

An Analysis of the Causes of Revenue Decline at TH Mart

I. Overview

- TH Mart Supermarket System was founded in 2017;
- As of 2020, TH Mart had 5 stores in Hanoi, Vietnam.
- However, 2 of them was closed in 2022 due to COVID-19;
- TH Mart Supermarket System's revenue has been severely affected;
- Currently (March 2025), TH Supermarket System has a total of 3 stores in Hanoi, Vietnam;
- Overall, TH Mart has not recovered from COVID-19 and is only trying to survive.

II. Context

Based on an analysis of TH Mart's management system, combined with a review of operational procedures and real-time surveillance footage, the decline in revenue can be attributed to two primary causes: a sharp and prolonged reduction in operating hours and a product portfolio that fails to meet actual customer demand.

Both of these issues stem from a deeper, underlying problem: TH Mart's management approach is still traditional and ineffective in today's volatile market.

III. Analysis

Chart 1. Net revenue over time

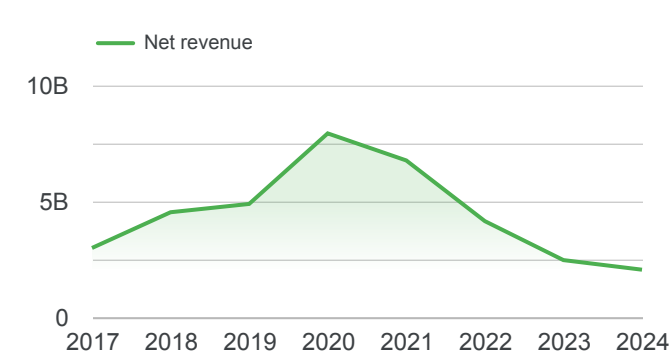


Chart 2. Net number of invoice over ti...

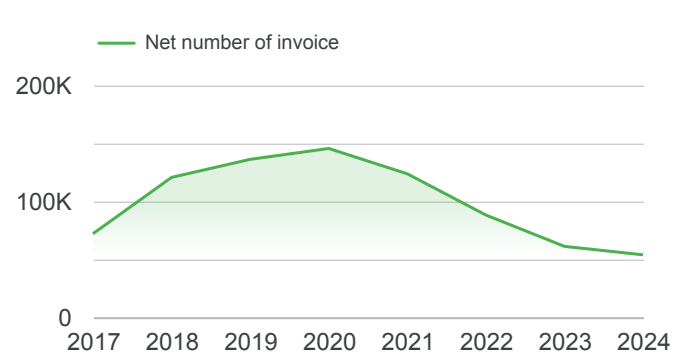
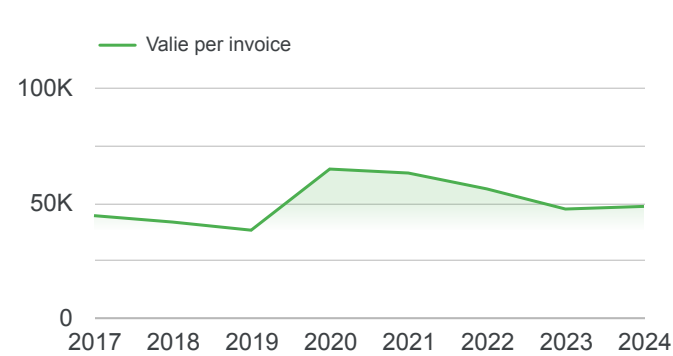


Chart 3. Avg value per invoice



Based on Chart 1, the company's revenue dropped sharply starting in 2020. Similarly, Charts 2 and 3 show a severe decline in both the number of invoices and the average invoice value from 2020 onwards. The simultaneous appearance of these two signs indicates a significant decrease in customer satisfaction with both the stores and the products they offer.

Chart 4. Average operating time per day

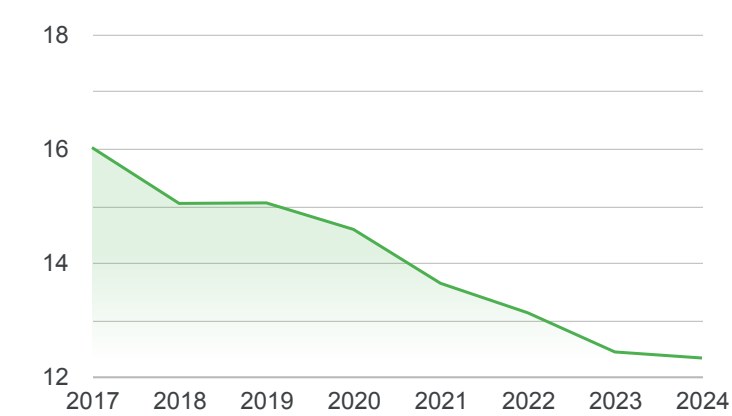


Chart 4 reveals a notable change in the average operating hours of the stores. During the 2018-2019 period, when operating hours were stable at about 15 hours per day, the company's revenue also experienced strong growth. However, starting in 2020, operating hours began to decline and continued this trend even after the COVID-19 pandemic ended in 2023. This prolonged decrease could be a major reason for the drop in revenue and has negatively impacted the company's competitiveness in the market.

Additionally, the average value per invoice has decreased over the years, which suggests that the product selection at the stores no longer meets customer needs. This is further confirmed by a review of the actual store images.

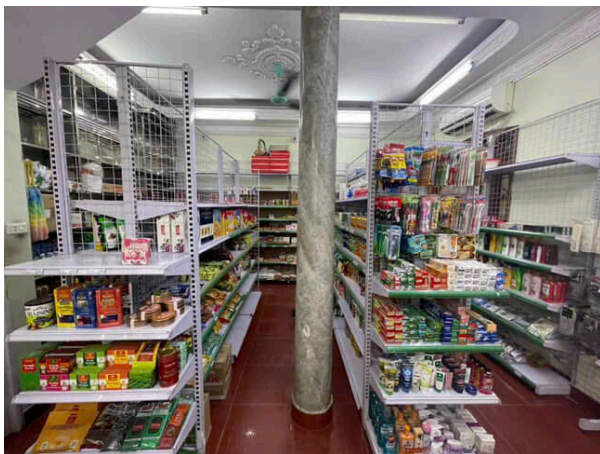
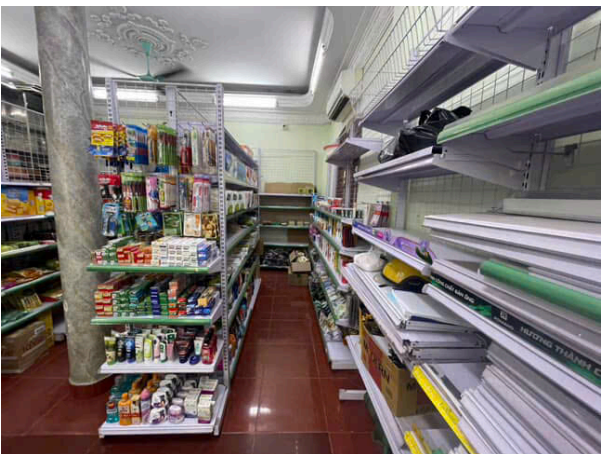
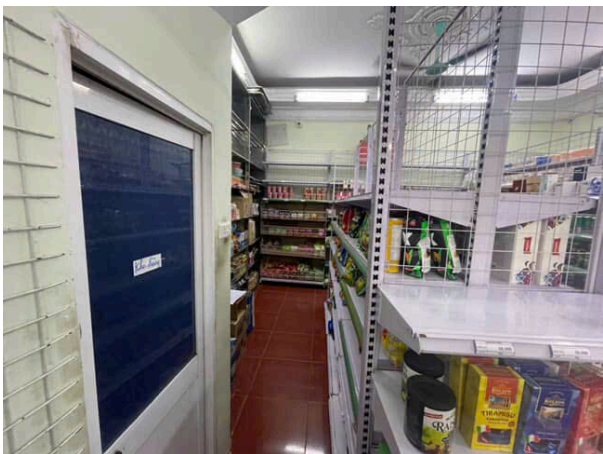
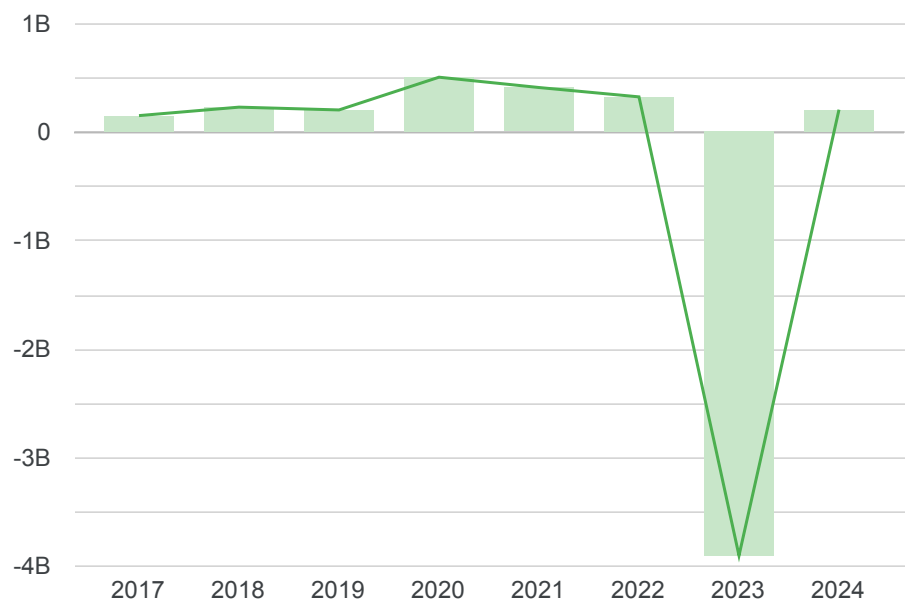


Chart 5. Inventory value over time



Based on actual store images, the messy and disorganized product arrangement has failed to attract customers and stimulate purchases. More seriously, many empty shelves indicate low inventory levels, creating the risk of not being able to meet customer demand and eroding customer trust.

This decline correlates clearly with the business data: Charts 1 and 5 show that both revenue and inventory value have dropped sharply from 2020 through 2024. This confirms that inefficient product and inventory management has directly and negatively impacted revenue.

A particularly notable point in 2023 is that the inventory value of the stores "disappeared," reaching a loss of over 3,9 billions Vietnamese Dong, as shown in Chart 5. This is an unusual figure, and analysis has revealed that this shortfall was not due to theft, but rather the result of incorrect and delayed information updates from the stores.

Chart 6. Number of unfinished purchase receipts

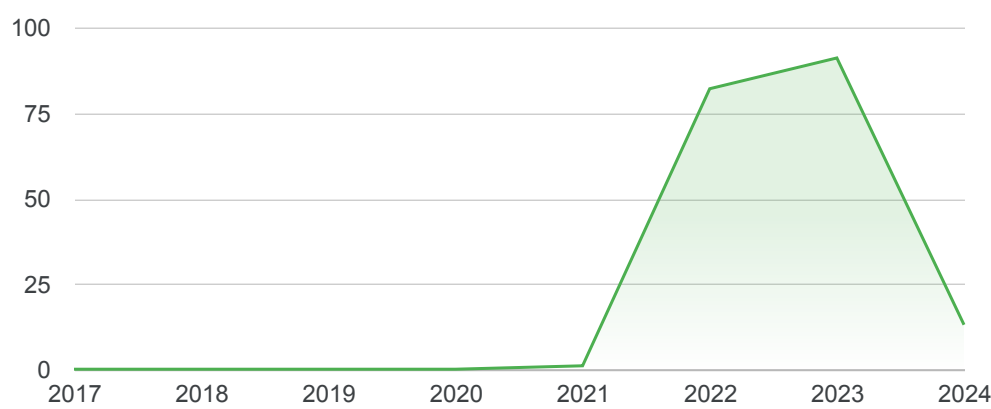


Chart 7. Number of unfinished purchase returns

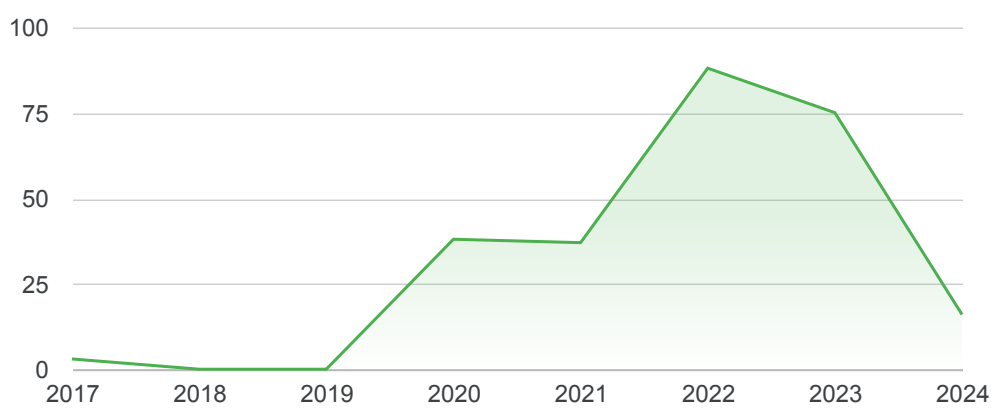
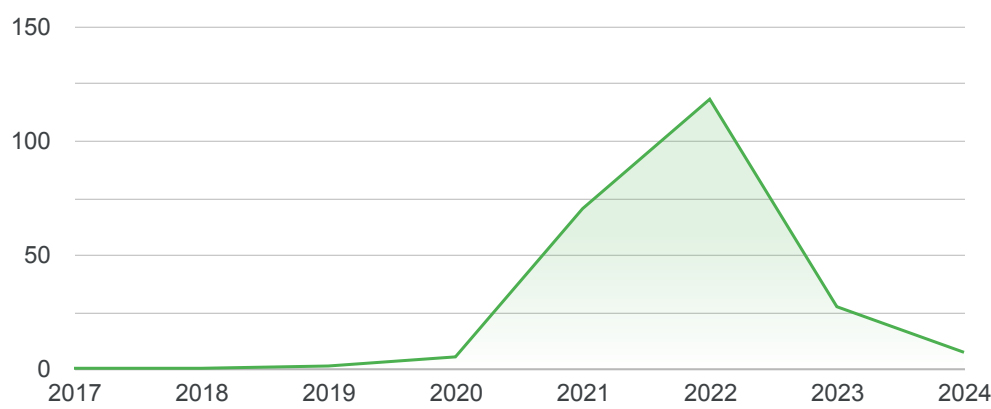


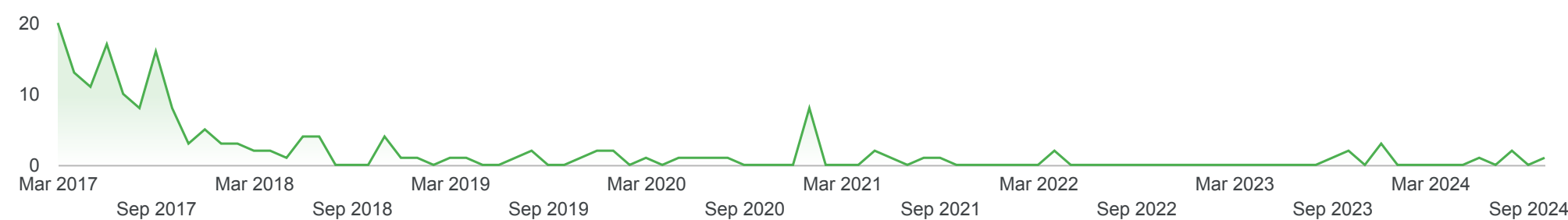
Chart 8. Number of unfinished damage receipts



Based on Chart 6, we can see that the number of unfinished receipts in the system increased significantly, peaking at 91 orders in 2023. This also coincided with the period of the most severe inventory value discrepancies. This indicates that while goods were still being received and sold at the stores, the data was not being updated in a timely manner, leading to major system inaccuracies.

This issue is mirrored in the activities of product returns to suppliers and inventory wastes shown in Charts 7 and 8 respectively. All of these activities directly impact inventory and, at the same time, reflect actual customer demand (when unsuitable products must be returned or written off). The failure to monitor and update this data promptly makes it impossible to build an effective product portfolio, leading to a business that cannot meet market needs.

Chart 9. Number of inventory counts over time



Based on Chart 9, the frequency of inventory counts at the stores is highly erratic and inconsistent. This situation has persisted for long periods, resulting in real-time inventory data not being updated promptly. Consequently, the business faces a high risk of making inaccurate decisions due to unreliable information.

Chart 11. Number of days to process purchase receipts

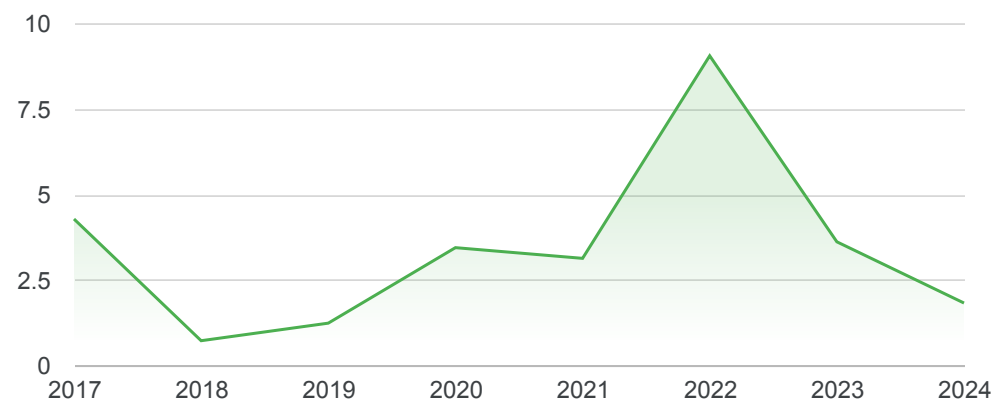


Chart 12. Number of days to process purchase returns

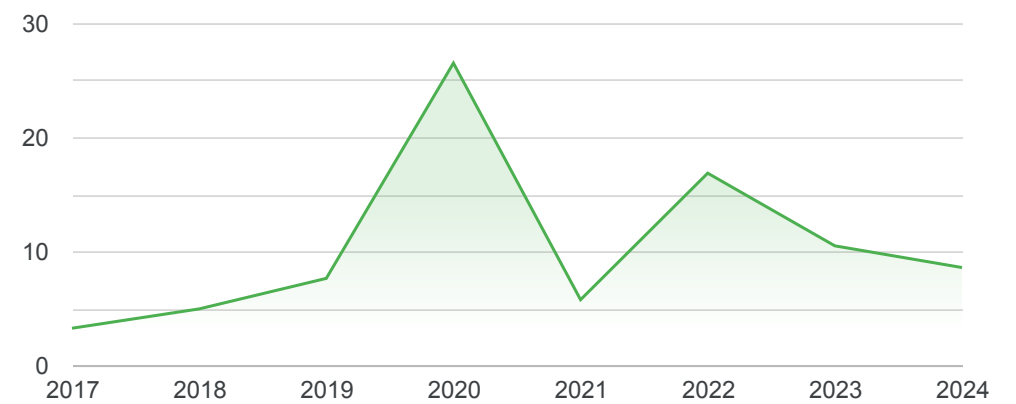


Chart 13. Number of days to process damage receipts

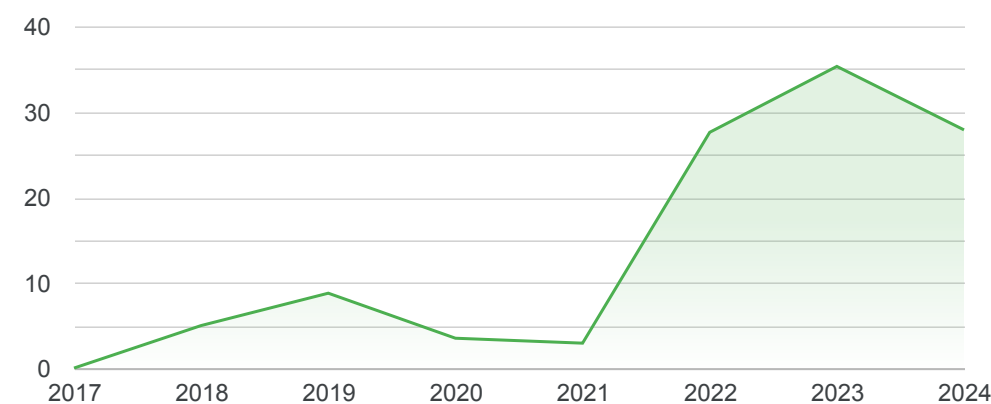
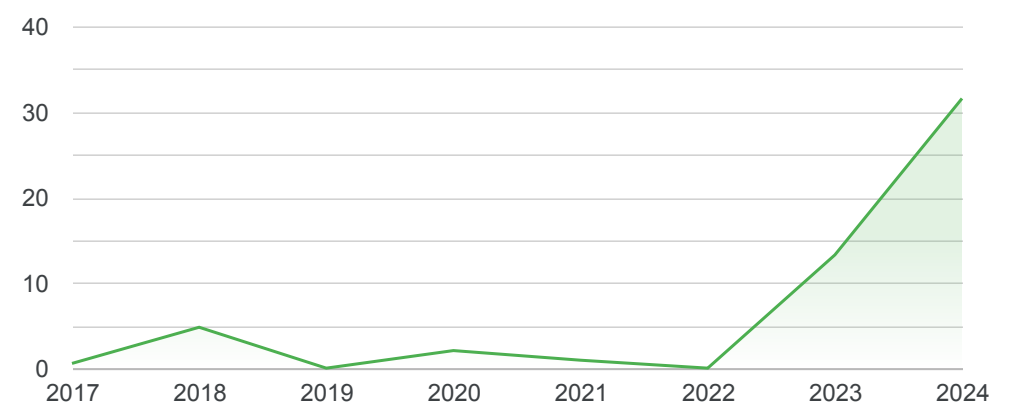


Chart 14. Number of days to process count receipts



In addition to the incomplete data updates, the processing of related activities is consistently delayed. Charts 11, 12, 13, and 14 show processing times ranging from a minimum of nearly one day to a maximum of 35.3 days. This prevents the company from having a real-time understanding of store status, leading to poor decision-making. The problem is even more severe when certain tasks, especially those directly affecting inventory, take over a month to be resolved.

Based on all the evidence, TH Mart's management approach is considered traditional, as demonstrated by the following:

- Lack of real-time data: Information is updated late and incompletely, leading to decision-making based on outdated and inaccurate data.
- Centralized, hierarchical structure: All tasks for validation and processing are heavily funneled to the office, minimizing the authority of store staff. This leads to an overloaded workload, slow work efficiency, and in some cases, unfinished tasks..
- Reliance on manual processes: There is a lack of awareness regarding the importance of data and information, causing current operating procedures to be illogical and excessively centralized at one level.

III. Propose solution

Based on the issues outlined above, the following accompanying solutions are proposed:

1. Conduct a full inventory count at all stores to ensure a 100% accurate inventory value. This is expected to reduce inventory discrepancies to less than 1%.
2. Develop a refined workflow to fully utilize technological capabilities and decentralize authority across the company structure to increase work efficiency and reduce the time to process tasks to less than 1 day.
3. Establish data regulations to ensure that data related to all activities is always updated fully, accurately, and in a timely manner.
4. Improve store operations such as operating hours, goods receiving, and product management to enhance the in-store image.
5. Implement customer information collection and conduct customer behavior research to build a more suitable product portfolio.
6. Monitor and build decisions and strategies over time.