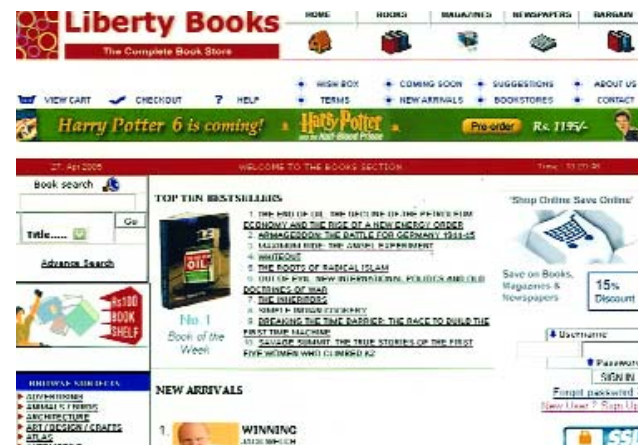
Any research carried out for Liberty Books is done by their advertising agency, O2 Communications.

e-TAILING

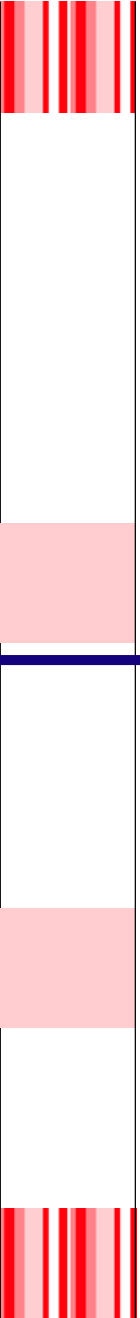
Liberty Books is also an e-tailer. It sells books and magazine and newspaper subscriptions through its website - www.libertybooks.com

Online Store Front Identity & Image

It effectively carries on with the same identity. It is designed using the same color theme that has become the trademark of Liberty Books i.e. red and yellow.



Screenshot of Liberty Books Website



It is designed to look like a Pakistani version of the famous e-tailer of books, Amazon [www.amazon.com]. The image the website portrays is that of a serious book retailer which has a wide variety of books/magazines/newspapers on sale.

Visual Density

The site is divided into a number of categories; a user can search through books as following:

- By Author
- By Publisher
- By ISBN Number
- Top Ten Bestsellers
- New Arrivals
- Top 100 Books
- Bargain Books

Online Merchandising

Liberty Books merchandises the following products on its website:

- Books
- Magazine subscriptions
- Newspaper subscriptions

Online Pricing

Liberty Books prices their online merchandise in the same way as they do in their brick and mortar format. They offer their consumers a 15% discount on all online purchases of books, magazines and newspapers. One of the benefits of ordering online through the Liberty Books website is that all online purchases come with free delivery within Pakistan.

CONCLUSION AND FUTURE OUTLOOK

Liberty Books remains committed to being true to their mission statement and they plan to expand operations within Karachi. They want to introduce new ways of establishing contact with their customers to optimize their shopping experience with each visit. Liberty Books want to cement their identity as one of Pakistan's top booksellers by achieving higher standards in the field of book-selling.

 **OXFORD UNIVERSITY PRESS**

Anney Haider, Darakshan Ahmed and Mehtab Khaki

INTRODUCTION & HISTORY

Oxford University Press, a department of the University of Oxford, is one of the oldest and largest publishing enterprises in the world. It is known in over fifty countries worldwide for a diverse publishing program that includes dictionaries, scholarly works, bibles, music, textbooks, and journals.

Oxford's long and illustrious history began in 1884 with the publication of the first fascicle (section) of the Oxford English Dictionary. The very first Oxford Companion to English Literature appeared in 1932.

OUP Pakistan publishes books that fall into certain broad categories: the locally originated books that are researched, developed, commissioned and produced in Pakistan. These include school textbooks and supplementary readers, as well as general and academic books.

Academic and general books published by OUP have significantly added to the body of literature available on Pakistan. Scholars and general readers over the world consider these to be authoritative and definitive works on Pakistan. Schoolbooks that are originally published abroad are adapted especially for Pakistan and reprinted under license in order to make them culturally appropriate, cheaper and easily available.

MISSION STATEMENT

"We want to be recognized as the best publisher and distributor of education, college, and reference books in our region."

OBJECTIVE

Oxford University Press is a department of the University of Oxford. It furthers the University's objective of excellence in research, scholarship, and education by publishing worldwide. Oxford University Press Pakistan's main objective is encouraging and cultivating writers within Pakistan's society; introducing newer and better quality books into the market; making sure that these books are readily available and by ensuring that they are reasonably priced.

OUP tries to maintain high standards of quality and production by fighting against spiraling costs and by doing what it can to reduce duties and taxes.

TYPE OF BUSINESS

OUP Pakistan can be described as a multinational organization. It is operated under the supervision of OUP Head Office in UK.

RETAIL FORMAT

a) Store Location

OUP head office is in Karachi with subsidiary offices in Lahore and Islamabad. There are showroom-cum-offices in Multan, Peshawar, and Faisalabad, along with a smaller presence in Sargodha, Abbottabad and Quetta. In Karachi OUP has three branches: one each in Park Towers, Dolmen Mall and Millennium Mall. The largest outlet is at the Millennium Mall.

b) Type of Location

All three stores are located in malls.

c) Store Format by Location

The stores are chain stores as they are operated by one organization and are located in several areas and have a synergistic merchandising plan.

d) Store Format by Merchandise Category

The stores are categorized as speciality stores, specializing in a wide assortment of one category - books.

e) Store Design and Décor

All three branches have their unique blend of design and décor. Unlike other book stores, they have designed their store in very sober manner; they have used light blue color and light brown wooden cabinets, with a glass base. When they initially started their retail stores they hired a designer but since the last few years, the management has been designing the outlets themselves.

f) Park Towers Outlet

The shop of Park Towers is rectangle in shape. On the right side of the reception desk review of different books

are posted on the wall. They have separate shelves for new arrivals. In the center of the store they have a table on which different books are placed. The floor is tiled.

g) Dolmen Mall and Millennium Mall Outlets

At Millennium Mall and Dolmen Mall, the cabinets are made completely of wood; in the Millennium Mall they have a large non-selling area, which is carpeted. The store format is free flow in Millennium as well as in Dolmen Mall. They use white lights in their stores, which gives it a spacious look.



OUP outlet at the Millennium Mall

RETAIL IMAGE MIX

a) Employee Type and Density

In Park Towers there are always two employees in the store, one is sitting at the counter and the other assists the customers. In Millennium Mall and Dolmen Mall there are three to four employees at a time. They work in shifts.

b) Merchandise Type

OUP has a large variety of books on all subjects. They evaluate stock, and when stock is needed they order it from the head office. Inventory planning is based on current stock and future requirements of stock. The planning is done for the whole year.

c) Fixture / Sound / Odor Type

All stores have light brown wooden bookshelves. Soft music, mostly instrumental is played keeping in view the

customer type. Air fresheners are used excessively at the outlets and head office.

VISUAL MERCHANDISING / DISPLAY

a) Visual Merchandise

Their whole business depends on visual merchandise because customers want to see the books before they buy it. They have an open display in their stores. Customers buying schoolbooks are mostly planned buyers, and they are aware of the title they want. Other customers prefer flipping through the books before buying them.

b) Store Atmospherics

All of their three branches are located in malls. They have glass walls as storefront and a big signboard with their name. The stores interiors area is done up with bookshelves and cabinets, and the non-selling area has chairs with round tables so that customers who would like to flip through books can do so sitting also.

The head office in Korangi is beautifully designed. It is a multistory building, which is light brown in color. It has a wooden carved door; right in front of their building they have a warehouse.



OUP Head Office

c) Signage

All outlets and the head office have a simple but forceful signage, their logo, that is placed in the exterior.

d) Shop Display and Window Display

OUP has open window displays in Park Towers and Dolmen Mall. Millennium Mall has exclusive displays, and they have placed posters on the glass walls due to which customers cannot see inside the shop.

SPACE MIX

Oxford University carefully designs their stores. One advantage of the book store is that their products are shelved so they have enough space in the center, which makes it easy for the customers to walk around. In Park Towers, the non selling space is very little due to the small shop size but the stores in Millennium Mall and Dolmen Mall have a large non selling area.

a) Retail Space Management

OUP follows a free flow layout; the books are placed on shelves. Books are placed according to their categorization of staple, impulse and convenience books. In the middle of the store they have a table with bargain books.

b) Floor Space Management: Hot, Warm and Cold Spots

The hot spot areas are schoolbooks, as the sales of schoolbooks is the highest in all the three branches. Warm and cold spots change with the seasons. When they launch a new book, its demand increases in comparison to others.

MERCHANDISE HIERARCHY

The merchandise hierarchy of Oxford University Press springs from three broad categories, which are Education, HEAT (Higher Education Academic and Trade) and English Language Teaching.

The English Language Teaching books are brought out under the supervision of ELT department and these books are helpful to different levels and age groups of English learners.

Education department brings out books that cater to Pre-Primary, Primary, Secondary, O/A levels and Matric sections of schooling.

HEAT department is responsible for producing books that are for undergraduate, graduate and other higher education levels and for general readers.



Merchandise Hierarchy for ELT

a) Buying Function

The buying function at OUP is done at two levels. The first level is done by the head office organization itself and the second is done at the retail level.

The press of the organization first carries out the buying function. Their main function is determining the stock of paper that they have in hand. They have different categories of paper, as the paper used depends on the subject being printed. There are only few key suppliers of paper; some are Pakistani while the others are based abroad.

The retail operator does the buying function at the retail level. They use the SAP system, which connects the warehouse to the head office. The stock keeping system gives detailed information to the retailer and hence guides it in adjusting and determining the stocks. Stocks are adjusted automatically when transactions take place. Hence, stock is delivered to outlets when needed. The retailer can place a special order; for instance when the customer asks for a book that is out of print, it is reprinted.

b) Markup / Markdown

OUP considers many factors when it comes to determining the markup. They take in account the

operating, selling and distributing operations, financial expenses, and maintenance in determining the markup.

The stock life of books at OUP is 2 years, which is their standard policy. The books are sold at discounted rates and then ultimately a time comes that the books are depreciated from the system and hence the cost is subtracted from the profits. This is their mechanism for marking down books.

c) Shrinkage

According to the OUP management, with their efficient SAP system, there is an almost negligible amount of shrinkage.

The staff of the press and the retail outlets is well trained and committed to their task, hence, employee theft hardly occurs. The well-placed cameras in the retail outlets make the work even more organized. If any such event occurs, it is immediately reported to the head office and corrective measures are taken.

The only problem faced by the organization is that some books are sold with torn and damaged pages. Though the press makes sure that such errors never occur, but in case customers return a book, which has missing pages, or is damaged, they are compensated for it.

SUPPLY CHAIN MANAGEMENT

The supply chain management is done in a very organized manner. Only the head office handles the supply chain. The inventory planner uses the SAP system to handle the processing. The information is updated every time a transaction takes place making the accounting process foolproof.

The detail of every single transaction, which takes place in the retail outlet, is simultaneously recorded in the head office and the warehouse.

The supply chain process starts off when the press prints a new book. Every book passes through a proper check and is recorded in the inventory system. The book has a bar code printed in it which contains all the information

regarding its title, price, author and the relevant category.

While the book is sold, other details are added to, which are related to the date of the book's sale. (The date is very important especially when the book has to be returned. It can only be returned or exchanged during a certain period). Once the book is sold, the customer is presented with a sales receipt. If the customers find the book damaged or a page torn, they return, get a refund or exchange the book. The retailer would use the returns inward note for it. The information is then sent to the warehousing department.

Inventory System

OUP uses the first-in-first-out (FIFO) inventory system. The inventory system gives the managers a chance to make comparisons plan for future stocks. For instance, when a change in the academic year takes place they plan for the stocks in advance so that there is no shortage during that period. Another example is when the syllabus is revised in the academic board.

RETAIL MARKETING STRATEGIES

a) Positioning

OUP believes that there is a prosperous future for the publishing industry in Pakistan. It does not believe in the common claim 'book reading is not part of our culture'. OUP believes that it is partly the responsibility of local publishers to change prevailing norms and to inculcate the book reading habit within the populace. OUP also fights against piracy. Assured of its place in the future and committed to promoting the book culture in Pakistan, OUP has made a huge investment by building a custom-designed warehouse in Karachi's Korangi Industrial Area. State of the art storage facilities and equipment are used to ensure that books are stored safely. OUP has also commenced construction of its own custom-designed offices on the same site in Korangi. Because of OUP's high standards, the name 'Oxford' has come to signify both authority and quality in Pakistan as it does the world over.

b) Branding

OUP's target market is middle and upper income group; hence their prices are comparatively higher. This is

justified through high quality print paper, printing process, and acceptance of high quality work to be published.

Oxford has a very strong brand name. It has a unique position in the target customer's minds. One of the reasons is that, they never compromise on quality and they have a long history behind them. OUP represents a collection of feelings and perceptions about quality and image. A strong brand can command a premium price and maximize the number of units that can be sold at that premium, which they do by their bargain corner. Branding helps "fence off" their customers from the competition and protects them. They want customer loyalty, not a one time sales transaction. Oxford has built a lasting impression in their customer's minds conveying a message of confidence, quality and reliability to their target market.

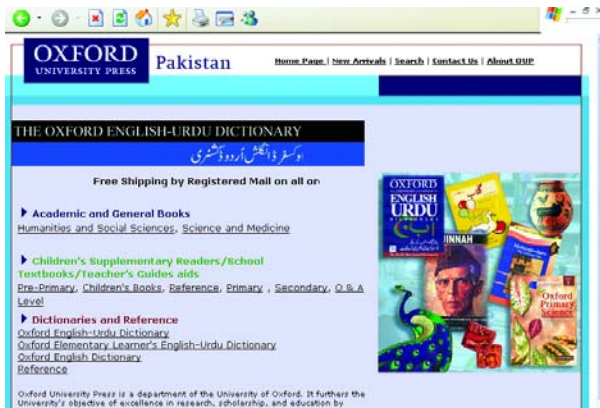
Marketing Mix

a) Products

OUP's product offering is books. They specially take care that the quality corresponds to price, as this is the only way they can build upon value for money. This perception is particularly important in the business of books attributes such as usefulness, uniqueness and range of applications are also related to value for money.

b) Place

OUP has their own retail outlets and they sell through other retailers. They also sell through mail order and their website.



Screenshot of the OUP website

c) Price

When setting a price, OUP considers issues such as author, quality of paper, print process and printing material. As they have their own retail outlet and they sell books through other retailers, this allows mark-ups.

d) Promotion

For promotions, OUP arranges events like book launches for books that have a wider audience interest. They normally arrange their events in five star hotels. They also do promotions through newspapers and advertise on the Internet.

e) People

OUP's employees are quite helpful; they help the customer to locate books. Educated customers visit their retail outlets, who expect courtesy from the sales persons and are aware of what they want.

f) Presentation

OUP places its books in an organized manner. They have separate shelves for different types of books. They present their books in a manner that lets the customer freely browse through the books.

Direct Marketing

OUP has been very proficiently pursuing direct marketing techniques to cater to specific needs of their target customers and to keep them updated.

Direct Mail Flyers and Catalogues

OUP has a system of sending direct mail, flyers and catalogues with upto date information to people whose contact addresses (mail or email) are recorded in its database. The contacts have been established through correspondence from different sections of society. The catalogues consist of new arrivals as well as all annual publications. They are sent with predefined frequencies e.g. after every one or two months.

ADVERTISING

OUP's advertising focuses on their target markets, that is schools, colleges, universities, libraries etc. They choose direct marketing by sending them catalogues, pamphlets and brochures. Besides, they advertise and print reviews in DAWN newspaper on Sunday in the 'Books and Authors' section.

Mass scale advertising is done before their annual sales, which are held in September every year. Again, these sales are promoted through direct marketing.

For a book launch, special invitations are sent out to their regular customers, through the very active customer database.

E-TAILING

E-tailing also plays a major role in the sale of books. The OUP site is managed equally well along with the retail brick and mortar outlets to enhance appeal to wider audiences and to make the process of selecting and buying books convenient for customers. The website is accessible at <http://www.oup.com.pk>.

CUSTOMER SERVICE

OUP is a strong believer in strong customer relationship, something that has given them an added advantage in their industry over the past years. They treat their customers like one of their own family members and credit them for their success. The customer service is supported by technology, which allows them to store their customers' data. Hence, the databank gives them the chance to know their customers well and determine the size of their regular readers and differentiate them from their other customers.

CONCLUSION AND FUTURE OUTLOOK

When managers at Oxford University Press, Pakistan, decided to open outlets in Karachi, they considered it to be an image building activity. Today, however, the stores have been successful and turned into major revenue centers for OUP.

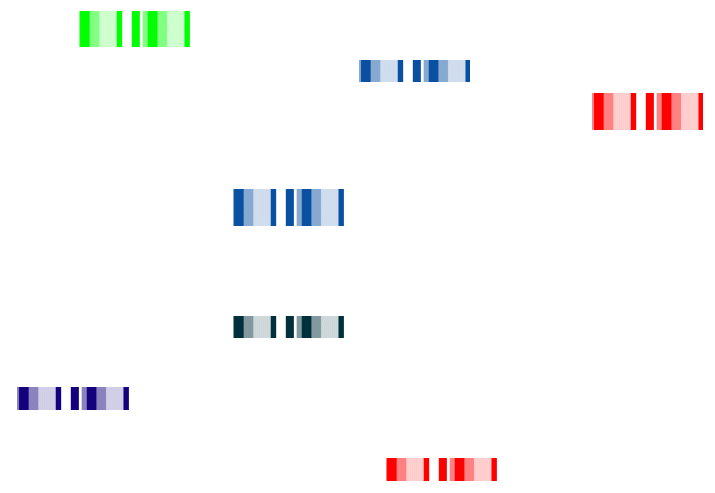
From the start, OUP's operations have been professionally run because of the name that is associated with its products

and services. From the head office to outlets, it can be observed that there is no compromise on quality. OUP conducts its operations with the help of technologically advanced processes and systems, like the SAP, ensuring efficiency and smoothness all the way.

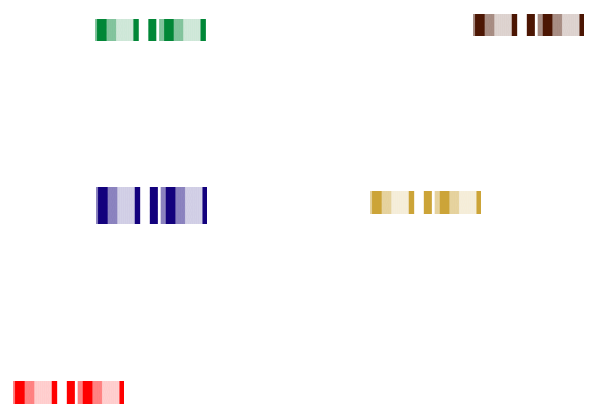
OUP retail operations in Pakistan are still in their development stage; this is understandable as its focus is more towards the printing side, rather than retailing. Currently, there is no plan of opening up any new outlet but the future definitely holds many new and upcoming things for its development.

When asked if OUP would be interested in opening up a library, the response was that it would heartily help any schools, universities and other organizations in Pakistan in their pursuit towards building libraries by providing discounted books and any kind of help that they reasonably can provide.

Even though retailing is not OUP's core activity, the managers and employee score well in the areas of management and conductivity of stores' operations. Also, they seem to be able to provide their customers with precisely what they need. It is the hope of the management that they are able to entice people towards reading and promote academia in the country.



FAMILY STORES



 **ENGLISH BOOT HOUSE**

INTRODUCTION & HISTORY

English Boot House (EBH) offers one of the best collections of shoes in town. English Boot House has been part of the shoe industry for 59 years as the leading consumer-driven footwear company in the country, and the leader in technically advanced comfort footwear. English Boot House has eight outlets in Karachi.

English Boot House has been in Pakistan since 1947. It has been in the region for over a 100 years before the partition of India and Pakistan. The present owners of the English Boot House bought this shop in 1947 from its original owners with the idea of bringing innovation in the shoe industry.

The sales in the beginning were good and they were able to achieve their desired target. Initially, they had to face some adjustment and financial problems but as time passed they were able to cover these problems. As English Boot House was a running business and later due to the efforts of the previous owners, they did not face any problem in creating a reputation for themselves in the market. English Boot House was having a distinct position in the customer's minds right from the beginning of the business in Pakistan.

Initially, EBH used to import shoes from Italy, England and India. At that time, Pakistan had not developed in the shoe industry and there were no shoe manufacturing companies of. The shoes at that time were a necessity and people used to wear it without any concerns for design. But now shoes are also treated as fashion and people buy shoes according to the trends that are prevailing in the market.

Earlier, shoes from Italy and England had a price range of Rs. 25-30/35, shoes from India for men had a price range of Rs. 15-16 and women's shoes had a price range of Rs. 10-12. The shoes at that time were of good quality and they were made purely from leather. The mediums of advertising they used were newspapers and television.

OBJECTIVES

- The first and foremost objective is to satisfy the customers by offering exceptional value and utmost convenience with an extensive selection of styles and expert advice on footwear.
- They want to provide the customers with best quality products.
- They want to provide the customers with the best collection of shoes, sandals, boots, slippers, accessories and leather goods from the brands they know and want.
- They want to conduct an honest business and provide job opportunities for young people.
- English Boot House team is dedicated to provide customer better value for their money through continuous improvement and innovation.

TYPE OF BUSINESS

English Boot House is a family business. The same family has been running this business for nearly 59 years. The competitive advantage of English Boot House over others is that the owners of the shop have a good experience related to the quality of the products, what products their customers will like more and they know how to handle the problems in an effective manner. Some of the customers that come to English Boot House have long relationships with the shop's owners. The owner told us that they have got customers whose grandparents used to come for shopping at the outlet.

English Boot House has plans to offer its franchises to exciting shoe stores around the world. EBH products are well known for their quality and style and good margins can be accessed by independent shoe stores of EBH products. EBH has a wide range of products including Men's, Women's and Children's shoes, goods in fine leather and shirts that are comfortable and refined to the last stitch.

OUTLETS - KARACHI

Saddar Head Office English Boot House (Pvt) Ltd. 35, Calcuttawala Street Saddar.	P.E.C.H.S English Boot House (Pvt) Ltd. 1347 Tariq Road.
	
Miss EBH (Exclusively Ladies) English Boot House (Pvt) Ltd. Samar Centre, Malir. Street Boutique.	P.E.C.H.S English Boot House (Pvt) Ltd. 1-42 Dolmen Mall, Tariq Road, Shalvada-Millal Road.
	
North Nazimabad English Boot House (Pvt) Ltd 37-Block, Masjid-e-Talwar Road, Hydri.	C Office English Boot House (Pvt) Ltd Shop No. 1, Uzma Arcade Main, Clifton Road.
	
Clifton English Boot House (Pvt) Ltd. Shop No. 12, Park Tower Clifton.	Gulshan-e-Iqbal English Boot House (Pvt) Ltd. Shop No. MS-18 Millennium Mall Rashid Minhas Road.
	

EBH outlets in Karachi

STORE FORMAT

When we think of retail formats, the first thing that comes to mind is the various kinds of physical retail stores. English Boot House designs its outlets in a way that they are appealing to customers. The location of the store is selected by keeping certain important attributes in the mind. The owner of EBH believes that the sight of a good retail store with attractive windows and an enticing entrance induces the customer into entering the store. Effective retail floor space management is critical to the successful operation of the retail store and the circulation area needs to be planned in a way that it gives customers full exposure to the offerings of the store. English Boot House interior designer, Mr. Shaikh Saud, is responsible for the designing of the entire store. The designer keeps on changing the interiors once a year so as to give a new look to the outlet.

Store Location

English Boot House has eight outlets in Karachi. There are two outlets of EBH in Saddar, one outlet is especially for gents but there are some shoes and handbags for ladies and some shoes for kids and some accessories and leather goods. The other is Miss EBH and it has all ladies shoes and handbags. There are two outlets in Clifton, one near Uzma Arcade and one in Park Towers. One outlet is at Tariq Road, which is the biggest outlet of EBH and one in Dolmen Mall. One outlet is in Gulshan-e-Iqbal in Millennium Mall and one in Hydri (North Nazimabad). The smallest of these outlets is in Hydri.

While selecting the location, they look into factors such as the competitors in their vicinity, customers type, residential area nearby, the customer flow, parking facility, customers convenience, builder / ownership etc.

After collecting information on the desired attributes of the location, they call their interior designer, Mr. Shaikh Saud, and ask his opinion. After looking at the place, the designer gives his opinion and suggestions about the place. While selecting the location, they try to find a place where the size of the shop will be almost like the other outlets and that it will be easier to design the outlets in the same way as the other outlets.

Types of Location

All the outlets of English Boot House have high street location except for the two outlets which are located in shopping malls. The outlets in Park Towers, Millennium Mall and Dolmen Mall have shopping mall location. While selecting the location, EBH makes sure that the places where they are opening their outlets have good customer traffic.

Almost all the outlets of the EBH have well designated parking areas except for the outlets that are in Saddar, Tariq Road and Hydri. The outlets are in commercial areas. The price of all the products at all the outlets is same. The interior designing of all the outlets of EBH is same but there are slight changes in some of them. The owner of EBH believes that by having same outlets, they will be able to create a distinct position in the customer's minds and they will be able to remember EBH.

STORE DESIGN AND RETAIL IMAGE MIX

Since the owners of the English Boot House are responsible for making plans and decisions, so they also strategically plan a mix of elements to match the needs of the customers. The mix of the following six elements meets the physical and emotional needs of the customers:

a) Employee Type and Density

Since there is no separate department for Human Resource, the owners of the English Boot House with their management team select the employees for their outlets. They employ sales staff to match the selling and image needs of the outlet. For example, while selecting an employee for the position of cashier, they would see that how good is he in accounts, does he know how to handle the customers, what is his education, what is his experience etc. The average number of employees at each outlet is 10-25. The number of employees at the Zaibunnisa outlet (Saddar) is 30-35. There are two cashiers, seven salespeople at ground level and five at the first floor. Since this outlet is the main one and the centre of all outlets, all the stock is stocked at this outlet. The stock for other outlets goes from the stock department of this outlet, that is why they have about 10-15 people (which also includes the management employees) in the stock department and there are 4-5 drivers who deliver the goods to the other branches of EBH.

The basis of hiring employees consists of three factors, one is the education, second is the experience, and the third is the skills. The employees mostly belong to middle class. The employees are given training before they start their work in the shop. EBH believes that employees need to be trained so that they can understand the customer's needs and sell effectively. The employees are trained that they should first let the customers look at the store and when they show interest in a product, then the employees should approach them and help them in locating the desired product and help them in purchasing.

b) Merchandise Type and Density

English Boot House has a high merchandise density to give the customers maximum variety to choose from. Mr. Shaikh Saud makes sure that the attractive products are kept in the entrance area and in window display. The designer tries to keep the most exclusive and original designs in window dressing and avoids overcrowding. Since English Boot House does not manufacture its shoes and handbags, they also carry brands like Hush Puppies, Apcort, Aero Soft etc.

c) Fixture Type and Density

English Boot House's fixture compliments the value of the merchandise. The customers can easily pick the shoes or handbags displayed on metallic rods and ask for the salesperson to show them the shoe of the desired size or the handbag they want. The fixtures are changed after 5 years so that the customers feel a change. The fixture is selected keeping in mind the products it will display.

d) Sound Type and Density

When there is high customer traffic the outlet management does not play music. However, when the customer flow is low then they play music so that the customer enjoys shopping. They also play music when there are no customers in the outlet so that the passerby's get attracted by the sound. Good music has a direct impact on the atmosphere of the outlet.

e) Odor Type and Density

Since all the products at English Boot House are made of leather there is an odour of these products. It does not give a negative impression to the customers because they know that this smell is typical of shoe shops. EBH has now designed the roof to increase ventilation.

f) Visual Type and Factors

English Boot House's designer, Mr. Shaikh Saud, decides the color themes and the lighting. He decides which products need to be given more emphasis than the others. The color themes of the outlets keep changing based on seasons, festivals and promotions. They have used light colors for the men's wear area. For the shoes area, they have used yellow lights.

VISUAL MERCHANDISE / DISPLAY

The designer of the outlet is aware of the importance of visual merchandising which is why the outlet has exclusive shoe designs in the window to attract customers. The products are assorted in a manner that it helps the customer and communicates the features and benefits of the products.

It helps in communicating to customers the right message about the merchandise by projecting the latest trends, colors and new arrivals. They try to gain customer's confidence by selling them the product in the right size at right price and of good quality. The customers know that if they will have any problem with the shoe then the EBH people will find a way to solve them. In this way, they try to gain customer's confidence.

Shop Displays

The English Boot House outlet has an open window display which gives a view to the passing customers of the products. When there are new arrivals or special offers then they are displayed at the entrance of the store, by using island displays.

There are brand corners where branded products are displayed. At the counter, glass displays are used to display leather goods.

STORE ATMOSPHERICS

Store atmospherics include the exteriors and interiors of the outlet and the manner in which they are designed to create the ambience for the EBH outlet.

a) Signage

Since the outlet's signage is a vital element of the store front, attracting the customer's attention, therefore the signage of EBH is simple. The store signage has also occupied a distinct position in the customer's minds.

b) Store Layout

English Boot House outlet layout is customer friendly. The store layout is a mix of free flow and race track. The circulation area allows customers to look at all the offerings of the store. Since the salespeople approach the customers only when they show interest, the outlet has a customer friendly atmosphere. The salespeople do not disturb people while they are browsing.

SPACE MIX

EBH owner believes that they have designed the space mix in a way that it optimizes the selling area and minimizes the non-selling area. The outlet has a selling area of 55%, circulation area of 30% and the back area of 15%. They try to utilize maximum space so that the customers can have a wide variety of shoes and other products to choose from. They often change the setting of the outlet to attract more customers.

The space mix consists of grouping the goods on the mix of staple, convenience and impulse merchandise.

Staple Goods

In an English Boot House outlet, staple goods constitute 60% of the store offerings. The staple goods of the outlet are shoes for men and women, handbags, trolley bags and briefcases.

Convenience Goods

Convenience goods constitute about 30% of the store offerings. The convenience goods of the outlet consists of men's business shirts, gents wallets, belts, ladies' purses, ladies' wallets, beauty boxes and ties.

Impulse Purchase Merchandise

The impulse purchase goods constitute about 10% of the store offerings. The impulse purchase merchandise goods consist of shoes accessories (brushes and shiners) and half sleeve shirts for men. These products are placed at the counter so the customer picks them after shopping for convenience and staple goods.

Retail Space Management

EBH has a well laid-out floor design which helps in guiding the customer through the store. Products placed in the window are changed daily. They immediately place any new products in this display.

50% of the customers are pre-planned shoppers but many of them change their decision if they see better designs in the new arrivals. Effective floor space management helps in creating a feeling of comfort in the mind of customers. The products which are slow moving are brought in front so that these products also get exposed to the customers and can be sold.

Layout / Circulation Plan

While designing the store layout / circulation plan, the designer keeps two things in mind: the space should be enough for the customers to walk easily and that the selling space does not get affected. The store layout is a combination of free flow and race track. Once inside the outlet, the customer needs to be guided silently to where they want to go and also expose them to the entire offering of the outlet.

Floor Space Management

Since the inventory at the outlet is checked daily, there is no such need for using parameters to judge space performance. They check daily the shelves from which the merchandise take-off is most frequent, which products are being sold most, which are slow moving goods and how many products are being sold per day. By looking at the records of the merchandise daily, the owners come to know that what actions need to be taken regarding any problem.

EBH has computerized inventory management system. They make sure that there is no shortage of stocks. They keep track of the inventory level by deciding what is the minimum stock

they should have and whenever they know that their products are reaching the minimum level, they place the next order.

Hot Spot Analysis

The hot spots in the outlet are men's sandals, casual and dress shoes. When they find that some products are slow-moving, then they either give discounts on these products or give incentives to the salespeople such as commissions and/or other benefits.

MERCHANDISING

a) Merchandise Planning

EBH mostly stocks formal wear and they try to keep up with seasonal fashions. If there is any particular occasion coming, up they stock up in accordance with the type of occasion (e.g. Eid). The price range is kept according to the profile of customers. Men's footwear ranges from Rs. 775 - 3,000; shirts from Rs. 675 - 850; women's from Rs. 300- 800 (casual) and Rs. 600- 3,000 (formal). Besides this, we learned that the main selling category was the ladies shoes. The quantities of ladies shoes sold are higher than that of the men's shoes, also men are harder customers to please and are far choosier than women. Children's products i.e. shoes are comparatively slow moving items.

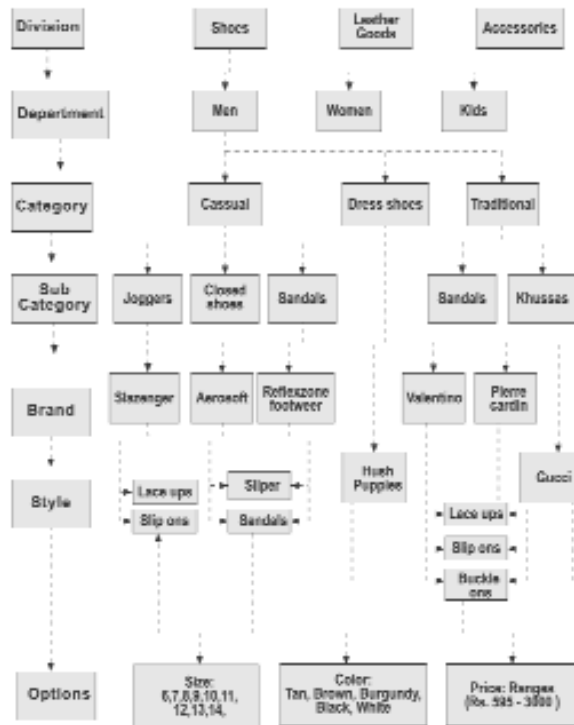
b) Merchandise Hierarchy

The EBH hierarchy is categorized under the following main heads:

- Shoes
- Leather Goods
- Accessories

c) The Buying Function

The maximum and minimum inventory kept in stock generally depends upon the amount of stock sold. The maximum level of inventory that they stock is 50,000 to 55,000 pairs of shoes and the minimum level of inventory that they stock is 30,000 to 40,000 pairs of shoes. Forward sales planning is not done on a monthly basis but on a weekly basis or on the spot. Variations in the amount of sales are experienced from season to season or on



Merchandise Hierarchy for Shoes

occasions/festivals. For example, sales of shoes are low in the month of Muharram so they keep their inventory levels low so that they don't end up having excess stock. If they want to order new shoe designs, they first order 24 pairs and if it receives a positive response from the customers then they order more pairs.

Since they are purely retailers and they do not manufacture shoes, they do not hire separate warehouses for storing the shoes. They have storage facilities on the first floor and they keep their shoes and other products there. The branch in Saddar is the main branch and it is from here that the shoes are distributed to other outlets.

d) Mark ups and Mark downs

The products are marked up reasonably but no percentage or figures were disclosed. The markups are

based on the expenses incurred and the profits generated. Imports are generally more expensive since they are inclusive of import duties. The products which are generally expected to be popular are usually marked up. Most customers usually wait for a product to get less expensive and then they buy it but the higher income groups are not particularly affected by it.

The products which are marked down are those which are out of date or which do not sell after the passing of a season or at the end of the year. They clear out their stocks for less than their original cost price and they prefer to sell goods which are not moving out rather than losing the money and getting no return.

In sales, the price of men's shoes goes down to Rs. 595 and women's are between Rs. 195 and Rs. 295.

e) Shrinkage

The shrinkage gap can be between 200-300 pairs or 0.5% per year. The major reasons for shrinkage are pilferage by employees and customers. In order to combat this issue, the manager has taken strict action against employees that were caught stealing and they were made to pay for the thefts. Besides this, customers who have been found stealing have been made to pay for the items they have stolen.

SUPPLY CHAIN MANAGEMENT

The stock inventory level in the store is basically done by estimation since there is ample space in the storage room above the shop. They can easily keep track of the inventory and when more of what is required. The inventory is checked on a daily basis. There are bar codes on each box's label and the boxes are checked by employees with a barcode scanner and the information is then fed into a computer in which they have specially designed software to gauge the needs and levels of stock in storage.

Since EBH is purely a retailer and they do not keep a lot of merchandise in stock, they rely heavily on the efficiency and speed of the suppliers. They do not do forward planning since goods are ordered in almost daily or at most 5 days. They give their suppliers an order and they give them the date by which to

deliver the goods. This is usually done through the phone pre purchase order (PPO). If the suppliers agree to the terms they go ahead and give them a written order (PO). They do not worry about the efficiency of suppliers because according to them there are a lot of other suppliers in the city who can provide them with stock if they fail to deliver or if they get delayed.

Suppliers are chosen on the basis of quality and efficiency. Suppliers are usually from cottage industries. Some of these suppliers also offer discounts. Suppliers deliver the goods in 4-6 days or if they have placed an urgent order then the suppliers deliver the products on same day or the next day. The order is then checked and all the shoes are readily packed and boxed. They are then transported to the Saddar outlet by their own transportation where they are checked again and then they issue an invoice-received note and they give the confirmation along with payment. They are then sent to other outlets. Transportation is never an issue since they have their own transport arrangement.



Supply Chain Chart of EBH

Inventory has to be returned occasionally but this occurs rarely. They seem quite satisfied with their suppliers. Inventory audits are done in July, at the end of their fiscal year.

RETAIL MARKETING STRATEGIES

a) Branding

The store brand of EBH is very strong as they offer the best collection of shoes, after sale service, and long lasting and comfortable products. EBH products provide value for money to the customers. They believe that it's essential to select and define the target market to define the brand proposition to the customer. EBH is a family store offering the products for men, women and children and the brand name (EBH) tells the consumer what the brand is all about.

b) Positioning

EBH positions itself by offering the wide range of shoes, best quality, service and convenience. They believe location is also an important factor because it creates an image of customer convenience. They have opened up many branches so that the customer can pick up their desired goods closer to home.

The owner of the outlet said that they have positioned their store so well that when a Pakistani person visits from some foreign country or comes back to Pakistan on some occasion, they definitely come to the EBH and buy shoes, handbags and wallets for friends and relatives. They have built long lasting relationships with their customers. They say that the customers, who used to come with their grandparents, now bring their children to the store. They give the discount of 10% on credit cards if the purchase exceeds or equals to Rs. 1,000 and they are currently working on the loyalty cards. They have a market share of about 10% in the footwear industry.

c) Retail Marketing Mix

The retail marketing mix of EBH consists of the following elements:

Product Offerings

The offered products include men footwear (shoes, casual, dress shoes, sandals), women footwear (shoes, casual,



dress shoes, sandals, slippers, bridal collection, lugano style, summer collection), children footwear (boy party footwear, girl party footwear), leather goods (desk sets, personal items, gents wallets, belts, briefcases, suit cases, travel goods, ladies goods, ladies purses, ladies wallets, beauty box), apparels (men's business shirt, men's shalwar suits), shoes accessories (brushes, shiners) and traditional footwear (men/women khussas, sandals).

The most popular category is obviously shoes but the subcategory varies season by season. In winter season, the demand for shoes rises, whereas in summer season the demand for sandals and slippers rises. If the size of any shoes doesn't match with customers need, they ask the customers to come after two days or give the customers location of one of the EBH outlets where that desired product is available.

Place

EBH considers location as one of the important factor for retail marketing mix. While looking for new location, they consider the following factors:

- Availability of parking area
- High customer traffic
- Competitors

They believe in giving convenience to the customers, and with the help of their expansion strategy customers living in Clifton now won't have to go to Saddar to go to EBH, they will go to the Clifton branch. EBH says they constantly search the marketplace to find the latest in men's shoes, women's shoes, kids' shoes and slippers as well as leather goods. They aim to keep their customers a step ahead of new trends and seasons by constantly adding new brands and styles.

Price

Their price range varies from shoe to shoe. The price range of female shoes starts from Rs. 295 to Rs. 3,000 and men footwear from Rs. 595 to Rs. 3,000. They have fixed prices. They believe that when the customers make purchases, they are satisfied and they feel that the

product is worth the price.

Promotion and Events

The promotions done by EBH are sometimes occasion-led and sometimes season-led. They believe that the people are well aware of their outlet but it's necessary to remind the customers about the store by advertising. They promote their newly introduced products by advertising them on newspapers, TV, fashion magazines etc. and display the posters within the store and on the windows.

They put up all the slow moving stocks on sale every year at 50% discount; this is usually in August before Eid Festival and they do the seasonal promotion almost after every quarter and place the discounted products in a particular section. Because of half price of the shoes with high quality (super value strategy), their sales increase during the promotion period. They keep the other brands in their outlet and do cross promotion as well. They offer discount sales to the credit card users who make purchase of Rs.1,000 or more.

People

The employees of the outlet are very well-trained and always ready to help the customers. The owner treats them as if they belong to the same family. EBH salespeople know the needs of the customers and they are always ready to serve them.

Their target customers are teenagers, housewives, and working people. They have about 150 - 200 customers per day. They have a higher customer flow between 4:00 pm - 9:00 pm. They give great importance to customers' satisfaction and ask them that what they think about their products, should they introduce new products etc. They give importance to their comments and try to cover their weak aspects.

Presentation

The merchandise assortment is done very appropriately and the store layout is designed in such a way that it gives full exposure to all the products. They have displayed expensive branded shoes on shelves covered with mirror glass and

regular shoes on shelves and on free standing stalls.

d) Direct Marketing

EBH focuses on direct marketing as it enables retailers to establish personal contact with the customer. The retailers get database of buyers along with their buying occasions and preferences. They communicate directly with customers via e-tailing. Whenever they introduce a new category, they send an e-mail to the members of the EBH site informing them about the characteristics, price range etc. They also inform them about upcoming promotions and sales offers. EBH also uses catalogues and direct mail.

ADVERTISING

The mediums used for advertising are newspapers, interviews in fashion magazines, television and e-tailing. EBH lets the customers know about the upcoming promotions and events by these mediums. They use POS advertising. They also do sales promotion by using posters of discount offers and new arrivals in the store. EBH also does cross promotions as it stocks shoes by Aerosoft, Hush Puppies, etc. It's a major revenue stream for EBH as new brands pay high premiums to be on their shelves, while new brands get access to customers without making the same kind of investment.

They believe in personal selling which is why they have hired employees who have the potential to deal with the customers very effectively and efficiently. The employees are well trained to understand the needs of customers and give honest and right suggestions to them about the particular products. The personnel appraises the customers about new arrivals and the products which an employee thinks will best suit the customers needs and offers them add-ons. The employees are trained to deal with the customers in a friendly, polite way and to co-operate with them so the customers are willing to come back and make further purchases.

RESEARCH

EBH tests the concept before coming up with a complete range of goods. They ask the customers what additional benefit or attributes are wanted in products and effectively work on those suggestions. They select the site for their outlet by looking at various factors, availability of parking space, high customer

traffic and competitors. They believe that where there are more competitors, there are more footfalls and it's easy for them to grab the attention of the customers by window displays. As they have high experience in buying and selling shoes, the customers have a good image of the store in their minds.

Before introducing a new range, they ask their suppliers to bring 24 pairs. They then place those shoes in their main Saddar outlet and analyze the result as:

- How many days did it take to clear the new product shelves?
- How do the customers respond to new shoes?
- Is there a demand of those shoes?
- Did they get any complaints of new shoes?


After analyzing, they decide if the result is satisfactory, they place an order for all the outlets. If results are not satisfactory, they identify the gaps and send the new shoes to their other outlets to check whether the response is same or varies. If the response is indifferent and experience slow moving stocks they just drop the new idea.

EBH uses the observational methods for research. They observe that how much time do shoppers spend at any given fixture; how frequently they visit to the shop; what is the average basket size of the customers; how do they react to promotional displays; what types of customers visit often, their age groups. They take necessary steps to improve the atmosphere of the store.

CUSTOMER SERVICE

Customer service focuses on meeting customer expectations. The management aims to first measure the customer expectations and then find ways of meeting them.

The English Boot House service is built on a simple concept: the customer is always right. They stand behind this philosophy with a 100% satisfaction guarantee. Their knowledgeable and friendly shoe experts help the customers with the selection, sizing, and the purchase of the customers' new shoes. As for fit, the customer does not have to think twice about it as their sizing guide will ensure just the right fit and with their 48 hours return policy, customers may return unworn shoes for any reason and



they will be asked no questions. Their 48 hours return policy also varies with the type of customer they have, if the customer is known for a long time then he is given 5 days return policy and if the customer is new then he is given only 48 hours return policy. They also give the customers some warranty for limited period of time.

The service objective of the outlet is to attract new customers, retain old customers by keeping long lasting relationships with them and give the customers a good service. The management clearly decides the service goals it wants to accomplish and therefore they come up with relevant strategies and systems.

They believe that they give more than what they expect. They offer products that are needed. The service they provide to the customers is good. The salespeople can easily identify what the customers are looking for and help them in locating their product. The salespeople while showing the customer's desired product take into account the customer's point of view. The salespeople while explaining the benefits of the product try to create a feeling of confidence in the customer.

The EBH outlet has no home delivery facility available. The reason is that, they tried to do so once but the customers were having problem with the size of the shoes. So they stopped doing home delivery. They are planning to restart home delivery but this time they will use a different strategy. They believe that home delivery is a good aspect of delivering good service.

During making some decisions for selling of products, the salespeople are also involved in meeting as they are the ones who have direct contact with customers. But in other decisions related to the outlet's designing or selecting new range of products, salespeople are not involved. The Board of Directors consists of 3 members and they have the authority to make important decisions. The meeting between salespeople and the owner is held regularly. The service quality is audited on daily basis. If they find any weak areas, then they start working it at that instant, so as to improve. The management monitors the quality of service to ensure that service goals are being met, service strategies are successful and to find out how well the systems are supporting the process. They believe that the services they offer are much better than offered by their

competitors. The service quality performance is measured in each and every department of the outlet i.e. at the store level, at the back end and also at the front end.

Almost each salesperson of the outlet has special product knowledge and selling skills of these products. Because of the knowledge about the products, the salespeople are able to assist customers in comparing two products. The salesperson initiates the trial of the product by the customer and gives truthful opinions. The salespeople are honest when telling the benefits of the products. The salespeople speak politely with the customers so that they feel comfortable and have a good shopping experience.

The salesperson tries to clarify the doubts that the customer has regarding the product. They are efficient to recognize the buying signals which may be in the form of positive statements by the customer. After the customer selects the product, the salesperson takes the customer to the cash counter for making payment.

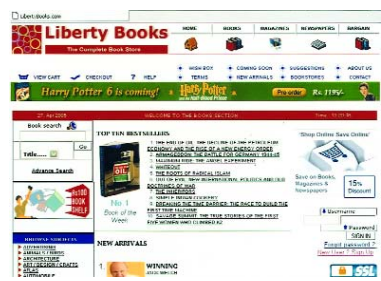
The salesperson first observes the customer who has entered the shop. When the customer shows interest in some product or the shoes, the salesperson approaches the customer and asks them if they need some assistance. When the customer asks for the size, then the salesperson brings the shoes and if the shoe or the product is not available in that design then they show customer 4-5 new designs similar to the one the customer desires. Mostly it happens the customer forgets the design they wanted and selects the product from the new designs.

e-TAILING

EBH use internet along with their brick and mortar operations. It's been 4 years they have launched their site - <http://www.ebhshop.com> This has increased the awareness of the store brand in the consumers. The site has store front with an identity, image and positioning. The front page is filled with the text and products. As the cost increases with the number of pages, they try to keep the cost lower by displaying a lot in one page. They host links of products services offered by another companies for a fee.

They have a members area and they keep them updated about

the new offerings via e-mail. They have a weekly free shoe giveaway offer, in which all members' IDs have been placed; they arrange lucky draws and winners of the free shoes are notified by e-mail every Saturday.



Screenshot of the EBH website

The members have an online buying facility. The prices of the products sold online are comparatively low because it excludes the operating cost of the store. There are limited products displayed online because they don't want their competitors to know about all the products they offer. e-tailing hasn't affected the sales of EBH much, they don't have high sales online because people are very conscious and they prefer tangible merchandise. People don't get the theatrical ambience and emotional experience on internet. The products are delivered to the customers within a week and EBH is striving hard to reduce the delivery time. The problem which customers and owners have to face is the size of the shoes. Almost every outlet's numbers are different and often the size sent to the customer doesn't match and they ask to return or exchange it.

CONCLUSION / FUTURE OUTLOOK

The EBH owners want to expand their businesses all over Pakistan. They are planning to open the EBH outlets in Lahore and Islamabad. In about 10 years, they are aiming to expand their businesses nationally as well as internationally. Right now, they are providing the customers with good quality and comfortable shoes, leather goods items and some accessories. Last year, EBH was also present at the Expo Centre Exhibition. This shows that EBH is trying to get as much exposure as they can.

EBH is planning to offer its franchises to existing shoe stores around the world. EBH products are well known for their quality and style and good margins can be accessed by independent shoe stores of EBH products. EBH has a wide range of products. They have hired some female employees

because they have noticed that some female customers do not feel comfortable talking to the male salespeople.

EBH is planning to develop good reseller network. EBH Reseller Program is dedicated to helping resellers increase sales by providing tools and resources helpful in closing deals. Their reseller program is designed to make it easy for resellers to do business with them and build strong business partnerships around the world. EBH is focused in Men's shoes, Women's shoes, Kid's shoes & Leather products.

With the help of its website, EBH brings to the customers and resellers all the latest news including press releases, product reviews, awards, promotions, updates to product information and scheduled conference / trade show events. The EBH newsletter keeps resellers informed with easily accessible information.

 **DAMASCUS**

INTRODUCTION & HISTORY

Damascus, launched on 14th August 1999, was specially intended to cater authentic Arabic cuisine to Pakistani people. Mr. Anis Dhanani, who felt the need of such an open-air restaurant in Karachi, opened it. The name Damascus was given because most of the food served is Syrian and so they named their restaurant after Syria's capital. Mr. Dhanani had realized that there was a demand for Arabic cuisine in Karachi and as such no restaurant was offering a large variety of Arabic dishes. Initially, the sales of Damascus were quite low. It took them a year to gain a reputation in the restaurant business. Damascus had started out with a small product line, for example, 'Shawarma' and 'Furroge' but now have a great variety of dishes.

OBJECTIVE

The objective of Damascus is to cater to the need of customers who enjoy Arabic cuisine with a friendly ambience. They also aim to establish more restaurants within Pakistan.

TYPE BUSINESS

Damascus is currently a sole proprietorship. They do not have any franchises.

RETAIL FORMAT

Store Location

While selecting a location for a retail store like Damascus, the following factors were taken into consideration:

- Area where customer traffic can be lured
- Cost effective real-estate rentals
- A large parking area
- Clean environment
- Any competitors nearby
- Premises free of encumbrance

After careful consideration of the location factors, Damascus was setup at Jason Center, Clifton. That is the only branch of Damascus. It has plans to expand within Karachi. Once this objective is achieved, they plan to launch restaurants in other

cities as well. The Arabic ambience has been a successful theme and they plan to keep the same setting in their upcoming restaurants.

Types of Location

The type of location for Damascus can be classified as destination location because it has a large parking area for numerous retail shops. It does not have a high customer footfall. Efforts have to be made attract customers to the outlet.

STORE DESIGN & RETAIL MIX

a) Employee Type and Density

The employees hired at Damascus need not possess any specialized skill or knowledge. They usually hire employees based on their communication skills. The employees have to be presentable. The staff has to match to the needs of the restaurant. There are currently fifty people employed at Damascus. The employees are given a detailed briefing on their job description and are taught how to interact with the customer and meet their needs. Employees are also given benefits such as compensation and bonuses on particular occasions such as Eid.

b) Merchandise Type and Density

The owner himself does the assortment of the merchandise. Damascus has a very high merchandise density. It has a fairly small area to store its merchandise. Some of the stock is imported from Egypt ('Sheesha') and Syria (Spices).

c) Visual Type and Density

Grey colored plastic table and chairs are kept since it is an open-area. They have piled up chairs at the back of the parking space; at peak hours, sometimes more chairs are needed to accommodate the customers.

The color theme at Damascus is green, their logo being the same colour. We observed that the waiters' uniforms included green T-shirts.

d) Sound Type and Density

They have Arabic music playing in the background.

ATMOSPHERICS

Basically it is the theme and ambience of Damascus that attracts customers. When a customer arrives at Damascus, the atmosphere induces the customer to spend quality time and enjoy dinner.

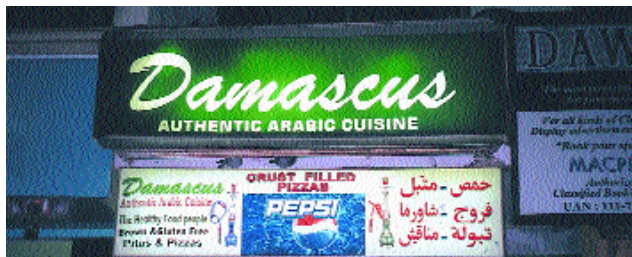
a) Ambience

Their focus is on the lighting and sound. A good combination on these two can deploy a successful Arabic theme. Damascus has been quite successful in positioning themselves in the customers' mind. The theme used by Damascus has been constant. The owner himself designed the store's interior and exterior.

Customers are very comfortable as it has a very casual layout with welcoming waiters. The restaurant opens at noon and is open till 2:00 in the morning. During daytime, it is mostly take-aways as Karachi's hot and humid weather doesn't allow customers to enjoy food under the sun. Damascus is also known for introducing new products. These are not advertised through displays as they follow the word-of-mouth approach.

b) Signage

The store signage is a vital element of the storefront. The green logo of Damascus has various Arabic dishes mentioned on the main sign of the store.



The Damascus signage

THE SPACE MIX

The manager, Mr. Abdullah, said, "The most important factor that the management took into consideration when deciding about the space mix was its customers. Many open-air restaurants in

Karachi look to get more and more tables in limited space in order to fit in more customers and maximize their revenue"

However, due to the nature of its most popular product range 'Sheesha', Damascus looks to follow a different approach in regards to its space mix. It looks to combine dinner comfort with smooth flow, which provides visual value for its customers who come to Damascus to spend a night out in relaxed and informal surroundings.

Damascus has a large circulation and selling area making up almost 80% of the whole Damascus. The circulation area has been set up with direct lines and wide aisles for the convenience of the customers and the employees.

Retail Space Management

Damascus's seating area (which is their selling area) comprises 70% of the total. The rest is their circulation and preparation area, which is used by the waiters.

Floor Space Management

Unfortunately, there is a lack of attention in space productivity. In local restaurants, floor space productivity is not considered a key factor in the store operations such as merchandise planning or payroll planning. There are as such no parameters followed by Damascus to measure space productivity. They are more concerned with cost minimization.

Space Audits (Hot Spots & Cold Spots)

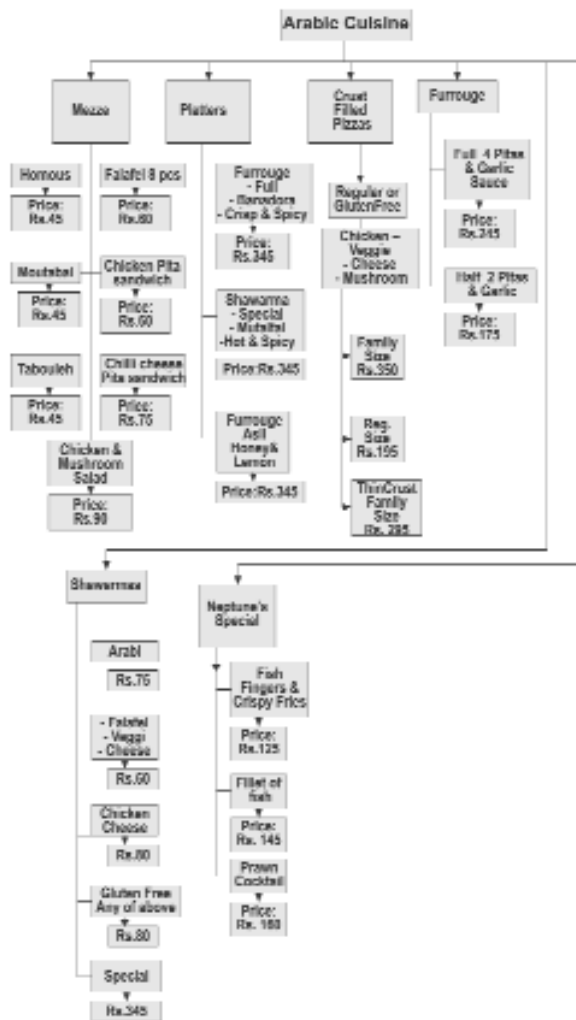
The owner or manager conducts space audits at Damascus. The hot spot analysis is taken to ascertain where their sales are lacking. So far, the observation has been made that the corner seats are usually used whereas the middle part is empty. Damascus plans to deploy strategies to cope with this deficiency.

MERCHANDISING

a) Hierarchy

The hierarchy has been categorized under:

- Arabic Cuisine
- Sheesha
- Beverages



Arabic Cuisine Hierarchy

b) The Buying Function

The buying function relates to the merchandise being planned for purchase during a particular time period. Based on their forecasted sales, they match it with their purchases. For a restaurant, which has a lot of food items, they need to be extra cautious in maintaining an efficient 'Open to Buy' plan.

Damascus's purchasing is done on a weekly basis. At peak times, stock purchasing is done every four days. Since most of the stocks are perishable items, Damascus has to be careful in forward sales planning. Their forward sales planning is done on a quarterly (yearly) basis. This is because they face sales variation in different occasions such as Ramazan, Moharram and winters. Damascus has a very sound relationship with their overseas suppliers, which is the key reason for the stock delivery on time. It has been over five years but Damascus has yet to face delivery problems with international suppliers.

c) Markups

Marking up takes place rarely and the main reason for that is the company's policy which is more towards obtaining loyal customers rather than profit maximization. However, markups do take place but the reason behind them is solely the increase in production costs and thus when the costs of raw materials increase in the market, then the prices are increased for products as well. For instance, if chicken prices go high it directly affects the total costs, so the price of products like Furrage, Chicken Shawarmas and all chicken products are also increased.

d) Shrinkage

The financial year starts along with the calendar year. There are gaps found between the actual stock quantity and the actual physical count of the stock. This shrinkage is due to a couple of reasons. As food is a perishable item, if sales decline at any level, the wastage level increases leading to an odd decline in the inventory.

Theft is another major reason for the uncertain decline in the inventory. This includes employee theft and customer theft. As 'Sheesha' is enjoyed by a lot of people today, and Damascus really becomes crowded at peak times, some employees have been caught stealing. They are fired right away if caught doing any inappropriate operation, including the theft of restaurant objects such as sheeshas, which are kept at the back of the outlet, and only employees have access to that area. This was a key problem faced by Damascus earlier but now employees are monitored closely and the manager maintains strict

observation on all employees and customers.

SUPPLY CHAIN MANAGEMENT

The supply chain process for Damascus starts when the purchase order has been dispatched to the various suppliers. Damascus has suppliers in Egypt and Syria from where they import 'Sheeshas' and spices for their Arabic dishes. Then the goods are sent and the suppliers' receipt is acknowledged and the merchandise is checked against the purchase order. If the merchandise matches the purchase order, the goods are warehoused and the suppliers are paid. If wrong goods are sent, they are returned to the supplier.

Since Damascus owns a warehouse, the merchandise is then prepared for the outlet and delivered whenever the outlet requires it. The merchandise is again checked at the outlet.



Supply Chain of Damascus

DAMASCUS MARKETING STRATEGIES

a) Branding

Damascus has looked to build its brand on the product range it is offering and the Arabic lifestyle that it is promoting. The name Damascus itself conveys the message to the customer that this place is offering Arabic cuisine, and so its name tells the customer that the brand is about an Arabic style restaurant offering popular Syrian items like 'Sheesha', 'Qhawa' and 'Shawarma'. In fact, it is through its brand name that Damascus differentiates itself from its main competitors, Café Sheesha and Caffeine, which have established their brand identity on the main product they are offering which is 'Sheesha'; while Damascus has built its brand name mainly on the Arabic lifestyle that it is promoting through its name and environment.

b) Positioning

Positioning is creating an image of your product in the minds of the customers that would differentiate it from the rest of its competitors. Positioning can be done on the range of the merchandise or customer services or any other rational or emotional benefit that would separate the retailer from the rest.

Damascus has positioned itself on two important factors:

- A good strategic location
- An Arabic cuisine offered at the best value to the customers

Even though Damascus does not directly compete with other outdoor eating outlets present at Boat Basin or places like Hot "N" Spicy or Red Apple since it offers a different range of products, but indirectly, these places are in competition with Damascus and one advantage that Damascus holds over them is its location with ample parking space, a luxury which outlets that are present at Boat Basin do not have.

Another attribute on which Damascus positioned itself was offering an Arabic cuisine at reasonable prices thus giving customers the best value. At the time Damascus came up in 1999, there was a serious lack of good quality Arabic restaurant in Karachi. There was only one Lebanese restaurant in Sheraton, which was too expensive to be

afforded by everyone. So at that time it was decided that they should come up with an Arabic style restaurant which would have all the popular Arabic traditional things such as 'Sheesha', 'Qhawa', 'Shawarma' with an open air place for sitting, complete with Arabic music, with reasonable prices, making it affordable for youngsters and middle class individual or families as well.

At the time of its inception the Damascus idea was a complete new thing. There was no restaurant in Karachi that was offering 'Sheesha' in outdoor environment at such reasonable rates. However, since then many new places like Creek Inn and others have come up in Karachi that are offering a similar sort of product range and definitely a similar kind of environment, which means that Damascus is no longer offering anything unique and different. Since Damascus was the first one to start this 'Sheesha' culture among the masses in Karachi, it is considered a pioneer and has developed a strong brand image for itself. A lot of customers have developed an emotional attachment with Damascus.

c) Retail Marketing Mix

Product

Damascus has various popular Arabic items that are prepared for the taste of the Pakistani market. 'Sheesha' is its most popular product offering. In the food category, 'Shawarma' and 'Furroge' (Roasted Arabic style chicken) is also quite popular.

Place

One of the key success factors for Damascus has been its location. Located in the main Clifton area it is easily accessible and there is ample free parking space. In fact, its open air environment means that the customers can enjoy their snacks and 'Sheesha' while sitting in their cars.

Pricing

Damascus has adopted a M.R.P (Maximum Retail Price) pricing strategy. Prices for all the products have been fixed on the menu and no discount is given on any product.

Promotion

Damascus does not engage heavily in promotion. Their main way of promotion is by setting up stalls in concerts and carnivals in different schools, colleges and universities.

People

The basic requirement for Damascus of its employees is that they should be able to take correct orders and serve customers in an efficient manner. Most of its employees are from the uneducated class and their knowledge is quite low, if we compare them to sales personnel at multinational food outlets. Only their manager has an educational background, which is necessary for the proper management of an outlet like Damascus.

We observed that most of the waiters at Damascus lack the basic skills needed for this job. Some of the flaws that were observed:

- A long wait for the bill to be presented
- Waiters standing and joking around with each other during job hours
- Incorrect bills

ADVERTISING

a) Word-of-mouth Approach

The most common medium of advertising used by Damascus is the word-of-mouth approach. Since its establishment, they have adopted this method through trial and error and it has proven to be quite profitable.

b) POS Advertising

Initially, Damascus did not apply POS advertising. They have recently started POS advertising on a small scale. They claim that this is on an experimental basis, as it has not been tried before. Another advertising mix used by Damascus is sales promotion. Damascus has also enjoyed a lot of publicity in the form of articles and interviews in local magazines.

RESEARCH

Damascus does undertake research work but on a very small scale. The primary reason is that they are operating on a

small scale. In researching the type of customers that would be interested in a restaurant like Damascus, they observed the frequency of shopping in Karachi and also the amount of customers in Karachi.

CUSTOMER SERVICE

The employees at Damascus are efficient enough to identify and fulfill the expectations of their customers. They are trained to carefully understand the customers' needs and try their level best to come up to their expectations. The service objective of Damascus is to make sure the customer is able to properly enjoy the 'experience' that they have to offer.

At Damascus, their aim is to convert occasional customers into loyal customers, so that they come to Damascus repeatedly and enjoy the ambience. If any weak service areas are observed, the owner personally handles the problem. For example, if a waiter shows laziness, the owner makes sure that such attitude does not persist in the restaurant.

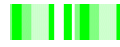


Customers giving their order to the waiter

Damascus also measures the quality of service being provided. The manager randomly takes the customers' opinion on their billing. Whenever a problem occurs, the particular waiter is warned to improve his behavior.

CONCLUSION AND FUTURE OUTLOOK

In conclusion, the amount of success and popularity that Damascus has gained in a span of five years is worthy of admiration. They plan to expand their business by opening more outlets in different areas of Karachi. In the long run, they plan to set up in different cities in Pakistan.



SPECIALTY STORES



 **KHAADI**

INTRODUCTION & HISTORY

Khaadi came into existence with the idea of reviving the craft of hand-woven fabric in 1998. In its six years of presence in the market, Khaadi has made its own niche with its large palette of colors, finesse of the hand-woven fabric itself and an overwhelming range of products.

From a small number of weavers, Khaadi has now expanded manifold, with numerous able hands crafting a wide array of products. Khaadi has its own dyeing unit, where all the griege thread is dyed to keep the quality of the thread upto the mark. Khaadi has an in-house stitching unit as well, which facilitates the designers to create new designs in the products.

Khaadi has a fully equipped design studio, with a team of highly trained designers, who make sure they bring out the best in their work, in order to make their products stand out. Khaadi has five shops in three major cities of Pakistan, making it the only brand which offers hand-woven fabric and other products nationwide.

The Zamzama outlet in Karachi has been used as the focal point for this study.

OBJECTIVES

Their mission statement is:

"To bring waves of change in the fashion industry by promoting our traditions and redefining the *khaddar* culture."

Other objectives include:

- Customers' expectations should be fulfilled and their orders must be serviced promptly and accurately.
- We are responsible to the communities in which we work and to the world community as well.
- We must experiment with new ideas.
- We must provide competent management and their actions must be just and ethical.
- We must constantly strive to reduce our costs in order to maintain reasonable prices.
- Business must make a sound profit.

RETAIL FORMAT

Outlets by Location

a) Karachi

When Khaadi was first launched in Karachi at Zamzama, wood was the most integral component of the store design to give more of a natural and raw look. There are presently three outlets in Karachi, one at Zamzama, one at Park Towers and one in KDA. The Zamzama outlet was not a very big outlet but did extremely well. Recently, the old outlet was closed down and a huge four story outlet has been opened on the main road.



The interior of the largest Khaadi outlet in Karachi

b) Lahore

The shop in Lahore has a nice mixture of contemporary and traditional architecture - orange and yellow colors were brought into the design in relevance with the rich heritage and culture of the city.

c) Islamabad

The Islamabad shop is an exquisite fusion of wood and metal and white furniture, giving it an elegant look without any cluster.

Types of Locations

The three Khaadi outlets in Karachi have high customer traffic of high-income people. These outlets are all situated in busy areas with an array of other retail stores.

All these stores have high rentals because of their location, and are based on high-street formats, except for the Khaadi outlet located at Park Towers, which has a mall location.

Type of Format

Khaadi can be described as a specialty store since it focuses on one type of merchandise i.e. *khaddar*. Their competitive advantage is their new range of products, which are hand-woven and act as a base line for creating a product differentiation. They have now shifted to cater to other target consumers by including men's wear, bed linen, table linen and other accessories made with *khaddar*, which is popularly known as *khaadi*.

RETAIL IMAGE MIX

a) Employee Type and Density

The employees at Khaadi are skilled. Each level has at least one employee on duty and when the customer flow is high at one level, more staff moves to that particular floor to serve the customers.

b) Merchandise Type and Density

As it is an exclusive store providing unique products, therefore, the density of the products is very low. Limited merchandise is available in all categories as described in the merchandise hierarchy. This exclusivity is one of the reasons for higher margins as well. Types of merchandise available are:

Clothing

The clothes that Khaadi offers are mainly made of *khaddar*. The types of *khaddar* available range from silk or *kattan* to cotton and cotton-mix. In winter they sell a thicker form of *khaddar*.

For men, the variety is not that vast. The colors are light and sober and only available in cotton.

Accessories

Khaadi carries a huge range of accessories at this outlet such as:

- Hand woven and embroidered handbags

- Table and bed linen
- Scented candles
- Diaries and folders
- Hand woven rugs

e) Fixture Type and Density

Partial wood floorings and shelves enhance the merchandise. The wooden entrance gives an inviting look to the prospective customers to make them want to stay long. The walls on every floor are of different color and relate to the merchandise displayed on that level.

f) Visual Type and Factors

The warm effect of lights also compliments the display of merchandise on wooden shelves. Each shelf displays a unique item and overhead lighting completes the overall look. Several items are also seen through an open-window display.

To give a more natural touch to the whole outlet, some plants are also placed in the corners and on the staircase.

VISUAL MERCHANDISING

The appearance of the outlet at Zamzama is such that it affects every customer and they just cannot leave without buying some thing. The customers feel an attachment to the store due to its atmosphere; a traditional touch and the ambience that they have succeeded in creating and portraying a look that is traditional, yet sleek.

They have created a brand image of traditional clothing with style. This automatically converts passersby into browsers and the sense of belonging in the store enhances and makes them relax and enjoy shopping rather than being a cumbersome task that has to be done.

The fixtures, lighting and merchandise displays and other type of image creation convey their differentiated strategy.

At Khaadi, people get to know about new trends. The merchandise is unique catering to every customers' likes and tastes. In Khaadi, the maximum sales are in the women's

section. Therefore, this section is the most attractive and has created a trend for the upper-class to buy clothes that are traditional as well as stylish in its own sense.

Displays

Coordinated displays can be found specifically in the table and bed linen area where a set of merchandise for tables and beds is available in different sizes and color schemes.



Coordinated display of bed linen

Table Linen

Khaadi has a tableset designed to seat four, six, eight, ten and twelve people. The tableset consists of a table cloth, table runners, tablemats, and coasters.

Bed Linen

In the bed linen section, a double bed set and single set complete with other products, such as pillowcases and cushions and side-table mats etc, is displayed.

Ladies Garments

Khaadi displays three-piece suits which are available in dark and bright colors. These are displayed on rods.

a) Window Displays

Khaadi has portrayed their merchandise through open windows and a passerby can look into the store and see the type of merchandise on display.

b) Counter Displays

Khaadi has limited merchandise displaying in counters, but at POS terminal several items of jewelry are on display.

c) Cascade / Waterfall Displays

In the middle of the ground floor there are free stands, which display merchandise on stooping rods.

STORE ATMOSPHERICS

a) Exteriors

The building that houses Khaadi has an antique look to it. It has four levels with wall to wall windows. This is an advantage to the customer shopping in the day because the filtered sunlight shows the merchandise's natural colors. The walls are textured which add more detail to its outer look.

b) Signage

In Khaadi, the signage is two-dimensional with details on the side and is rustic in color. It represents an abstract design with the overall wooden surface and the logo is carved.

c) Interiors

At Khaadi, developing an image in the minds of the customer is more important than the maximum utility of the space covered. It is based on a free-flow format.

The walls inside are brightly painted. The backdrop for coordinated displays on table and bed linen floors are of brightly colored khaddar.

SPACE MIX

Since the store deals with exclusive and limited products, therefore, the selling area is less compared to the non-selling area.

Impulse goods comprising kurtis and bags were in the ground level but at the deep end of this level at the corner. The staple goods comprising main items such as suits or kurtas were displayed in the front and back of the two levels, that is ground level and level M.

Other items, accessories like candles, rugs, upholstery, frames etc. are convenience goods and are sold on the top two floors.

Effective Space Management

A customer before entering the store gets attracted to the wooden and antique door and provokes him or her into entering. Once inside, before reaching his destination, he gets a welcoming feeling and gets attracted to several items on display crossing his path. This is due to the space management and well laid out design. It creates a warm and inviting effect to help retain them. This also helps in reaching the wanted merchandise easily.

Store Layout: Circulation Plan

The basic store layout is on a free-flow format but the layout plan of every level at the Zamzama outlet is different; the table and bed linen section has a spine layout, whereas the men garment's section has a herringbone format.

The women's wear section has a free-flow format. The free-flow format presents the merchandise in clusters such as the cotton merchandise on one side and the kattan section in another area.

Floor Space Management

Hot Spot / Cold Spot Analysis

Hot Spots

The hot spots in Khaadi would be the ladies garments as the main customers being catered to exclusively are female.



Ladies' garments: Khaadi's hot spot

Warm Spots

The warm spots would be the table and bed linen areas where accessories and other impulse purchase items are kept.

Cold Spots

The cold spot would be the men garments area where men are not being catered to as other retail outlets such as men's designer wear are being dealt exclusively.

This analysis is done to judge the turnover of inventories and the area, which has maximum sales. The cold spots should then be converted to warm spots, and warm spots to hot spots. This analysis also tells us the customer traffic in these spots, where cold spots have little or no flow of customers and warm spots have less flow than hot spots.



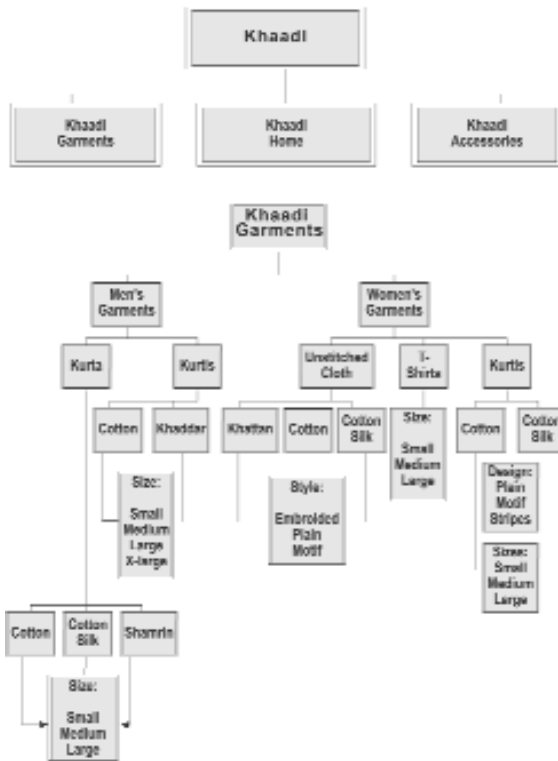
Men's Kurtas: A cold spot at Khaadi

MERCHANDISING

a) Hierarchy

Merchandise hierarchy of Khaadi is very extensive. Starting with the main division of their merchandise:

- Khaadi Garments
- Khaadi Home
- Khaadi Accessories



Merchandise Hierarchy of Khaadi

b) Buying Function

The buying function at Khaadi is not computerized, but is done manually. They don't do any forecasting, instead work according to actual sales.

They have no forward cover and their purchases are made through the telephone and it is done only when outlet head feels that there is need to order merchandise to meet the demands of their customers. There are also some items which due to slow production etc. might be short, so they place an order for these items 20-25 days in advance.

c) Markups and Mark downs

Khaadi adds a certain percentage of markups on their products. They charge high prices or add margins for the unique merchandise they offer with the enhanced services they provide their customers.

Khaadi's marked down products (products which have been damaged slightly during manufacture) are available at their Discount Store, located on the fifth floor of the Zamzama outlet.

c) Shrinkage

The shrinkage percentage of Khaadi is very low, approximately 0.2%. The causes of shrinkage are usually either wrong figures entered in the books or employee theft. For the prevention of entries of wrong figures, the books are rechecked after every week with the actual sales being done so to see that figures are properly recorded for the product available in the outlets. In warehouse, employees are checked before leaving plus if they are taking any product out of warehouse they need to show a slip for it. Even the goods ordered when leaving the premises are checked and are compared with order slips.

SUPPLY CHAIN MANAGEMENT

Vendor Management

As Khaadi produces every product on their own factory, the only thing they require is the basic raw material to make all these products especially thread sequins. Thus, the supplier they have for supplies of raw material is efficient and come up to the expectations of Khaadi's manufacturer by delivering material on time.

Warehouse Management

Khaadi's warehouse is next to its factory in the SITE area. After production, goods are further checked and if there is any default or any problem it is corrected on the spot before further problems occur after the order is made. After this checking, the merchandise is tagged. Their price tags include the product name, product code, its price, sales tax and final price after addition of sales tax.

Unstitched suits are sent to the outlet without any placement of order, as soon as some new design or color is produced. For the rest of the products, warehouse managers use FIFO (first in first out) technique so that the merchandise isn't outdated.

a) Goods Received Note (GRN)

The Goods Received Note is prepared when all the basic raw material is properly checked, in terms of its quantity, price and whether it is free from default or not.

b) Inter Transfer Note (ITN)

A note is sent to the Khaadi outlet manager when they receive the goods which are ordered by them. This note shows that products are ordered and sent after proper checking. And a reverse ITN is sent when products are returned back to warehouse due to some fault or wrong items sent by mistake. This note shows how much quantity of that product is returned back due to faulty reasons.

c) Transportation

Their transport system is very efficient, as products if available reach the store within a day or two making it available for sale as soon as possible.

d) Material Handling Equipment

They have proper equipment for handling material after production. There are proper cupboards to hang bags and pouches so as to protect them from dust. Suitable equipment for keeping bed linen and table linen merchandise in proper condition is present. Goods like napkins are properly folded in packs and then covered with plastic so they don't get dusty.

RETAIL MARKETING STRATEGIES

a) Store Positioning

Khaadi has positioned itself in the minds of the customers on the basis of its exceptional merchandise on product differentiation and on the range of services it offers.

It is positioned as an outlet which is "Redefining khaddar to meet the needs of the contemporary customers."

It aims to sustain old customers and attract new ones by the wide variety of exceptional quality and unique designs. They claim to be producing hand-woven material from finer quality threads, which act as the basis of product differentiation for their outlet. The outlet has maintained their exceptional quality and the management is always trying to bring in new varieties and designs of their merchandise keeping in mind their customer's taste and also following the concept of regional harmonization.

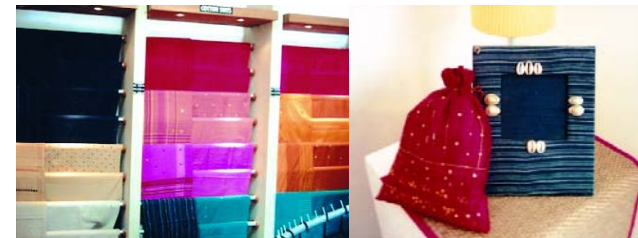
b) Retail Marketing Mix

Retail marketing mix of Khaadi consists of the following elements:

Product Offering

Garments (Men's Wear + Women's Wear):

Khaadi has a large variety of stitched and unstitched garments both for men and women, such as kurtas, dupattas, casual shirts and other products. Khaadi only works with natural fibers such as cotton and silk.



*Left: Display of various designs of ladies' garments at Khaadi
Right: Various accessories available at Khaadi*

Khaadi Home:

Khaadi offers a beautiful range of bed covers, table linen, cushions, floor rugs and other products related to home-textiles.

Khaadi Accessories:

Khaadi also offers a vast range of accessories. Beautiful pouches, hand bags, folders, note books, photo albums etc., are all made out of excess material.

Place

The main outlet of Khaadi is on the Zamzama Boulevard, which is a high street location. Their second outlet is in KDA, and has some residential houses and other small retail outlets in the vicinity. The third outlet is in Park Towers, which is a shopping mall.

Price

Their prices are comparatively high, but Khaadi claims that their exceptional quality and unique designs of products justify their pricing. Some items are odd priced too, like Rs. 599 or Rs. 449.

Promotions and Events

Khaadi does promotions for their products or their retail outlet by organizing shoots and fashion shows.

People

Their salespeople have good knowledge about the merchandise and are skilful to deal with different types of people. These people are not given any special training, but the owner himself talks to them and guides them as to what they should and not do. The sales staff at Khaadi understands what the customer actually needs and tries to provide it.

Presentation

The outlet has five levels, and at each level the merchandise is presented in an orderly manner with adequate yellow lightening to highlight the merchandise.

ADVERTISING

Even though proper advertising is an important element in the retail business, Khaadi has not invested a lot in advertising. The only way this outlet advertises is through the print media, events and fashion shows and from the word of mouth of loyal customers.

a) POS Advertising

Khaadi has moderately invested in POS advertising. There are buntings and posters and occasional POS activities are held for advertisement.

b) Publicity

The only way they publicize their outlet is through print medium that is newspapers and magazines. Many articles and interviews of the management have been written and published in various magazines and newspapers.

c) Personal Selling

Khaadi strongly believes in the concept of personal selling. Sales and service people employed at the outlets communicate the value proposition of the entire shop.

Well-trained sales people advertise the shop by their extraordinary selling and service skills. They are aware of their customers' needs and preferences, therefore, are able to make suggestions and then finally persuade them into buying or not buying a certain item.

RESEARCH

Whenever Khaadi wants to start a new product or develop a new strategy, it does research to understand the customers' response. For example, when they first introduced their home products they conducted an in-depth research to find out what customers want and at what prices.

A continuous research process is also followed at Khaadi where managers are constantly trying to keep track of customer behaviors and their buying preferences. This research is not only focused on the customers but also on the employees. This helps the senior managers decide what could be done more to motivate the employees to increase their efficiency.

Research Methods Used

The research methods followed by the management of Khaadi are:

a) Observation

The employees and the sales staff observe the customers and their buying behavior to know what they expect and what they want.



b) Cameras

The outlet has hidden cameras on all the floors; these are used as research methods and also help for security.

c) Informal Conversational Interviews

The sales staff conducts informal conversational interviews of the customers from time to time. They ask them their opinion on product ranges and color schemes.

FUTURE OUTLOOK

Khaadi will keep on improving every year. There are certain restrictions involved in handloom weaving which lend it that air of uniformity. For the first three years their main strength has been in colors - they explored the palette extensively.

From now onwards, they feel they should concentrate more on design. This phase has already started, and will be more evident in the next three months or so. They are also trying to focus more on silks.

 **AMIR ADNAN**

INTRODUCTION & HISTORY



Amir Adnan

From ties to turbans, from traditions to urban appeal, enjoying 15 years as Pakistan's leading menswear designer, Amir Adnan's line of products is fast translating to the taste of multicultural groups. He is the leading menswear designer that provides best quality products and services to its customers. Amir Adnan has a wide and exclusive range of products.

Amir Adnan has 10 outlets throughout Pakistan and across the world. Out of these ten outlets, five are in Karachi located at posh areas. These outlets are at Park Towers, Zamzama, KDA and Dolmen Mall. There is a factory outlet in Korangi Industrial Area, Karachi, as well; two outlets are in Lahore and one in Islamabad. Internationally, Amir Adnan is in Dubai and USA.

Amir Adnan started his journey of designer wear 15 years ago opening his first outlet in 1990. At that time, they only had a variety of ties. 1990 saw the evolution of men's wear fashion in Pakistan when Amir Adnan, a business graduate by profession, stepped out to realize his own individual style, at the same time translating it to the demands of a frustrated market. The need for a simple necktie took him to Italy where he trained and returned with an ingenious approach to reconstructing this basic accessory. In 1992, he designed his first range of jeans, conventional denims block printed with a hint of ethnicity and launched them in America. The juxtaposition of two seemingly heterogeneous cultures set the international market on fire.

Adnan began researching the different dimensions of his newly found passion, and in 1994, realized that fashion to him would not be about modernizing culture but more about making one's identity known. His mission was to revive the Sherwani, the traditional long coat, which was buried with the Lords and Maharajas of yesterday. The modern day man had adopted the western three-piece suit as the only acceptable vision of grooms wear and Adnan vowed to change that.

Amir Adnan is a small manufacturing concerns producing approximately 200 different items of branded men's wear a day. The daily production varies from casual daily wear,

formal office attire to heavily embellished formal or grooms wear. While experimenting with diffusion to fit the demands of a contemporary market, the name of Amir Adnan has always been associated with quality and elegance, their forte deeply rooted in traditionalism.

Amir Adnan, the name behind the label, supervises the entire team of designers to maintain standards. After making his mark in the Pakistani market, he has now taken his company into the international market with carefully designed exports. Amir Adnan is the first company to step out with up-market, high quality couture, produced in small and exclusive volumes. Today, almost a decade later, Amir Adnan's design philosophy has evolved clearly, making itself permanently on the map. His is the largest enterprise of designer clothing in Pakistan. We'll be focusing on the outlet located in Park Towers, Karachi.

OBJECTIVE

"To be a global leader by providing maximum satisfaction through our products and services".

TYPE OF BUSINESS

Amir Adnan is sole proprietorship.

Features of Amir Adnan's Products

- Amir Adnan's main forte is hand embellishment, using fine silk or metal thread and incorporating precious and semi-precious stone, sequins, beads and other items of ornamentation to give every ensemble an unmatched exclusivity.
- The method of embroidery, 16-18 stitches per inch is used in all products, providing a neater, flatter and stronger seam.
- All products are equipped with pearl stitch buttons for a better look and durability.
- A wide assortment of fabrics is used for both local and international markets, chosen for both suitability and style. The choice of fabric is the customers'.

RETAIL FORMAT

Store Location

Amir Adnan's outlet is at the ground floor of Park Towers. Its location in a shopping mall ensures existing mall traffic. The

mall has large parking area and a clean environment. The outlet of Amir Adnan at Park Towers is rental. The customer flow on weekdays is 5 to 10 customers whereas on weekends it's 10 to 15 customers. The ratio between potential customers and browsers is 40% to 60%.

Type of Store

Amir Adnan has two store formats. One is by ownership and another by merchandise category.

a) Independent Store Format

By ownership, Amir Adnan is an independent store format since Amir Adnan owns all outlets.

b) Specialty Store

By merchandise category, Amir Adnan is a specialty store. Amir Adnan's merchandise is narrow in product line but with a good depth. They specialize in couture products.

RETAIL IMAGE MIX

The retail image mix of Amir Adnan is as follows:

a) Employee Type and Density

Amir Adnan has four employees working at their outlet. Out of these four employees, one is the manager. They provide on-job training to the salesperson under the guidance of the outlet manager. Salesperson at Amir Adnan's outlets usually speaks English, Arabic and Urdu. The dressing of the employees is formal. Salesmen are not allowed to wear casual clothes at the outlet. The educational criterion in hiring of salesperson is at least Intermediate.

b) Merchandise Type and Density

The category of the merchandise is basically clothing for men. The merchandise range varies from ties to sherwanis. They also have a variety of shalwar kameez for kids ranging of ages 1 to 14. A complete range of men's clothing is available in all sizes. All their merchandise is on display in all available sizes.

c) Fixtures

The exterior and interior of Amir Adnan's outlet is very attractive and appealing. The entire outlet is carved wooden work, which adds a unique and exclusive flavor to the outlet. The outlet has mannequins for displaying merchandise.

d) Sound Type and Density

The type of music played in at Amir Adnan's outlet is very pleasing and soft to the ears.

e) Odor Type and Density

They have air fresheners to maintain a pleasant and fresh odor in their outlet.

f) Visual Type and Factors

The lights in the outlet are bright yellow and the color shades used in the shop are extraordinary. The distinctive wooden work adds more value to the architecture of the outlet. In fact, the entire outlet is one of its own kind.

VISUAL MERCHANDISING

Amir Adnan's visual merchandising is very appealing which helps in converting the passerby to a browser with an effective window display and then a browser to a spender. Amir Adnan enhances the shopping experience by providing the right ambience. The combination of fixtures, colors, display presentations, graphics, lighting and the entire theme creates an everlasting image of the store. The visuals of the shop help inform the customer of latest arrivals in the store.



Store's exterior at Park Towers

SHOP DISPLAYS

Amir Adnan's displays include exterior and interior displays of the outlet. All the merchandise is on display, therefore, displays at Amir Adnan play a significant role and attract and help customers to make their buying decision. Amir Adnan has the following displays at its outlet:

a) Window Displays

Amir Adnan has an exclusive window display with closed backdrop. The displays are organized following the seasonal theme.

b) Freestanding or Island Display

The freestanding displays at Amir Adnan display the latest arrivals at the store. They change displays after every two days. There are three mannequins in the outlet.

c) Cascade / Waterfall Display

Cascade and waterfall displays at Amir Adnan are present in the entire store. Almost all the merchandise is displayed in this fashion.



Co-ordinated display of men's wear

STORE ATMOSPHERICS

a) Exterior

Amir Adnan's outlet's exterior is made of wood and is very attractive. The unique architectural façade of the outlet creates a distinct identity for itself. The exterior of the shop

is handled by the marketing department of Amir Adnan. It changes every 2 to 3 months.

b) Signage

The signage of Amir Adnan itself is an identity of the brand. Amir Adnan uses his own signature as a logo.

c) Interior

The interior of the store consists of mannequins, fixtures, aisles, lighting and forms. Its interior allows customers to freely move in the outlet and view all product offerings.

SPACE MIX

Amir Adnan's outlet has been planned in such a way that it optimizes the selling area, presents the merchandise and minimizes the non-selling area, which includes circulation space and trial room.

The area mix of the outlet is 60% selling area and 40% circulation area and trial room.

Staple Goods

Staple goods are the Unique Selling Proposition (USP) of the store. Couture wear is the staple good at Amir Adnan kept at the central and deeper ends of the store. *Turbans* and *khussas* are accessories that are sold with couture wear.

Convenience Goods

Convenience goods at Amir Adnan are kameezes and kurta shalwars.

Impulse Purchase Merchandise

Impulse goods at Amir Adnan are ties, shirts and kurtis.



Retail Space Management

Amir Adnan believes effective retail space management is a key to success. The retail outlets of Amir Adnan have attractive windows and enticing entrances, which induces the customers to enter the outlet. They have a well laid-out retail floor design.

Their floor design enables a smooth and efficient customer navigation within the store. The marketing team at Amir Adnan decides which products should be displayed. The manager of the store is responsible for space management.

Layout and Circulation Plan

The store layout is herringbone.

Floor Space Management

The floor of Amir Adnan is divided into two sections. One section of the store constitutes kameez shalwar for children, kurtis, ties, shirts and some kameez shalwar for men. The price range of all these products varies from Rs. 990 to Rs. 5,000. The second section constitutes couture wear, kameez shalwar with embroidery and stoles, turbans and khussas. The price range of the products of this section starts from Rs. 5,000 to Rs. 800,000. The layout of the Amir Adnan is such that the customers are eventually directed to the exclusive section.

They judge performance of the floor sales and customers' feedback. The inventory turnover is approximately over 80 - 85%.

If they want to increase the sales of a particular product, which is new or not being sold, they place it in the center of the shop to attract customers.

Hot Spot, Warm Spot and Cold Spot Analysis

The hot spot of the outlet is the men's formal wear section of the store whereas the warm spot of the store is the casual section. The cold spot of the outlet is the section of kids' garments.

MERCHANDISING

Amir Adnan satisfies every customer's need by providing them the right product in the right place, in the right quantity, with

the right quality, at the right price, with the right mix of sizes or variants at the right time. Since it is concerned with apparel manufacturing, Amir Adnan has to plan regularly to meet the fashion trends and to obtain competitive edge over other indirect competitors like Junaid Jamshed, Kurta Corner, etc.

While planning for the right merchandise, Amir Adnan has to consider factors like sales, margins and stocks of his products, consumer demands, availing trends and its competitors. This would help them not only to be aware of the latest trends but also to have a product differentiation that can lead them to attain higher margins.

Higher turn over of about 80-85% usually demands a higher re-order rate, because they are sold very frequently. As they have expensive products, it is not suitable for them to stock a lot of quantity of the same item or designs e.g. if they make too many kurtas of the same design and quality it would ruin their exclusivity, and would also increase their carrying cost which would lower their margins. On the basis of assortment planning, they have open-to-buy planning.



Kurtas and turbans offered at Amir Adnan

Amir Adnan is providing e-commerce facilities as well; they receive orders from abroad, which also requires a planned procedure for ordering, as well as for the fulfillment of overseas customer demands.

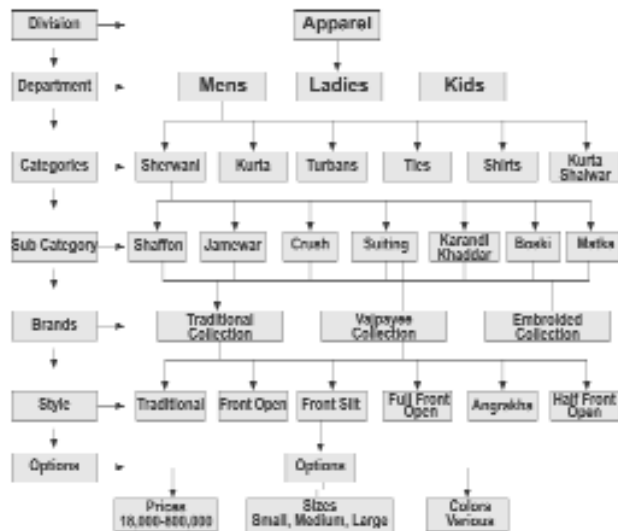
As the outlets of Amir Adnan are facing shortage of space, whenever they come up with a new design, they send that to the outlet while the ones that are not popular are sent back to the factory. In this way, special attention is given to the

merchandise planning as to which products are sent to the outlet and which ones are sent back to the factory.

a) Hierarchy

The hierarchy at Amir Adnan is categorized under:

- Sherwanis
- Kurtas
- Turbans
- Ties
- Shirts
- Kurta Shalwer
- Ladies Bridal
- Pret
- Kids Kurta Shalwer



Merchandise Hierarchy for Apparel

b) Buying Function

Amir Adnan follows an open-to-buy plan, which helps them to project and control future buying so that sales meet anticipated demand. Even so, the demand of products is greater than the supply. OTB helps them to have an ideal amount of raw materials. A back-up plan is also available if there is any delay in the delivery of the required materials.

Their planning differs according to the season. The highest sales are during the month of December as it is wedding season and with changing trends, April, May and June are now busy months too. So Amir Adnan comes up with the most unique designs of sherwanis as well as a wide variety of turbans.

They have monthly forward sales planning which helps them to respond to changing trends.

c) Markups / Mark downs

Amir Adnan does not have any concept of markdowns. They only have markups in order to arrive at a maximum retail price which is the reason of their long credibility in the market. Another reason to charge high markups is the 'label'.

d) Shrinkage

They have frequent internal shrinkage. Customers are not in the position to steal such big tangible items, so it's usually the employees who are committing this act. Their shrinkage is of a very nominal amount, so it does not affect the net profits in a significant manner.

SUPPLY CHAIN MANAGEMENT

They have an integrated process where every activity is linked in such a way that it satisfies customers on time. Elements of supply chain are:



Supply Chain of Amir Adnan

Pre-Purchase Order (PPO) and Purchase Order (PO)

Amir Adnan has pre-purchase orders (PPO) for the whole season as soon as they plan for future stocks. When a confirmation is received about the stock they require, then a purchase order (PO) is issued .

Vendor Management

Amir Adnan himself buys the material he uses and has different vendors for different types of materials. They basically buy in bulk. They purchase materials at a lower cost and utilize them while manufacturing and charge a higher return on that. In this way they are able to get more margins on their products. Most of the time they produce the materials from internal sources, which again decreases the manufacturing costs.

They also have the Internal Transfer Mode system that helps them to re-order the materials that are mostly in use. This process eliminates documentary exchange and thus aims at achieving just-in-time inventory.

Warehouse Management

Amir Adnan does not have a warehouse but they have a storage facility where they keep all the materials and SKU's. They perform quality control checks. Activities like storing, docking, preparing goods and transporting the merchandise are carried here.

a) Goods Received Note (GRN)

At Amir Adnan's storage place they have the facility of GRN, which ensures that the fixed amount of stocks have been received after being checked and matched with the purchase order, and then ensures the payment to the vendors by the accounts department. Every product has bar coding.

b) Inter Transfer Note

At Amir Adnan's retail outlet every time fresh stock is supplied, an Inter Transfer Note is issued. This receipt helps the management to check if the desired stock has been transferred properly without any damage.

c) Transportation

They have their own transportation system, which ensures timely delivery. This system helps them to

minimize transportation costs.

d) Material Handling Equipment

Being an apparel-manufacturing firm, Amir Adnan's storage place is fitted with equipment like hangers for their finished goods e.g. sherwanis, kurta shalwars, etc.

RETAIL MARKETING STRATEGIES

Amir Adnan has been able to create its brand name by the help of loyal customers. Their brand name is enough to create footfalls in their store. They have hired convincing salespeople to make sure that they are able to convert most browsers into buyers.

a) Branding

The Amir Adnan brand name is recognized and accepted all over the world. Amir Adnan has managed to build its brand by the help of a very well defined merchandise category which caters to men as well as women, value for money prices, and also by promoting the newest trends.

Amir Adnan's competitive advantage is that they have been working for over fifteen years now, and they have created a very well respected and recognized brand name for themselves. They believe that their brand name is a very strong force to attract customers to their outlet. They believe in defining their target market right from the beginning. Not only that, but after defining their target market, they have now been able to expand their market to a wider range, because of the confidence of the previously attained customers. Amir Adnan is able to provide value proposition to their customers by the help of their state-of-the-art embroidery and material. As quoted by Mr. Amir Adnan himself, "I take exquisite elements of our culture and synchronize them on modern silhouettes-while ensuring that the price points back at the product!" So, giving the customers value for their money is a top priority for Amir Adnan. Furthermore, they believe that by creating a strong brand name in the minds of the customers, they are able to create a distinct image of their brand in their minds.

b) Positioning

Amir Adnan has positioned itself as the market leader in providing their customers with quality apparel, with traditionalism being their forte. Amir Adnan is the first Pakistani company to step out with up-market, high quality couture, produced in small, exclusive volumes. By opening different outlets in the posh localities of Zamzama and Park Towers, they have been able to cater to their target market conveniently, as they believe that the convenience of the customer is very important. Their employees also portray the image of a very well managed and customer-friendly organization.

They have made sure that whenever customers enter one of their outlets, they are able to feel the unique ambience and standards of Amir Adnan. They have positioned themselves as trendsetters as far as men's wear is concerned.

c) Retail Marketing Mix

The retail marketing mix of Amir Adnan is as follows:

Product Offering

This refers to the product mix that the store retails for customers after a careful study of what their needs and wants are. Amir Adnan offers different products with Sherwanis being their specialty. They also have Kurtas, Casual Shirts, Kurtis, Khussas, Turbans and Ties. They also design female bridal wear on orders, but they have not included that in their current outlets. Huma Adnan, who is the wife of Mr. Amir Adnan, plans to open up an outlet soon, which would showcase her female bridal wear.

Place

Amir Adnan has made sure that the location of their outlets caters directly to their target market. They opened up their first outlet at Zamzama, and then opened up in Park Towers, Dolmen Mall and also one in K.D.A. They have also opened up outlets in Lahore and Islamabad, and are also catering to customers outside the country.

Price

Price is an important element in the marketing mix as

customers are very price-sensitive. The pricing followed at Amir Adnan is Maximum Retail Price (MRP) and they have a very high mark-up on their products, which is justified by their top-quality products. The price of their products ranges from Rs.990 - Rs.800,000.

Promotions and Events

These help the store to achieve its short-term goals. Amir Adnan does not indulge itself in a lot of promotional events as such. They decorate their outlets on the occasion of Basant by putting up kites and bright ribbons to give it a festive look. On Valentine's Day, they make sure that bright red color is displayed all over their outlets. They even dress their mannequins with bright and red colored clothes. Other than this, they do not have any kind of billboards as such anywhere around; they only have banners within or outside their outlets. They truly believe in word-of-mouth.

People

There are two kinds of people as far as the retail marketing mix is concerned: People to serve (customers) and People that serve (employees). The employees at Amir Adnan are provided with on-job training, and all are helpful and dedicated. They portray the right image of all outlets that is of an organization promoting the newest fashion trends during all seasons. They mostly cater to people in the A and B class of the society, and by giving them their value for money every time they purchase something from Amir Adnan they have managed to capture very loyal customers over the past 15 years.

Presentation

Presentation is the way products and services are grouped and presented in a retail store. Such presentation should conform to the store's positioning and customer profile. Amir Adnan considers presentation to be extremely important and displays its merchandise in adequate splendor by the help of racks and mannequins. They pay special attention to the overall look of the store, which also helps them to present their products in a much more fashionable way.

d) Direct Marketing

Direct Marketing enables retailers to establish personal

contact with the customer. The retailers can then have a database of buyers along with their buying occasions and preferences. Amir Adnan manages a whole database of their customers, which further helps them to contact their customers whenever they come up with a new product. They also provide their loyal customers with discounts. The different types of direct marketing are:

Catalogues and Mail Order

Amir Adnan has its own in-house fashion magazine known as "High". They display all their new products and innovations in that magazine. It is not for sale, but customers who spend more than Rs.5,000 at their outlets are given a free copy so that they can scan through the new products and designs on offer and purchase accordingly.

Telemarketing

Telemarketing is a very effective way to promote new products. Amir Adnan does not have a telemarketing department as such, but they make sure that every department calls up their own clients to tell them about their new products. All salespersons are responsible for making their own calls to their customers and to find out about any discrepancies in their purchased products.

Electronic Retailing

Their website (www.amiradnan.com) has been operating and electronically receiving orders for the past couple of years now, but they are not satisfied with the overlook look of it. They plan on improving and re-launching their website very soon.

ADVERTISING

Advertising in retail involves both above-the-line and below-the-line communication. Previously, Amir Adnan used to spend a lot of its income on advertising by putting up print ads in different fashion magazines. But now they only advertise in their in-house magazine, and also through billboards put-up in their outlets. They also rely heavily on the word-of-mouth form of advertisement.

The various forms of advertising are as follows:

a) Point of Sale (POS) Advertising

POS advertising is itself a form of a communication medium as it can be done within the store, in the form of materials and activities. POS materials and activities include festoons, buntings, posters, displays etc. that can be used within the retail premises. At Amir Adnan, they have different billboards putup at their entrance and around their outlet, which showcase the newest and trendiest designs, worn by attractive models. These billboards are prepared by the Marketing Department, and are changed every month. In the designer-wear industry of Pakistan, Junaid Jamshed is the leader in POS selling, whereas, Amir Adnan has about 30-40% of the whole market share.

b) Sales Promotion

Sales promotions are done with special communication and displays. They are meant to immediately attract the customer's attention as soon as he or she enters the store. At Amir Adnan, as soon as a new product is launched, the mannequins are dressed up in the product. This helps them effectively as customers can have a realistic view of the product.

c) Publicity

Publicity is the non-paid advertising mileage that a retail organization gets through free write-ups in media about the store's latest arrivals, sales promotions or any event that the store or brand has organized to achieve its sales objectives. Amir Adnan has managed to get a lot of reviews and write-ups in all leading magazines and newspapers of Pakistan. They have even gotten reviews from the Dubai-based newspaper, Khaleej Times.

d) Personal Selling

Sales and service personnel in a retail organization are its ambassadors and communicate the value proposition of the entire store. The employees at Amir Adnan are very co-operative and friendly, as they go out of their way to provide the very best customer service. Their employees are specifically trained to talk to the customers in such a way that their interaction is friendly and effective and are also able to sell their product without many problems. They manage to keep the customer engaged in the outlet

and they keep on suggesting new designs or different cuts that might suit that particular customer.

RESEARCH

Amir Adnan has a Research and Development Department within their Marketing Department. They conduct different surveys and researches on a new concept and check the feasibility of a particular product. Factors such as the cost/pricing of the products, the materials to use, etc. are also kept in mind while conducting such researches and surveys so that they are able to meet the customer's needs.

e-TAILING

They have their own website (www.amiradnan.com), which has been operating for quite some time now. The website receives orders, which are sent to the company for tailoring. The main challenges faced by Amir Adnan are that the customers can only see an online picture of the product. He/she cannot feel the material, or see the detailed



DESIGNED BY www.eyes99.com
Screenshot of the website

embroidery. However, having customers purchase merchandise online has its advantages. They don't have to be bothered about keeping many SKU's, as the order is directly sent to the factory. And also, they don't have to be bothered about the outlook or the presentation of their outlet. The management of Amir Adnan is not satisfied with the current outlook of their website and plan on changing and re-launching it very soon.

CUSTOMER SERVICE

Customer service in retailing focuses on customer expectations; the ability of retail organization to identify these expectations and fulfill them will determine whether consumers enter the shop again and again. Service management thus aims to first measure customer expectations and then find ways of meeting them.

The employees at Amir Adnan believe that they are efficient enough to identify the customer's expectations and also to fulfill them. Their service strategy clearly states that the employees are willing to go out of the way to serve their customers. They have their own quality standards and they make sure that their unique cuts and designs, their products and services are up to the mark. They outdo expectations while providing their customers with the very best services. If an order is to be made urgently, then the employees work overtime to make sure they complete the order on time. Usually, their order time is about 2 months or so, but they have also managed to complete orders within 2 days when people like Mr. Shaukat Aziz, the Prime Minister of Pakistan, were at the receiving end.

They also provide their customers with extra benefits after the purchase of merchandise. If a customer does not like a product after purchasing it because of any reason, then he can easily exchange it for something else without being charged anything extra. They are also planning to introduce "Loyalty Cards" for their most loyal customers. The only improvement Amir Adnan wants at the moment in terms of customer service is to make follow-up calls to its customers. Whenever they make a sale, whenever they sell a product, they hope to call that particular client and get feedback on their products by asking him/her if he/she is satisfied with the product or not. This would really help them in improving their customer service, as they would be having a clear view of how exactly to meet the customer's expectations.

The employees or the salespersons have proper product knowledge and selling skills of expensive items as well, and are also able to assist customers with value comparisons with items in the store.

CONCLUSION / FUTURE OUTLOOK

Amir Adnan is one of the leading designers of Pakistan. They have managed to capture a very large share of the designer wear market over the past 15 years. Its future outlook depicts a very positive and successful picture. Apart from having eight outlets in Pakistan, they have one in Dubai and one in USA. They are still expanding and have plans to have six more outlets in Mirpurkhas, Faisalabad, Karachi, Lahore, Multan, and Saikot. If they continue their activities like catering to higher profile segments, maintaining confidence of their customers, having competitive edge over the competitors, expanding product line, providing extra follow-up benefits to customers, giving incentives to the employees, maintaining high inventory turnover, issuing an in-house magazine, facilitation of e-commerce, they will soon end up with much greater profits, and at the same time achieving their objective of satisfying customers to the maximum.

They plan on changing and re-launching their website as the current outlook is not very satisfactory. They want to make sure that their website provides the customers with a very customer friendly environment.

Amir Adnan should try and focus more on their Direct Marketing and Advertising. Previously, they used to spend a lot of their income on advertising, by putting up ads in different magazines and newspapers. Now, only print their ads in their in-house magazine. This really restricts their customers, as people who do not have access to the in-house magazine are not aware of the new products launched by Amir Adnan. They should continue to advertise in other magazines as well.

 **JAFFERJEES**

INTRODUCTION & HISTORY

Jafferjee's, an exclusive name in leather products, blends fine leather and refined accessories to bring an exquisite collection. Their experience spans over four generations.

For over a hundred years, Jafferjee's has been producing quality leather products in a variety of in-vogue styles, materials and colors. They know that paying attention to detail and being a little fastidious is the difference between good and great.

Before the separation of Indo-Pak, Jafferjee's established itself in Quetta as a manufacturer of leather goods, horse saddles and boots for the armed forces in particular. Later they expanded their business by adding furniture to their product line, and by opening a retail outlet in Karachi.

Current Scenario

Currently, Jafferjee's has four branches. Three of them are established locally, and the fourth one is in Dubai.

Over the years, Jafferjee's has been successful in establishing its store brand. It has a loyal base of customers. Since Jafferjee's has been present for over a century as the only leather goods provider, their sustainable competitive advantage has given them an edge over the emerging competitors.

OBJECTIVE

To provide quality leather goods to the upper class of our society.

TYPE OF BUSINESS

Jafferjee's is a family owned business. It was originally started by Jafferjee's and then carried on by his son Tahir Ali Quetta Wala.

The business is now owned by two brothers Imtiaz and Arif Quetta Wala, and their cousin Arshad Quetta Wala.

COMPETITORS

Jafferjee's basically has two main competitors: "Hub Leather" and "Traditions".

RETAIL FORMAT

Store Location

As location is one of the main success factors for any retail store, Jafferjee's has always been very choosy when selecting the location of their retail outlets.

Type Of Location

Their outlet at Mehran Heights (Clifton, Karachi) is the main branch where they have their head office and warehouse. Mehran Heights being a shopping center has high customer traffic, medium to high real estate rental value and has little space allocated for parking, providing convenience to the customers.

Jafferjee's at Tariq Road, (Karachi) has a high street location, with clusters based on product categories, high real estate rentals with no parking space.

Jafferjee's is located at the Park Towers shopping mall with high rentals, designated parking at the park tower space, attracting families. Jafferjee's at Park Towers has not been successful in attaining the targeted sales because its competitors Traditions and Hub Leather are located in the same mall.

Jafferjee's in Dubai is located at Burjuman Centre, one of the best shopping malls of the city. Burjuman centre like a typical shopping mall has high real estate rentals, with an extensive parking space, facilitating customers visiting the mall.

RETAIL IMAGE MIX

a) Employee Type and Density

Jafferjee's employs the following types of employees:

Frontline Employees

The minimum requirement at Jafferjee's for the front line sales staff is intermediate. The management believes that their sales people are the brand ambassadors. The target market at Jafferjee's requires the staff to be able to communicate in English and have good presentation and interpersonal skills.

Other Staff

The main departments at Jafferjee's are as follows:

- Accounting
- Administration
- Quality Control

Recruitment at Jafferjee's is done on the basis of the human resource needs of the relevant departments.

The number of employees in each outlet at Jafferjee's depends on the size and location of the store.

b) Fixture, Visual Type and Density

To give its products an exclusive splendor Jafferjee's hires the expert capabilities of Beena, a famous interior designer.

Different types of merchandise are displayed through different mediums. Shelves are used to display purses, organizers, briefcases, cases and kits. Hangers exhibit belts, carry alls and dog collars. Wallets, jewelry boxes, vanity cases and stud cases are displayed in show cases. Jafferjee's uses a number of spotlights, preferring bright and warm yellow lights to trigger impulse purchases.

c) Merchandise Type And Density

The product range at all the four Jafferjee's outlets is:

MERCHANDISE TYPE	DENSITY
Wallets	200
Vanity Cases	100
Lipstick Cases	200
Hand bags	100
Purses	80
Cases	30
Kits	25
Trolley Bags	20
Travel Bags	10
Boxes	10
Key FOB	75
Accessories	100

d) Odour Type and Density

Due to the leather products the store smells of leather as soon as you enter the shop. In places where the products are cluttered this smell becomes stronger and sometimes unpleasant.

SPACE MIX

As Jafferjee's is a specialty store, the space mix comprises 40% of non selling area and 60% of selling area. There is ample space for the customer to move around and comfortably browse through the store. This provides the customer with a good shopping experience.

Effective Retail Space Management

Jafferjee's attractive window displays persuade the customer to enter the store. As soon as you enter, the store fixtures and placement of merchandise directs you through the entire store. The aesthetics of a well designed store are a visual feast to the customer and makes the customer come back again and again.

The Circulation Plan

Following the race track circulation plan, Jafferjee's makes their customer go through the entire store in a circular pattern so that the customer is exposed to the merchandise on display.

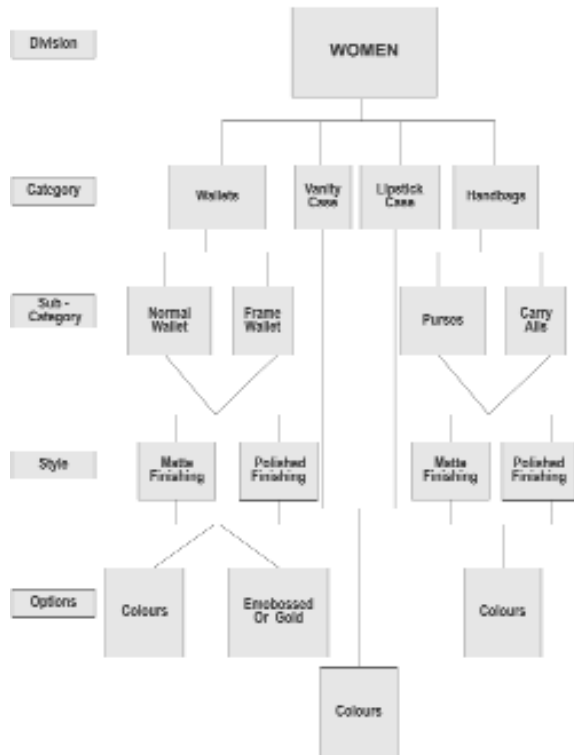
Floor Space Management

Space Audit

In our opinion the off take at the shelves and showcases displaying purses and wallets is the most thus classifying them as hot spots. Places displaying desk sets, belts and travel goods can be classified as warm spots whereas cold spots would be places displaying horse saddles, carry alls and dog collars.

MERCHANDISING

a) Merchandise Hierarchy



Merchandise Hierarchy for Women's Division

Women

Jafferjee's has further categorized products designed for women according to their needs. These products come in two finishings: matte finishing and polished finishing.

- Wallets
- Vanity Cases
- Lipstick Cases
- Handbags

All products are available in the following colors:

- Red
- Burgundy
- Black
- White
- Mud blue
- Brown
- Dark Green

Wallets and organizers can also be customized and buyers can have their name imprinted in different finishings; gold, silver, or embossed.

Travel Goods

Travel goods have been classified into five categories:

- Cases
- Travel Wallets
- Easy Travel Bags
- Kits
- Trolley Bags

The Categories mentioned above have been further divided into sub categories:

- Cases basically have two types: tie case and toiletry case.
- Easy Travel Bags have been manufactured using soft leather and hard leather.
- The kits sold at Jafferjee's include jewelry kits and travel kits.
- To provide ease to the constant travelers, Jafferjee's also produces pilot trolley bags.

All & Sundry Categories

The division All & Sundry has been further categorized into:

- Cases
- Wallets
- Boxes

- Keys
- Accessories

These categories have also been sub-divided:

- Cases in the All & Sundry division are of different forms, such as: key case, credit card case, and spectacle case.
- Boxes make perfect presents and are of two kinds: trinket box and jewelry box.
- Accessories used in offices are specially designed for companies and are of two types: note pads, and memorandums. They also have funky, stylish and in-vogue photo frames.

Business Categories

The fourth division at Jafferjee's business has been classified into:

- Portfolios
- Briefcases
- Desk Accessories
- Cases
- Organizers

These categories can be further classified:

- Portfolios have been further classified into document portfolios and writing portfolios.
- Briefcases are divided into executive briefcases and executive bags.
- Desk Accessories comprise desk sets, document trays and accessories box used exclusively in offices.
- Cases are of three types: document cases, attaché cases, and business card cases

b) Shrinkage in Merchandise Management

Shrinkage at Jafferjee's is 1-2% and occurs due to customer theft.

Previously, at Jafferjee's the customer was given full privacy and was allowed to explore the shop on his own,

which increased pilferage and resulted in lower margins. Jafferjee's now makes an extensive effort to reduce this phenomenon by training their sales person to accompany each customer without imposing on them.

SUPPLY CHAIN MANAGEMENT

Supply chain management is an end to end process in merchandise planning and movement, from planning the inventory (preparing the purchase order) to the point of reaching the merchandise.

Jafferjee's has a proficient supply chain management process, which allows them to reduce their back-end costs, maintain optimal inventories and helps them in making faster deliveries.

a) Purchase Order

Inventory management at Jafferjee's is administered on a daily basis. The purchase orders are made in conformance with requirements of each store, as soon as the inventory reaches the minimum level.

b) Vendor Management

Leather in its finished form is bought from within Pakistan. Products designed by the owners of Jafferjee's are then forwarded on to the contractors who work specifically for Jafferjee's and are involved in producing the finished goods.

c) Warehousing

The warehouse facility at Jafferjee's is involved in receiving, pricing, tagging, bar coding, storing, docking, preparing, readying and transporting the merchandise required at each outlet.

It is also responsible for checking quality of raw material and finished products delivered by the contractor.

Goods Received and Inter Transfer Note

Jafferjee's makes it a point to send goods received note to the vendor as soon as products received are checked and matched with the relevant purchase order.

Whenever replenishment is needed at any outlet of Jafferjee's, an email is sent to the warehouse by the store manager. After products are transferred, an inter transfer

note prepared by the manager is sent to the warehouse.

Transportation

The products are transferred through rented vans.

Material Handling Equipment

Safety measures are taken to ensure that the products are not defected while delivery. The items are filled in cartons and distributed to the respective outlets.

Efficient Docking

The implementation of First in First Out (FIFO) delivery plan at Jafferjee's ensures best utilization of space and helps in minimizing the aging of merchandise kept in the warehouse.

RETAIL MARKETING STRATEGIES

a) Branding

With a wide range of merchandise, Jafferjee's offers quality at its best at affordable prices for the niche market of Pakistan, the upper class.

b) Store Positioning

Jafferjee's positions itself as:

"A specialty store dealing in quality leather goods."

Jafferjee's has always been successful in communicating with its clients. The promise of the finest quality leather products has been successfully fulfilled. The positioning of Jafferjee's has always been consistent because of which they have been able to integrate it in their organization's culture.

c) Retail Marketing Mix

The retail marketing mix at Jafferjee's consists of the following elements:

Product Offerings

Jafferjee's after a careful study of its clients needs and wants, have come up with a diverse product range.

- Wallets
- Vanity Cases

- Lipstick Cases
- Hand Bags
- Purses
- Cases
- Kits
- Trolley Bags
- Travel Bags
- Boxes
- Key FOB
- Accessories

Place

Jafferjee's is located at Mehran Heights, Park Towers and Tariq Road.

Price

Price is an important element in the marketing mix. Jafferjee's prices their items at maximum retail price. Customers buying in bulk are offered considerable discounts.

People

People to serve

The customers at Jafferjee's belong to the upper class. They ensure that the quality standards promised by Jafferjee's are delivered.

People that serve

Even though Jafferjee's claims that they hire trained and educated employees, yet they are shy and less confident when dealing with customers. Therefore, Jafferjee's train their employees in such a way that they provide assistance and help buyers in making their purchase decision.

Presentation

Jafferjee's groups their products and services in an exclusive splendor and attends to its customers on personal basis.

d) Direct Marketing

Catalogues

In the past, Jafferjee's used to publish catalogues and

brochures to provide their customers the ease of ordering from their homes. They expected their sales to go up through this medium, but because these means are not common in Pakistan their profits remained unaffected. It was also inconvenient to up-date the catalogues as new products were innovated day-in and day-out.

They tried to reduce their costs by creating a CD, which served the purpose of a catalogue, which again was hard to modify, and so they decided to put an end to these, and launched an e-store.

e-tailing

A website was launched in 1999 to the international markets. Later in the year 2002 they launched an e-store exposing their products nationally and internationally.

Micromarketing

By focusing on satisfying their corporate clients, Jafferjee's is involved in designing unique and tailored products to facilitate their needs and requirements.

They also provide their individual customers the choice of getting their purchases personalized by embossing their names in different styles.

It has been noted by all retailers that the single most important differentiating factor in today's organized retailing is micromarketing. Therefore, Jafferjee's strives to know its customer better and better.

ADVERTISING

Jafferjee's rarely advertises, though they are publicized by the media and communicate the proposition of the entire store through personal selling.

Recently, Jafferjee's was given coverage in Brand Zone, a program by Business Plus.

CUSTOMER RELATIONSHIP MANAGEMENT

Jafferjee's is constantly striving to improve its relations with customers. Nowadays customers are educated and more

aware due to media exposure and the internet. Jafferjee's ensures that the customer comes again and again to the store by adapting the following strategies:

- Integrating systems and policies based on customer friendliness.
- By incorporating a customer-centered culture.
- By giving first priority to their customers.
- By allowing their customers to express their views through comment cards.

RETAIL MANAGEMENT INFORMATION SYSTEMS

Jafferjee's believes in advancing through technology, and have stepped the technological arena in order to cope with globalization, and to function smoothly in every area.

a) POS Technology

Jafferjee's makes extensive use of POS Technology, and is highly equipped with hi-tech scanners and cash registers. Their cash registers not only produce cash receipts/memos of customer purchases, but also stores information in a database. This information can be retrieved at any point of time for tracking customer purchases. It also reduces the time required for efficient customer checkout.

b) Technology and Store Operating Processes

Jafferjee's has incorporated an intranet among its three branches located in Karachi, Pakistan. The network has linked all the three branches to the head quarter.

Jafferjee's also has a dynamic inventory management system.

Indicators have been set to trigger off minimum and maximum inventory levels. As soon as the inventory level goes down and touches the minimum target, an automatic order is placed and the inventory is replenished.

At the end of the day, the store managers have to e-mail a detailed report to the headquarters.

c) Human Resources and Technology

Jafferjee's cash registers also help in evaluating their sales personnel performance. They have software that enables them to link customer purchases with sales staff.

Each sales person is assigned a code. Every time a customer is billed, the sales person has to enter his code, which enables Jafferjee's to keep a track of the number of customers dealt by him.

VISUAL MERCHANDISING AND DISPLAYS

Jafferjee's creates a buying feeling in the customer by exhibiting its product in a spectacular manner. Through effective window displays and a fabulous presentation, they successfully convert the passers by into browsers and



A distinct style of product display at Jafferjee's

browsers into buyers. Jafferjee's creates the right ambience by complementing its products with the right fixtures, impressive presentations, and lighting that creates an impact on the customer. The right ambience augments shopping experience for the customer and triggers the come back feeling while occupying a distinctive position in his mind. Visual merchandising is an effective communication tool. Jafferjee's through its window displays and in-store presentation communicates its latest arrivals, matching their products with upcoming fashion and trends. They also inform their customers about latest trends.

Type of Shop Displays

Window Displays

Window displays at Jafferjee's are a mixture of exclusive and open displays where the center of the window has a backdrop and the sides of the windows are open, which allows the customer to glance inside the store.



Window display of bags at the Park Towers outlet

Counter Displays

Shelves and showcases are used to display purses, wallets, key chains and organizers.

Cascade Displays

Cascade displays are used at Jafferjee's to exhibit dog collars, carry alls, belts and coat covers.



Cascade display of leather belts

STORE ATMOSPHERICS

Exterior and Interior

The exterior and interior at Jafferjee's has been exclusively designed by a professional architect, Shariq, and the interior designer, Beena.

Jafferjee's has created an image for themselves based on a consistent store exterior following the same green and white theme for all the outlets.

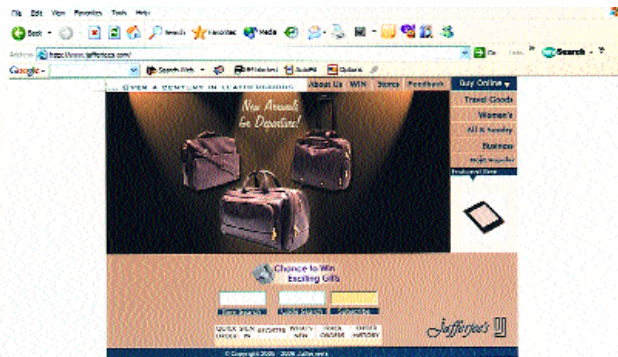
Beena has planned the interior giving it an exquisite look, with extensive lighting, shelves and showcases complementing the entire theme of the store. The interior at Jafferjee's provides the right image and is in harmony with the tastes of its target market.

Signage

Even though consistent with their themes, Jafferjee's have different signs at different locations. At their main stores at Mehran Heights and Tariq Road, they follow their theme and have a green sign; where as at Park Towers, the store has a stylish white and silver sign.

e-TAILING

Jafferjee's was one of the few retail organizations who, influenced by the foreign retailers, realized the need of adapting technology in their retail operations and launched a static website in the year 1999. In the year 2002, they expanded their operations and inaugurated their e-store. e-tailing has benefited Jafferjee's in the following ways:



Screenshot of the website

- e-tailing has exposed Jafferjee's to international markets.
- It has enabled Jafferjee's to overcome trade barriers.
- Jafferjee's now has a wider customer base generating higher revenues.

a) Online Store Front

The online store front at Jafferjee's.com is consistent with its brick and mortar format and follows the same theme. It helps in maintaining a sustainable image and creates the feeling of comfort. The online store front, through its signature identity, triggers browsing and persuades the customer to buy.

b) Visual Density

As mentioned previously, Jafferjee's has a wide product range and e-tailing allows Jafferjee's to display its products and merchandise without maintaining the inventory levels.

c) Online Merchandising

Online Merchandising helps the retailers in lowering their costs and in increasing profit margins. Virtual Space is unlimited which allows Jafferjee's to display and present infinite number of SKUs without having to worry about efficient space utilization.

d) Online Pricing

Pricing at Jafferjees.com varies for national and international delivery. For purchases above Rs. 1,000 nationwide deliveries are free. For international deliveries, the cost of the courier service is to be paid by the customer and no extra service charges are charged by Jafferjee's.

HUMAN RESOURCE MANAGEMENT

Human resource management at Jafferjee's like any other retail store involves the following activities:

- Manpower Planning
- Recruitment
- Motivation and Rewards
- Remuneration Structure

Manpower Planning

Although manpower costs are high, to support their image of a specialty, store hires a number of employees to achieve the standards of performance and productivity.

Even though Jafferjee's does not have a strict educational requirement for its employees, yet it prefers to hire employees

who have had the experience of working in a retail outlet and have the ability to cope up with the requirements of their job.

Jafferjee's considers the following aspects in manpower planning:

- Business planning
- Work task organization
- Store positioning
- Type of sale
- Working hours

Recruitment

Jafferjee's does not have formal recruitment and selection processes. Employees are usually hired on the basis of reference.

Motivation and Rewards

If Jafferjee's comes across declining sales due to inefficiency of sales staff, they try to correspond on a personal level with the employee and by identifying the reasons for his diminishing performance, try to solve the problem. This in turn motivates the employees and strengthens the relations between the employer and employee.

Annual bonuses are awarded according to the performance of each employee.

Remuneration Structure

The remuneration structure at Jafferjee's is based on:

Salary Only Scheme

The salary structure at Jafferjee's is such that a fixed amount of salary is paid to all the employees at the end of the month.

This sort of salary scheme provides the salesperson with the security of income and ensures high loyalty to Jafferjee's.

FUTURE OUTLOOK

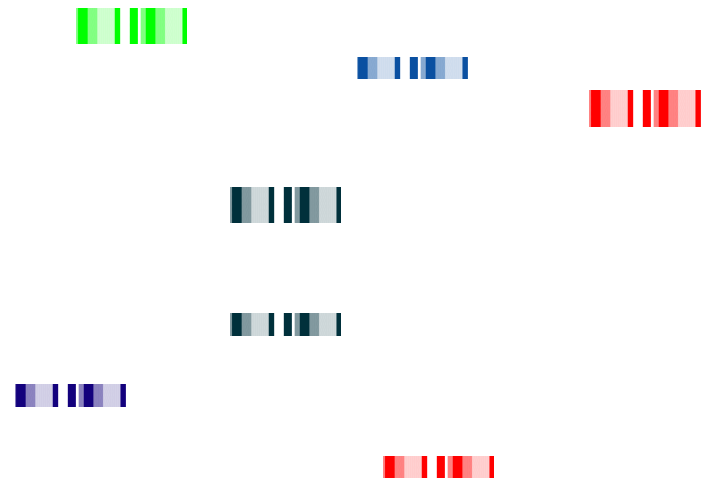
Jafferjees is perceived to be the best quality leather goods provider.

Over the years, Jafferjees has been successful in building a brand name and image by delivering the benefits promised to the customers.

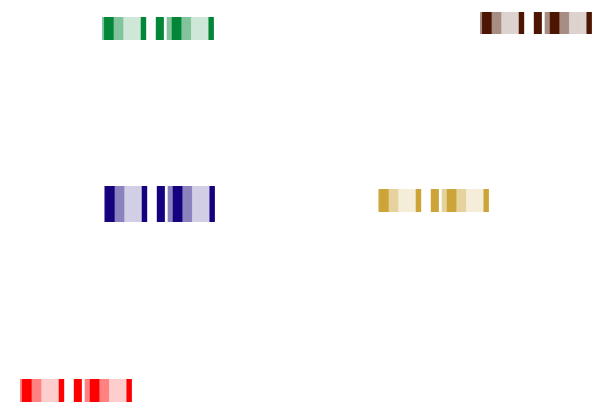
However, we feel that by adapting different modes of advertising Jafferjees can communicate the brand image more clearly, creatively and effectively. It will also help them to reach to a larger audience.

Jafferjees is not involved in any kind of research. If in future they plan to focus on customer relationship management, they need to indulge in in-depth research so as to identify the needs and desires of their target market.

Jafferjees plans to expand further by opening an outlet in Lahore, and in other parts of the world, to give itself the maximum exposure. It also has plans to introduce customer loyalty programs to further strengthen its relationship with its loyal customer.



SUPER MARKETS



 **IMTIAZ STORE**

INTRODUCTION & HISTORY

Imtiaz Store is located in a very narrow lane of Bahadurabad known as "Chota Market/Bazaar". The lane is congested with poultry shops, fresh vegetable shops and spices shops. Although the location is not very attractive but still people come there from far off places like Defence, North Nazimabad, Clifton etc. because they get everything under one roof in Imtiaz.

Imtiaz Store started in the year 1955 in Bahadurabad, with a very small one room general store. The shop was hardly known by anybody then since it was located in a very narrow lane having very few houses.

Owned by the Late Haji Hakim Khan, the shop was not known until the mid of 1957. Gradually it started gaining people's attention as a general store and by the year 1973 it became the city's biggest general store serving around 35,000 customers a day.

TYPE OF BUSINESS

The family owns the business and the type of ownership is sole-proprietorship. In the year 1983, it actually converted into a complete supermarket and is now serving 72,000 customers per day. Haji Imtiaz Khan, the son of Haji Hakim Khan, now owns the business.

OBJECTIVE

According to Haji Imtiaz Khan, his objective or vision is to change their supermarket into a hypermarket and serve as Pakistan's highest selling hypermarket. He has been so far successful in his objective as he has already converted a general store into a good supermarket. Currently, it is Karachi's top supermarket as Imtiaz Store has the highest sales per day in Karachi.

RETAIL FORMAT

Store Location

By location, Imtiaz Store relies on the destination format with very huge space, wide merchandise categories and ample concessions. People come from far off places to buy their

monthly groceries, although it does not provide any particular parking facility to the customers. However, the area is huge so people coming there don't find it inconvenient to park their cars in the back area.

Type of Location

Imtiaz Store is situated in a high-street location with very high customer traffic, large array of retail stores in small sizes having clusters in the same product category and high real-estate rentals.

STORE DESIGN & RETAILING IMAGE MIX

Imtiaz Store has a good and accessible design with a wide assortment of products in all categories. It has a very well planned mix of elements to cater to the needs of all customers. It takes special care to meet the physical and emotional needs of customers.

a) Employee Type and Density

At Imtiaz Store, the minimum qualification of the employees is matriculation. Their dress code is blue shalwar kameez and they speak local languages. Most of the salesmen are engaged in work in the sections of basic commodities. As far as density is concerned, they have 4-5 employees working in each aisle.

b) Merchandise Type and Density

Imtiaz Store is very dense as far as merchandise is concerned and has approximately 1,000 pieces per sq ft. It has a huge assortment of all kind of products.

c) Fixture Type and Density

The fixtures at Imtiaz Store include blue plastic racks that carry all items.

The number of fixtures per square foot of space at Imtiaz is 40. The density of the fixture complements the density of the merchandise there, thus making shopping convenient for customers.

d) Type and Density

Imtiaz Store does not have any arrangements for sound, but the sounds of moving trolleys and chatting of

customers and employees can be heard all around.

e) Odor Type and Density

As we move on through the store, odor of different types can be felt. If we go through the shampoos and cosmetics area, their fragrance is present and if we go towards the spices, a piquant smell of spices can be smelt.

f) Visual Type and Factors

The white lights propel the customers to buy more, and highlight impulse merchandise. The bright white lights at Imtiaz Store brings out the true color of the merchandise and makes sure that the customers can easily inspect and select the items they want to buy.

VISUAL MERCHANDISE AND DISPLAY

At Imtiaz Store, special efforts have been made to convert the buyers into bulk buyers and daily customers by attracting them through special visuals like:

- Deep freezers outside the store.
- Advertisement of Fair and Lovely on the main Imtiaz Store board.
- The Benson and Hedges kiosk serving as part of Imtiaz Store.
- Pepsi fridge at the corner of the store.



K&N Deep Freezer

The visual merchandise serves to create the right image of Imtiaz Store in the minds of customer by providing the right

ambience. The display presentations, lighting and forms and fixtures at Imtiaz Store compliment the merchandise available. At Imtiaz Store, the visual merchandising communicates latest arrivals at the store. They also use pamphlets as a part of their visual merchandising.

Shop Displays

Displaying merchandise in the Imtiaz Store allows customers to make quick decisions on purchases. Shop displays are done both in the exterior and interior.

a) Live Displays

Live displays are used by their suppliers (P&G, Unilever) for product displays at the entrance.

b) Counter Displays

Merchandise like suparis, bubble gums, cigarette lighters, cells are displayed on the counters. This helps highlighting the merchandise from within the counter.

c) End Cap Displays

These include terminal gondolas which includes chips and chocolates at one end and socks at the other end.

STORE ATMOSPHERICS

The store atmospherics at Imtiaz Store has been properly maintained to create the unique image of the store.

a) Exterior

Imtiaz Store's exterior has been made according to the overall image of the store.

b) Signage

The storefront has been designed in a way that compliments the color combination that has been used throughout the store. A big light blue sign with Imtiaz Store written in bold letters is the first thing you see when you enter the lane.

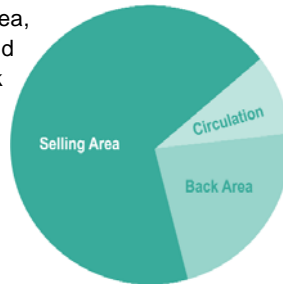
c) Interior

The store layout at Imtiaz Store contributes to the overall store image through promotions, advertisements etc. The interior has been maintained in a way that proper sections

have been maintained for different kinds of merchandise. This makes it easier for the customer to find the products they are looking for.

SPACE MIX

The selling area at Imtiaz Store accounts for 70% of the total area, whereas, the remaining 20% and 10% has been kept for the back area and circulation area respectively. The back area includes the godown and the warehouse present within boundaries of the store. The 30% non-selling area also includes the aisles and the staircase that leads to the warehouse.



The selling space is further divided in terms of size and location of different groups of merchandise such as staples, convenience and impulse items. The staple goods constitute about 50% of the store and are placed at the deeper end of the store.

Retail Space Management

The best part of Imtiaz Store is its effective space management. In Imtiaz Store, the customer enters the store and often keeps walking inside following the walkway wherever it leads. Basic commodities like wheat, rice and other staples are kept in the deeper end of the store, which forces the customer to walk through the entire store. This technique works the best because it often pinpoints certain products in the customer minds that they wanted to buy but were not listed in the shopping list.

Haji Imtiaz Khan is very critical about the space management in his store as he believes that, "80 out of 100 customers follow the silent guide that we provide them; if we don't provide the right way to walk, our sales can go down drastically". To move the flow of customers smoothly, the floor is marbled and clean.



Customers browsing through the store

Impulse goods are kept at the cash counter. Ice creams and some local chocolates are kept near the cash counter as it not only attracts the kids waiting at the cash counter but also catches the attention of the passers by.

Layout / Circulation Plan

Once customers are inside the store, the displays and the placement of products catches their eyes and enables them to get exposed to the entire store offering. The focal points and departments especially cosmetics, household and chocolates are highlighted with lighting and displays strategically placed along the aisles which pulls the customer from section to section.

The width of each aisle is planned according to the product type and density and the traffic pattern in that particular area. The main aisle is 5 ft wide, which then goes into 8 more aisles each for a different product category. There are two entrances; one for the main store and the other especially for kids and women, which goes directly towards sweets section and household, allowing the customers to go directly to their destination without moving through the entire store traffic.

The circulation pattern followed by Imtiaz Store is "Grid Circulation". Here the aisles and fixtures are at right angles to each other.

Floor Space Management

To make sure that the customers frequently visit Imtiaz Store and become permanent buyers, the storeowner and the employees have worked really hard on floor space management.

Gross Margin on Footage

Each month, they check the per square foot merchandise selling and the customer traffic in accordance with fixture type per square foot. The hot spots constitute the rice and staples area. Cold spots include the household items area but they are working effectively to convert it into a warm spot by adding more variety of merchandise and imported goods.

MERCHANDISING

In case of Imtiaz Store, their merchandise hierarchy is widespread. They carry a wide assortment of products belonging to numerous categories.

a) Hierarchy

Serving more than 70,000 customers per day, Imtiaz Store caters an assortment of more than 35,000 product variations and options. Their largest category is of beauty products that is sub divided into soaps, lotions, creams, face masks, scrubs, fragrances (body sprays and perfumes for both men and women), hair care products (shampoos, balms, gels, oils, dyes and conditioners) and dental care (creams, toothpastes, toothpowders, and mouth fresheners). The other division, confectionary, includes chocolates, biscuits, chewing gums, toffees and chips. Food groceries include pasta (rice, noodles, spaghetti etc), sauces, cooking oils and ghees, food grains, spices, and dairy products (cheese, butter, milk, yoghurts, and ice creams). Under the division of beverages, Imtiaz carries an assortment of tea, coffee, energy drinks, soft drinks, juices (bottled or tetra packs) and milk shakes.

Other divisions include pharmaceuticals, sanitary, sundry (cigarettes, battery cells, small electrical items, men's shirts and socks, animal food, and plastic items like combs, brushes etc.) and utensils and crockery (also includes decorative items).

b) Buying Function

Imtiaz store has an open to buy (OTB) plan, which enables them to achieve strategies and benchmark standards of customer deliveries. It also does forward planning by forecasting sales and end of month (EOM) inventories for specific periods. They pre-plan stock a week in advance and store a week's worth of stock. Usually whatever they store for one week finishes up in the estimated time. OTB helps Imtiaz Store fix the ideal amount of stock that should be available at the beginning of any month and quantify new merchandise to be received during the month. The purchase of different products is the responsibility of the buying function. The buying function of Imtiaz store is segmented into packaged goods and perishable goods. The function is structured to meet the needs of the store in managing a wide range of products:

- Fresh Produce
- Frozen Items
- Non Foods (Personal Products/Household Goods/General Merchandise/Apparel)
- Foods (Packaged Grocery)
- Medicines

c) Markup / Mark down

There are no special markups at Imtiaz Store because they follow a low price strategy but there are often mark downs on merchandise like biscuits and sweets. Their markdowns are seasonal, like during December, when it's the wedding and Eid season.

d) Shrinkage

At Imtiaz Store, they face shrinkage but they control this by keeping a constant manual check on all the employees as well as the customers. Their employees are given special uniforms, which they change while they arrive at work and keep their wallets and other things at the counter. Their uniform has no pockets so it lessens the chances of employee shrinkage as the employee leaves the store after changing his clothes and going through a proper check by the mid-level management of the store.

As far as customer theft is concerned, it is controlled by a constant check by all the employees at the lower level as well at the middle level-management.

SUPPLY CHAIN MANAGEMENT

Imtiaz Store has a very good supply chain management system. It is linked with large number of suppliers not only in Pakistan but also covers few foreign countries. Its suppliers within Pakistan are:

- Unilever
- Procter & Gamble
- National Foods
- Ashrafi Flourmills
- Colgate Palmolive
- Jodiya Bazaar Merchants

Warehousing

Imtiaz store has a warehouse within their store, which makes it easy for them to deliver goods whenever their customers want. Normally customers demand goods in bulk. As compared to other department stores like Agha's, Imtiaz Store has a large warehouse.

Their employees perform all the calculations and prepare all the receipts manually and then they use a computer system for calculations and storing records.

a) GRN (Goods Return Notes)

Imtiaz Store signs the GRN as it receives goods at their warehouse.

b) ITN (Inter Transfer Notes)

Once the goods are ready to move from warehouse to retailers, warehouse ITN is signed. If, there are any defective or expired items, the ITN is reversed.

c) Transportation

Due to increased use of distribution centers by Imtiaz Store, the management of outbound transportation from distribution center to store becomes complex. That's why Imtiaz Store does weekly planning to overcome the complexity of transport system. In addition to weekly

planning, they have a sophisticated routing and scheduling computer system. This system considers customer service levels, road conditions and transportation operating constraints to develop the most efficient routes possible. As Imtiaz also imports goods, they receive direct shipments from Dubai. They have contracts with reliable transportation companies. The goods are also transported in Imtiaz Store through trucks, depending upon the amount of goods.



A truck of supplies outside the store

Receiving and Checking

Imtiaz Store makes payments when they receive goods and in case they do not give payment at the time of receiving goods then they set a future date of payment. Imtiaz Store has assigned certain people to check the orders manually.



Manual pricing by employees

Their employees perform all the calculations and prepare the receipts manually and then use a computer system for calculations and storing records.

Vendor Management

Imtiaz Store has sophisticated vendor management. They stock a week's worth of stock at the outlet.

RETAIL MARKETING STRATEGIES

a) Branding

Imtiaz Store brand - Rice and Spices:

Imtiaz Store has been popular for providing excellent quality rice under their brand named 'Ponam' rice. Besides rice, Imtiaz store has also provided spices with its brand name. It has own factories located in Karachi, in Korangi and the Super Highway, and also exports to other countries.

b) Store Positioning

The numerous factors that contribute to Imtiaz Store's image include the following:

Characteristics of Target Market

The target market of Imtiaz includes people from lower to upper classes. The store has the most traffic on weekends, as it's filled with families who come to the store especially for their weekly grocery and other items.

The customers have the freedom to move around easily, and to freely access the merchandise, due to the large amount of non-selling area that the store has.

Retail positioning and reputation of the firm

Imtiaz store has positioned itself in the target market by its excellent wide assortment of merchandise. According to the owner, Imtiaz Store covers most of the customers in Tariq Road and Bahadurabad.

The store is also known for its unique attribute of having a warehouse located within the store.

Customer Service

Imtiaz Store provides customers the facility to place orders in advance, making sure that the product reaches the customers safely and quickly. According to their owner, they also deliver goods late at night to their loyal customers.

Store Location

One of the main reasons for the success of Imtiaz Store is their location. Imtiaz Store is located adjacent to other retail outlets like poultry shop, spices shop, thus giving the

passing-by pedestrian an opportunity to buy other items.

c) Retail Marketing Mix

Product

Imtiaz Store provides customers with all the major attributes that a good product must have. Their quality standards are well recognized. Most of their products are brought from recognized companies like Unilever, P&G and others.

Their display is very attractive. Impulse items have been placed at the main counter. Imtiaz Store provides customers with a huge variety of all kind of products and items to choose from. Not only that, they also provide rice and spices of their own brand, which gives them a unique position in the market.

Place

Imtiaz Store's location targets customers from all areas of the city.

Price

Imtiaz Store has a low pricing strategy. Their products are priced on low markups. They have different prices for imported products and sell local products at reasonable rates, so that their customers can choose from a wide range. They offer promotional pricing on certain occasions, such as Eid, New Year etc.

Promotion

Imtiaz Store does not do much promotion, according to the owner they already have enough sales without any advertising and promotion. They carry out promotional activities on certain occasions like New Year, Eid, when they give free cards and gifts etc. to their customers every time when they make a purchase.

People

Their employees are well trained and well mannered and serve the customers in an efficient way. The employer treats the employees well. They are provided with free accommodation by the management.

Their customers belong to all social classes. This is because their prices are affordable by all, and the sitting area they provide within the bakery also attracts the customer to Imtiaz Store.

Presentation

Imtiaz Store has very good fixtures; it provides a comfort to the customers by providing them with various varieties of single product under one roof. Besides this, overall the store is clean. The store is well lighted in order to make their display more prominent and visible.

d) Direct Marketing

Imtiaz Store only concentrates on direct marketing through direct mail. It provides a key-differentiating factor to their customers by providing them a detailed form, which mentions all their products and their prices.

The customers can easily get the form from their counter and later fill it. The items marked in the form are delivered to their homes with their bills to be paid in cash. This way, the customer feels a sense of ownership and belonging for the store.

ADVERTISING

Imtiaz Store does not carry out advertising through the media as the management believes that the store makes enough sales without it. However, Imtiaz Store does carry out personal selling through attractive display of products to different houses that tell about the products that the store has to offer. They carry out sales promotion for certain products every time they launch a new product.

As far as publicity is concerned, Imtiaz Store often gets visitors who are students and come to get information and make reports about the store. Apart from this, the owner of store has also given some interviews to local magazines.

RESEARCH

Research is carried out at Imtiaz Store for the sake of expanding their business and to test the position of current business running. It tells whether the business is running smoothly or not.

Quantitative Survey

A proper quantitative survey is carried out to check the number of products taken and the feasibility of the shelf management and floor management. It also helps in assessing the viability of the store by determining the concept's appeal and measures how well that translates into potential. They test the demographics of the store which includes all age sectors; mostly housewives along with their husbands and children.

Qualitative Research

A qualitative research at Imtiaz Store helps them identify the most promising positions in the target area. It observes and studies the customer's shopping style and preferred ambience.

It strengthens their strategies later in order to attract the peripheral target.

Observational Method

They use the observational method at Imtiaz Store to observe the customer's buying patterns and style. No questionnaires are passed to them. Following queries are solved through their observation, which later help them in developing their retailing strategies.

▪ Traffic flow

Approximately 1,200 customers pass a fixture per day and 72% of them stop to select a brand or a product.

▪ Price


Most of the time, customers do not look into price tags because when they come to Imtiaz Store, they know the prices are low. They are concerned about the quality.

▪ Ease of Purchase

Customers usually find it hard to shop due to high customer traffic.

▪ Own-Label

Store brand products attract special attention.



▪ **Daily / Hourly**

Peak days are weekends and peak timings are mostly 6:00 to 8:00 in the evening and at 10:00 in night.

CUSTOMER SERVICE

Many of the customers interviewed at Imtiaz Store praised the fact that Imtiaz Store provides free home delivery even at late hours of the night and if any product is not available at the store, they purchase it from elsewhere and deliver it to their houses.

CONCLUSION AND FUTURE OUTLOOK

Imtiaz Store is no doubt a leading retail outlet in the food industry. It is one of the best supermarkets in Karachi. They have everything well planned and always scheduled before hand. They today stand on this position because of their quality and hard work.

In near future, we see Imtiaz changing themselves into a complete hypermarket with every basic to advance facility provided to their customers. They have already started working towards it by adding a bit of apparel in their superstore. Their near future is clear and in accordance with their goals.

NAHEED SUPERMARKET

INTRODUCTION & HISTORY

Naheed Supermarket was formed in the 1970's as a small grocer's outlet in Bahadurabad by a man named Iftikharuddin. Slowly and gradually the store gained goodwill and it became popular amongst the residents in the Bahadurabad area.

Soon after, the shop became congested and it was inconvenient for the customers to shop freely due to limited shopping space. The management was of the view that they were in danger of losing customers due to the congestion in the stores in peak shopping periods.

Iftikharuddin and his son decided to open a new and larger outlet at Siraj ud Daula Road which would make shopping convenient and satisfactory. They decided to open the outlet near Bahadurabad because the owners did not want to lose their existing customer base. The store was converted into a super market as they opened an outlet with 3 floors, reasonable parking space and shopping area. The ground floor displays groceries and cereals. The second floor displays electronic items and cosmetics whereas the third floor displays baby products and different branded products. The supermarket operates for 12 hours daily from 1100 hrs to 2300 hrs.

OBJECTIVES

Naheed's Philosophy: Ensuring the maintenance of customer trust in us

Naheed's Commitment: Total customer satisfaction

Naheed's Culture: Professionalism

TYPE OF BUSINESS

Naheed Supermarket is registered as a partnership, established in October 2003.

STORE FORMAT

Location

Naheed Supermarket is located in the central part of the city, on Siraj ud Daula Road near Bahadurabad. This enables people from almost all parts of the city to access the super market for a pleasurable shopping experience. An analysis reveals that apart from the residents of Bahadurabad, people

from Gulshan-e-Iqbal, PECHS and Defence also do their monthly shopping from Naheed Supermarket.



The exterior of the shop on Siraj ud Daula Road

Type of Location

It is a high street location. It is an expensive area as far as the real estate prices are concerned. The parking space is also reasonable, although there is no parking lot but there is enough space on the roadside and the nearby streets for the people to park their vehicles. It is also a destination store format because there are no other shops in the immediate vicinity, and most visitors are planned shoppers.

STORE DESIGN & RETAIL MIX

The mixes of the following elements meet the emotional and physical needs of the customers. The store was designed by Mr. Karim from "Can Can" Architecture.

a) Employee Type and Density

There are 80 employees employed at Naheed Supermarket. They are all respectably dressed. There are two employees who



Employees working on the counter at Naheed Supermarket

view the monitors, which are connected to security cameras to identify shoplifting. There are two people who deal in purchasing raw material from the suppliers, signing the goods received note and checking if the supplies are in the right quantity and the right quality. There is one employee who is an I.T professional and who is working on the development of the official website of the supermarket and introducing other software which would help prevent shoplifting. There are six cashiers who manage the ongoing transactions.

b) Merchandise Type and Density

The merchandise type and density at Naheed Supermarket is that of a typical supermarket. Naheed Supermarket has about 7,200 products per 100 square feet.

c) Fixture Type and Density

Fixtures are an important part of Naheed Supermarket. The lighting is done aptly according to the goods on display. Groceries are the staple goods and in order to give maximum exposure to these staple goods, the walls are painted white and tube lights are placed so that the selling area becomes brighter. Hence, maximum exposure is given to groceries while on their respective shelves. The shelves constitute an important part of the fixtures as well. The goods have to be displayed on the shelves in the correct position and place. The shelves contribute in increasing the product appeal at Naheed Supermarket; as a result maximum footfalls occur and potential customers are converted into actual customers.

d) Sound Type and Density

Naheed Supermarket had no sound effects. Previously the management preferred playing soft music but as a lot of religious people also shop at the super market and it was decided that playing music should be discontinued. Recently, the management has started to play music in order to make a lighter shopping environment for the customers.

e) Odor Type and Density

There are different odors at different floors of Naheed Supermarket. At the ground floor, which has groceries, there was an odor of fruit. The first floor has bath products, cosmetics,

perfumes and selected electronic items. The odor was of a strong air freshener. The second floor displays baby products like pampers & ladies undergarments. Although there was no such odor in that particular area but the temperature maintained was extremely cool.

f) Visual Type and Display

As far as visual display is concerned, the management has made sure that there is enough lighting at different levels in order to portray their products positively in the eyes of the customers. The management has also selected the color combination very carefully. At the ground floor, the prominent color is white. Apart from the color combination there are mirrors over the shelves. The first floor has cosmetics and electronic items because of which the color combination is a bit dull. The walls are painted brown. The second floor has baby products and a color combination of red, green and blue is most prominently used. This is because bright colors lead to impulse buying.

VISUAL MERCHANDISING AND DISPLAY

Every product is exclusively displayed in order to attract customers, especially the imported and electronic items that are displayed in transparent shelves. There are different brand corners as well inside the shop, which display particular brands exclusively, for e.g. Nike. The items, which are high in demand, are placed at the eye level on the shelves. An analysis shows that goods displayed at eye level on the shelves are more probable to be bought by the customers.



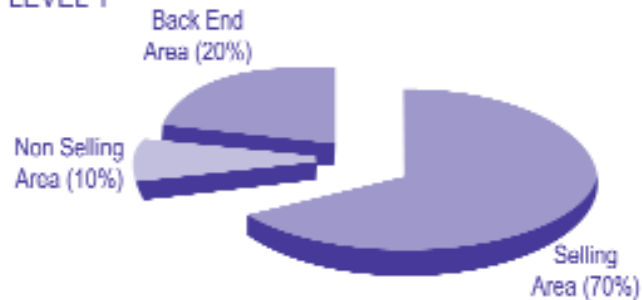
A separate brand corner for Nike

Those goods, which are not too likely to be bought, are either displayed above eye level or below eye level. The baby products were shifted to the second floor in order to attract customers to that floor. Since the baby products were shifted upstairs there has been an increase in the customers on the second floor. This was a very well thought of strategy which has been successful.

SPACE MIX

Naheed Supermarket has 11,000 square feet area out of which 70% is used as selling area, 20% is used as non-selling area while 10% is back-end used for storing products. However, this segregation is different when we analyze the different levels. The first level has 85% selling area and 15% non-selling area. The second and third levels have a distribution of 80% as selling area and 20% as non-selling area. The back end area which is about 10% overall is located outside the super market.

LEVEL 1



LEVEL 2



LEVEL 3



Retail Space Management

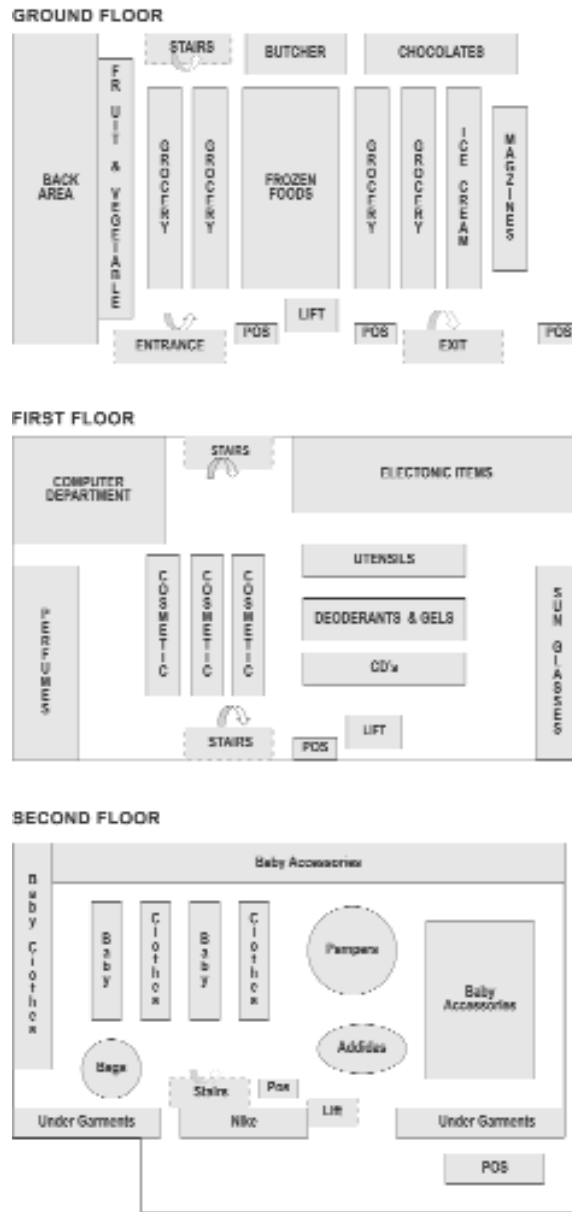
Naheed Supermarket has a very attractive outlook which tempts the customer into visiting the super market. It has a grid type structure. The placement of the goods and the store format is such that it tempts the customer into walking around



A customer browsing through the products

the store and having a look at all the items. The strategy to place imported goods and meat products at the back subconsciously leads the customers right till the end of the aisle and hence they are exposed to all other goods which are displayed on the shelves. The only drawback is that, when footfalls are at their peak, the walking space gets be a little congested. Apart from this, the space management of Naheed Supermarket is well planned and well designed. The grid type structure enables an efficient customer flow. The displays on the shelves are organized and it helps the customers reach for products easily. The customers feel relaxed and comfortable while shopping, as they do not have to face any bottlenecks. The ambience of the supermarket on different floors according to the floor requirements spells a visual feast for them, which really give rise to "come-back" feeling inside them.

Layout / Circulation Plan



Hot Spot / Cold Spot Analysis

The second floor was previously a cold spot area. In order to invite customers upstairs, the management transferred the baby products to the second floor. The impact of this step was that business transactions in that area increased and now we can easily refer to the second floor as a warm spot area rather than a cold spot area. The products are encoded with a bar code through which the reduction in stock is identified and then the stock is replenished after identification of the number of units needed.



The butcher's counter: a hot spot

MERCHANDISING

a) Hierarchy

The hierarchy at Naheed Supermarket is divided under the following main heads:

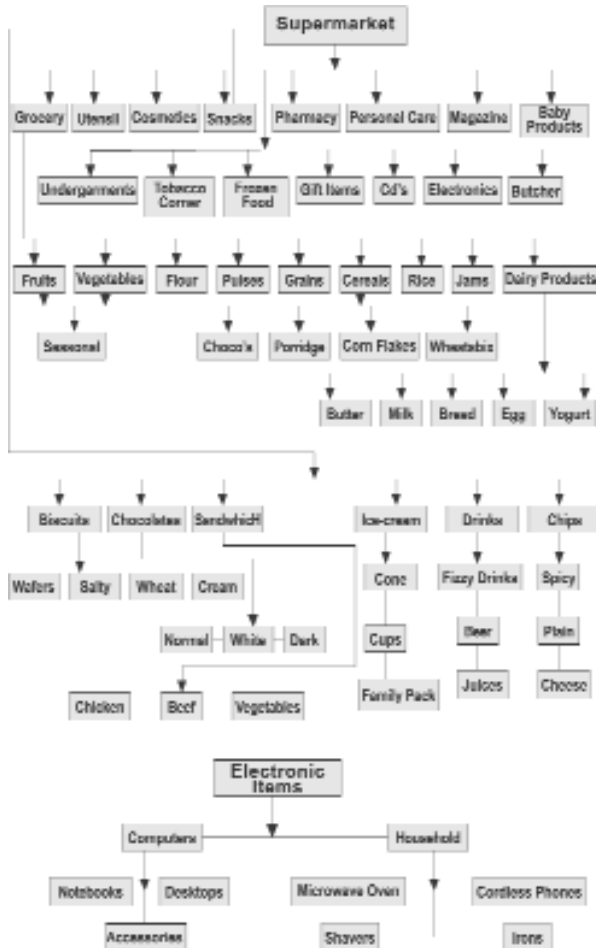
- Supermarket Items
- Baby Products
- Electronic Items
- Meat, Poultry, Sea food

b) Buying Function

The management of the stock is done through bar coding. The stock, which is sold or needs to be replaced, is identified through the bar codes. The required stock is then ordered and is replenished.

c) Markup and Markdown

Naheed Supermarket has more than 26,000 products and there are different markup and markdown ratios. Most local grocery items are priced by manufacturers, hence, they cannot be marked up by Naheed. Other local products are marked up about 15%-20%. However, the imported goods earn a mark up of 20%-25%. This is because those goods are imported and they cannot be exchanged or returned to the suppliers. Naheed Supermarket has to keep a higher margin for these goods in order to make up for the huge risk,



Merchandise Hierarchy

which is always associated with them. As far as markdowns are concerned it is not done until it is totally necessary. First of all if there are unsold goods, and off-season is prevalent, then there is further price reduction on those goods to sell them off. Secondly, goods, which are nearing expiry, are also marked down. Thirdly, if the management feels that they have excess stock piled up in their warehouse, they decide to mark down prices on that excess stock and try to sell it. However, Naheed Supermarket clearly states the reason for lowering prices.

d) Shrinkage

Shrinkage percentage of about 7%-10% is applied on the products. The management acknowledges that the shrinkage is largely due to shoplifting and employees stealing those goods in the warehouse. Certain ratio of stock damage also contributes in the final ratio of shrinkage. With an introduction of effective stock management program, this shrinkage percentage can be reduced to as low as 5%.

SUPPLY CHAIN MANAGEMENT

The stock inventory level in the store is basically done by estimation. The opening stock is studied and then the total amount of supplies required for operation. After analyzing these figures, a figure is deduced revealing the actual amount of supplies needed by Naheed Supermarket in that particular time period. The inventory is checked on a daily basis. Since Naheed is purely a supermarket, they have to keep a lot of merchandise in the shelves in order for the customers to purchase those items. This doesn't mean that the role of the supplier is not vital; they rely heavily on the efficiency and speed of the suppliers, so that when re-ordered, the stock reaches the warehouse in time and no shortages are faced by the management. The forward planning is done considering the stock required and the stock already in their warehouse, which is done almost monthly. However, the goods are ordered at least 1 week before in order to avoid any shortages. Imported goods are purchased by placing a pre-purchase order first which is a tentative order for the importers. After the forward planning is done and it is decided how much stock is needed to buy the purchase order is placed which confirms the original order. The suppliers then supply the goods to Naheed Supermarket after the terms and conditions of the order have been discussed. But this generally is not a problem because the goodwill of the organization is such that discussing the terms and conditions is just a formality, as a lot of trust prevails between the supplier and Naheed Supermarket itself.

These suppliers also offer discounts on bulk buying. Suppliers deliver the goods usually within a week. Upon delivery, the goods received note is signed. The goods are then checked for any damages. They are then stocked in the warehouse

with the barcodes and the retail price tags. An inter-transfer note is prepared on goods accepted and which have no faults, which means that these goods are ready to be shifted to the supermarket where it would be displayed for sale. If any of the supplies contain faults then the warehouse employees inform the upper management about the defects and the top management itself rejects the good, which is then returned to the supplier in return of cash or the good is then replaced by another faultless item. The same procedure is then applied on the replaced goods which upon being judged faultless are transferred to the supermarket with an inter-transfer note for selling purposes.

RETAIL MARKETING STRATEGIES

a) Branding

Most of the goods sold in the Naheed Supermarket are official brands like Nike and Maybelline. However, there are few goods that are branded by the organization itself. Naheed Supermarket has maintained positive customer goodwill in the past few years. Naheed uses this goodwill to sell products like



Naheed offers a wide product range which adds value to its brand

wheat, rice and pulses under its own brand name. As Naheed has a positive image in the customers' minds, the customers upon seeing these items under Naheed's brand name think positively in terms of the product. The general thought of the customers is that since Naheed is a reputable store with customer satisfaction and trust being one of its top objectives it is not going to display products



Dunkin' Donuts counter outside Naheed Supermarket

under its name which would be of deteriorated quality. In fact, people are of a point of view that since Naheed has given its name to a particular product as its brand name it must be of a tremendous quality. This way Naheed performs this store branding in order to maximize their profits and their goodwill maintained in the customer's minds play an important role in helping them achieve maximum profits.

b) Positioning

Most supermarkets position themselves on the basis of the products they display, their superior quality and the comparatively low prices. However, Naheed positions itself on customers' satisfaction. The management emphasizes that Naheed Supermarket is the only organization which guarantees total customer satisfaction and a top class shopping environment for its customers so that shopping is a pleasure for them. Secondly, Naheed Supermarket also positions itself on the fact that it is one place where the customer will not be cheated. The customer knows very well that they will get full value from the goods for which they have to pay a price. Naheed Supermarket maintains this goodwill by not only stating its loyalty for its customers but also displaying it practically. Reason for displaying a product on sale is also stated along with the new discounted price e.g. in order to see dry fruits in off-season, the super market displays the dry fruit on sale and states a reason that the sale is due to the non-season due to which the quality of the dry fruits would just be below par.

c) Retail Marketing Mix

Naheed Supermarket places great emphasis on its marketing mix.

Price

Those goods which are local like milk and soft drinks have a standard maximum retail price recommended by the distributor. However, as far as the imported goods are concerned, those goods have a price which is little bit on the higher side. This is because those goods are imported which means they are non refundable, which means their risk is higher. Due to the risk factor they keep a higher

price in order to have a margin greater than other domestic goods.

Promotion

Promotion is also given great importance; infact, it is promotion which creates awareness amongst customers about their products. Naheed Supermarket promotes itself in collaboration with other multinational companies like Nike and Samsung. There is a preference for independent promotion but due to the lack of monetary resources, the organization has to be content with promoting itself in collaboration with other multinationals.

Place

Three basic principles of retail management are location, location and location. This itself explains the importance of place which the management of Naheed Supermarket knows very well. Naheed Supermarket is located in the heart of the city on Siraj ud Daula Road near Bahadurabad. This enables people from almost all parts of the city to access the supermarket for a pleasurable shopping experience.

An analysis reveals that apart from the residents of Bahadurabad people from Gulshan, PECHS and Defence do their monthly shopping from Naheed Supermarket. The location is convenient because it has ample parking space as well which is what the customers' desire the most after a healthy environment inside the shopping area.

Product

Product is the most important element of marketing mix. If customers are satisfied with the product quality then only they become loyal towards the supermarket. Naheed Supermarket offers more than 26,000 products with utmost importance given to the product quality. Expiry dates are checked upon delivery from the vendor and products that need to be stored in cool and dry places are catered for in the warehouse as well as the supermarket itself. Staple goods contain groceries, wheat, rice and pulses. Convenience goods include toothpastes, soaps, shampoos and polish. Impulse goods include ice-cream, donuts and candies.

People

There are two types of people who are connected with Naheed Supermarket. Firstly, the customers who are given tremendous importance by everyone. They are spoken to very politely and all their needs are catered to very efficiently. Secondly, there are employees.

In order to satisfy the customers the employees should be well trained. They should be polite and should seem interested in dealing with the customer and satisfying his needs, failing to satisfy the customer may lead to losing his loyalty. The employee behavior is apt to satisfy the customers as they deal with customers with extreme politeness and their needs are identified timely with things like add-ons also offered.

Presentation

Presentation attracts the browsers into buying goods. This is what is timely identified by the management of Naheed Supermarket. There is tremendous emphasis laid on good presentation of the goods. All the products are well managed on their shelves with proper ambience.

d) Direct Marketing

Direct marketing is thought to be of utmost importance, but due to scarce monetary resources Naheed Supermarket does not carry out direct marketing. In future, though, the management aims to carry out direct marketing in the form of personal selling and tele-marketing.

ADVERTISING

There is no such advertising to speak off as far as Naheed Supermarket is concerned but whichever goods the management thinks needs to be advertised, their visual display is done at such a part of the supermarket from which the goods are easily visible in order to attract and tempt customers into buying the product.

RESEARCH

The management of Naheed Supermarket firmly believes that they are making enough profits in their present set up which they only need to expand in the near future. So far they have not felt any need for research and development.

CUSTOMER SERVICE

Customers are considered as kings by the management of Naheed Supermarket. The employees deal with the customers very politely. They are greeted with a smile and their needs are catered to specifically. If some goods need to be returned, then in most cases the goods are returned with money back facility. Sometimes, if some good like tomato ketchup bottle gets broken accidentally the supermarket does not charge any price for the damaged bottle. The only time when a price is charged on some damaged product is when it is imported.

e-TAILING

e-Tailing once again is considered as one of the most important tools in retailing in the new millennium. However, Naheed Supermarket does not involve itself in e-tailing. Initially, a website was developed by the management in order to carry out e-tailing which consisted of a few of its products. The website had such a positive response from the general public that the management decided to close that website and re-launch it with information regarding all products available for sale inside the store. The management is also working on the idea of having online transactions. This would mean it would be extremely convenient for the people who would not even have to visit the shopping mall and all the shopping would be done from home.

CONCLUSION & FUTURE OUTLOOK

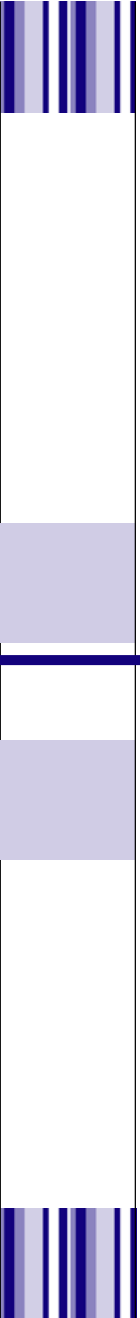
Naheed Supermarket is one of the most successful supermarkets in Karachi. The onus in the organization is not only on profit maximization but customer satisfaction is also considered to be an integral part. The owner of Naheed Supermarket claims that the goodwill created amongst customers for his store is mainly due to the customer trust which they have gained since the time of its establishment. All the customers which enter the supermarket are confident that they will not be cheated, instead, they will be given service which will be of good value for not only the organization but the customers too. The product range is pretty healthy. Although the pricing is a bit high, but since the product quality is superior it does not really matter for the customers who want good quality products in a healthy environment. All in all, Naheed Supermarket is a shopping place with a healthy

shopping environment for the customers with good quality products and competitive prices. The supermarket has earned a fair amount of customer goodwill which is now resulting in handsome profits. However, there are a few aspects which need to be corrected which will result in far better profits.

First of all, there is no human resource department. Existence of a human resource department would mean that there would be proper planning in all aspects of the functions of the supermarket. Secondly, recruitment of employees would be through a proper channel which would mean only those candidates would be selected who have right qualifications for the job. Presently, only those people are hired which are recommended by their previous organizations or by some person with a sound reputation in the market. However, this may not induct the perfect employee for the job as even those people can get good recommendations from reputed people who are not 100% capable of the job. With a good human resource department the organization could judge through its own criterion about the capabilities of the applicants and then hire the most suitable employees.

Secondly, stock management techniques are not good at present. The owner suggests that due to the presence of more than 26,000 products, the stock also comes in a huge number and that is precisely the reason why they do not indulge themselves in managing the stock. Incompetent stock management results in about 8% shrinkage. Effective stock management can reduce this shrinkage figure to much less than the current figure which would mean that the amount of shrinkage reduction will automatically be an accumulation in the profits.

As far as future outlook of Naheed Supermarket is concerned, expansion should be the prime objective. Right now, it is located in Bahadurabad which means that people from near by are the target customers. However, people from areas like Defence and Clifton are not potential customers just because of the location. If Naheed opens a branch at Zamzama or Boat Basin, then even the areas of Clifton and Defence would become the target market which would again be a profit contributing addition. Secondly, Naheed Supermarket should aim to penetrate on the national level and branches all over



the country could be established. Similarly, if Naheed Supermarket thinks in terms of going international it would be a big boost to its profits. But before all these steps could be taken there should be ample resources available, capital being the prime resource. The expansion process should be slow and steady with one step taken at a time. But once the expansion process gets completed, the target should be to become the next Wal-Mart.