

GROUP 14 PROJECT

HEADING FOR THE FUTURE
PROJECT: RETAIL

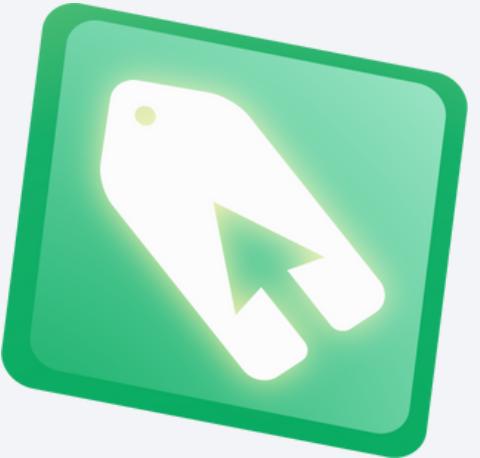


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EXECUTIVE SUMMARY

SITUATION

Company V is a **leading retail supermarket chain** with numerous branches nationwide. Company V aims to **lead the FMCG industries**. The company operates with a focus on **innovation**, offering a broad array of retail products and services, including consumer goods, food, cosmetics and household products, to meet the diverse needs of consumers.

COMPLICATION

As a leading retailer in Vietnam, the Peak Seasons of the year such as Christmas day, Tet Holiday, Black Friday, Double day (11.11, 12.12,...) will also be one of the big challenges for V..Company V is **facing up to the upcoming peak seasons** that will increase pressure on store operations, Marketing strategies to create a competitive edge, Purchasing pressure,...

QUESTION

Q1: : What are the insights/challenges/lessons learned for this year's better planning?

Q2: With the focus on 1 key department, propose the action plan to achieve target of 2024?

Q3: What are the alignments from other departments to ensure the rationality of the plan?

STRATEGY

Achieve expected sales for the FMCG-Food

Improve gross margin for the household line and fresh food

Short-term

Promote multi-channel sales

Long-term

Improve space, improve service quality

SOLUTIONS

Consumer stimulus program

Enhance business image

Short-term

Advertising

Long-term

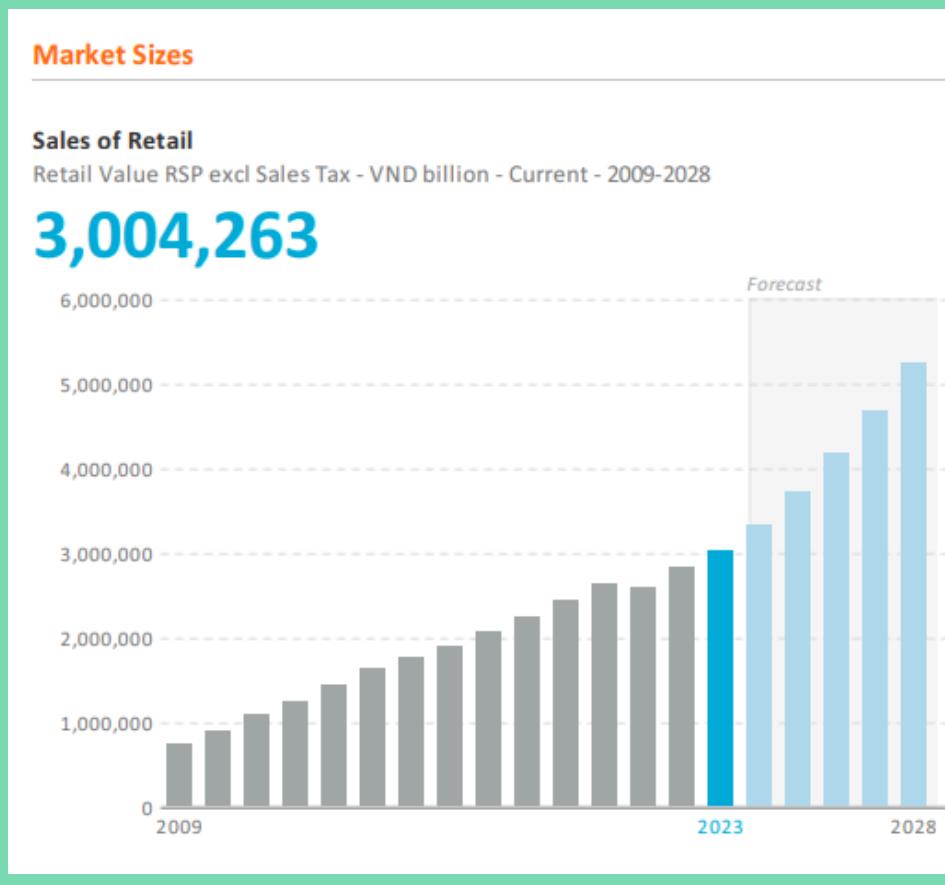
"Meeting delivery needs and convenience in purchasing"

Allocating marketing expenses sensibly across channels

Product differentiation

INDUSTRY ANALYSIS

Market Size



Retail in Vietnam will have strong and positive growth in the coming time...

- Respond to increasing disposable income and growing demand
- Rapid and continuous urbanization will expand access to existing infrastructure

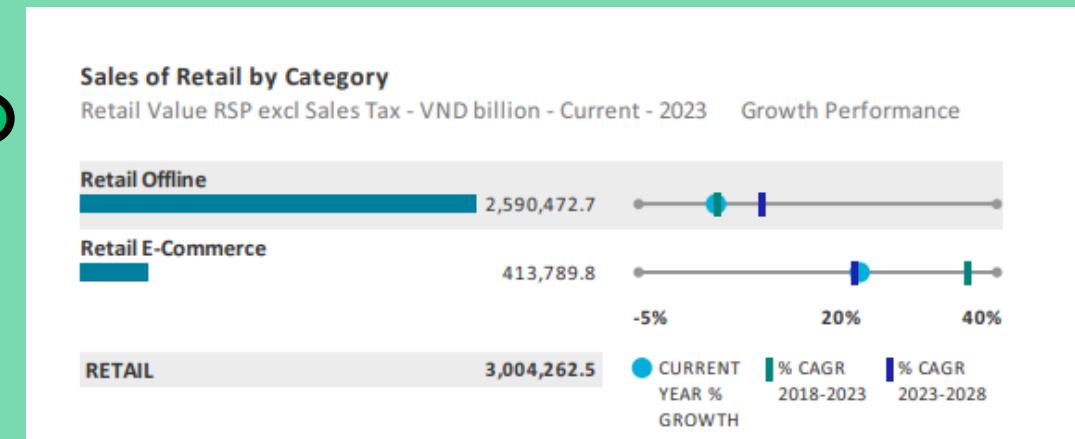
Modern grocery stores, retailers such as supermarkets, hypermarkets and convenience stores will continue to expand in scale.

- 1) The market is focusing more on customer service quality
- 2) Players can easily lose market share if their service attitude is poor because customers have a variety of choices

Offline channel has a large number of stores but the growth rate is lower than online

Retail e-commerce will continue to expand, with more players entering the channel.

- Can be threatening if only physical goods are available
- Need to apply multi-channel.



45.15mUSD

46.7mUSD

Peak season sales target
3.43%

CAGR Retail 12.5%

Company V wants to maintain their market share and optimize their profit margin for this peak season

COMPETITORS ANALYSIS

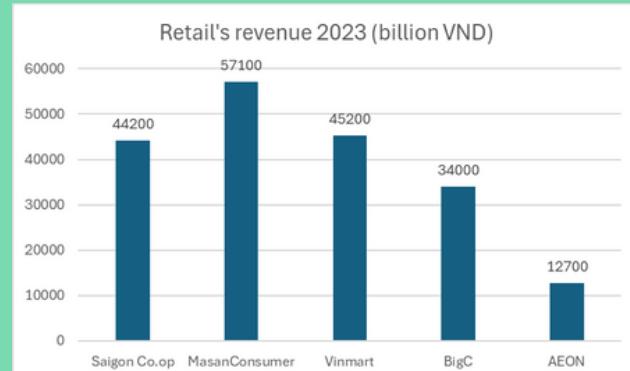
Company V

6.732

billion VND in 2023

10

stores



Name	HCM	HN	Others	Total
AEON Citimart	14	0	1	15
BigC (Tops market)	2	3	6	11
CoopMart	43	6	79	128
Emart	1	0	0	1
Fujimart	0	3	0	3
Lanchi Mart	0	10	14	24
Mega Market	4	4	13	21
Sakuko	0	19	16	35
Satra Mart	1	0	0	1
WinMart	18	42	63	123
Total	83	87	192	362

BigC (GO!) and AEON are two competitors having same position with company V



STRENGTHS

- Launch **attractive promotions**, especially discount programs, points accumulation and gift exchange programs...
- Use customer data to analyze needs and personalize the **shopping experience**.

WEAKNESSES

- High **product prices** due to high shipping and management costs.
- Low **supermarket density**, leading to limited customer access.



STRENGTHS

- Modern **warehouse management system**, optimizing supply chain and minimizing waste
- Invest in a **modern POS, non-cash payment and automation**

WEAKNESSES

- The shopping experience is **not really outstanding**
- Lack of innovation and creativity** in marketing campaigns.
- High operating costs** due to large supermarket

Company V should pursue competitive prices and keep up with new product trends

SWOT ANALYSIS

S

Strengths

- Focus on **6 key categories** for their goal
- Be well known (one of **leaders** in food retailing)
- Offering a **broad array** of retail products and services

W

Weaknesses

- Narrow distribution system (only **10 stores**)
- Inefficient demand capture (pressure in **peak season**)

O

Opportunities

- Economic has impressive recovery (**GDP=8,02%** in 2022)
- Most customers (**89%**) look for **lower** price during peak season
- Foreign enterprises and investment funds **inject money** into Vietnam retails
- **65,4%** retailers tend to promote **Omni-channel** in 2023

T

Threats

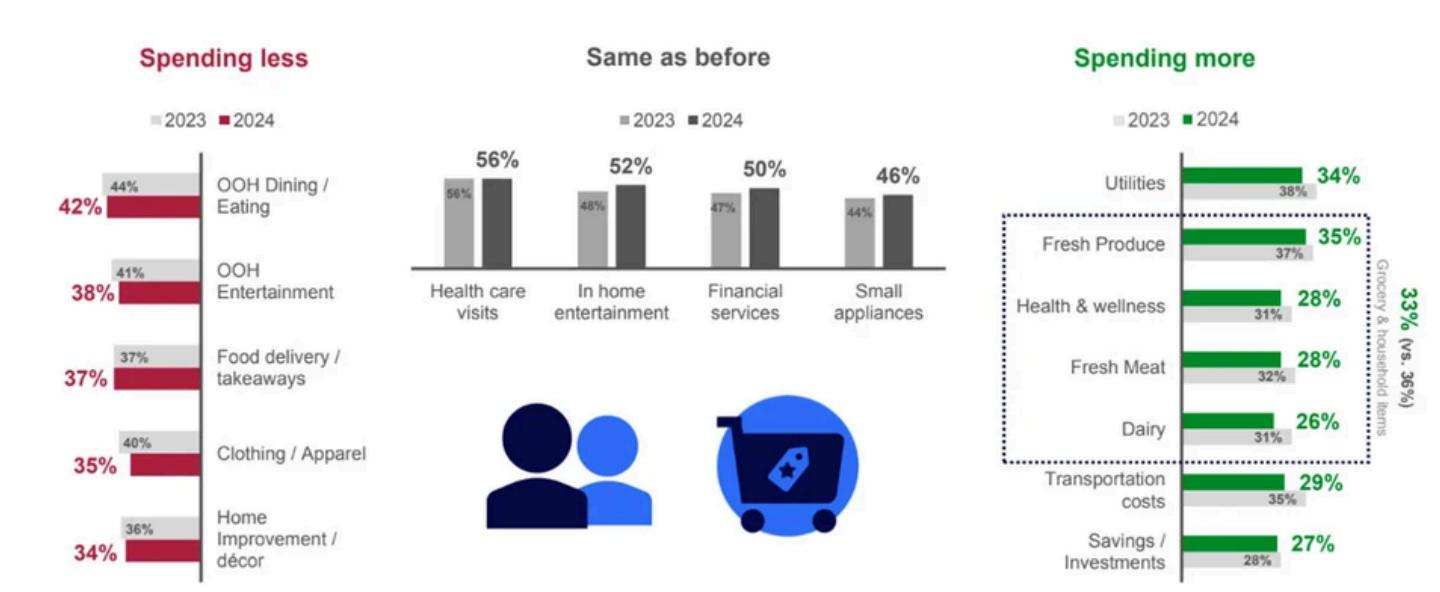
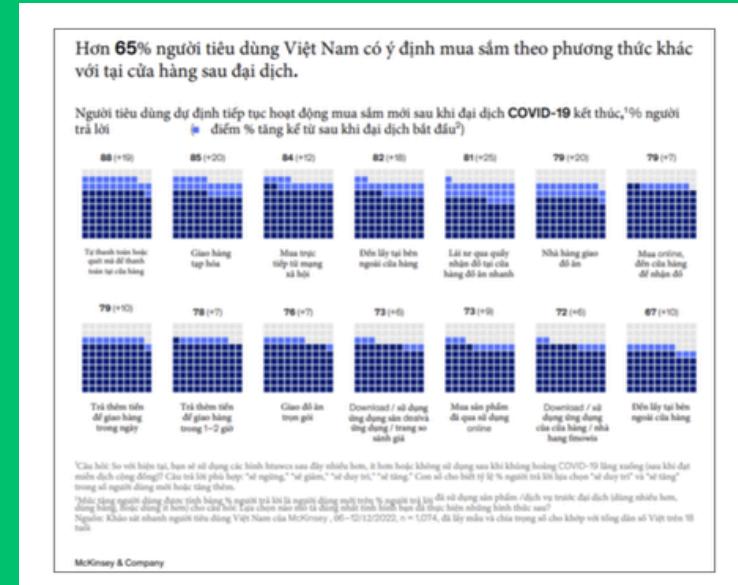
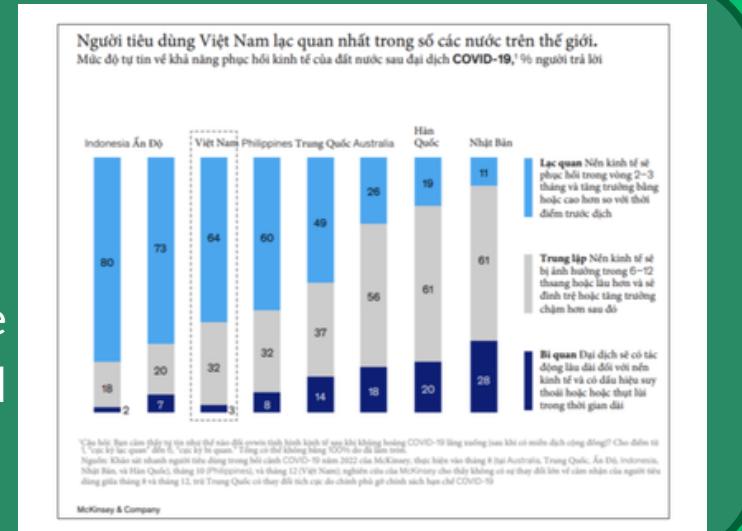
- Online shopping is growing strongly (**over 20%** in 2023)
- Competitors has grown strongly in this field.
- Operation disruption after COVID-19
- Sudden price increased (**higher CPI** in first 7 months of 2023)
-> **100% retailers deal with weak purchasing abilities** in 2023

Company V needs to focus on a few categories for their goal during a period of low expectations in retail

CUSTOMER UNDERSTANDING

67% of total consumer expenditure is on fresh food.

64% consumers are aware of price changes and searching for promotions.



30%
Customers tend to shop more during peak seasons

54%
Consumers use QR code for payment

94%
Consumers have increased their non-cash payments

76%
Customers use biometric authentication for at least one transaction

54%
Social media users research products before shopping offline or online.
Source: KiotViet

62%
consumers are willing to cut down on non-essential spending

54%
consumers will spend less on luxury products

Cut investment costs for other items, focus on investing in profitable items

Source: PwC

consumers pay attention to star ratings when reading reviews

77%

52%

consumers ignore product or service information not having star reviews

Source: Power Review

The busiest shopping times

35%
Saturday evenings

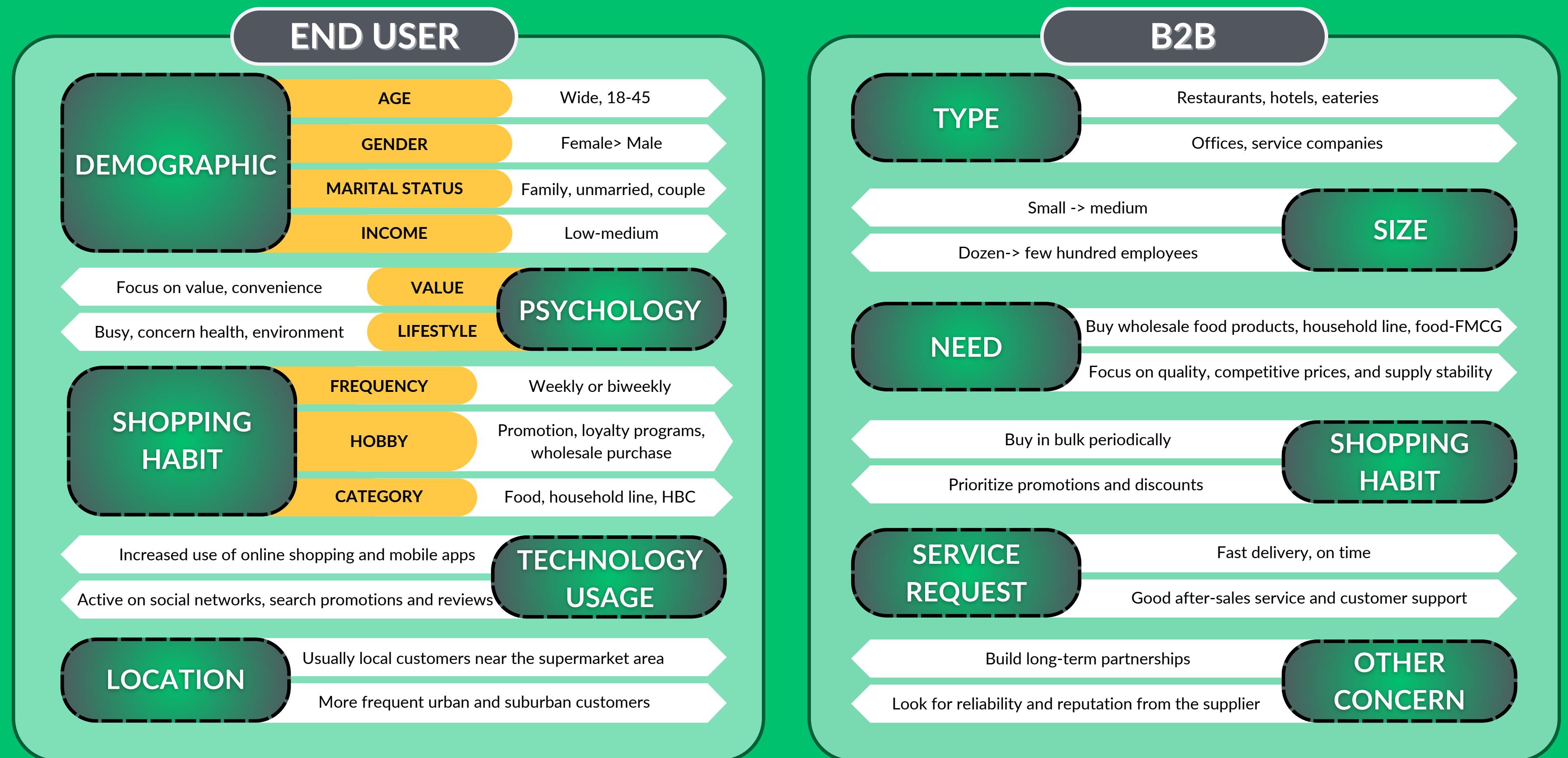
27%
Sundays

Look for promotions before deciding to shop

75% of customers search for promotions before shopping
Source: NieAlsen (2023)

Customers have high demands for service quality and timeliness of supermarkets

CUSTOMER UNDERSTANDING



PROBLEM IDENTIFICATION

Gross margin (peak season 2023)

4%

9%

Average gross margin

TOO LOW

Figure - Company V's peak season target in 2024

Company V	Next year	Last year	Difference	Trend
Sales	46.700.000	45.150.000	+1.550.000	↗
% Gross margin	6.5%	4%	+2.5%	↗
Basket size	23.97	16.1	+7.87	↗
No. of orders	1.948.000	2.900.000	-952.000	↘

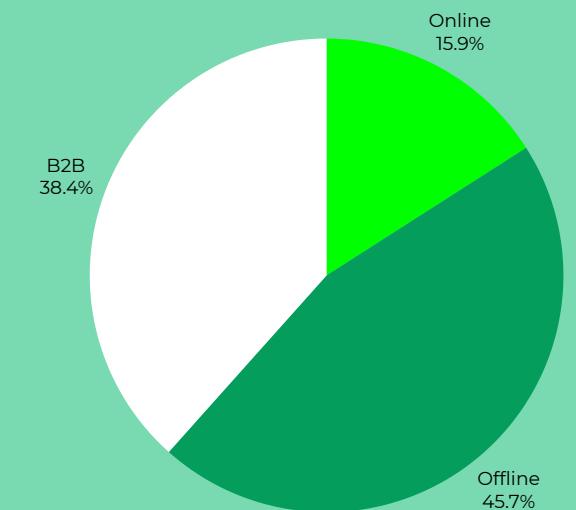
Company V wants their customers to shop more per order and drives them to buy high-gross margin

	Sales by CAT	% Gross margin	Gross margin value
Non-food hardline	11.000	7%	770
Household line	600.000	28%	168000
FMCG - NonFood	4.000	21%	840
FMCG - Food	12.000.000	6%	720000
Fresh food	6.000.000	19%	1140000
HBC	2.000.000	4%	80000

Focus on high sales volume and gross margin category
(Fresh food, FMCG - Food, Household line)

Achieve sales target and gross margin desired

Sales distribution channel of company V



*Online distribution channels accounts for 16% revenue of retail supermarket.
(Source: Euromonitor)

Sales by CAT	% Gross margin	Gross margin value
Offline	10,23%	2.109.610
Other channels (B2B + Online)	-1.24%	-303610

Other sales channel

> 50%

Total sales revenue

-1.24%

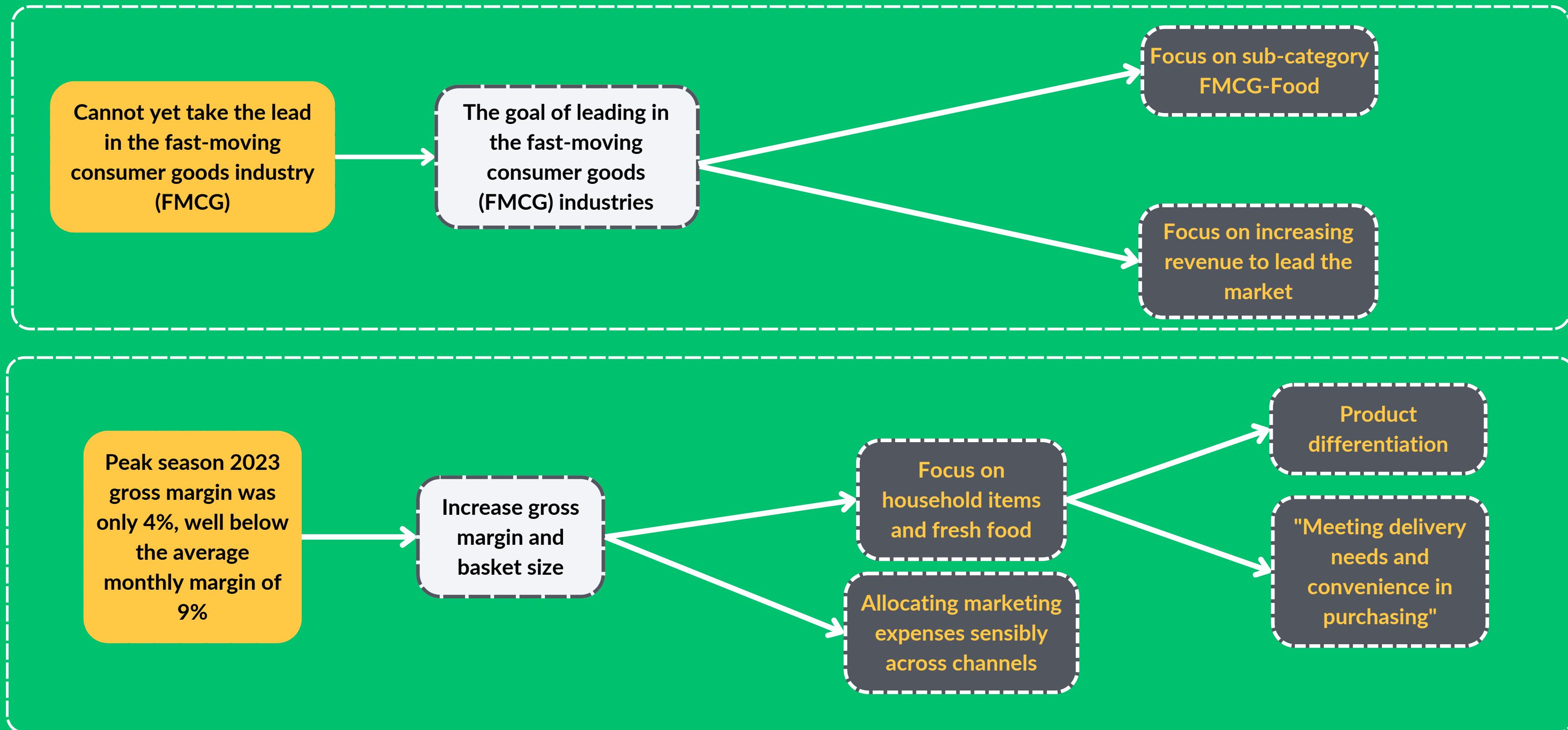
Negative gross margin

The challenge of managing B2B and Online distribution channels

Marketing
Optimize the marketing expenses

Supply Chain and Technology
Assist the key department Marketing within these two distribution channels

ROOT CAUSE ANALYSIS



The goal of leading in the fast-moving consumer goods (FMCG) industries.

Increase gross margin and basket size.



As the main problem of boosting sales and basket size, Marketing is chosen as the key department for this project



END USER

Promote multi-channel sales

Offline

Online

Omni-channel

Consumer stimulus program

Improve space, improve service quality

Tailored distribution network

Supplier Selection - Collaboration

Enhance business image

B2B

Enhance business image

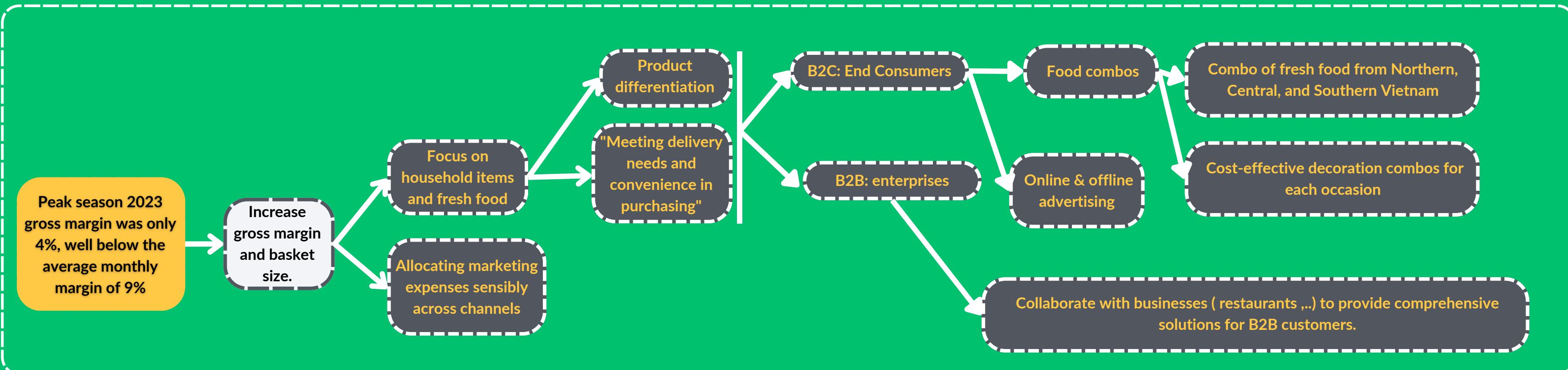
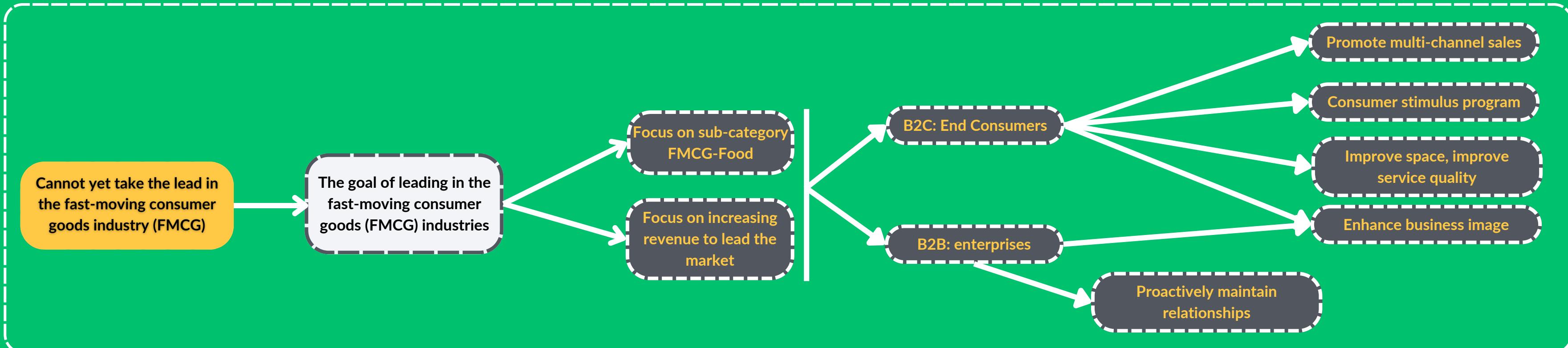
Proactively maintain relationships

Proactively contact businesses to receive large and long-term orders.

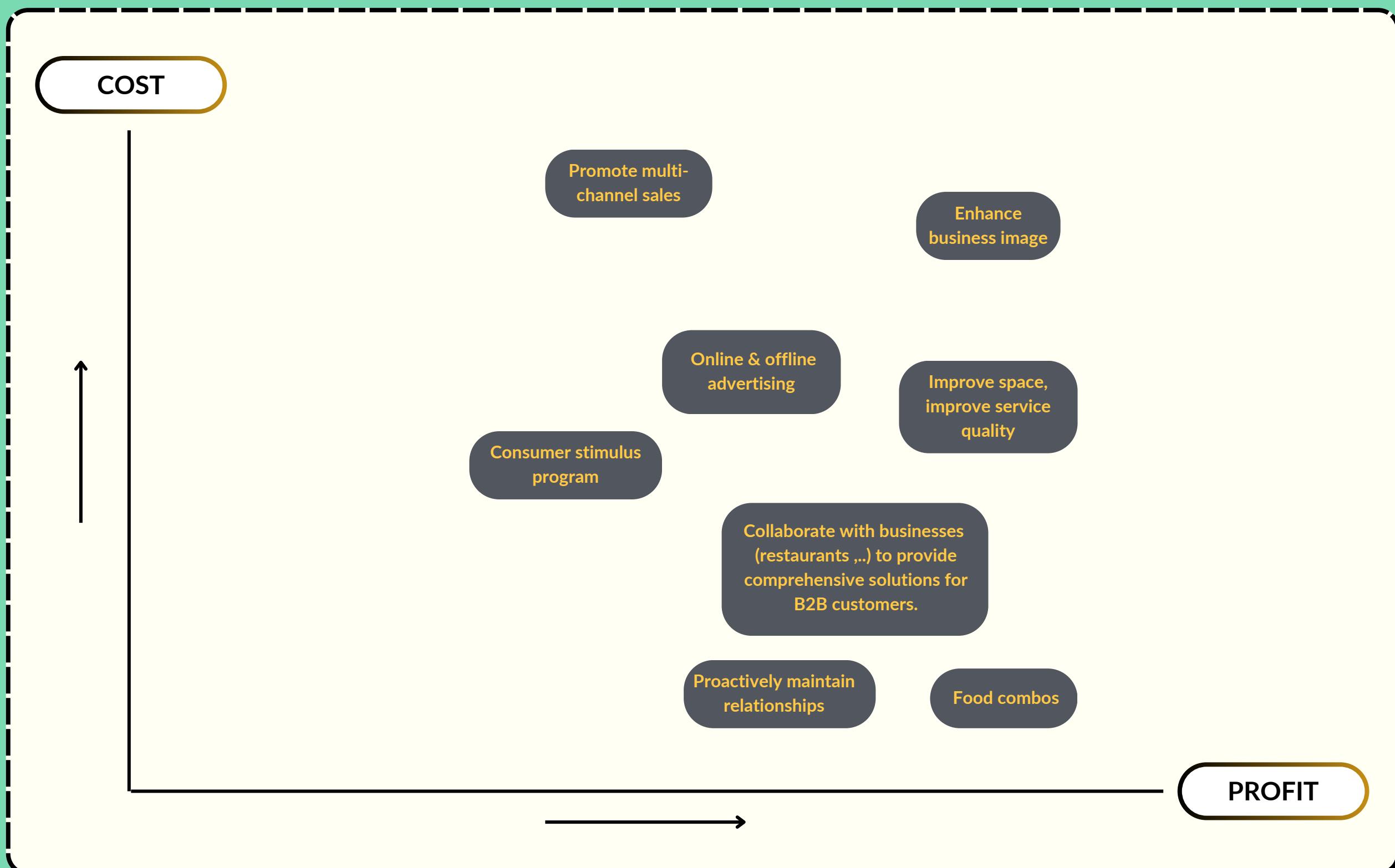
Discount if customers sign long-term contracts
(1 year, 2 years,...)

On holidays - proactively suggest customers gift packages and product sets
as gifts to increase competitiveness with competitors

BIG PICTURE FOR SOLUTIONS



SOLUTION SELECTION



Focus on investing in high-profit,
low-cost solutions

Food combos

Collaborate with
businesses

Proactively maintain
relationships

STRATEGY 1: ACHIEVE EXPECTED SALES FOR THE FMCG-FOOD

SITUATION

The goal of leading in the fast-moving consumer goods (FMCG) industries.

TASK

- Which sub-category should I focus on?
- How to quickly increase the amount of FMCG products sold during the peak season?
- How to ensure product availability and meet customers' convenience needs?

ACTION

B2C: End Consumers

- Promote multi-channel sales
- Consumer stimulus program
- Improve space, improve service quality: VMI Implementation, Building Safety Stock and Tracking Real-Time data

B2B: Enterprises

- Proactively maintain relationships by contracts, discounts,...
- Proactively maintain relationships

RESULT

- Revenue of FMCG-Food rises 450.000 USD
- Percentage of gross margin increases 2%
- Add 1 FMCG-Food supplier delivering monthly 25% required goods

PROMOTION FOR FMCG-FOOD



WHY?

Because company V wants to lead in the FMCG industry, it needs to boost sales of FMCG products to lead the retail market in terms of revenue. Sub-category FMCG-Food is accounting for a high proportion in the structure of company V's sold goods. -> Focus on promotion for FMCG-Food

B2C: END CONSUMERS

OFFLINE



ACTIVITY 1

11/11 11/12
XMAS TET

Focus on promotions, FOMO and deep discount

ACTIVITY 2



LOYALTY SPECIAL GIFTS

Customer buy more for points and limited gifts

ONLINE

ACTIVITY 1



Sales with promotion in peak season

< 4 km

FREE DELIVERY

ACTIVITY 2

Customers buy more to enjoy Freeship

> 4 km

50% DELIVERY
FREE DELIVERY

> 250.000D
> 500.000D

B2B: ENTERPRISES

ACTIVITY 1

Proactively contact businesses to receive large and long-term orders

Business customers often need large quantities of products => high revenue



ACTIVITY 2

Discount if customers sign long-term contracts (1 year, 2 years,...)



ACTIVITY 3

On holidays - proactively suggest customers gift packages and product sets as gifts to increase competitiveness with competitors



STRATEGY 2: IMPROVE GROSS MARGIN FOR THE HOUSEHOLD LINE AND FRESH FOOD

SITUATION

Peak season 2023 gross margin was only 4%, well below the average monthly margin of 9%. Company V seeks to boost both gross margin and basket size.

TASK

- Product differentiation from competitors
- Find unique sources to attract customers to buy more of these products.
- Help customers understand how Company V's products stand out.

ACTION

B2C:

- Clean product trends, local seasonal items.
- Find quality supply sources (Supply Chain).
- Differentiated transportation model for Freshfood and Household line products.
- Communicate differentiation.
- Consider weighting for each channel.

B2B:

- Discounts on total orders
- Provide comprehensive solutions

RESULT

- Household line increases 100.000 sales and 2% gross margin
- Fresh food rises 1.000.000 sales and 6% gross margin
- Add 2 fresh food supplier delivering 100% required goods during peak season

Customer demand for fresh food?

Customer psychology

People away from home desire to enjoy safe, hometown specialties and explore regional delicacies.

Consumer trends

Increased fresh food purchases during peak seasons; **84%** Vietnamese are willing to pay more for locally produced fresh food; interest in organic products in 2023.



ACTIVITY 1

Gathering product demand information from purchase data and minigames.



Developing cost-effective food combos: gift baskets, North-Central-South Vietnam combo, etc

ACTIVITY 2

ACTIVITY 3

ONLINE ADS



"Fresh products - Full of the flavors of home"

Posting videos, articles on TikTok, Facebook, website:
+ Celebrating local values: Collaborating with local artisans and producers to promote products
+ Sharing farmers' stories to create connections with customers

Seeding in local fresh food-related community groups



BOOK NOW

OFFLINE ADS



OHH at supermarkets

Customer demand for household line?

Customer psychology

Holidays are important times for gathering and sharing joy, and decorating homes helps create a warm and enjoyable atmosphere

Consumer trends

High demand for decorations during holidays like Christmas, Halloween, and Tet
Customers desire unique products to create distinctive living and working spaces



ACTIVITY 1

Gathering product demand information from purchase data and minigames.



Researching new product trends

ACTIVITY 2

ACTIVITY 3

Product differentiation

Developing cost-effective decoration combos for each occasion. Bulk purchase discounts: 20%, Free gifts include,..

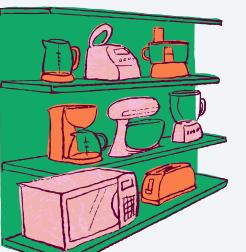


Providing personalized advisory services online and offline

Marketing Activate

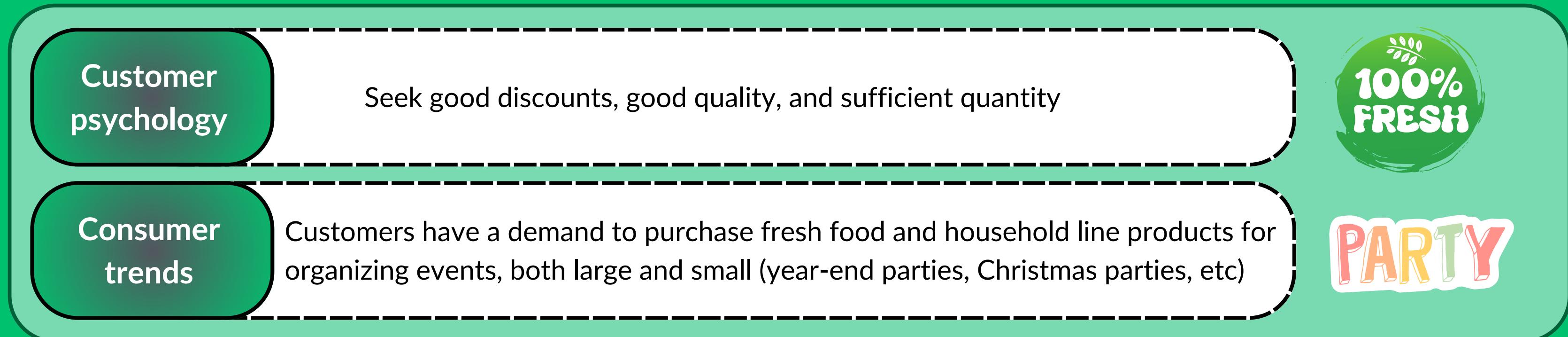
ACTIVITY 4

Marketing content on social media: posts, videos, images showcasing festival decoration ideas to attract customer interest



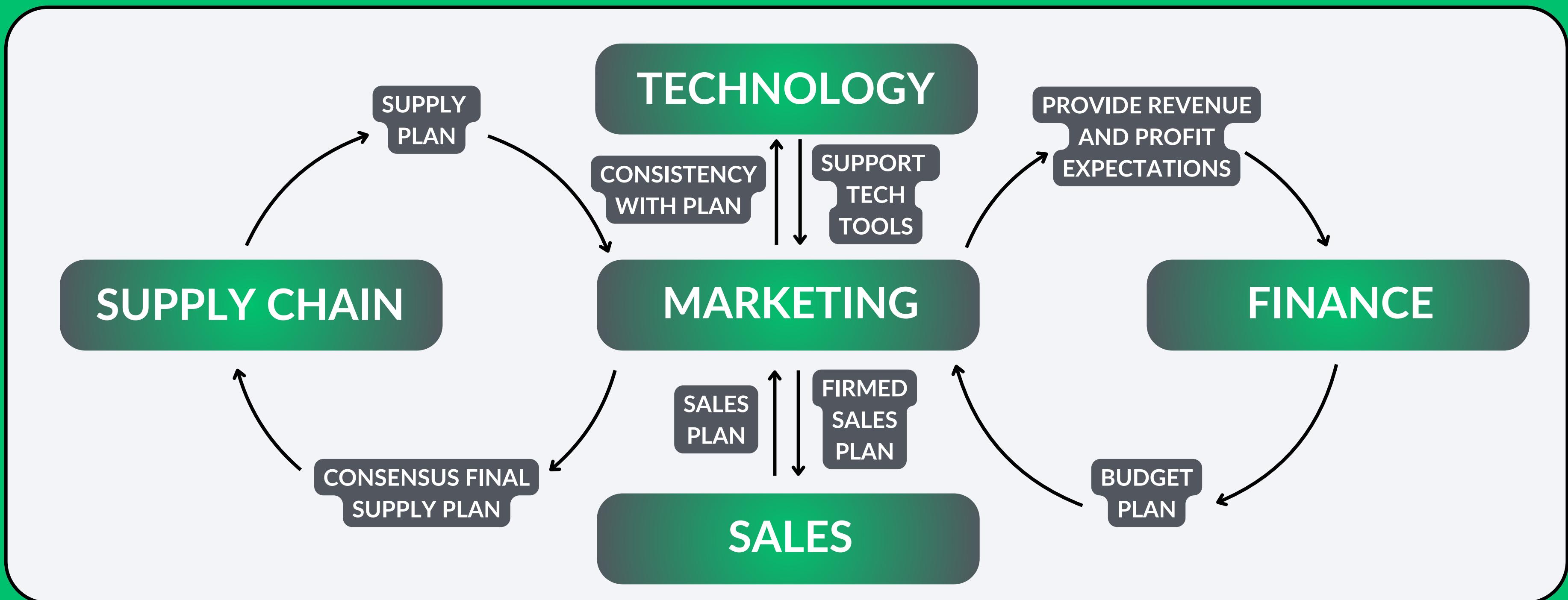
Organizing exhibitions of new household lines at supermarkets to capture customer attention

How is the B2B demand for household products and fresh food during peak season?



S&OP

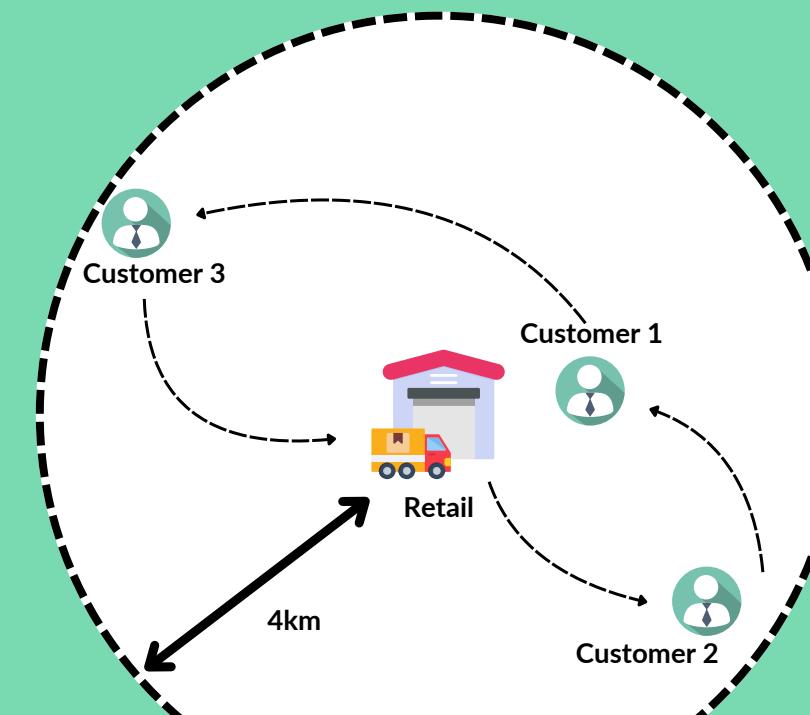
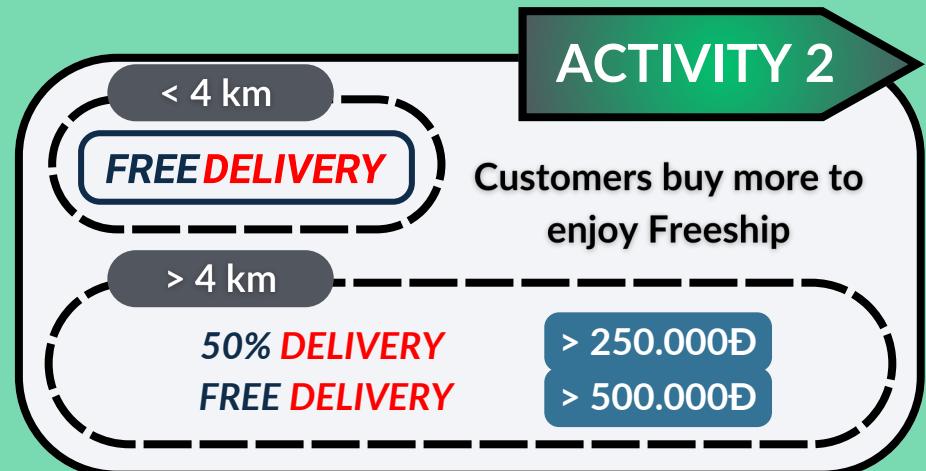
In terms of other departments, Sales, Supply Chain, Finance and Technology acts as the supportive peers of the key department and establishes an interdependent relationship with Marketing department as follow



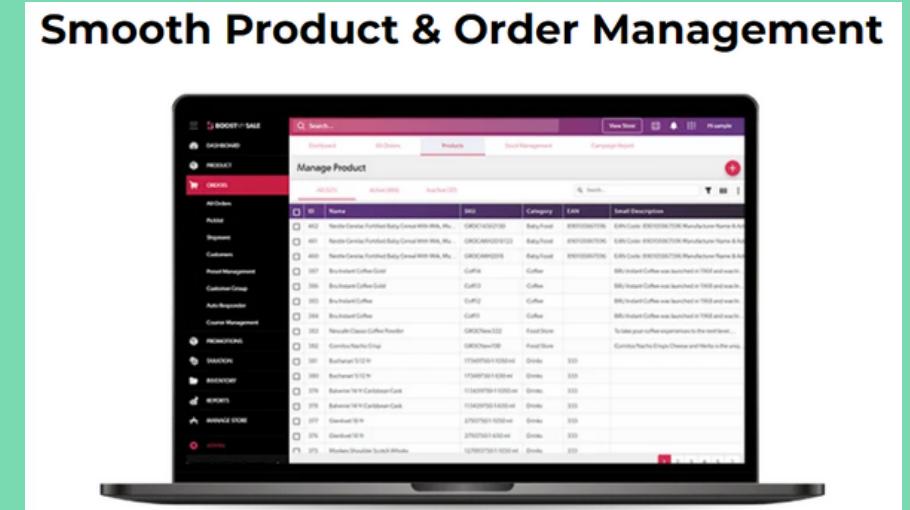
SUPPLY CHAIN

Alignment for Strategy 1: Boost sales of FMCG Food

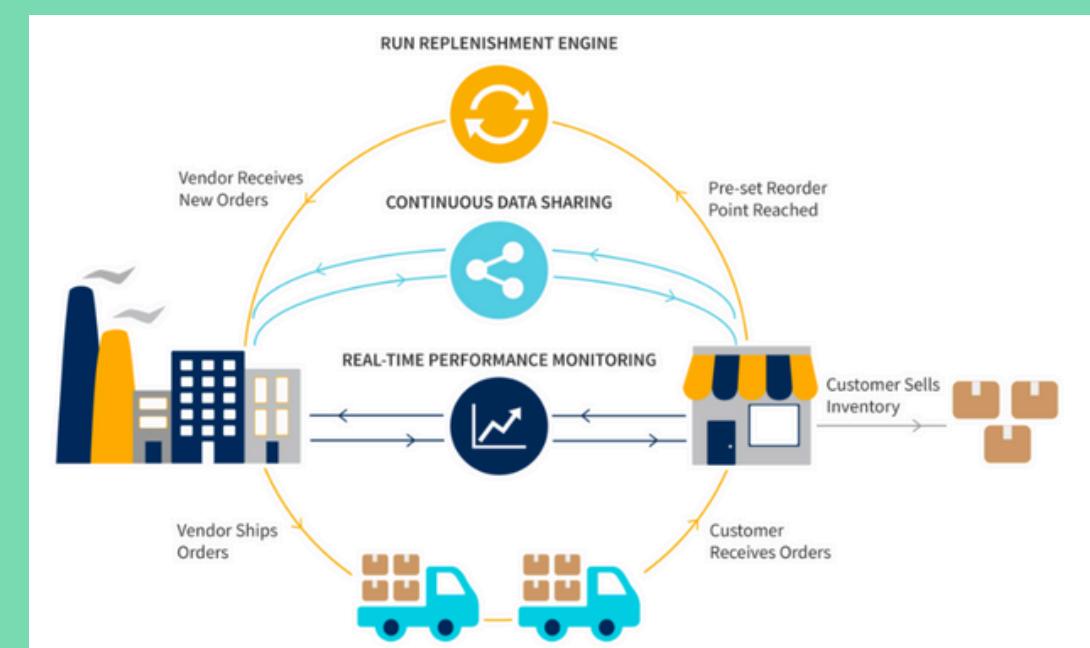
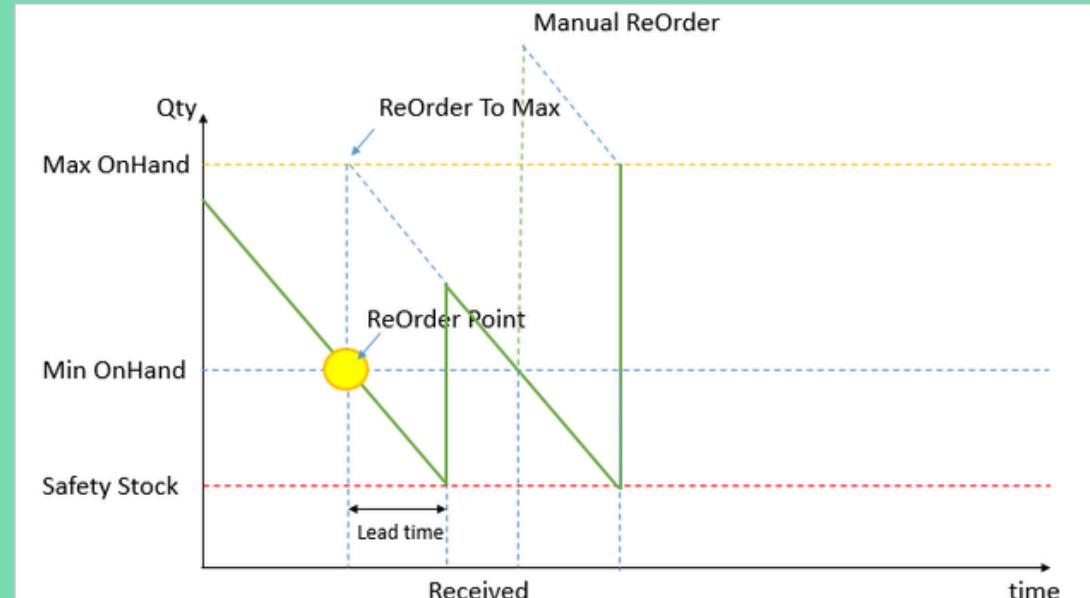
Last mile delivery is conducted directly by supermarket staff to reduce the complexity and improve customer satisfaction.



To satisfy the product availability of 100%, an IMS software should be implemented to build safety stock and track real time data.



VMI Solutions can also be applied for company V with its reliable suppliers to reduce bullwhip effect, better match supply and demand

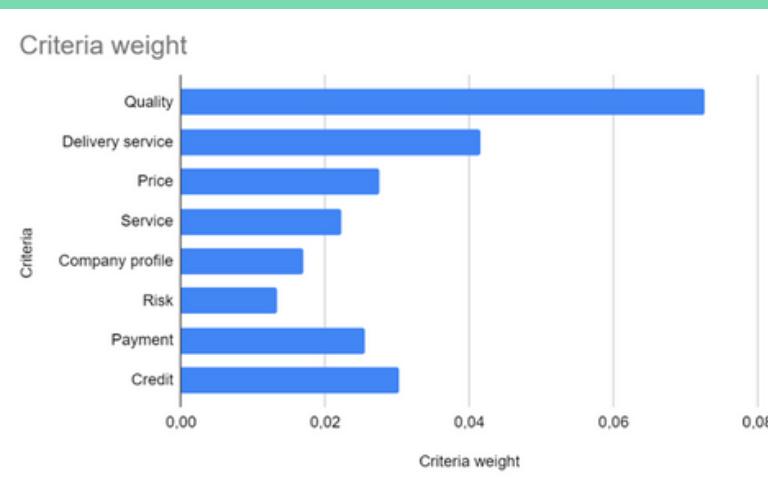
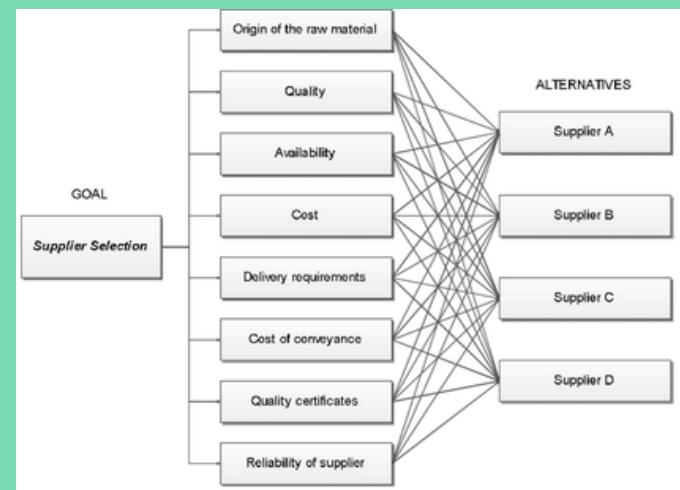


SUPPLY CHAIN

Alignment to strategy 2: Differentiate Fresh food and Household lines

Differentiate by Quality

Supplier selection (AHP TOPSIS)



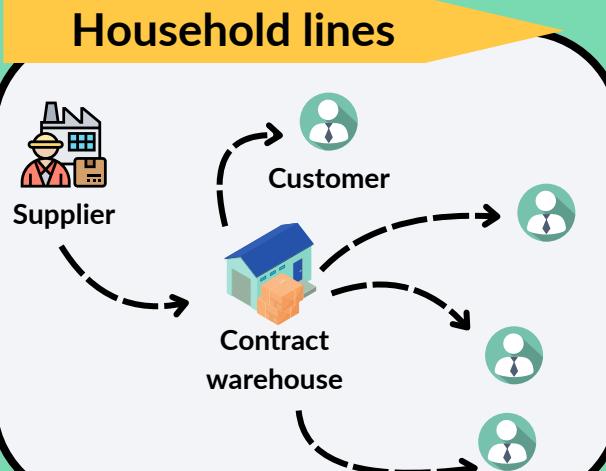
	Quality	Delivery service	Price	Service	Company profile	Risk	Payment	Credit
Quality	1,0	1,8	2,3	3,0	3,3	4,3	2,3	1,8
Delivery service	0,6	1,0	1,8	2,0	3,3	4,0	2,1	1,8
Price	0,4	0,6	1,0	1,6	3,8	3,0	2,3	2,0
Service	0,3	0,5	0,6	1,0	2,5	3,5	1,9	1,0
Company profile	0,3	0,3	0,3	0,4	1,0	1,4	0,6	0,5
Risk	0,2	0,3	0,3	0,3	0,7	1,0	1,1	0,5
Payment	0,4	0,5	0,4	0,5	1,8	0,9	1,0	0,8
Credit	0,5	0,5	0,5	1,0	2,0	2,0	1,3	1,0

Figure - AHP TOPSIS Model for Supplier Selection

Utilizing the AHP TOPSIS model, company V can evaluate their suppliers by the core criteria for peak season (**Quality, Service level, Price**) based on their weighted points and select the most reliable supplier

Differentiate by Convenience

Tailored transportation model for online orders



All the warehouses are contract warehouse ->
Contract expires after peak season

B2C

Differentiate by Price

Offer optimal discount menus for large shipment to take advantage of economies of scale

Discount Type	Minimum Order Quantity (if applicable)	Discount
Volume Discount		3% off (up to 5000 units) 5% off (over 5000 units)
Early Order Discount	10 days before delivery	2% off
Promotional Feature Discount	Co-op advertising participation	50% co-op ad cost covered
Case-Ready Discount	Applies to all case-ready products	1.5% off
New Product Launch Discount		7% off

B2B

TECHNOLOGY

QR Code

Attach QR code into gift, discount voucher to access the online gift registration form



QR payment for each order in offline and online channel to track transactions



QR linked with promotion campaign to increase traffic



CRM

Track the number of gifts, time of gift giving, costs,... during peak season



Target advertising to specific customers based on information about interests, purchasing behavior,...



MARKETING AUTOMATION

Automate email marketing campaigns sending to B2B and loyal customer



Post at the right times and deliver personalized content



Limit the risk of overload and bring maximum satisfaction to customers during peak season

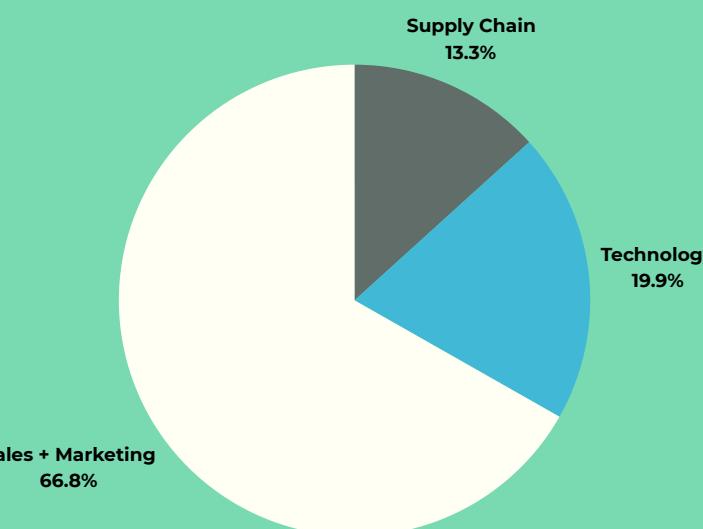
FINANCE

Forecasting Net Present Value calculations

Title	Source	Value (USD)
Cash inflow	Profit	3035500
	Supply Chain	200000
Cash outflow	Tech	300000
	Sales + Marketing	1000000
Net present value		1535500

**Net present value of this project is positive
-> Company V should implement it**

Budget allocation for each department



This allocation aligns to the choice of Marketing as the key department within this peak season

ACTION PLAN

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER



ACTION PLAN

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

Activity			Decide discount if customers sign long-term contracts (1 year, 2 years,...)	Suggest B2B customers gift packages and product sets as gifts		
			VMI Implementation			
			Tailored transportation models			
			IMS (Inventory Management System) Implementation			
Goal	<ul style="list-style-type: none"> Build a foundation for operations Collect demand information from B2C and loyalty customers Pilot test for VMI and transportation models 	<ul style="list-style-type: none"> Attract more customers Collect demand information from B2C and loyalty customers Maintain customer loyalty Negotiation phase of VMI Pilot test for transportation models 	<ul style="list-style-type: none"> Maintain good relationship with customers Implement VMI for first 3 stores Pilot test for transportation models 	<ul style="list-style-type: none"> Capture customer needs Increase customer satisfaction Implement VMI for all 10 stores Implement tailored transportation models online and offline 	<ul style="list-style-type: none"> Increase gross margin. Attract more customers. Reach more customers. Optimize inventory by VMI Reduce lead time by tailored transportation models 	<ul style="list-style-type: none"> Increase sales. Increase customer satisfaction levels. Fulfill all orders on time, in full Reduce lead time of all deliveries
KPI	<ul style="list-style-type: none"> Collect information from over 5000 customers. Identify 30 unique products. Sign contracts with 10 large and small businesses. Service level = 95% 	<ul style="list-style-type: none"> Increase 50% customer satisfaction rate Collect information from over 3000 customers. Service level = 97% Transportation cost decrease by 10% 	<ul style="list-style-type: none"> Attract more 2000 customers Sign contracts with 30 large and small businesses. Service level = 100% Transportation cost decrease by 10% 	<ul style="list-style-type: none"> Increase 60% satisfaction rate Identify 40 unique products. Service level = 100% Lead time decrease by 10% 	<ul style="list-style-type: none"> Achieve a conversion rate of 3%. Increase customer base by 30% compared to last year. Service level = 100% Lead time decrease by 20% Increase gross margin by 0.5%. 	<ul style="list-style-type: none"> Increase sales by 20% Increase gross profit margin by 2% Conversion rate 4% Service level = 100% Implementation time reduced by 20%

Executive Summary

Market Overview

Analysis

Recommendation

Risk Management

RISK MANAGEMENT & BUDGET

Activities	No	Risk	Solution	Budget of Risks
Gathering product demand information from minigame	R1	Potential for inaccurate demand forecasts due to limited sample size.	Validate data with additional market research methods	\$2.000-3.000
Developing cost-effective food combos, Discount pricing	R2	Difficulty in maintaining profit margins while offering competitive pricing.	Optimize supply chain efficiency, negotiate better procurement deals	\$1.500-2.000
Providing personalized advisory services online and offline	R3	Ensuring consistent and high-quality advice across channels.	Implement comprehensive advisor training, utilize CRM systems for customer insights,	\$20.000-30.000
Organizing exhibitions of new household lines at supermarkets	R4	Low attendance and engagement during exhibitions.	promote exhibitions widely more online.	\$3.000-5.000
Partner with businesses to offer comprehensive solutions for B2B customers.	R5	Dependence on partner reliability and service quality.	Establish clear partnership agreements, monitor performance regularly	\$5.000-7.000
Promotion online and offline	R6	Inconsistent messaging.	Ensure consistency in messaging across all communication channels.	\$2.500-5.000
Negotiate with Stakeholders	R7	Negotiation can be unfavorable that doesn't fully address company's needs or those of other stakeholders, can be lost relationships with Stakeholders	Give a concern for product display and commit to long-term purchases	\$10.000-15.000
Implement inventory management software	R8	Data migration + Implementation challenges	Develop a comprehensive data mapping plan, involve the IT department, test data migration thoroughly before deployment.	\$7.000-10.000
Implement tailored transportation model	R9	Implementing different transport models requires a complex system. This complexity can lead to inefficiencies and higher upfront costs.	Phased implementation by piloting in a limited region before full-scale rollout Data centralization from all sources, enable real-time route optimization and inventory management	\$15.000-20.000

Executive Summary

Market Overview

Analysis

Recommendation

Risk Management

RISK MANAGEMENT & BUDGET

Activities	No	Risk	Solution	Budget of Risks
Promote multi-channel sales	R10	The channels' revenue is not as expected	Re-analyze the potential of channels and adjust investment levels	500 - 1.000 USD
	R11	Customers are dissatisfied because of uneven service quality	Organize training and orientation on working with customers for all company employees	5.000 - 6.000 USD
Consumer stimulus program	R12	Sales volume did not meet target	Reconsider company V's competitive advantage compared to its competitors: Promotion is more attractive and has convenient services for customers Availability of goods to promptly meet customer needs	20.000 - 30.000 USD
	R13	Customers are not aware of company V's stimulus programs	Deploy stronger communication through Social Media Convert new customers with policies such as: old customers introduce programs for new customers to accumulate points.	15.000 - 20.000 USD
Enhance business image	R14	The loss of brand image leads to a sharp decline in the reputation of the stores and a decrease in revenue	Resolve the communication crisis by correcting if there are no mistakes and apologizing when there are mistakes. Correct the error by fixing the problem immediately Carry out stimulus activities to bring buyers back.	50.000 USD
TOTAL				156.500 - 204.000 USD

RISK MANAGEMENT & BUDGET

RISK SEVERITY MATRIX

		Impact (Low to High)				
		1	2	3	4	5
Probability (Low to High)	1		R6			
	2		R12		R1, R7	R4
	3			R3	R2, R11, R13	R5, R10
	4				R8	R9
	5					R14

FMEA CLASSIFICATION

HIGH	6	R4, R5, R8, R9, R10, R14
MEDIUM	6	R1, R2, R3, R7, R11, R13
LOW	2	R6, R12

Company V needs to focus resources on high-level risks to minimize their effects.

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THANK YOU FOR YOUR READING

