Hero Group to close all Giant supermarkets by August

Publicly listed retail group PT Hero Supermarket plans to close all of its Giant supermarket outlets by the end of July to improve its finances after the pandemic whammed Indonesia’s retail industry. The group, which operates 75 Giant outlets according to its website, saw its revenue drop 34 percent year-on-year (yoy) to Rp 1.7 trillion (US$118 million) in this year’s first quarter as mobility restrictions limit shop operating hours and shifted more consumption online.

“This decision was not easy, but we believe this is the best decision in Hero’s long-term interest and for employees under the company,” said PT Hero Supermarket president director Patrik Lindvall in a statement on Tuesday.

Hero aims to focus on expanding its IKEA furniture retail, Guardian pharmacy and Hero supermarkets outlets. In its statement, the group explained that it planned to convert five of the Giant outlets into IKEA stores and several others into. Lindvall acknowledged that supermarkets were declining in popularity worldwide, but he also expressed confidence that demand for household appliances, beauty products and daily needs for upper-class Indonesians had strong growth potential.

Hero’s revenue drop was almost matched by a 33.2 percent year-on-year decline in expenses, such that the company booked a Rp 1.64 billion ($114.470) net loss in the first quarter of 2021, the company’s financial report shows. Bank Indonesia’s retail sales index dropped below a reading of 200 in April last year when the country began implementing large-scale social restrictions (PSBB) and has remained below that level ever since, settling at 187.9 in March this year.

In a sign of improvement for the industry, retailers surveyed by the central bank said they expected the figure to return to above 200.

With the situation faced by Hero Supermarket, a hypothetical problem statement was: “How can PT Hero Supermarket survive as a business while still being relevant to market demand in Indonesia?”

5 whys

Why is PT Hero Supermarket closing all Giant supermarket outlets at the end of July 2021?

PT Hero Supermarket is closing all Giant supermarket outlets at the end of July 2021 because of a substantial decline in its revenue and financial challenges. The decision to close these outlets is a strategic move to improve the company's financial health.

Why has the pandemic impacted the retail industry in Indonesia?

The pandemic has impacted the retail industry in Indonesia primarily due to the economic repercussions of COVID-19. Lockdowns, social restrictions, and health concerns led to reduced foot traffic in physical stores, causing a drop in sales for retailers like Hero Supermarket.

Why are mobility restrictions and online sales diversion a detrimental factor?

Mobility restrictions and the shift towards online shopping have been detrimental factors for PT Hero Supermarket. Mobility restrictions limited the operating hours of physical stores, reducing their capacity to generate revenue. Additionally, the surge in online shopping during the pandemic further reduced in-store sales.

Why did Bank Indonesia's retail sales index drop below 200 in April 2020?

Bank Indonesia's retail sales index dropped below 200 in April 2020 because of the onset of large-scale social restrictions (PSBB). These restrictions aimed to curb the spread of COVID-19 by limiting people's movement and activities, leading to a significant decrease in consumer spending and retail sales.

Why did the Indonesian government implement Large-Scale Social Restrictions (PSBB)?

The Indonesian government implemented Large-Scale Social Restrictions (PSBB) as a response to the COVID-19 pandemic. These measures were put in place to reduce the transmission of the virus by restricting people's movements and interactions, which had the unintended consequence of negatively affecting businesses, including the retail sector, leading to economic challenges for companies like PT Hero Supermarket.

Mengapa PT Hero Supermarket menutup seluruh gerai supermarket Giant pada akhir Juli 2021?

PT Hero Supermarket akan menutup seluruh gerai supermarket Giant pada akhir Juli 2021 karena mengalami penurunan pendapatan yang cukup besar dan tantangan keuangan. Keputusan penutupan gerai ini merupakan langkah strategis untuk memperbaiki kesehatan keuangan perusahaan.

PT Hero Supermarket akan menutup seluruh gerai supermarket Giant pada akhir Juli 2021 karena gerai-gerai tersebut sudah tidak dapat dipertahankan secara finansial. Keputusan untuk menutup gerai-gerai tersebut merupakan bagian dari strategi yang lebih luas untuk memastikan kelangsungan hidup jangka panjang perusahaan.

Alasan PT Hero Supermarket menutup seluruh outlet Giant pada akhir Juli 2021 karena outlet tersebut mengalami penurunan pendapatan yang memengaruhi keuangan perusahaan dan sudah tidak dapat dipertahankan secara financial. Sehingga strategi keputusan terbaik yang perusahaan ambil dengan menutup seluruh outlet Giant untuk memperbaiki keuangan perusahaan dan juga memastikan jangka panjang perusahaan

Mengapa pandemi berdampak pada industri ritel di Indonesia?

Pandemi telah berdampak pada industri ritel di Indonesia terutama karena dampak ekonomi dari COVID-19. Karantina wilayah, pembatasan sosial, dan masalah kesehatan menyebabkan berkurangnya lalu lintas pengunjung di toko-toko fisik, yang menyebabkan penurunan penjualan bagi peritel seperti Hero Supermarket.

Pandemi telah berdampak besar pada industri ritel di Indonesia dengan mengganggu perilaku dan pola belanja konsumen. Karantina wilayah, masalah kesehatan, dan ketidakpastian ekonomi telah menyebabkan penurunan belanja di toko dan pergeseran ke ritel online.

Alasan pandemi berdampak pada perindustrian ritel Indonesia karena berbagai macam kebijakan dan pemberlakuan selama pandemi ini sangat memberikan dampak yang cukup besar. Pembatasan mobilitas, pembatasan sosial, masalah kesehatan, dan juga ketidakpastian ekonomi selama pandemi menyebabkan alur penjualan industri ritel di Indonesia terhambat dikarenakan pergeseran penjualan ke ritel online dan secara tidak langsung ini menyebabkan penurunan belanja secara offline atau di toko

Mengapa pembatasan mobilitas dan pengalihan penjualan online menjadi faktor yang merugikan?

Pembatasan mobilitas dan pergeseran ke arah belanja online telah menjadi faktor yang merugikan bagi PT Hero Supermarket. Pembatasan mobilitas membatasi jam operasional toko fisik, sehingga mengurangi kapasitas mereka untuk menghasilkan pendapatan. Selain itu, lonjakan belanja online selama pandemi semakin mengurangi penjualan di toko.

Pembatasan mobilitas dan lonjakan belanja online telah berdampak negatif terhadap PT Hero Supermarket. Pembatasan mobilitas telah membatasi lalu lintas pengunjung di toko fisik, sementara peningkatan adopsi belanja online telah mengalihkan pelanggan dari gerai ritel tradisional.

Alasan pembatasan mobilitas dan pengalihan penjualan secara online karena banyak kebijakan yang diterapkan seperti membatasi jam operasional toko dan menyebabkan pengurangan pendapatan dari hari-hari normal sebelumnya serta membatasi pengunjung untuk belanja di toko fisik. Selain itu peningkatan belanja online mengalihkan pelanggan dari ritel offline

Mengapa indeks penjualan eceran Bank Indonesia turun di bawah 200 pada bulan April 2020?

Indeks penjualan ritel Bank Indonesia turun di bawah 200 pada bulan April 2020 karena dimulainya Pembatasan Sosial Berskala Besar (PSBB). Pembatasan ini bertujuan untuk mengekang penyebaran COVID-19 dengan membatasi pergerakan dan aktivitas masyarakat, yang menyebabkan penurunan yang signifikan pada belanja konsumen dan penjualan ritel.

Indeks penjualan ritel Bank Indonesia turun di bawah 200 pada bulan April 2020 karena pandemi COVID-19. Pembatasan yang diberlakukan untuk mengekang penyebaran virus secara signifikan mengurangi kepercayaan dan belanja konsumen, yang menyebabkan penurunan tajam dalam penjualan ritel.

Alasan indek penjualan ritel Bank Indonesia turun di bawah angka 200 dikarenakan adanya kebijakan oleh pemerintah yaitu Pembatasan Sosial Berskala Besar(PSBB) yang bertujuan untuk menghambat penyebaran COVID-19 dengan mengurangi dan membatasi aktivitas masyarakat di luar. Hal ini yang menyebabkan penurunan yang sangat drastik pada penjualan ritel

Mengapa Pemerintah Indonesia menerapkan Pembatasan Sosial Berskala Besar (PSBB)?

Pemerintah Indonesia menerapkan Pembatasan Sosial Berskala Besar (PSBB) sebagai respons terhadap pandemi COVID-19. Langkah-langkah ini dilakukan untuk mengurangi penularan virus dengan membatasi pergerakan dan interaksi masyarakat, yang memiliki konsekuensi yang tidak diinginkan yaitu berdampak negatif pada bisnis, termasuk sektor ritel, yang mengarah pada tantangan ekonomi bagi perusahaan seperti PT Hero Supermarket.

Pemerintah Indonesia menerapkan Pembatasan Sosial Berskala Besar (PSBB) sebagai respons terhadap krisis kesehatan masyarakat. Langkah-langkah ini bertujuan untuk meminimalkan interaksi fisik dan mengurangi penularan virus, tetapi memiliki konsekuensi yang tidak diinginkan yaitu menghambat aktivitas ekonomi, terutama di sektor ritel.

Alasan pemerintah Indonesia menerapkan Pembatasan Sosial Berskala Besar(PSBB) ini merupakan upaya yang dilakukan Indonesia untuk menghambat penyebaran COVID-19.

1. Why is PT Hero Supermarket closing all Giant supermarket outlets by the end of July 2021?

The reason PT Hero Supermarket is closing all Giant outlets by the end of July 2021 is because the outlet has experienced a decline in revenue which affects the company's finances and is financially unsustainable. So that the best decision strategy that the company takes is to close all Giant outlets to improve the company's finances and also ensure the company's long term.

1. Why has the pandemic impacted the retail industry in Indonesia?

The reason the pandemic has an impact on the Indonesian retail industry is because various policies and enactments during this pandemic have had a considerable impact. Mobility restrictions, social restrictions, health issues, and also economic uncertainty during the pandemic caused the sales flow of the retail industry in Indonesia to be hampered due to the shift of sales to online retail and indirectly this caused a decrease in offline or in-store shopping.

1. Why are mobility restrictions and online sales diversion a detrimental factor?

The reason for mobility restrictions and online sales diversion is because many policies are implemented such as limiting store operating hours and causing a reduction in revenue from previous normal days as well as limiting visitors to shop at physical stores. In addition, the increase in online shopping diverted customers from offline retail.

1. Why did Bank Indonesia's retail sales index fall below 200 in April 2020?

The reason why Bank Indonesia's retail sales index fell below 200 is due to the government's policy of Large-Scale Social Restrictions (PSBB) which aims to curb the spread of COVID-19 by reducing and limiting people's activities outside. This caused a drastic decline in retail sales.

1. Why is the Indonesian government implementing Large-Scale Social Restrictions (PSBB)?

The reason why the Indonesian government is implementing Large-Scale Social Restrictions (PSBB) is an effort made by Indonesia to inhibit the spread of COVID-19.