



কষ্টের টাকায় শ্রেষ্ঠ বাজার

SHWAPNO LIFE STYLE

PROMOTIONAL MIX



ACI Limited

ACI LIMITED
SHWAPNO LIFESTYLE & PROMOTIONAL MIX

Submitted to:

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Submitted by:

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Submitted on:

20th September, 2014

Letter of Transmittal

20th September, 2014

G.M. Shafayet Ullah

Lecturer

BRAC Business School

Subject: Submission of completed Internship Report.

Dear Sir,

I have completed the assigned internship report on 'ACI LIMITED- SHWAPNO Lifestyle Promotional Mix'.

In completion of the report I tried to make it more informative so that the actual market scenario can be drawn from the report. As well as tried to keep it much simple so that it becomes easily understandable to you and to others.

Moreover, I will be glad to answer any questions that arise to its readers regarding any discrepancies or inconsistencies.

Sincerely,

Shahed Ul Islam

10104101

BRAC Business School

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Above all, I express my gratitude and thanks to the Almighty, who aided me with strength, and gave me the wisdom and patience needed to complete this report.

I would also like to thank the generous contributions of my supervisors at ACI Limited, Md Iqbal Hossain (Assistant Manager) and team of Category Development, for continuously supporting me with all the necessities.

Additionally, I would like to thank my advisor, G.M. Shafayet Ullah, Lecturer, BRAC University who believed that I could complete this task, upholding the standard and professionalism she expects. His moral guidelines and joyful encouragement helped me to persevere.

At last, I thank my parents and other family members for their help, support and faith during the exasperating period of collecting resources and analyzing data for the paper.

Executive Summary

ACI group is one of the largest conglomerates in the country with businesses in pharmaceuticals, agriculture, consumer products etc. However, SHWAPNO is a business unit of ACI logistics. SHWAPNO is the largest retail company in Bangladesh currently holding a share of 35% of the retail industry. Inaugurated in 2008, SHWAPNO now has over 46 outlets and 1600 employees spread across the country.

SHWAPNO enjoys a higher amount of market share than its competitors such as Agora and Meena bazaar. Agora and Meena Bazar entered this industry earlier mostly because of visionary leadership and innovative strategies employed by the company. Even though Meena Bazaar, Agora hold several advantages over SHWAPNO. None of these companies have been able to emulate the success of SHWAPNO's business model and market positioning. SHWAPNO's brief history is fraught with challenges, successes, ups and down.

The organization structure of SHWAPNO is conventional. One of the advantages SHWAPNO has over its competitors is the procurement department which is responsible for directly sourcing vegetables, meat, fruits and grains directly from wholesale markets. Other participants in the market rely on vendors for fresh produce requirements, which make quality control extremely difficult.

The report discovers SHWAPNO's strategic marketing to capture market share, its growth of customer base. Moreover, it focuses on the six promotional mixes to judge its marketing strategies. At the end of the report results could be drawn on how the promotional mixes were executed and was it worthy of implementation. Along with this the report discloses the area of improvement in promotional activity of SHWAPNO.

Introduction

ACI group is one of the largest conglomerates in Bangladesh with interests and stakes in varied fields. Previously, ACI was called Imperial Chemical Industries (ICI). ACI was founded after Bangladeshi investors in ICI managed to obtain majority stakes in ICI's Bangladeshi operations.

SHWAPNO, a concern of ACI group established in 2008 is an integral part of the overall ACI group. It represents and exemplifies ACI's commitment to bring about a better Bangladesh and be a catalyst to change the lives of millions of individuals for the better. SHWAPNO, with its 46 retail stores, situated in strategic positions around Bangladesh is the largest retail chain in the country with over 35% market share of the growing 1500 crore taka retail industry. Retail industry in Bangladesh has huge scope since only 2% of the entire population is served by the retail industry. ACI's retail arm has carved an enviable name for itself in the market place. Through its meticulous and analytical top management and innovative marketing strategies, SHWAPNO has been able to achieve a dominant position in the market place. Even though the other retail chain, Agora and Meena Bazaar have had long established presence in the Bangladeshi market, neither has been able to achieve the broad reach and brand equity that SHWAPNO has been able to.

This study will look into the varied strategies developed and implemented by SHWAPNO to achieve its dominant position in the marketplace. Some of the strategies were developed as a result of market dynamics, while others were developed as a result of desperation. An in depth study of strategies used by retail chains have not been done in Bangladesh previously. The increasing importance of the retail industry to the Bangladeshi economy and its growing penetration into many aspects of people's lives demands a thorough study on this subject matter.

Origin of the Report

This report is a requirement of the partial completion of the internship program of the students of the BRAC Business School (BBS). Upon the completion of four years Bachelor of Business Administration (BBA) program, in order to equip the students with a more practical experience of the corporate world for their development before entering it as graduates this internship has to be completed to earn the final four credits.

In accordance with the terms and conditions of the internship program, the author has completed the three month period of the internship at ACI Limited in Business Strategy dept. as per guidelines given by the academic supervisor of the author, G.M. SHAFAYET ULLAH , BRAC Business School, BRAC University.

Objective of the Report

The purpose of this project was to get a better understanding about the Promotional mix of SHWAPNO lifestyle and finding out the advantages of using of those promotional mix tools.

The more specific objectives of this report are as follows:

- To know about ACI Limited strategic business unit.
- To know what promotional mix is.
- To know what are the promotional tools.
- To learn which are the promotional tools are used.
- To learn the features of promotional mix.
- To learn strengths, weaknesses, opportunities and threats of the company.
- To learn the factors influencing customer satisfaction.
- To learn advantage and disadvantages of those promotional mix tools.

Methodology

There are pros and cons of every approach to a report. However, as the report covered two broad topics according to the needs and appropriate justifications the author decided to use qualitative research approach.

To find out the promotional mix of the company the author did qualitative research to find out the external and internal factors. This is mostly done by the reports available online and also published by the company and its competitors. This helped interpretations and findings of the data to be accurate to represent the current conditions and factors of SHWAPNO lifestyle current condition.

Sources of Data

In order to prepare a comprehensive and authentic report the author used both primary and secondary sources of data.

- Primary Sources of Data

Although the project is primarily based on primary sources of information, the only such source of information for this report are gathered from the Art manager of SHWAPNO lifestyle.

- Secondary Sources of Data

The secondary sources of information include the materials like different publication, report, and articles given to the author to understand promotional tools of Swapno. During the internship program materials needed for the service also includes in here. Also the author used some internal information collected from the company with a promise to keep it confidential.

Chapter 1

THE ORGANIZATION

Overview of the Company

ACI logistics is a Strategic business unit of the larger ACI Company. It has over 46 outlets spread over Dhaka city. Outside of the capital, SHWAPNO has strong presence in the form of franchises and dealer operations. Before going into detail about operations and the history of SHWAPNO, a brief overview of ACI is necessary.

ACI was previously known as ICI Bangladesh Manufacturers Limited. It was a subsidiary of world renowned multinational company, ICI Plc, and was also a listed public limited company under Dhaka Stock Exchange. In 1992 ICI Plc divested its shareholding through a management buyout and the company name was changed from ICI Bangladesh Manufacturers Limited to Advanced Chemical Industries (ACI) Limited. ACI Formulations Limited, a subsidiary of ACI, became a public listed company through direct listing.

Since then, ACI has diversified into four major strategic business divisions which include Health Care, Consumer Brands, Agribusinesses and Retail (Unknown, 2014).

ACI is one of the most renowned and largest conglomerates in Bangladesh. Its emphasis on improving the lives and standard of living of the people of Bangladesh has been widely documented. ACI strives to be a beacon of integrity and honesty in the society. As a result, SHWAPNO was able to leverage the strong brand recognition and trust the populace had on ACI to their advantage.

ACI consists of many strategic business units and subsidiaries (given below). Moreover, in recent years, ACI has joined hands with foreign companies and formed strong partnerships with them.

Vision of ACI

To realize the mission ACI will:

- Endeavour to attain a position of leadership in each category of its businesses.
- Attain a high level of productivity in all its operations through effective and efficient use of resources, adoption of appropriate technology and alignment with our core competencies.
- Develop its employees by encouraging empowerment and rewarding innovation.
- Promote an environment for learning and personal growth of its employees.
- Provide products and services of high and consistent quality, ensuring value for money to its customers.
- Encourage and assist in the qualitative improvement of the services of its suppliers and distributors.
- Establish harmonious relationship with the community and promote greater environmental responsibility within its sphere of influence.

Mission of ACI

ACI's mission is to enrich the quality of life of people through responsible application of knowledge, skills and technology. ACI is committed to the pursuit of excellence through world-class products, innovative processes and empowered employees to provide the highest level of satisfaction to its customers.

Core Values of ACI

Quality

Customer Focus

Fairness

Transparency

Continuous Improvement

Innovation

Strategic Business Units:

- Pharmaceuticals

- Consumer Brands & Commodity Products

- Agribusinesses:
 - o Crop Care Public Health
 - o Animal Health
 - o Fertilizer
 - o Crops
 - o Seeds

ACI has the following subsidiaries:

ACI Formulations Limited.	ACI Agro Chemicals.
Apex Leather Crafts Limited.	ACI Salt Limited.
ACI Pure Flour Limited.	ACI Foods Limited.
Premiaflex Plastics Limited.	Creative Communication Limited.
ACI Motors Limited.	ACI Logistics Limited.

Joint Ventures:

- ACI Godrej Agrovvet Private Limited

- Tetley ACI (Bangladesh) Limited

- Asian Consumer Care (Pvt) Limited

Management Committee:

NAME	DESIGNATION
Dr. Arif Dowla	Managing Director
Dr. F H Ansarey	Executive Director, Agribusinesses
Mr. Syed Alamgir	Executive Director, Consumer Brands
Mr. M. Mohibuz Zaman	Chief Operating Officer, Pharmaceutical
Mr. Pradip Kar Chowdhury	Executive Director, Finance and Planning
Mr. Sabbir Hasan Nasir	Executive Director, Logistics
Mr. Priyatosh Datta	Director, Quality Assurance, Pharma
Mr. Abdus Sadeque	Director, Marketing & Sales, Pharma
Ms. Sheema Abed Rahman	Director, Corporate Affairs
Mr. Md. Monir Hossain Khan	Financial Controller
Mr. Imam Ahmed Istiak	Director, Operations, Pharma

Board of Directors

NAME	DESIGNATION
Mr. M. Anis Ud Dowla	Chairman
Dr. Arif Dowla	Managing Director
Mr. Waliur Rahman Bhuiyan	Director
Mr. Golam Mainuddin	Director
Mr. Md. Fayekuzzaman	Director
Mrs. Najma Dowla	Director
Mr. Abdul-Muyeed Chowdhury	Director
Mr. Juned Ahmed Choudhury	Director
Ms. Sheema Abed Rahman	Director

Financial Status of ACI as per 2012 fiscal year

Authorized Capital	Taka 500 Million
Paid Up Capital	Taka 238 Million
Sales	Taka 21,976 Million
Number of Employees	8,080 (Eight Thousand Eighty)

Brief history of SHWAPNO

The concept behind SHWAPNO is quite old. Dr Dowla believed that people in Bangladesh were eagerly yearning for a one stop solution place providing them with reasonably priced and quality products. He wanted to champion the needs and aspirations of the growing middle class of Bangladesh. To make his dream a reality, Dr Dowla acquired the services of experienced marketing guru Mr. Asif Iqbal (Iqbal, 2014), Mr Asif Iqbal had acquired extensive experience working in Unilever; where he was a marketing manager responsible for miraculous turnaround of some of Unilever's top brands, and Robi Axiata: where he was head of the marketing department.

Upper management at SHWAPNO felt that Mr Asif Iqbal was the right man to make their dream a reality. In keeping with the high ambitions of the top management, Mr Asif Iqbal came up with a business plan to rapidly open 70 SHWAPNO branded outlets across the country. In 2008, SHWAPNO retail brand was officially launched. Unfortunately, things went downhill from then onwards. The initial plan to launch 70 outlets was immensely ambitious and ACI did not have the knowledge and the expertise in the field to support such an endeavor.

ACI also did not have the proper management information system to coordinate the activities of such an endeavor properly. So, for the first year, SHWAPNO carried out its operations in a disjointed and ad-hoc manner. Supply chain, the most important element in the value chain was underdeveloped causing products required by outlets to often come weeks after requests were

made. Millions of dollars' worth of merchandise were wasted and lost over mismanagement by the distribution staff. Moreover, to make matters worse, the outlet lacked basic products which any person shopping there would look for.

Asif Iqbal, the Chief Operating Officer (COO) of the company realized that he made a grave error in diving into the industry completely unprepared. One variable he missed was the SHWAPNO's positioning was a bit premature. The retail industry in Bangladesh is in its infancy. Agora a subsidiary of Rahimafrooz, introduced the populace to the concept of retail back in 2001 (Unknown, Rahimafrooz Superstores, 2014). Contrary to what is seen in the west, In Bangladesh rich and upper middle class individuals are the customers who usually frequent superstores. SHWAPNO's lower positioning did not resonate with the target market that preferred shopping at wet markets where bargains could be made.

Management at SHWAPNO went back to the drawing board. What resulted from the intensive brain storming session was that almost half of the retail outlets were closed and international consultants were hired from India to introduce SAP enterprise resource planning software companywide. The enterprise resource planning software was an outstanding improvement over the previous standalone system. With this software, the company was able to streamline processes across the entire department. Stock information, sales transfer order, accounts payable, journal entries, sales information, purchase order, goods received note etc. were now all handled from this single software. Every department in the company from HR to Finance had up-to date information on the company at their fingertips. SAP completely transformed the operations of the company. The immediate boost in the company's bottom line was measurably noticeable. However, the software had one major problem; it could not provide real time up-to date sales data. To solve this problem, ACI logistics requested the services of ACI's MIS department. MIS department came up with software termed EPS which was capable of providing up-to the minute sales information from each of ACI logistics

SHWAPNO's outlet scattered across the country. The software was also able to generate customized reports to aid in management decision making.

The company's performance began to take a turn for the better from then onwards. Unfortunately, the company's performance was not satisfactory enough to overcome the massive debt acquired from the banks to fuel the initial impressive expansion during the company's infancy. Compounding interest payments and the management's inability to solve the problem forced Mr Asif Iqbal to call it quits, after less than 2 years in the helm of the company.

What followed then onwards were a rapid succession of executive directors who were unable to turnaround the performance of the company. SHWAPNO's fortunes truly turned around when ACI's top management hired Mr Sabbir Hasan Nasir to take the helm of the company. Mr

Nasir had a stellar career at Bata, Unilever and Otobi. He was widely renowned as a guru of retail and marketing. Mr Nasir, a graduate of Institute of Business Administration, Dhaka University was responsible for turning Otobi from a relatively unknown small enterprise to a juggernaut in the furniture industry with revenues of 550 crore and operations in at least a dozen countries. His accomplishments look even more impressive when considering that he was made CEO of the company in only his mid-thirties. He carved a reputation for himself enviable to people twice his age. He immediately set upon changing the fortunes of the company. Half of the staff at the firm was given the "pink slip". Operations were streamlined, lines of authority were strengthened and new proactive individuals were hired. SHWAPNO realigned its strategy with its vision and mission. As a result of his effort and the hard work of the staff at SHWAPNO, SHWAPNO became the largest retail store in the country with over 35% market share within a short period of time.

About SHWAPNO

Products in SHWAPNO are separated into three master categories; Vegetable, Fruits, Meat and Grains, Company Goods and Non Food divergence. The company has tens of thousands of stock keeping units in their portfolio. To make sense of all of these SKUs, each article has its own unique number and description. Moreover, each master category is further subdivided into category, subcategory and type category. These subdivisions great aid the decision making of management and help them to make sense of thousands of disparate SKUs.

The present ordering and inventory system requires each of SHWAPNO's outlets to send a sales transfer order based on present day's sales to the head office. The procurement department at the head office then compiles all the demand data from the outlets and instructs the field procurement teams to purchase the demanded products from the suppliers. Procurement teams, after purchasing all the required products, deliver them to SHWAPNO's three distribution centres located at strategic positions across Bangladesh. The management at the distribution center in turn generates and provides a Goods Received note to the procurement department acknowledging the transfer of goods. From this point on, the distribution centres sort the products according to each outlet's demand as presented by the sales transfer order.

After sorting the products according to outlet demand, the distribution centres deliver the demanded products to all SHWAPNO outlets. Lastly, each outlet generates and delivers a Goods Received note to the relevant distribution centre acknowledging the receipt of goods.

SHWAPNO recently has embarked on implementing various business and marketing strategies for each of its master categories. In the VFMG master category, SHWAPNO has introduced live chicken and live fish products and concentrated on providing consumers with formalin free products.

In the Non- Food Divergence category, SHWAPNO has introduced products designed by its own design team, products that can be purchased in interest free installments and lastly, SHWAPNO has also introduced furniture products to boost sales.

Strategies in the company goods category are limited mainly with increasing gross profit, improving space utilization, introducing new products and designing cross promotions with other categories.

SHWAPNO has a valuable business prospect, but it needs to overcome many obstacles to fortify its place in the industry. It has entered too many unrelated markets without proper expertise and preparation, it struggles with high employee turnover, its management information system is in shambles, it is operating at a loss due to increasingly compounding interest payments to banks for the funds acquired during its initial expansion phase, it operates without standardized business process, its employees often lack job descriptions, it suffers from system and real time stock mismatch, it has started many new product categories that are lacking in product depth and product line, and lastly it suffers from poor image in the market even though the present quality of service offered by the company is way above industry standards. SHWAPNO can truly become a world class organization if it overcomes all these hurdles in the near future. However, in terms of revenue, ACI Logistics SHWAPNO currently holds third position behind ACI pharmaceuticals and ACI consumer brands.

Category Hierarchy

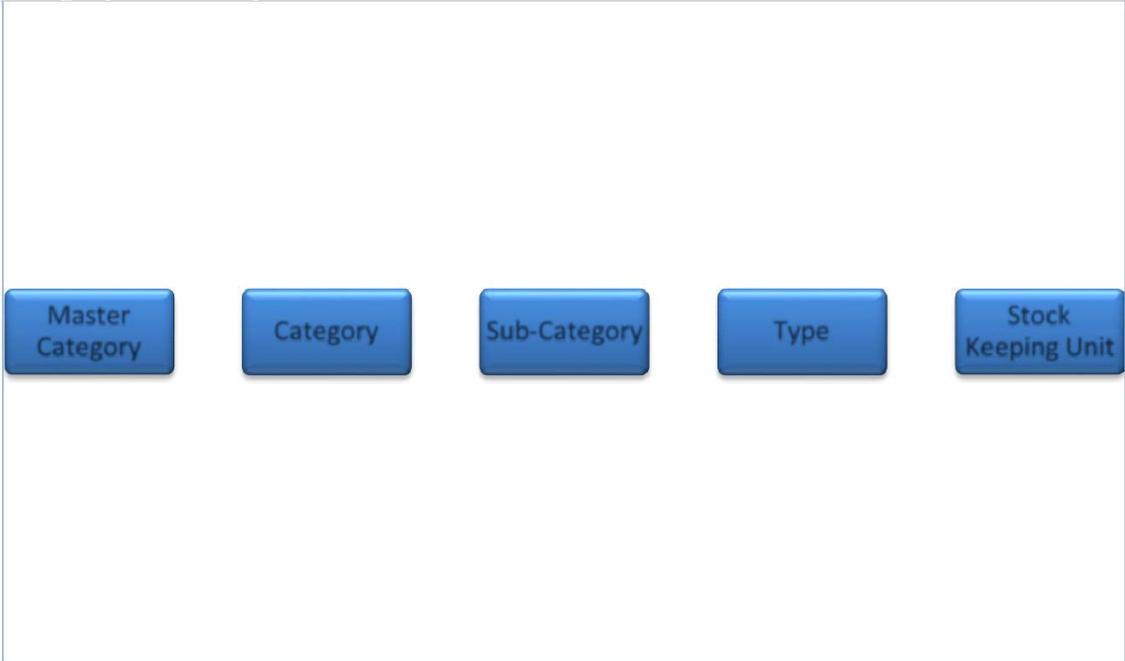


Figure 2: Category Hierarchy

ACI Logistics Business Model

1. Dealer Operations: With regard to dealer operations, investors are encouraged to invest large sums of money in purchasing products from SHWAPNO. ACI logistics helps with training, branding and communications of stores owned by dealers. Dealers in return get to keep the proceeds and profits from the sales of products purchased from the firm. This situation represents a trade-off that benefits both the dealers and SHWAPNO. SHWAPNO has several dealerships spread across 16 districts of Bangladesh

2. Franchise: This is the least favoured model preferred by SHWAPNO. The reasons being are the return from such operations is below par and requires extensive involvement. Investors have the choice to invest a certain sum to purchase franchise rights from SHWAPNO. SHWAPNO will invest money in products, outlet decorations, communications and employee training. In return the customer will receive a certain percentage from the sale of products at the store. Currently there are only two franchises in Bangladesh with another situated in London.

3. SHWAPNO Outlets: SHWAPNO outlets are entirely operated by ACI logistics. SHWAPNO outlets are built on rented places. This handicap makes it very difficult to select ideal locations to build outlets. SHWAPNO has 46 outlets spread across Dhaka, Sylhet and Chittagong cities of Bangladesh.

Chapter 2

THE JOB

ASSIGNMENTS & CONTRIBUTION TO THE ORGANIZATION

The internship program started on the 27th of May and was based on assignments under the direct supervision of Mr. Md Iqbal Hossain, Assistant Manager, Category Development, ACI Logistics Limited. It also involved Special Assignments assigned by the supervisor. Apart from the assigned work, I had to assist with my supervisors work from time to time.

I also worked for the Non Food Department under the supervision of Md Miron Hossain, Personal care division.

There were also Special projects given to me by Mr. Sabbir Hasan Nasir, Executive Director, ACI Logistics Limited & Mr. Sohel Tanvir Khan, Head of Business Development, ACI Logistics Limited.

Assignment: Outlet visit & finding differences and problems among them.

I had to check out five outlets of Shwapno in Gulshan 2, Banani, and Uttara sector 3, 6, 11 to get to know the retail chain. Then I had to find out key differences among the five outlets. The key differences were:

- Gulshan 2- Busiest among the 5 outlets in terms of number of customers.
Peak hour starts from the morning and foreign customers are frequent visitors.
- Uttara Sector 3- Biggest outlet among the 5 visited with 4 floors of different departments.
Underground Storage is bigger than other outlets.
- Uttara Sector 11- No major competitors in the area, usually has high sale after 3pm to evening.
- Uttara Sector 6- According to the manager, day's sale was slow. Till 3.30 pm sale was around Tk. 90 thousand.

'Meena Bazaar' had opened up a store just before the sector 6 outlet which cut the number of customers by half according to the manager.

Contribution to the company for the work done: I had to suggest possible solutions to the problems found from the outlets. This would contribute to the effective running of the retail chain. Although there were few problems, some of the solutions were:

- Offering more foreign made products especially from USA at Gulshan branch as foreign customers are frequent.
- In Banani, 'Malee' Juice had been sold out which suggested that it was popular among the customers, so this juice item should be kept at other outlets also.
- There was high competition from Meena Bazar at two locations, Banani & Uttara-6, so promotions on products should be made visibly clear and on large prints in front of the outlets to attract more customers.

Assignment: Uses and description writing in English & Bengali for printing.

My supervisor gave me some spices packet. The spices are in-house products of the company with the Shwapno branding and it is going to be launched new. I had to translate the information (list of spices) to Bengali and wrote brief descriptions (story) of each of the spices as well as uses of the spices and had to translate them also.

Contribution to the company for the work done: The information that I provided for the assignment on spices would be printed on the packaging of the spice sold in all the Shwapno outlets. I had to spend countless hours to translate and check each and every category in this list to make sure it was perfect. Expected printing of the packaging is due in September.

Assignment: Gathering USP of Products & Making Training Presentations

This (CG) Assignment from my supervisor was for employee training purposes. I had to find out USP of certain products as well as uses and where the products were made. Some of the products were new such as Muesli (type of breakfast cereal), Monin Gourmet Sauces & some were existing such as American potato chips – Lays, Cheetos, Tostitos, and Ruffles. There was also an NFD assignment from Mr. Miron Hossain to find the same type of info and make slides for Personal care products such as hair color, hair gel, and men's grooming products etc.

Power point slides of the products included a picture of the product with information such as brand name, product name, origin of the product (place of manufacture), weight, uses of the product and USP.

Samples of the powerpoint slides are given below:

	Brand Name	Hosen
	Product Name	Domee Mushroom Choice Whole
	Sizes	400gm
	Country of Origin	
	Product Type	Canned Food
	Uses	Used in soups or vegetables
	USP	<ul style="list-style-type: none"> Freshly picked, harvested and immediately packed to seal Healthiest, freshest vegetables are chosen Delicious in taste

	
#1 GARNIER	
Brand Name	GARNIER
Product Name	GARNIER COLOUR NATURALS CREAM 4 BROWN
Sizes	REGULAR-104gm, MINI- 48ml
Country of Origin	INDIA, USA
Product Type	HAIR COLOUR
Uses	<ul style="list-style-type: none"> Get nourished hair and better colour easy to apply, non-drip cream formula which nourishes your hair while you colour Colour: #4 BROWN
USP	<ul style="list-style-type: none"> enriched with Natural Olive Oil Garnier Colour Naturals riche cream formula gives you 100% Grey Coverage creamy texture of Garnier Color Naturals is easy to apply with brush Rich and long-lasting colour

Contribution to the company for the work done: The slides were used to train front line employees about the products. This would help the employees better understand each product and suggest possible alternative or complimentary goods to the customers.

Assignment: I had to make a list in excel of all products I've worked on and another file for expired beverages in certain outlets.

Contribution to the company for the work done: The first list would be used by the respective employees of each department as a guideline for available products at Shwapno. The second list of expired beverages was used to find out the number of expired and near expired beverages in certain outlets and show them in one file. Had to keep a remarks section in the excel file to show suggested action to be taken such as discount for near expiry beverages and disposal of the expired ones.

Assignment: Store visit for photographing products on shelves.

I had Visited Gulshan 2 outlet to take picture of products that were neatly stacked on the shelves. Gulshan 2 outlet stands as a benchmark for the other outlets as each of the products there was stacked categorically which makes it easier for the customers to find what they want.

Contribution to the company for the work done: The pictures would be used to train employees about categorical stacking such as canned food on one shelf and ketchup on another. Categorical stacking helps customers to find the product they want quickly and easily.

Extra projects: given by the Executive Director, Mr. Sabbir Hasan Nasir.

Had to create a chart that would show what a person uses from the time he/she gets up in the morning to the time he/she goes to sleep. This would include food, clothing, personal care items, etc. This work was not completed as it was given to my supervisor for completion and I was given other assignments.

Extra project: given by the Head of Business Development, Mr. Sohel Tanvir Khan.

Project involves creating a brochure featuring the new products sold at Shwapno aimed at customers who know the product as well as who do not. This project was also put on hold as further instruction was not given to me from my supervisor or Mr. Khan.

Chapter 3

THE PROJECT

Competitor Analysis

Contrary to popular belief, SHWAPNO's main adversaries are not Meena Bazaar and Agora, but wet markets situated near every neighborhood. Just like SHWAPNO, Agora and Meena bazaar are struggling to turn a profit in this market. Agora and Meena bazaar are performing atrociously in comparison. However, both these retail companies have advantages that make them near competitors to SHWAPNO.

Meena Bazaar

Meena bazaar is a part of the larger Gemcon which is one of the largest conglomerates in the country. Gemcon group is mostly famous for its Kazi tea and Bellissimo ice cream brands. Meena Bazaar has 18 outlets spread across Dhaka, Chittagong and Khulna. (Bazaar, 2014).

Meena Bazaar's target market is mainly the upper middle class, middle class and affluent segments of Bangladeshi society. By leveraging Gemcon group's extensive experience in agriculture, Meena Bazaar has focused extensive attention on providing their consumers with high quality organically produced and sourced perishable products. Meena Bazaar has also concentrated heavily on providing consumers with greater convenience. As a result, it has recently launched free home delivery service and ordering through the internet in order to take advantage of the booming ecommerce business in Bangladesh. In store communication and branding are other strong points of Meena Bazaar. This retail chain places high emphasis on visual merchandising, in store placards and banners to entice customers to purchase their products. Their branding also succeeds in providing a consistent image of the brand. Lastly, Meena Bazaar has a very efficient inventory management system which allows it to keep system and real time stock mismatch to a minimum\

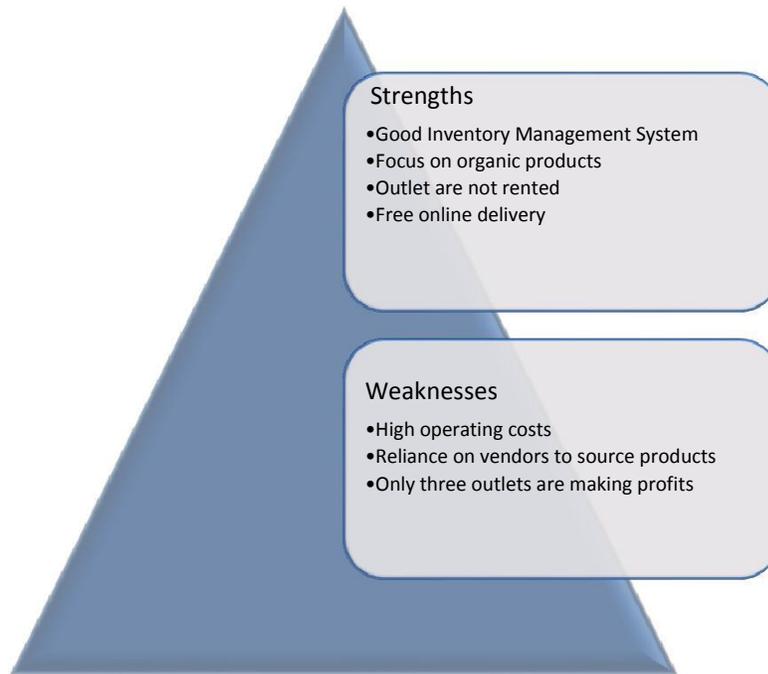


Figure 5: Meena Bazaar Strengths and Weaknesses

Meena Bazaar's operations in the retail industry are fraught with difficulties irrespective of its advantages mentioned in the previous operation. According to research conducted by ACI logistics research team, Meena bazaar is operating at a steep loss, with only 3 of its outlets making operating profits. The company's fixed costs are enormous. Also, since they rely on vendors to deliver all their perishables (excluding organic products) and protein products, quality control for these categories become extremely difficult. Consumers of their products have often complained about the quality and the freshness of their products.

Agora

Agora is an initiative of the renowned Rahimafrooz group that first introduced the people of Bangladesh to the concept of super market retail stores back in 2001. Agora has around 13 outlets spread across Dhaka and Chittagong. Since they have had a long established presence in the market, consumers usually relate super market shopping to Agora. Moreover, the enviable reputation for integrity, honesty and trust enjoyed by Rahimafrooz in Bangladeshi society encourages to people to shop at Agora. In terms of product displays in their outlets, Agora is way ahead of their competitors. In the retail industry, proper display of products is vitally important to ensure sales. Agora's in store communications are quite advanced when compared to what

SHWAPNO usually implements. Lastly, Agora's greatest advantage is that it has developed processes in a structured manner, which has enabled them to develop effective key performance indicators for success in the industry.

Agora was a relative latecomer in implementing enterprise resource planning software. This lack of ERP has had an adverse impact on their performance. Even though, Agora has had the longest presence in the market, they have failed to attain the share of the market as large as SHWAPNO's. Similar to Meena Bazaar, Agora is also highly dependent on vendors for their perishable and protein products. Thus, similarly, Agora also has a hard time maintaining the quality of some of their products. The inventory management system at Agora is also inefficient. System stock and real stock mismatch vary widely, which hinders management from making effective decisions.

Niche Market Competitors

Other than Meena Bazaar and Agora, all the other retail market competitors in the industry serve niche segments.

Lavender, Dhali, Unimart and Dedar are all small players in the market. These retail firms concentrate on providing consumers with wide assortments of imported products at high prices. Their business models depend on selling high margin items. Local products in these stores are rarely highlighted. Most of the people who come to these stores hail from affluent areas of Dhaka city. Another strategy these companies use is to fill their stores with an abundance of products to increase sales. Given their high emphasis on serving high end consumers with exotic and expensive needs, these stores usually lack properly developed perishables, commodities and protein assortments. However, these stores enjoy high popularity and are operating with very healthy profits.

Strategy Analysis

Non Food Divergence Strategies Used At SHWAPNO

Back in 2011 SHWAPNO was burdened with payment of compounding interest on their substantial debt to its creditors. The initial plan to launch SHWAPNO with over 70 outlets was a failure. The company was plagued with low margin and gross profit from the proceeds of the VFMG and the company goods categories. The management at SHWAPNO deliberated and came up with a strategy to introduce a new category to increase sales and gross margin. This is how the NFD(Non Food Department) category was born.

The goal of the NFD category was first and foremost to increase sales and improve the brand image of SHWAPNO. Management at SHWAPNO thought that the best way to utilize the surplus space at the outlets was to introduce a category that would increase the gross margin of the company. By increasing the gross margin of the company, SHWAPNO would be able to overcome the immense interest payments and turn a profit. The NFD category was launched in late 2012 under the extremely capable hands of the Chief Operating Officer of the company, Mr. Abu Naser. Management was reluctant to invest money in the venture, and as a result, the business model for this category was redesigned around this handicap. SHWAPNO would not invest monetarily in purchasing products for the category. Vendors and suppliers were approached and encouraged to invest in this new category. In this new business model, vendors would provide products at their own cost and SHWAPNO would provide space and expertise in selling these products. Once the products are sold, SHWAPNO would receive a portion of the sales proceeds. As for the products that are left unsold, complete liability for these products would rest with the vendors. This business model proved a win-win for both parties. SHWAPNO started an entire business without any monetary contribution and the vendors by leveraging the brand name of SHWAPNO, retail space and expertise of the company dramatically increased their sales.

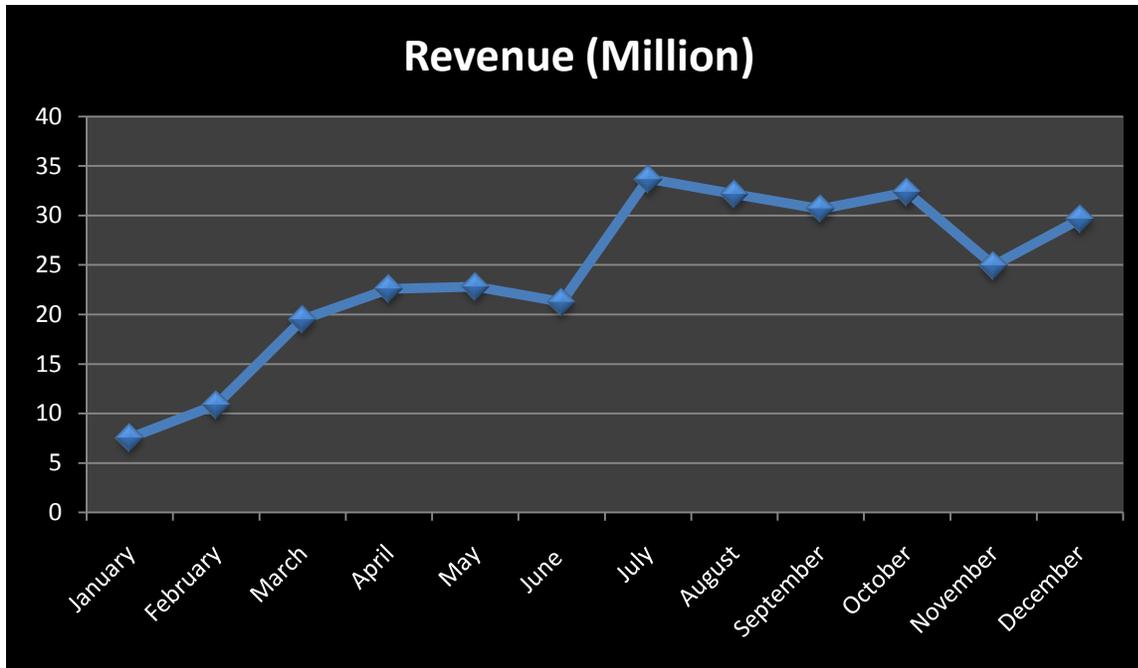


Figure 8: Business from NFD 2013

The category proved to be an immense success. Starting with sales of only Tk. 30,000 in the first month of its inception in late 2012, NFD category now has attained a monthly revenue of 4 crore taka by the middle of 2014. Non Food Divergence category is the most important category in terms of revenue, potential and growth in the entire company. SHWAPNO is now not only a place where consumers come to buy groceries and company goods, but a place where consumers can have purchase a wide variety of products conveniently. Shopping at SHWAPNO has now become an experience. While other categories at SHWAPNO are very important, the NFD category now constitutes a significant share of SHWAPNO's overall sales.

The potential from this category is unmatched. The NFD category has achieved its goal of substantially increasing the gross profit of the entire company.

The growth of this category is hampered by over reliance on vendors and suppliers. Since this category depends mostly on vendor investment, sometimes quality of products suffers as a result. Moreover, important players in the industry are reluctant to work on a credit basis as the model of the NFD requires them to do. Unlike the other categories at SHWAPNO, this category is not

well developed. Non-food divergence was the outcome of desperation and need of the moment by the management at SHWAPNO. Most of the category business worked in an ad-hoc manner. Work processes were not clearly defined unlike the other categories and the focus of the members of category was to push products into the outlets without due consideration to their impact on sales. Analysis to identify slow moving, fast moving and non-performing SKUs were not done properly. SKU descriptions were not also properly entered into the system which made decision making extremely difficult.

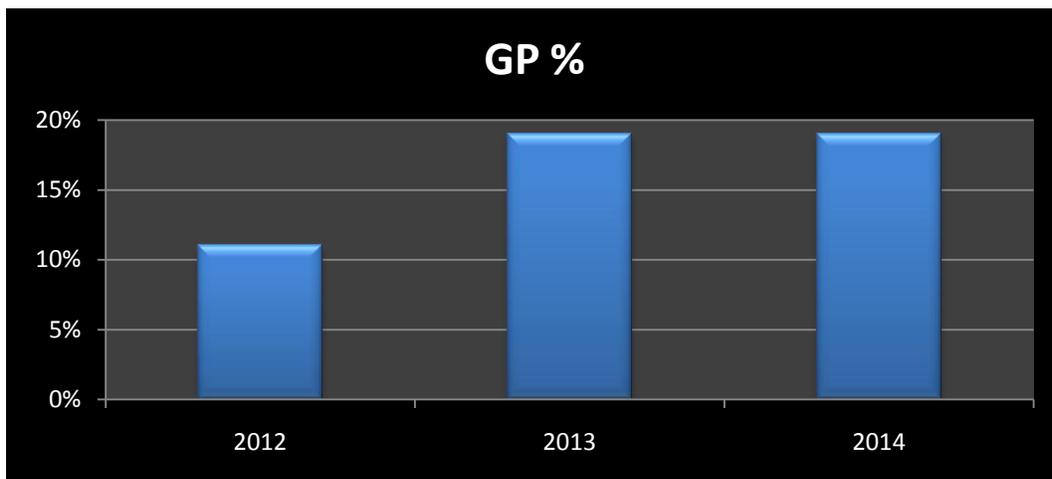


Figure 9: Year wise GP% at SHWAPNO

Strategy to Introduce New Designs in the Lifestyle Category

Management at SHWAPNO saw the huge impact the Non Food category had on sales and immediately went to the drawing board to improve the category. SHWAPNO's initial launch was a disaster which plagues the company to this day. The brand image of SHWAPNO has taken a blow from which it is yet to recover. Introducing new designs and products manufactured by SHWAPNO was one way the company sought to improve sales and improve the brand image of SHWAPNO.

New designers were hired from prominent design houses of Bangladesh and the company put substantial effort to promote SHWAPNO's new brand in the lifestyle category which came to be known as SHWAPNO Life. Initially, the designers focused on creating ladies clothing, but now, SHWAPNO life encompasses products for women, male and children. SHWAPNO's designers continually churn out new designs which have captured the imagination of the Bangladeshi public. SHWAPNO life currently is the second highest selling brand in the market after Aarong. This miraculous achievement was made possible by the huge reach afforded by SHWAPNO's outlets and the intense marketing campaign in the form of billboards, TVCs that served to increase the brand awareness and recognition of SHWAPNO.

It should come as no surprise then that Lifestyle is the most important category in the Non Food divergence master category and constitutes the largest segment of revenue in this master category. 58% of the sales in the Non-Food master category are composed of the Lifestyle category. SHWAPNO life brand has served to improve the brand image of SHWAPNO immensely. It will take time to banish the image of the past, but SHWAPNO is well on its way to becoming one of the most recognized brands in the country.

Mr Sabbir Hasan Nasir who was previously the CEO of Otobi has extensive and unmatched experience in the furniture industry. He used his expertise to introduce a new furniture brand, SHWAPNO Home to enhance the shopping experience and convenience of consumers shopping at SHWAPNO. This new brand has had erratic sales since its inception. Furniture is a high involvement and high priced product category. Furniture industry is riddled with competitors

which makes it extremely hard to compete in this industry. Furniture category has huge potential to increase the revenues of SHWAPNO. Sale of single furniture in an outlet can immensely improve the outlet's monthly financial performance. SHWAPNO is trying to increase convenience of its consumers by increasing the number and variety of products available at SHWAPNO outlets. SHWAPNO's furniture are moderately priced which appeals to its target market. In keeping with its brand identity, SHWAPNO strives to introduce furniture that is trendy, but, yet highly functional.

Promotional Mix

Promotional mix is basically a combination promotional tool used for specific product or a group of product. Elements of promotional mix include Advertising, Direct marketing, Internet marketing, Sales promotion, Publicity, Personal selling. SHWAPNO Lifestyle mainly uses Advertising, Internet Marketing and Sales promotion.

Advertising

The advertisement basically informs the consumer about qualities and price of good and this makes purchasing easy for the consumers. SHWAPNO mainly use newspaper and bill boarded as their advertising tools. SHWAPNO basically thought that by regular advertising they can sell their products directly to the middlemen's which actually eliminate middlemen charges. Which is actually ensures higher profit and lower prices to the consumers. Another reasons for advertising is to attract consumers by the quality of the products that are advised. If the consumers are convinced that the quality is the same that is advertised, they continue buying. SHWAPNO lifestyle always concern about their qualities and they always try to provide what they promised as they have their own skilled designers and production house.



Billboard and newspaper helps the consumer to save time. As the consumer has already been the consumer is not required to spend time in getting the products. SHWAPNO advertisement policy basically provides knowledge about the new designs of the commodities to consumers and thus consumers consume those products and increase their lifestyle. SHWAPNO lifestyle has started their advertising from last Pahela Boisakh for their own design. They did photoshoot at Savar for pohela boisakh and at Bandarban for Eid Ul Fitre in very beautiful location. SHWAPNO Art manager thought that this location will match with the cloths design for the bill board. Because of the bill board SHWAPNO got huge response from the customers. After using bill board Shwapno able to sell their punjabi and salwar kameez got double than ever before. Billboard actually played image creator role. Shwapno was successful to hit on that part very efficiently.

SHWAPNO initially thought about only billboard but later they went for catalog for their lifestyle too. From the last Eid Ul Fitr SHWAPNO started catalog promotion. Catalog was introduced mainly for the in house promotion. Catalog will basically help customer to save their time by having look at a glance at the product picture with price quotation. After starting catalog promotion it gave huge sales as it became so popular among customers.

SHWAPNO started to give newspaper advertisement from the last pohela boishak. Newspaper ad also got huge response from the customer. SHWAPNO gave ad to Prothom Alo newspaper initially. The attractive picture by SHWAPNO model got good customer focus.

Those numbers make one thing crystal clear television advertising is still the most pervasive and powerful tool for reaching our consumers. For small businesses, however, the barriers to using TV ads can be daunting; airtime can be very expensive, and good commercials are difficult and costly to create. As SHWAPNO have already gone for TVC ad from last Eid Ul Fitr and got good response from the customer. Later on they have also decided to do TV ad once again for the coming Eid Ul Azha.

As there is some disadvantage of advertisement which SHWAPNO had to face. Advertisement carries a big expenditure which is actually increase price of the product. Last Eid Ul Fitr SHWAPNO had to face this problem because of the over price of their Punjabi and Salwar kameez. They did photo shot for their Punjabi and salwar kameez for the bill board, catalog and newspaper which was very costly. As a result they had to increase their product price to balance their cost. Another problem rise when customer bought Punjabi but couldn't match what they saw in the advertisement. It actually created negative impression on their brand image.

Recommendation

People in Bangladesh basically follow renowned actor or actresses as fashion trend. Whereas, SHWAPNO introduced new faces to their advertisement in billboard. Rather doing that SHWAPNO should introduce popular character for their billboard advertising modeling. It will help them to grab a new customer base.

Sales Promotion

Sales promotion is basically marketing technique that attract customer to take a specific action such as make purchase. Example of sales promotion may include coupons, free trial periods and discounts. Recently SHWAPNO lifestyle is going to arrange a clearance sales event from 18th September, 2014 where they will offer up to 80% discount for the customers. This clearing sale is mainly arranging to clear the old stock and also to engage customers for repeat consumes. For this discount offer SHWAPNO makes some extra promotional tools to know the people their offerings. They are going to pestering some selected areas. Initially they thought about postering

but later on they decided to for leaflet. Poster can create cheap impression upon customer. They arrange 24 banners for their clearance event. For each outlet they arrange two banners for their outlet. Then they make some dangler to hang in the outlet. Dangler will basically make to enhance the decoration and to give a bit excitement among customer regarding the clearance sale. They also made a plan to make some colorful t-shirt for their sales person. These t-shirts will be printed with discount offer package. These colorful t-shirts will catch the customer's attention which can manipulate for the purchase. SHWAPNO mainly doing this sales promotion event to be unique than their competitors, so that customer can recognize or identify where to go.

Recommendation

There are some disadvantages of sales promotion as it makes customers and traders more price sensitive not only for the promoted brands but also for other brands as well in the same product category. Consumers wait for the promotion deals to be announced and then purchase the product. As from the 18th September SHWAPNO discount offer can create negative impression upon customers. Customer may think that either the product is lower category or outdated. Some customer may be use to with discount offer while they may always wait for discount offer. So discount offer should always give once a year not more than that. Otherwise customer may used to with these offers.

Internet Marketing

The Internet's dominant role in our lives means that it has become more than just an optional enhancement to the existing plans of effective marketing campaigns. Online branding and marketing strategies are now mandatory for the exposure and success of any organization. Internet marketing is important because it align with the way consumers make purchasing decisions. Internet marketing enables you to build relations with customers and prospects through regular, low-cost personalized communication, reflecting the move away from mass marketing. Internet marketing enable us to be open for business around the clock without worrying about worrying about store opening hours or overtime payments for staff. SHWAPNO mainly use social networking site facebook. They have their own facebook page. They upload all the photo shoot pictures, packages and offerings in their facebook page. So that customer can choose their products from their house through social networking site. Catalogs are also given in the facebook page. From the catalog customer can see price and size details which will help them to select product within their budget. Marketing products on the internet costs less than marketing them through a physical retail outlet.

Direct marketing

Direct marketing is about making direct contact with existing and potential customers to promote your products or services. Unlike media advertising, it enables you to target particular people with a personalized message. Direct marketing can be cost effective and extremely powerful at generating sales, so it is ideal for small businesses. Direct marketing uses a variety of different methods. Direct mail, mail shots and leafleting are widespread, and other forms of direct and integrated communication are growing in popularity. Telephone marketing, mobile marketing, email and texting offer more opportunities to reach the target market. As SHWAPNO is going to make Eid clearance event where they have arrange 70,000pcs leaflet for the customers which will enables them to target particular people with a personalized message.

Recommendation

Direct marketing has some disadvantages. One of the main disadvantages is demand from customers to end unwanted contact from companies. Customers don't expect spam or junk mail on daily basis. Customer also doesn't expect Telemarketing as it is also unwanted communication for them. That is why SHWAPNO didn't go for any mail related direct marketing promotion for their lifestyle.

Personal Selling

SHWAPNO doesn't go for personal selling tools as they think that its customer reach is limited through personal sales. As a result they think it will need extended time period to create product awareness. Particularly if you don't use other forms of advertising sales representative have to cover up one region or place at a time. SHWAPNO thought that as a sales representative you can only talk to twenty five potential customers per day and put together 3-5 presentation. Sometime personal selling is in addition costly, particularly when bearing in mind the sales representative salary, bonus, commission as well as travel time.

Conclusion

Initially during its inception, SHWAPNO had a rocky start. Only under the stellar and inspiring leadership of the current Executive Director Sabbir Hasan Nasir has SHWAPNO been making inroads to realizing the dreams and aspirations of its founders.

Much of SHWAPNO recent success rests with the innovative business strategies employed by the company. The company entered the industry much later than its main rivals and even with this handicap they have been able to capture by far the largest market share (35%). The retail industry is undergoing massive changes. SHWAPNO needs to remain dynamic to secure its present dominance in the market into the future. However, SHWAPNO faces many challenges in the near future. Specially they big plan for their lifestyle products as it is giving highest Gp then other category. Though they are doing some promotional activities for lifestyle but they should come up with even more ideas for their promotional mix.

If SHWAPNO is able to overcome all the difficulties mentioned above, there is no doubt that within a short period time, the company will have insurmountable advantages in the market.

The only threats to SHWAPNO dominance in the future will come from foreign retailers trying to encroach on the Bangladeshi market.

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